

Companhia Paranaense de Energia - Copel

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# **2009 MANAGEMENT AND SUSTAINABILITY ANNUAL REPORT**

**December/2009**

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## 1. OVERVIEW

### 1.1. Message from the C.E.O.

We proudly present the Management and Sustainability Annual Report of Copel for 2009, prepared based on strategic directives and sustainability commitments assumed by the Company as signatory of United Nations Global Compact, participant of Global Reporting Initiative Organization - GRI and member of Brazilian Institute of Corporate Governance - IBCG.

Copel practices, supports and promotes sustainability, it reaffirms its recognition as the only way capable of providing the company, associated agents and environment with the opportunity to enjoy as partners of growth and development of the company. For thinking and acting this way, Copel is committed to performance according to the current and future sustainability vision, founding its strategic planning in the same principles.

Based on them and oriented by the growing philosophy through generation of profits and better life quality to those involved with it, Company performs with devotion, dedication and efficiency its role of fomenting and promoting social and economical development of State of Paraná, serving population with quality and providing conditions to its own growth as a company, contributing with welfare of the community where it performs and generating economical and financial results suitable to its shareholders.

Due to a year marked by difficulties because of the international crisis that occurred in the end of 2008, it is possible to observe that its effects on Copel's performance were little significant. Thus, Company was able to keep its steady profitability course started in 2003, with net profit of R\$ 1,026.4 million in the year, besides performing a solid investments program that totaled R\$ 943.9 million. Not losing sight of its important role on promoting economic and social development of Paraná, practicing the smallest electricity tariff of Brazil and providing again discounts to consumers that pay the electricity bill on time, in amount equivalent to effects of average readjustment of 12.98% authorized by the Brazilian Electricity Regulatory Agency – Aneel in the end of June.

Two important facts registered in 2009 are highlighted: creation of Environment and Corporate Citizenship Management, that made Copel the first company in the Brazilian electric sector to grant first level subject status to both topics; and return of its shares to the roll of companies that integrate the Corporate Sustainability Index – ISE of BM&FBovespa, certifying effectiveness of programs and projects of social, environmental and citizenship responsibility implemented by the Company.

Copel became in 2009 the first electric power concessionaire in the country to enter into contracts for purchase of electricity surplus generated from biodigestion of organic wastes. The contracts, that economically provide small developments of distributed generation will also serve to help Aneel to regulate such type of operation that has highly positive effects of environmental preservation for reducing spilling or transport of organic material with high power of pollution to water courses.

Another innovative posture was publication, in 2009, of its first inventory of emission of greenhouse gases, according to GHG Protocol methodology. Company identified through it its main operating

units, activities and processes that generate larger amount of these gases and units, activities, and processes capable of compensating or mitigating such issuances. Such inventory will support outlining and formation of Copel Agenda for Climatic Changes.

Also in the scope of sustainability handling of natural resources, Copel released in 2009 the second edition of its Forestry Guide for Public Ways, distributed to all city halls of Paraná. This is a practical and accessible manual that includes guidance about species of trees suitable to different urban needs and care for planting and conduction in order to harmonize gathering between trees and public network of electricity.

Also in 2009, Copel joined the Program in Favor of Gender Equity before Special Department of Policies for Women, of Presidency of Republic, an important step for the definitive change of conceptions in people management and organizational culture in order to promote equity of Company's gender.

In the end of this message we would like to respectfully thanks the governor of Paraná, Roberto Requião, who, as representative of the controlling shareholder of Copel, has been orienting, with devotion, social sensitivity and attention to the public interest, to Company's activities, conciliating sustainability with corporate responsibility, not setting corporate results aside. Thus, we express our recognition to the diligent and attentive participation of members of Board of Directors and Fiscal Council of the Company.

On behalf of the entire Executive Board, we thank Copel's employees for their commitment with ideals and principles defended by the Company and, also, for interest in making concrete all conquests and actions related herein.

Curitiba, June 2010.

RONALD THADEU RAVEDUTTI

Chief Executive Officer

## 1.2. Strategic Reference

### Vision

To be the best company in its performance sectors and reference in corporate governance and corporate sustainability.

### Mission

To generate, transmit, distribute and trade energy, as well as provide associated services, promoting sustainable development and maintaining balance of interests of the society of Paraná and shareholders.

### Principles and Values

Copel's marker of strategic, organizational and people management, guiding all its actions and internal and external decisions and also its members, is the following set of values:

- **Transparency** – account for Company's decisions and accomplishments in order to inform its positive and/or negative aspects to all interested parties.
- **Ethics** – result of the collective pact that defines individual behaviors aligned with a common goal.
- **Respect** – respect for others.
- **Social and Environmental Responsibility** – conduct Company's life in a sustainable manner, respecting rights of all interested parties, including future generations and commitment with sustainability of all forms of life.
- **Safety** – safe organizational environment that allows continuity of Company's life.

## 1.3. Strategy and analysis: corporate management directed to sustainability

Copel defined implementation of corporate management directed to sustainability as priority, whose model seeks for alignment of efforts to reach and guarantee, based on Company's values and optimized management of processes, results in economic, social and environmental axis, in a balanced manner for interested parties, as well as Company's development and sustainable growth, regarding adjustment to international standards of governance, transparency and sustainability, in accordance with commitment renewed before United Nations Global Compact – UN, in which Copel is signatory since 2000.

In 2009 Company kept its efforts to seek for results in order to meet both great strategic challenges listed below:

- Operating excellence, productivity increase and costs optimization, quality in services provided and improvement of consumers' satisfaction; and
- Sustainable expansion, aligned with goals of State Government, with social and environmental investments and generation of benefits to the State of Paraná society.

Within such scope, actions were based on directives established by senior management to seek for short-term productivity and long-term growth; excellence in costs; in relationships with stakeholders; innovations in data transmission (image and voice); and researches of new technologies for expansion of energy matrix with renewable and non-polluting sources.

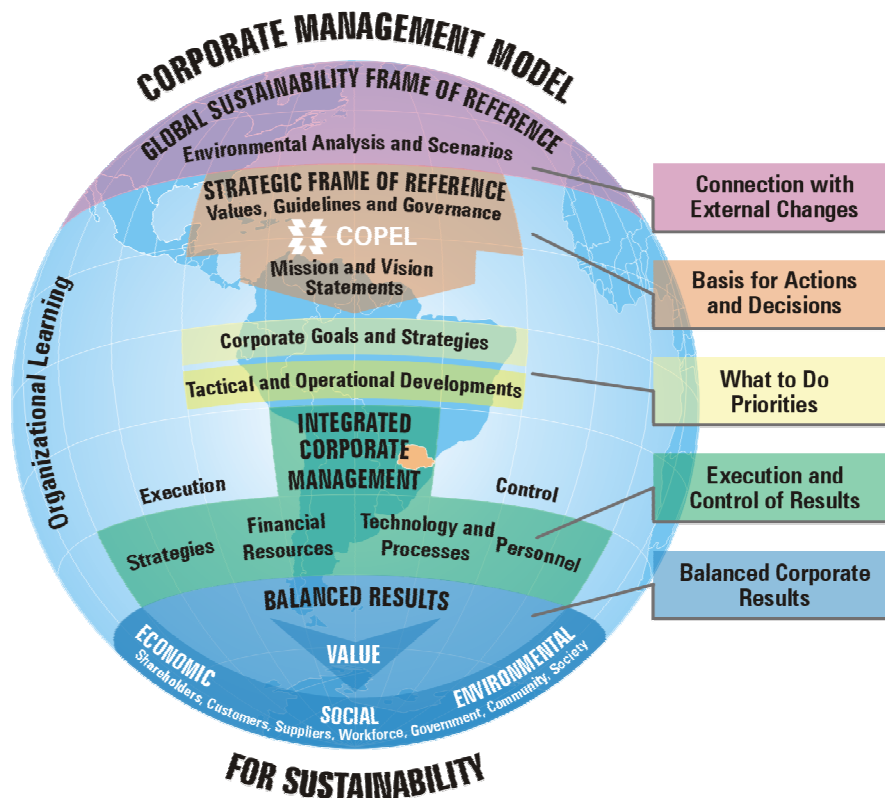
To contribute and achieve expected results, focus of business planning was execution of strategic planning, its main activities are the following:

- Communication of Strategy, involving universe of managers and employees, in order to promote employee's understanding, motivation and commitment;
- Meetings of critical and strategic analysis in order to improve development process and strategy management since qualification of criteria and methodologies;
- Qualification of indexes and goals for different hierarchic levels, following good market practices and premises of Brazilian Quality Foundation – FNQ; and
- Division of strategy in the entire organization and formalization of goals in Management Commitments up to the smallest managerial level.

In 2009, alignment of good practices of management excellence implemented by reference organizations was performed, measured by the following evaluations: Brazilian Quality Award – PNQ; Corporate Sustainability Index – ISE and Index of Contentment at Work – IFT. From learning such alignment, several initiatives arose (programs, projects and action plans) and improvement of processes considered in planning for 2010.

Within such scope, based on directives established by senior management to seek for short-term productivity and long-term growth; excellence in costs and in relationships with stakeholders; innovations in data transmission, image and voice; and new technologies for expansion of energy matrix with renewable and non-polluting sources, Company's strategic map was revised, illustrated below, to direct Copel's actions to its vision. Map is composed by five perspectives and two strategic topics: business operating excellence and sustainable expansion, whose topics are divided into 25 goals, monitored by 44 indexes and 30 corporate programs.





## 1.4. Subsequent Facts

### 1.4.1. Return to Corporate Sustainability Index - ISE

Copel's shares are integrating again portfolio of sustainable companies in Stock Exchange of São Paulo – BM&FBovespa. The return to such group demonstrates Company's commitment with sustainability, in addition to a great strategic meaning. Corporate Sustainability Index – ISE is composed by shares of companies committed to environment, corporate ethics and accounting transparency, among other dimensions.

### 1.4.2. Creation of Chief Environment and Corporate Citizenship Office

In March 2009, the Chief Environment and Corporate Citizenship Office was created and Marlene Zannin was elected as full member, the first woman to hold a management position in the Company. Copel is the first company in the Brazilian energy sector to delegate status of management to subjects of environmental and social nature. The assignments of such management are coordination of social and environmental matters and activities for Copel, emphasizing initiatives for social and community development and promotion and non-violation of Human Rights.

### 1.4.3. Corporate management integrated system ERP contracting

After effective implementation of the new system, Copel will have a powerful tool to manage and control all its important processes. It will imply adoption of best market practices, with efficiency and operating agility, transparency and timely compliance with specific legislation, improvement and correction of processes related to corporate management, availability of consistent information,

besides more agility in the decision making process by Company's executive group.

## 1.5. Contribution to Elejor

On 03.05.2010, Copel made a contribution to the subsidiary Elejor, in the amount of R\$ 126.0 million, corresponding to its corporate interest of 70% in such Company, the corresponding contribution of 30% was performed by Paineira partner. Consequently, subsidiary paid BNDES Participações S.A – BNDESPAR, with the corresponding settlement, the amount of R\$ 179.6 million related to debentures issued by the subsidiary and held by BNDESPAR, as per set forth in debentures deed in its 3<sup>rd</sup> article.

## 1.6. Corporate Sustainability Goals

### 1.6.1. Performance relative to the goals for 2009

The following table presents corporate sustainability goals assumed in the Management and Sustainability Annual Report 2008 and the respective performance of the Company in each one of them in 2009:

#### **FULFILLED GOALS**

##### **CORPORATE GOVERNANCE**

Fulfillment of the criteria for qualification to Level 1 of São Paulo Stock Exchange (Bovespa) among the different levels for corporate governance

Recognition with level A+ from Global Reporting Initiative - GRI, in compliance with the guidelines set forth in GRI/G3

##### **GOALS IN PROGRESS**

##### **ENVIRONMENTAL PERFORMANCE**

Quantification of total consumption of materials by type

Quantification of total amount of land owned, leased, or managed for purposes of production or extraction

Quantification of business units operating/planning operations in environmentally protected or sensitive areas or their surroundings

Location and dimension of lands owned, leased, or managed by the Company in biodiversity-rich *habitats*

Identification of chemical spills (oil and fuel in transmission facilities)

Identification of significant environmental impacts caused by the Company's main products and service

Identification of impacts of activities and operations on protected or sensitive areas

Preparation of objectives, programs, and goals for the protection and recovery of ecosystems and native species in depleted areas

Monitoring of greenhouse gas emission

Conduction of studies on a) the analysis of solid waste generated and treated and/or properly disposed of (classes I, IIA, and IIB); and b) liquid effluents which are either properly disposed of, by volume, or not, by type (taking into account those of industrial nature, by volume), as well as their incorporation into the implementation processes for the Basic Environmental Plan (PBA) and the Environmental Control Plan (PCA) for Copel's facilities

Development of alternative energy source projects, including the assessment of the availability of biomass throughout Paraná

##### **SOCIAL PERFORMANCE**

Identification of the impacts on human rights as part of the decision-making regarding investments and acquisitions, including the selection of suppliers and outsourced services

Description of policies, procedures, management systems, and compliance mechanisms for the observance of voluntary standards and codes regarding advertising

Identification of the number and types of violations of advertising regulations

Implementation of the Workplace Safety and Health Management Program, a control system aimed at eliminating workplace hazards, complying with the applicable legislation, training personnel, standardizing high-risk activities, conducting inspections, setting goals, and carrying out permanent campaigns, in full compliance with the guidelines of the International Labor Organization - ILO. According to the policy of implementation of the Program, each area shall undergo diagnosis, planning, periodic control, verification, annual review, and auditing

Creation of mechanisms and procedures for: a) the monitoring of actual fulfillment of obligations by suppliers of materials and services to the Company; and b) supervision of the maintenance of qualification of those already inspected and of others yet to be qualified, for non-compliance with Copel's social responsibility criteria or with SA 8000 certification

As regards corporate management for sustainability and the achievement of the Company's stated vision in 2009, continuity of the main corporate programs/projects: Copel Program for Excellence in Management (PEG); implementation process of project management in the Company; and the Program for Integrated Management of Corporate Risks (GIRC)

## GOALS YET TO BE ACHIEVED

### SOCIAL PERFORMANCE

Achievement of a 69.9% Customer Satisfaction Index (IASC), as published by ANEEL, instead of the 71.0% set goal

Dialogue with 10% of the Company's registered suppliers, as only 4.1% of them were involved

### POWER SECTOR PERFORMANCE

Connection of 12,000 customers through the *Luz para Todos Program* (Power to Everyone)

## 1.6.2. Corporate Goals defined for 2010

**Strategic Goal: To be a reference in governance, corporate and people management for sustainability**

Indexes	Goal 2010
Evaluation of Brazilian Quality Award – PNQ	To be among the finalists
Evaluation of Index of Contentment at Work – IFT	To be among the 150 companies
Evaluation of Bovespa's Corporate Sustainability Index - ISE	To continue in the portfolio
Shareholders' Equity Yield	9%
Return of remunerable investment	15%
Capital Structure	15%

**Strategic Goal: To optimize costs and maintain revenues**

Indexes	Goal 2010
Variation of annual net operating revenue – ROL	5%
Total Manageable Cost/ Net Operating Revenue	24%
Costs Reduction (PMSO) of Copel's Business	10% (until 2013)
Maintain concessions	100%
Telecommunication productivity (income/expense)	1.75%

**Strategic Goal: To increase revenue with new assets, renewable sources and new markets**

Indexes	Goal 2010
To increase annual revenue of Telecommunication	R\$ 160 million
Number of associated consumers that use energy at dawn	2,500 consumers
Average % of increase in annual revenue of Transmission business	5%

**Strategic Goal: To provide quality, competitive price, response time in captive and free markets (energy and telecommunications)**

Indexes	Unit	Goal 2010
ISQP – Index of Satisfaction of Perceived Quality	Grade	90
PNQ - 8.2 – Results related to customers and Distribution market	Grade	30
ISGT – General Satisfaction Index of Telecommunication Customer	Grade	95

**Strategic Goal: To grow in the national market of energy and telecommunications**

Indexes	Goal 2010
Plan of Transmission Expansion	14.6 km/ year
Incorporation of 110 thousand customers and acquisition of 11 companies	30%
Number of new telecommunication circuits	3,000 links
Total number of customers - Telecom	1,100 customers

**Strategic Goal: Works – Guarantee business infrastructure with suitable costs, term and quality**

Indexes	Goal 2010
% Execution of Works Program – PDD/DEN (Distribution Development Program)	100%
% Execution of the Works Program - PDD/DDI (Distribution Development Program)	100%
% Execution of the Works Program of Transmission System – Basic Network	100%
% Total execution of UHE (Hydroelectric Plant) Mauá work	85.84 %

**Strategic Goal: O&M – To improve continuity, availability and reliability of services**

Indexes	Goal 2010
Availability of Power Station	93.40%
Telecommunication annual average availability	99.80%
Availability TFs 230kV	97%
Availability LTs 230kV	99%
Availability TFs 500kV	97%
Availability LTs 500KV	99%
DEC – Equivalent Duration interruption per Consumer/ year	10 hours
FEC – Equivalent Frequency interruption per Consumer/ year	8.7 (freq.)

**Strategic Goal: To improve support and relationship with customers, suppliers and stakeholders**

Indexes	Goal 2010
Index of Accounts New Billing	2/10.000
PNQ - 8.6 – Results related to suppliers (Grade)	9

**Strategic Goal: To manage costs and value of processes**

Indexes	Goal 2010
Total Cost/ Reference Company (DIS)	110%
Total Cost/ Reference Company (TRA)	110%
Lawsuits per risk level – PJre – Remote risk of payment	20% payment
Lawsuits per risk level – PJpr – Probable risk of payment	90% payment
Lawsuits per risk level – PJpo – Possible risk of payment	50% payment
Compliance with terms agreed in legal accountancy	95% payment
Amount of fines and compensations of supply of Distribution	R\$ 15 million
Copel's Default	1.6%
PNQ - 8.5 – Results of main business processes and support processes (grade)	50.,0
Equipment of transportation above the economic point	14.35%
Approved Budget Management 2010 (SOR data) – execution of budgets: OAI – Investment Annual Budget OAC – Manageable Costs – Personnel OAC - Manageable Costs – MSO	100%

**Strategic Goal: To reduce economic and social and environmental risks**

Indexes	Goal 2010
PNQ – 8.1 – Economical and financial result (grade)	24
PNQ - 8.3 – Results related to society (grade)	40

**Strategic Goal: To enable and manage new concessions and new markets (business model)**

Indexes	Goal 2010
Business evaluation model implemented	100%
Number of cities supported by Telecommunications network	240
% of licenses for developments of Transmission expansion – (Basic Network and Network 69 and 138 kV and SEs of 38kV)	100%
% of environmental studies and licenses for new projects of Transmission expansion	100%
% of environmental studies and licenses for new projects of Generation expansion	100%
% of licenses of developments of PDD of Distribution	100%
% of environmental analysis for company's acquisition	100%

**Strategic Goal: To guarantee competencies and availability of people with safety, environment and alignment for results**

Indexes	Unit	Goal 2010
PNQ - 8.4 – Results related to people	Points	18
Organizational Environment Research - PCO	Grade	80
Injured Employees - TF	Frequency Rate	7.42
Injured Temporary Workers - TF	Frequency Rate	10.88
Injured People in the Community- TF	Frequency Rate	4

**Strategic Goal: To promote Research and Development + Investigation of technologies, products and processes**

Indexes	Unit	Goal 2010
ICSCC – Index of control of accounting account balance - Research and Development – DIS	ICSCC	< or = 1.5
ICSCC - Index of control of accounting account balance - Research and Development – GeT	ICSCC	< or = 1.5
Availability of IT services in critical areas (SOD, COG, COS, COTL, Call Center, Email)	%	99.50
Obsolescence of plant of application software in use at Copel	%	60
Obsolescence of Copel's technological plant	%	0

## 1.7. About Management and Sustainability Annual Report

Copel reports its actions and economical, social and environmental results, according to directives of transparency and social and environmental responsibility through its Management and Sustainability Annual Report:

- from Brazilian Electricity Regulatory Agency, through Order No. 3034, dated 12.21.2006 – that presents to concessionaires and licensees of the electric power sector the annual report model of their activities in General, Corporate Governance, Economical and Financial, Social and Sector, and Environmental Dimensions, focused on provision of a socially responsible public service, with regard to society's needs and meeting conditions of regulation, continuity, efficiency, safety and modicity of energy tariffs;
- from Global Reporting Initiative - GRI (version GRI/G3), organization created in 1997, attached to the United Nations Environment Programme (UNEP);
- "Making the Connection – using directives GRI/G3 of report for Communication of Progress of UN Global Compact";
- from Brazilian Institute of Social and Economical Analysis – Ibase;
- from Brazilian Accounting Rule – NBC T15; and
- from Securities and Exchange Commission – CVM.

### Scope

This report comprises information related to the business year of 2009, they are compared with the previous annual report and is also available in English and Spanish.

### Stakeholders

Main stakeholders that Company expects to use this report are the following: internal public, customers, suppliers, government, shareholders, society and community.

### Indexes GRI/G3

COPEL declares itself level "A" compliant, as shown by the following seal:



Essential and additional GRI/G3 indexes considered not material for Company's business and stakeholders are included in the location and correlation matrix as such. Material indexes whose information was not available because they were not systematically collected were considered as goal for inclusion in future reports so far. Except for statements and economical and financial performance that comply with Brazilian legislation, all other environmental and social indexes complied with parameters and computation basis approved by GRI/G3 protocols.

Accounting statements, including Balance Sheet, also consolidate performance of Companhia

Paranaense de Gás - Compagas, Centrais Elétricas do Rio Jordão S.A. - Elejor, Copel Empreendimentos, UEG (Gas Plant) Araucária and Centrais Eólicas do Paraná, companies in which Copel has majority interest, and since January 2008, Dominó Holdings S.A. (joint subsidiary with other shareholders).

The Descriptions of the Form of Management of each group of indexes approved in directives GRI/G3 are distributed in this report as follows:

- Description of the Form of Management of Economical Performance – chapter 3;
- Description of the Form of Management of Environmental Performance - chapter 5
- Description of the Form of Management of Social Performance - chapter 4
- Labor Practices and Decent Work – chapter 4
- Human Rights – chapter 4
- Society – chapter 4
- Responsibility for the Product – chapter 4

Means by which stakeholders can obtain additional information about economical, environmental and social aspects of Copel, as well as comment or suggest improvements for next edition of the report are listed in item 8 related to Composition of Groups responsible for Governance.

### **Comparability**

In order to favor comparison of data and in accordance with provision of Aneel Order No. 3.034, we present historical series of three years for operating and productivity, social and environmental indexes. Economical items are recorded in series of two years regarding Balance Sheet.

### **Reliability**

We decided to submit to external review, as a goal for 2011, the totality of the Company's social and environmental information presented in our Management and Sustainability Annual Report for 2010, as to assure more transparency and reliability, about which the pertaining opinion shall be as well disclosed.

## **1.8. Organizational Profile**

Companhia Paranaense de Energia - Copel, headquartered at Rua Coronel Dulcídio 800, Batel district, CEP 80420-170, in Curitiba – PR (State of Paraná), is a public company, incorporated as mixed capital company, controlled by the Government of State of Paraná and intended, through its subsidiaries, to research, study, plan, build and explore production, transformation, supply, trade and transport of energy, by any mean, mainly electric power, it can also participate, along with public or private companies, in consortiums, companies and corporations whose objectives are development of activities in energy, telecommunications and natural gas areas

### **1.8.1. Operating Performance**

We present below compacted data about our operating and productivity performance related to the period between 2007 and 2009, highlighting that records reflect results obtained by the Company in compliance with its strategic planning concerning goals related to value to the customer – to offer quality and competitive prices in the captive and free market – and to excellence in productivity and management of processes – to guarantee infrastructure for business with suitable costs, terms and quality; to improve continuity, availability and reliability of services; and manage costs and value of processes:

<b>Operating and productivity performance indexes</b>			
	<b>2009</b>	<b>2008</b>	<b>2007</b>
No. of employees	8,560	8,405	8,347
Number of consumers served - captive	3,628,183	3,523,543	3,437,061
Number of consumers served - free	10	14	17
Number of consumers per employee (captive + free + no. of employees)	424	419	412
Total Population Served (in thousands of inhabitants)	10,343	10,128	9,974
- Urban	8,788	8,565	8,396
- Rural	1,555	1,563	1,578
Number of locations served	1,109	1,119	1,116
Total of energy available (GWh)	46,367	44,929	42,845
Concession area (km <sup>2</sup> )	194,854	194,854	194,854
Generated energy (GWh)	18,321	20,372	18,134
Capacity installed in own plants (MW)	4,550	4,550	4,550
Energy sold per employee (MWh)	2,487	2,477	2,394
Supply market: captive + free (GWh)	21,286	20,818	19,984
Energy billed market: captive + free + supply (GWh)	21,810	21,313	20,458
Energy Supply (captive market) – National Participation (%)	6.0	6.8	6.8
Energy Supply (captive market) – South Region Participation (%)	34.7	35.1	34.2
Annual Average Tariff of Supply (R\$/MWh) (excluded from the Pasep/Cofins and ICMS computation)	212.18	207.60	207.48
- Residential (includes low income subvention paid by Federal Government)	262.35	254.68	254.65
- Industrial (excludes system use (free consumers))	185.76	182.84	181.38
- Commercial	228.33	226.19	226.67
- Rural	152.92	150.09	150.54
Energy purchased (GWh)	23,952	22,857	21,736
1. Itaipu	5,379	5,468	4,666
2. Initial contracts	-	-	-
3. Bilateral contracts (other contracts)	2,382	3,065	3,797
5. Proinfra	519	349	220
6. CCEAR (Contracts for Purchase and Sale of Electric Power in Regulatory Environment)	15,672	13,975	13,053
Global electric losses (GWh) <sup>(1) (*)</sup>	2,182	2,111	1,958
Electric losses – total (%) on energy requirement	8.4	8.2	8.1
Technical losses – (%) on energy requirement	6.8	7.0	6.8
Non-technical losses - (%) on energy requirement	1.6	1.3	1.3
Billed energy (GWh):	21,810	21,313	20,458
Residential	5,664	5,379	5,143
Low Income	725	728	754
Conventional	4,939	4,651	4,389
Industrial (including free from Copel Geração e Transmissão S.A.)	7,749	7,955	7,740
Captive	6,705	6,770	6,278
Free (served by Copel Geração e Transmissão S.A.)	1,044	1,185	1,462
Commercial	4,200	3,967	3,722
Rural	1,680	1,606	1,522
Public authority	594	562	533
Public lighting	780	747	725
Public service	596	579	576



Operating and productivity performance indexes			
	2009	2008	2007
Own	24	23	23
Concessionaries	509	495	474
Licensees	15	0	0

### TRANSMISSION

Operating and productivity performance indexes			
	2009	2008	2007
Total extension (in km) of network:	1,942	1,835.2	1,829.8
500kV	162.8	161.3	161.3
230kV	1,766.6	1,660.7	1,660.7
138kV	7.2	7.8	7.8
69kV	5.4	5.4	-
Number of substations:	30	30	30
500kV	4	4	4
230kV	26	26	26
Installed power (in MVA) of plant of substations of transmission in 230 and 500 kV (step-up substation of plants are not included)	10,302	10,284.7	9,684.7
Automated substations (230 and 500kV)	30	30	30

### DISTRIBUTION

Operating and productivity performance indexes			
	2009	2008	2007
Total extension (km) of distribution network:	179,351.1	179,187.6	177,046.5
230kV	66.1	0	0
138kV	4,578.8	4,495.7	4,290.7
88kV	0	58.2	58.2
69kV	967.2	1,185.0	1,173.2
34.5kV	78,357.4	76,903.0	76,524.7
13.8kV	95,381.6	96,545.7	94,999.7
Number of substations:	348	344	341
34.5kV	236	238	238
69kV	33	32	31
138kV	79	74	72
Capacity installed in substations from 34.5kV to 138 kV (MVA)	9,276.8	9,195.1	8,641.5
Posts	2,498,687	2,422,197	2,353,097
Distribution transformers (into units)	340,882	331,601	322,115
Power installed in transformers (MVA)	8,935	8,565	8,216
Non-automated substations (from 34.5kV to 138 kV)	2	4	13
Automated substations (from 34.5kV to 138kV)	346	340	328
Keys stations	31	29	29
Sale of energy per installed capacity (MWh/MVA <sup>(*)</sup> No. hours/year)	0.53	0.52	0.50
Sale of energy (GWh): total %:			
<i>Residential</i>	26.6	25.8	25.7
<i>Low Income</i>	3.4	3.6	3.8
<i>Conventional</i>	23.2	22.2	21.9
<i>Industrial (including free from Copel Geração e Transmissão S.A.)</i>	36.4	38.2	38.7
<i>Captive</i>	31.5	32.5	31.4
<i>Free (served by Copel Geração e Transmissão S.A.)</i>	4.9	5.7	7.3
<i>Commercial</i>	19.7	19.1	18.6
<i>Rural</i>	7.9	7.7	7.6
<i>Public authority</i>	2.8	2.7	2.7
<i>Public lighting</i>	3.7	3.6	3.7
<i>Public service</i>	2.8	2.8	2.9
<i>Own</i>	0.1	0.1	0.1
Concessionaries	2.4	2.4	2.3
DEC <sup>(2)</sup>	12.91	12.18	13.54
FEC <sup>(3)</sup>	11.04	10.69	12.41



## TELECOMMUNICATIONS

## Operating and productivity performance indexes

<b>Copel's Telecommunications Structure</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Optical cables installed in main ring (km)	5,745	5,381	5,054
Optical cables self-supported (km)	8,115	6,629	5,571
Cities served	216	197	181
Customers	720	573	504

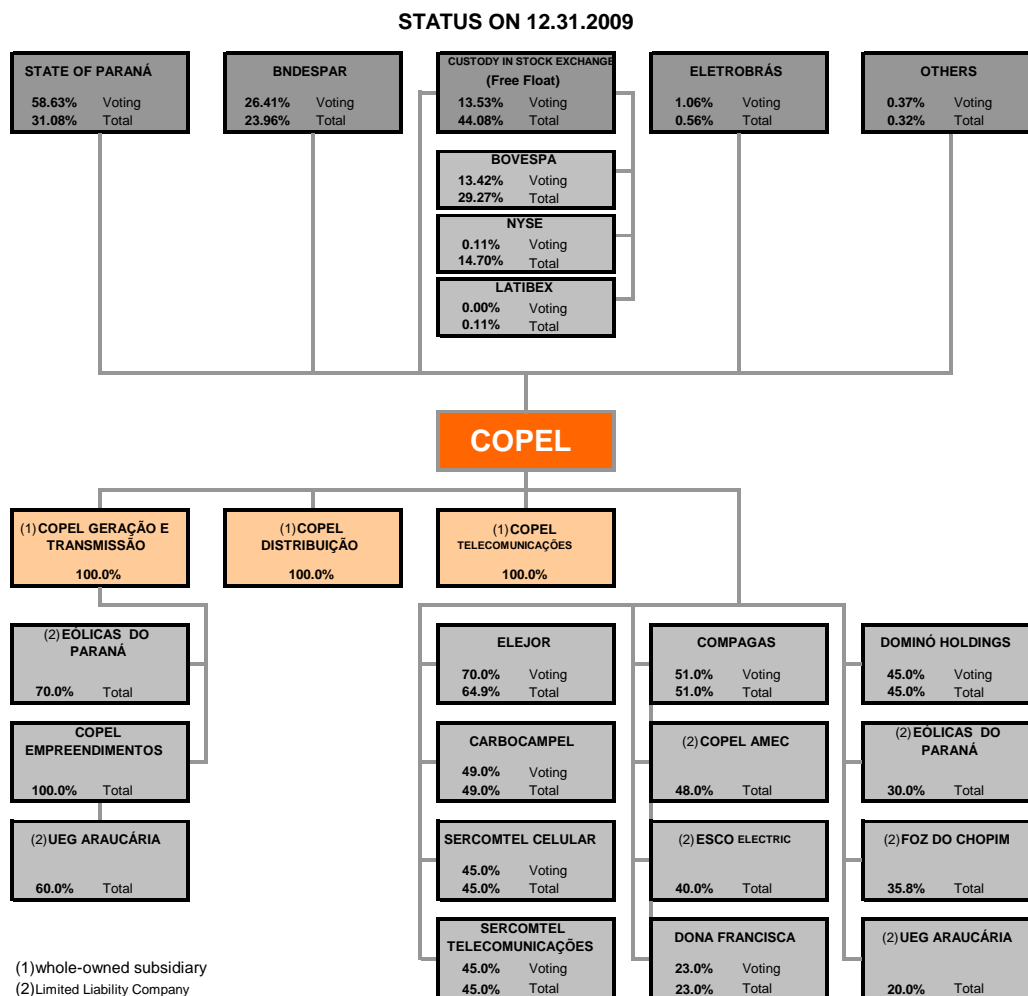
<sup>(1)</sup> Note: Index for losses of total energy of Copel was 7.3% (related to availability of 44,929 GWh) concerning total available energy. In the computation, technical and commercial losses were considered, including basic network and contracts entered into by the Company. Although commercial losses in Copel are low, due to growing trend, Company has been maintaining preventive actions, such as inspections to prevent irregular procedures in the entire concession area. As an additional prevention measure, Copel increased facilities of centralized measurement for 7,000 points, thus improving the form of service to destitute regions and preventing irregular procedures.

<sup>(2)</sup> DEC expresses the time interval that, in average, each consumer of the considered group was deprived from electric power, in the period of observation, considering interruptions larger than or equal to three minutes.

<sup>(3)</sup> FEC expresses the number of interruptions that, in average, each consumer of the considered group suffered in the of observation, considering interruptions larger than or equal to three minutes.

<sup>(\*)</sup> Losses of basic network and contracts are not included<sup>(4)</sup>

## 1.8.2. Organization chart of interests and share composition



## 1.9. Operating Structure

### 1.9.1. Generation

In 2009, Copel developed studies and projects for expansion of its capacity of electric power generation, highlighting Aneel's approval of the basic project of PCH (Small Hydroelectric Plants) Cavernoso II, such development shall aggregate more 19 MW of power to Company's power station. In order to expand generation from hydraulic source developments, Copel also has the following priority strategies:

- to participate in electric power auctions, mainly in State of Paraná; and
- to invest in projects of Small Hydroelectric Plants – PCHs, severally and in cooperation with the private sector, for promotion of sustainable development through implementation of projects that encourage regional development.

Within the scope of operation and maintenance of power station, works and projects are in course, with investments of R\$ 27.0 million, in order to guarantee reliability to the electric system as a whole. Among them, the following are highlighted:

- acquisition of two reserve transformers for Hydroelectric Plant Gov. Bento Munhoz da Rocha Netto (Foz do Areia);
- acquisition of reserve transformers for Hydroelectric Plant Gov. Parigot de Souza;
- acquisition of new transformer and refurbishment of 11 transformers in Hydroelectric Plant Segredo;
- acquisition of two pelton wheels for Hydroelectric Chaminé; and
- exchange of floodgates in Hydroelectric Plant Chopim I.

#### **Concessions of Generation**

Copel is holder of concessions and authorizations of generation established by: **(i)** Concession Contract No. 45/99, entered into on 06/24/1999; **(ii)** Aneel Resolution No. 278/1999, published on 09/29/1999.

Additionally, Company is part in concessions and authorizations of generation established by: **(i)** Concession Contract No. 188/98, entered into on 08/28/1998; **(ii)** Aneel Resolution No. 351/1999, published on 12/23/1999; **(iii)** Aneel Resolution No. 114/2000, published on 04/24/2000; **(iv)** Concession Contract No. 125/2001, entered into on 10/25/2001; **(v)** Aneel Resolution No. 753/2002, published on 19/12/2002; **(vi)** Aneel Resolution No. 757/2002, published on 19/12/2002; and **(vii)** Concession Contract nº 001/2007, entered on 07/03/2008.

Since 1999, all Company's plants whose concessions ended (totaling 13) had their concession contracts extended by the Licensing Power for more than 20 years, according to provision of law. We expect that contracts of other plants that did not mature be extended for further 20 years, from the relevant maturity on. Concession contracts of new plants, such as Mauá, in our case, cannot be extended.

Information about Concession Contract No. 045/1999 are listed below:

Concession Contract No. 045/1999					
Type	Plant	Grant Act	Final Term	Extension Act	New final term
Hydroelectric plant	Gov. Bento Munhoz da Rocha Neto (Foz do Areia);	Decree No. 72.293, dated 05/24/1973	05/24/2003	Directive MME No. 22, dated 01/25/2001	05/23/2023
Hydroelectric plant	São Jorge	Decree No. 75.033, dated 12/04/1974	12/12/2004	Directive MME No. 249, dated 04/17/2003	12/03/2024
Hydroelectric plant	Apucarantina	Decree No. 76.432, dated 10/13/1975	10/13/2005	Directive MME No. 249, dated 04/17/2003	10/12/2025
Hydroelectric plant	Guaricana	Decree No. 78.238, dated 08/13/1976	08/15/2006	Directive MME No. 367, dated 08/18/2005	08/16/2026
Hydroelectric plant	Chaminé	Decree No. 78.238, dated 08/13/1976	08/15/2006	Directive MME No. 367, dated 08/18/2005	08/16/2026
Hydroelectric plant	Gov. Ney Aminthas de Barros Braga (Segredo)	Decree No. 84.209, dated 11/14/1979	11/15/2009	Directive MME No. 331, dated 09/02/2009	11/14/2029
Hydroelectric plant	Derivação do Rio Jordão	(i) Decree No. 84.209, dated 11/14/1979 Directive DNAEE No. 476, dated 06/07/1994	11/15/2009	Directive MME No. 331, dated 09/02/2009	11/14/2029
Hydroelectric plant	Gov. José Richa (Salto Caxias)	Decree No. 84.680, dated 05/02/1980	05/04/2010	Directive MME No. 331, dated 09/02/2009	05/04/2030
Hydroelectric plant	Cavernoso	Decree No. 85.628, dated 01/07/1981	01/07/2011	Directive MME No. 331, dated 09/02/2009	05/04/2030
Hydroelectric plant	Rio dos Patos	Decree No. 89.378, dated 02/14/1984	02/14/2014	Possible	-
Hydroelectric plant	Gov. Parigot de Souza (Capivari/Cachoeira)	(i) Decree No. 56.027, dated 04/23/1965 (ii) Decree No. 69.475, dated 10/05/1971	05/25/1995	Directive MME No. 195, dated 06/22/1999	07/07/2015
Hydroelectric plant	Mourão	Decree No. 53.419, dated 01/20/1964	01/26/1994	Directive MME No. 195, dated 06/22/1999	07/07/2015
Hydroelectric plant	Chopim I	Decree No. 53.770, dated 03/20/1964	03/24/1994	Directive MME No. 195, dated 06/22/1999	07/07/2015
Thermal Power Station	Figueira	(i) Decree No. 64.258, dated 03/21/1969 (ii) Decree No. 68.757, dated 06/16/1971	03/26/1999	Directive MME No. 195, dated 06/22/1999	03/26/2019

Information about concession contracts of generation developments that Company holds interest is the following:

Concession Contract No. 188/98					
Type	Plant	Consortium	Grant Act	Final Term	Extension
Hydroelectric plant	Dona Francisca	Dona Francisca Energética SA - Dfesa	Decree No. 83.767, dated 07/24/1979 Decree dated 08/08/1997 Decree dated 15/06/1998	08/27/33	Possible

Concession Contract No. 125/01					
Type	Plant	Consortium	Grant Act	Final Term	Extension
Hydroelectric plant	Santa Clara	Centrais Elétricas do Rio Jordão - Elejor	Decree dated 23/10/2001	10/24/36	possible
	Fundão				

Concession Contract No. 001/07					
Type	Plant	Consortium	Grant Act	Final Term	Extension
Hydroelectric plant	Mauá	Consórcio Energético Cruzeiro do Sul	Decree dated 28/06/2007	07/02/42	not possible
Aneel Resolution No. 278/99					
Type	Plant	Consortium	Final Term	Extension	
Wind power plant	Palmas	Centrais Eólicas do Paraná Ltda.	09/28/29	possible	
Aneel Resolution No. 351/99					
Type	Plant	Consortium	Final Term	Extension	
Thermal Power Plant at Natural Gas	Araucária	UEG Araucária Ltda.	12/22/29	possible	
Aneel Resolution No. 114/00					
Type	Plant	Consortium	Final Term	Extension	
PCH	Foz do Chopim	Foz do Chopim Energética	04/23/30	possible	
Aneel Resolution No. 753/02					
Type	Plant	Consortium	Final Term	Extension	
PCH	Fundão I	Centrais Elétricas do Rio Jordão - Elejor	12/18/32	possible	
Aneel Resolution No. 757/02					
Type	Plant	Consortium	Final Term	Extension	
PCH	Santa Clara I	Centrais Elétricas do Rio Jordão - Elejor	12/18/32	possible	

### 1.9.2. New generation projects

**Hydroelectric Plant Mauá** – Construction started in July 2008, development will incorporate 361 MW of installed power and average 197.7 MW of energy guaranteed to the power station of Copel and Eletrosul. Development will absorb investments in the amount of R\$ 1,100.0 million through Consórcio Energético Cruzeiro do Sul – CECS, partnership between Copel (51%) and Eletrosul (49%). According to terms determined by Aneel, UHE Mauá will start operating in 2011.

**PCH Cavernoso II** – Project comprises future utilization to be implemented in Cavernoso river, in Paraná. Plant will have three generating units, totaling 19 MW of installed power. Aneel approved on 11.07.2009 the basic project submitted by Copel. To start implementation of the development, issuance of authorization concession by Aneel is expected, as well as environmental license of installation by the Environmental Institute of Paraná – IAP.

**Usina Hidrelétrica São Jerônimo** - Project comprises future hydroelectric utilization of São Jerônimo, located in Tibagi River, in Paraná. Plant's installed capacity is approximately 331 MW, with guaranteed energy of average 165.5 MW. Implementation of the development will be based on the concession of use of the public asset for exploration of hydroelectric use of São Jerônimo.

### 1.9.3. Transmission

The main duty of the segment is to provide services of transportation and transformation of electric power, responsible for construction, operation and maintenance of substations, as well as for lines directed to power transmission,

Within the concept of Transmission of the current sector model that comprises lines and substations in 230 kV and above, Concessionaire operates, under coordination of the Electric System Brazilian Operator – ONS, part of Brazilian Interconnected System – SIN in the South region of the country. Its

system has 30 substations and 1,942.0 km of transmission lines (including parts of lines of 69 kV and 138 kV).

In light of the permanent challenge of adjusting its power transmission system to the ongoing increase of cargo in the State, Copel developed in 2009 the solid program of transmission works, determining a new record of new substations built, delivering to people who live in Paraná seven new transmission substations:

- Internally operated substations, in 69 kV, Campina do Siqueira and Xaxim, in Curitiba, with 83 MVA of installed power each;
- Uvaranas, in 138 kV, in Ponta Grossa, with 83 MVA of installed power;
- São Cristóvão, in 138 kV, in Cascavel, with 41 MVA of installed power;
- Imbituva, Assaí e Sengés, in 138 kV, in municipalities with the same name, with 41 MVA of installed power each.

In addition to new developments, works to increase installed power in several substations in the State were also performed.

Concerning energy transmission lines, the following works were delivered:

- LT Bateias – Pilarzinho, in 230 kV, with 31.60 km of extension, in Metropolitan Region of Curitiba – RMC;
- LT Gralha Azul – Industrial District of São José dos Pinhais, in 230 kV, with 31.00 km of extension, in RMC;
- LT Santa Mônica – Industrial District of São José dos Pinhais, in 230 kV, with 25.24 km of extension, in RMC;
- LT Santa Quitéria – Campina do Siqueira, in 69 kV, with 3.78 km of extension, in Curitiba;
- LT Cidade Industrial de Curitiba – Xaxim, in 69 kV, with 14.33 km of extension, in Curitiba;
- LT Colorado – Santa Terezinha, in 138 kV, com 22,10 km of extension;
- LT São Cristóvão – Foz do Chopim sectioning – Pinheiros, in 138 kV, with 4.75 km of extension;
- LT Ponta Grossa – Imbituva, in 138 kV, with 57.38 km of extension;
- LT Jaguariaíva – Arapoti, in 138 kV, with 18.80 km of extension;
- LT Vila Carli – Prudentópolis, in 138 kV (op. 34.5 kV), with 65.00 km of extension.

Altogether, R\$ 188.2 million were invested in construction and enlargement of substations and

transmission lines in all regions in Paraná, adding 585.2 MVA of transformation power and 281.47 km of lines to the system existing in the beginning of the year, in the Basic Network (Copel Geração e Transmissão) and SEs 34.5 kV and network from 69 to 138kV (Copel Distribuição).

### **Project in course**

Copel Geração e Transmissão bought at auction of transmission lines held by Aneel on 05.08.2009, a lot located in Paraná that consists of the transmission line Foz do Iguaçu – Cascavel Oeste, in 525 kV, with 115 km, transfer breaker and one connection in SE Cascavel Oeste. The amount of the bid offered by the Company was R\$ 7.3 million (annual revenue) and concession for exploration of public service of electric power transmission was granted for thirty years, it can be extended for additional thirty years.

### **Concessions of Transmission**

Company operates Transmission assets (Basic Network) through the following concession contracts: (i) Concession Contract No. 060/2001, entered into on 06/20/2001; (ii) Concession Contract No. 075/2001, entered into on August 17, 2001; and (iii) Concession Contract No. 006/2008, entered into on March 17, 2008.

Recently, Copel bought Lot J at transmission lines auction held by Aneel on May 8, 2009. Such lot comprises transmission line Foz do Iguaçu - Cascavel Oeste, in 525 kV, with 115 km, located in State of Paraná. The amount of the bid offered by Copel was R\$ 7.3 million. Consequently, by Decree without number dated 11.09.2009, concession for exploration of public service of electric power transmission was granted to Copel for thirty years, since the date of execution of the relevant concession contract, it could be extended for additional thirty years. Concession contract No. 27/2009 was executed on November 19, 2009.

Possibility of extension of the term for additional 30 years is set forth in the Concession Contracts No. 075/2001 and 006/2008, after its termination. In the Concession Contract No. 60/2001, estimate of extension of term is for additional 20 years.

Main transmission concession of Copel, corresponding to 93% of revenues of transmission of the Company expires in 07.07.2015, but it can be extended for 20 years. Part of the revenue related to the main transmission concession contract (38%) is only updated by IGPM (General Index of Market Prices), not subject to tariff review process. Concession contract related to LT Bateias/Jaguariaiva does not have tariff review, its revenue is only updated by IGPM. Further new concession contracts have tariff review.



The table below presents information about terms and renewal of our transmission concessions:

Transmission Installation	Concession initial date	Maturity initial date	Extension date	Final date expected for maturity
Main concession of transmission	July 2001	July 2015	Possible	July 2035
Transmission Line Bateias - Jaguariaíva	August 2001	August 2031	Possible	August 2061
Transmission Line Bateias - Pilarzinho	March 2008	March 2038	Possible	March 2068
Transmission Line Foz do Iguaçu - Cascavel Oeste	November 2009	November 2039	Possible	November 2069

### Tariff review of Copel Geração e Transmissão S.A. (Transmission business)

The 2<sup>nd</sup> ordinary tariff review to be applied to transmission concessionaires was expected for 2009. However, because Aneel did not approve methodology in time, process was postponed for 2010 and readjustment methodology was applied, which consists of update of Annual Revenues Allowed – RAPs by IGPM. Thus, Annual Revenues Allowed – RAPs related to assets of transmission of Copel Geração e Transmissão were determined by Consent Decree No. 843/2009.

The table below shows a comparison of Copel's transmission revenues among tariff cycles 2008/2009 (defined by Consent Decree No. 670/2008) and 2009/2010 (defined by Consent Decree No. 843/2009). Accrued IGP-M from June/08 to May/09 was used to originate readjustment as per set forth in the concession contract. Variation of such index in the period was 3.64%.

Cycle/ Decree	Basic Network	Connections	Total
2008-09 – Decree 670/2008	224,830,586.10	30,492,303.67	255,322,889.77
2009-10 – Decree. 843/2009	250,055,524.24	33,320,629.93	283,376,154.17
Difference in reais	25,224,938.14	2,828,326.26	28,053,264.40
<b>Difference in percentage</b>	<b>11.2%</b>	<b>9.3%</b>	<b>11.0%</b>

In addition to correction of revenues related to facilities under operation, revenues related to new assets that entered in the period were also considered, as well as adjustments promoted that became necessary due to spin-off process of Copel Transmissão. The following table presents increase of transmission revenues in the period.

According to definition of tariff review methodology, to be applied in transmission concessionaires, Consent Decree No. 758/2009 established the methodology for definition and update of the Aneel Reference Prices Bank, to be used in the processes of authorization, bid for concession grant and tariff review, for concessionaires of transmission of electric power. General concepts, applicable methodologies and procedures to perform the 2<sup>nd</sup> cycle of regular tariff review of transmission

concessionaires were approved by Aneel's Normative Resolution No. 386/2009.

#### **1.9.4. Distribution**

Within the scope of distribution of electric power, Copel's main activities are provision, operation and maintenance of infrastructure, as well as provision of correlated services. The purpose of such activities is to serve more than 3.6 million power consumers, in 1,109 locations that belong to 392 of 399 municipalities of Paraná, and, additionally, municipality of Porto União, in Santa Catarina. Besides operating and maintaining facilities at the voltage levels up to 34.5 kV, in light of spin-off of Copel Transmissão (Aneel Resolution No. 1.120/2007), Copel Distribuição assumed the same activities also in facilities of voltage levels 69 and 138 kV, that were under responsibility of the extinct Company.

In 2009, Copel invested R\$10.8 million in 39 projects related to research and development in power distribution.

#### **Market share and growth**

In 2009, total billed market, including captive market, free consumers served by Copel Geração and supply to concessionaires and licensees grew 2.3% reaching 21,810 GWh against 21,313 GWh in 2008. Captive market presented growth of 3.1% per year and wire charge, that considers all consumers that accessed the system, increased 0.8%.

The quantity of consumers billed by Copel in December 2009 presented variation of 3% when reached 3,628,193 consumers. Between January and December this year, 104,636 consumers were added to the system, 77,345 are residential, 3,315 industrial, 5,272 commercial, 17,326 rural and 1,378 of other classes.

Supply to concessionaires, that represented 2.3% of Company's billed market, was 509 GWh compared with 496 GWh in 2008. Supply to licensees, accounted since March 2009, represented 0.1% of Company's billed market reaching 16 GWh.

Maximum demand in 2009 occurred in November and reached 4,243 MWh/h, presenting growth of 7.6% in comparison with maximum of 2008, which occurred in December.

Residential class, which represented 26% of total market, presented growth of 5.3% in 2009, reaching 5,664 GWh against 5,379 GWh in 2008. Average residential consumption in 2009 recorded variation of 2.5% when reached 165 kWh/month. Recent credit improvement, declination of prices of "white line" products, still as a result of IPI (Excise Tax) reduction and positive evolution of mass of salaries of the working population allied to recovery of formal employment, are factors that contributed with performance of the class in 2009.

Billed industrial consumption, responsible for 35.5% of total consumption, decreased 2.6% in 2009. Such variation is a result of the combination of the captive industrial market performance, of -1% with free market served by Copel Geração, of -11.9%, due to termination of some contracts. Wire Industrial market, composed by all industrial consumers related to the Supplier's network, recorded retraction of 13.2% in 2009. According to data of the Brazilian Institute of Geography and Statistics – IBGE, industrial production of Paraná decreased 4.3% in the accrued period between January and

November 2009, against the same period in 2008.

Commercial class that participated with 19.3% of Copel's market presented variation of 5.9% in the year to date. 30.138 consumers were billed, 1.8% above 2008. Such result is combined with the increase of purchase power of the population, resulting from grow of real usual earnings mass of workers and gradual recovery of credit in 2009.

Rural class that participated with 7.7% of total consumption grew 4.6% in 2009 and reached 1,680 GWh. Rural average consumption reached 396.5 kWh/month.

Further consumption classes – Public Authorities, Public Lighting, Public Services and own – complement the Company's electric power market. With 9.1% of interest, those classes presented addition of 4.3% in year to date for 2009, consuming 1,994 GWh. 48,344 consumers were billed with variation of 2.9% in comparison with the same period in 2008.

The following table summarizes interest and growth of Copel's market in 2009:

Description	Consumers in the end of the period				In MWh			
	% <sup>(1)</sup>	2009	2008	Variation %	% <sup>(1)</sup>	2009	2008	Variation %
Residential	78.8	2,859,749	2,782,404	2.8	28.0	5,663,886	5,378,890	5.3
Industrial	1.8	66,960	63,641	5.2	33.1	6,704,400	6,769,770	(1.0)
Commercial	8.3	300,138	294,866	1.8	20.8	4,200,480	3,966,640	5.9
Rural	9.7	352,992	335,666	5.2	8.3	1,679,550	1,606,035	4.6
Public Authorities	0.9	34,016	33,218	2.4	2.9	593,711	561,931	5.7
Public Lighning	0.3	9,601	9,093	5.6	3.9	780,175	746,987	4.4
Public Services	0.1	4,117	4,063	1.3	2.9	595,932	579,627	2.8
Own	-	610	592	3.0	0.1	23,865	23,029	3.6
<b>Captive Market (1)</b>	<b>100.0</b>	<b>3,628,183</b>	<b>3,523,543</b>	<b>3.0</b>	<b>100.0</b>	<b>20,241,999</b>	<b>19,632,909</b>	<b>3.1</b>
Generation Free Customers		10	14	(28.6)		1,044,140	1,184,978	(11.9)
Industrial Total <sup>(2)</sup>		66,970	63,655	5.2		7,748,540	7,954,748	(2.6)
Supply to concessionaires (3)		3	3	-		508,691	495,594	2.6
Supply to licensees (4)		1	-	-		15,563	-	-
<b>Total Market (1) + (2) + (3) + (4)</b>		<b>3,628,197</b>	<b>3,523,560</b>	<b>3.0</b>		<b>21,810,393</b>	<b>21,313,481</b>	<b>2.3</b>
Wire Free <sup>(3) (5)</sup>		21	23	(8.7)		2,929,268	3,375,220	(13.2)
<b>Wire Charge (1) + (3) + (4) + (5)</b>		<b>3,628,208</b>	<b>3,523,569</b>	<b>3.0</b>		<b>23,695,521</b>	<b>23,503,723</b>	<b>0.8</b>

<sup>(1)</sup>Percentage of participation in total captive market in 2009,

<sup>(2)</sup> Captive + free industrial market served by Copel GET,

<sup>(3)</sup> Free customers served within the concession area of Supplier,

### Tariff review of Copel Distribuição S.A.

The main purpose of the regular review process is to analyze, after a period previously defined in the concession contract (normally 4 years), economical and financial balance of concession. While in annual readjustments of tariffs "Installment B" of revenue is monetarily adjusted by IGP-M, at the moment of regular tariff review the revenue necessary to cover efficient operating losses and proper compensation on investments performed is computed, carefully.

Regular tariff review is performed upon computation of tariff relocation and establishment of Factor X. In such tariff review process, in the first stage, tariffs compatible with coverage of efficient operating costs and with a fair and proper compensation on investments carefully performed are determined.

In the second stage, Factor X is established; its goal is to share gain of scale with consumers.

Consent Decree Aneel No. 663, dated 06.23.2008 established, temporarily, new tariffs for supply of electric power of Copel to be applied since 06.24.2008, considering the negative average total readjustment of 3.35%. Such index incorporates percentages of negative Tariff Relocation Index of 7.17% and financial components external to regular tariff review of 3.82%. Due to exclusion of tariff basis from a negative financial component of 3.27%, which was added in the annual readjustment of 2007, consumer realized, in the period between 06.24.2008 and 06.23.2009, an average increase of 0.04%.

In the second stage, factor X was computed, which is establishment of efficiency goals to the second tariff period that will be expressed in the tariff. Based of the methodology set forth by Resolution No. 234/2006, preliminary computation of X and for Copel Distribuição resulted in 2.09%.

Consent Decree No. 826/2009 homologated definite result for the second regular tariff review determining tariff relocation to be applied on electric power tariffs and of Tariffs for Use of Distribution System - TUSD. Supply tariffs were relocated in -7.49% (minus seven point forty-nine percent). Variation of revenue, resulting from the difference of temporary relocation, established in REH No. 663/2008 and definitive, was considered in annual tariff readjustment of 06.24.2009.

#### **Tariff readjustment of Copel Distribuição S.A.**

Consent Decree nº 839/2009 homologated result of annual tariff readjustment on electric power supply tariffs, determined Tariffs for Use of Distribution System - TUSD and tariffs for supply of electric power for Companhia Campolarguense de Energia – Cocel, Companhia Força e Luz do Oeste - Oeste and Força e Luz Coronel Vivida – Forcel. Electric power tariffs of Copel Distribuição were, in average, readjusted in 18.04%, 11.42% related to annual tariff readjustment and 6.62% related to relevant financial components, corresponding to an average effect of 12.98% to be perceived by captive consumers.

When Copel required deferral of financial components, against impact of readjustment to consumers that were already suffering the impact of financial crisis, in order to maintain market and non-default level, notwithstanding request was denied by the Agency through Order No. 2568/2009.

Due to Aneel's decision, in 176th Extraordinary General Meeting, dated 07.23.2009, application and grant of discount equivalent to average increase of the relevant consumption class to all final captive defaulting consumers were approved, such grant of discounts can be reduced or interrupted at any time.

#### **Distribution Concession**

Company operates its distribution business according to Concession Contract No. 46/1999, entered into on 06.24.1999.

Concession term was extended by MME Directive No. 196, dated 06.22.1999 until 07.07.2015. Contract sets forth possibility of extension for additional 20 years.

In February 2010, Aneel approved draft of addendum to the distribution concession contract in order

to neutralize revenue gains and losses from market variations applied on Sector Charges item of Installment A. Addendum was executed by Copel in March 2010. Consequently, next tariff readjustments of Copel shall be lower, resulting in an annual reduction, in average 0.5% in revenue of Copel's Distribution.

#### **1.9.5. Energy commercialization in 2009**

In 2009, average 45 MW were commercialized in the 9th Adjustment Auction for Copel Distribuição, whose contract was approved by Aneel Order No. 2.154/2009. Energy surplus for the year was negotiated in short-term contracts, totaling average 3.8 MW per year. Additionally, average 0.5 MW of Incentive Energy from small hydroelectric plants of the Company were commercialized, which started to receive discount of 50% in tariff of use of distribution system since 2009.

#### **1.9.6. Telecommunications**

In compliance with Act No. 31.337 of Brazilian Telecommunications Agency - Anatel, associated to Ministry of Communications, Copel provides telecommunication and communication services in general, it prepares specific studies and projects, in compliance with legislation in force, in State of Paraná and Region II of General Plan of Grants. Exploration of such services occurs in undetermined term, without exclusivity, in national and international levels. Copel Telecomunicações operates multimedia communication service since 2002.

In 2009, addition of 2,000 km of optical cables of urban access significantly increased capillarity of Copel's optical network. 216 municipalities are served through 5,745 km of interurban optical cables. Through such network, Copel provides velocity and reliability for 720 companies that invest in Paraná and use its services. In a research recently performed, 98% of those customers were satisfied or very satisfied with Copel Telecomunicações, which comprises in its portfolio customers from several activities segments, such as schools, banks, supermarkets, internet providers, industries, public bodies, stores and fixed and mobile telephone operators, providing services of dedicated channels, broadband internet, private networks IP/MPLS-VPN, videoconference and hosting, using state of the art technologies SDH, IP/MPLS e Giga Ethernet in optical fiber.

#### **1.9.7. Interests**

Copel has share interest in other companies or consortiums in several performance areas. In order to focus investments on developments aligned with its *core business* and its strategic reference, Company has been reevaluating its assets portfolio in interests.

As independent producer of electric power, Copel has interests in five developments of generation, with total installed power of 887.4 MW, all are currently under operation. It also participates in sanitation, gas, telecommunications and services sectors. In NE 1 we presented detailed information about Copel's interests.

We highlight that, related to electric power sector, Copel has interests in seven developments of generation of electric power with total installed power of 1,790 MW, according to the following table:

Plants	Installed capacity	Partners	PPA executed with
Dona Francisca	125.0	Copel - 23.03% Gerdau - 51.81% Celesc - 23.03% Desenvix - 2.12%	Copel Geração
Foz do Chopim	29.1	Copel - 35.77% Silea Participações - 64.23%	Free Consumers
Elejor	Santa Clara Plant	120.16	Copel Distribuição (**) Free consumers (**)
	PCH Santa Clara I	3.6	
	Fundão Plant	120.16	
	PCH Fundão I	2.47	
Paraná Wind Power Plant	2.5	Copel - 30% Copel Geração e Transmissão - 70%	Free consumers
Araucária	484.5	Copel - 80.00% Petrobras - 20.00%	(***)
Lajeado (Investco S.A.)	902.5	CEB Lajeado - 16.68% EDP Lajeado Energia - 23.34% Paulista Lajeado Energia - 5.91% Lajeado Energia - 39.28% Finam - 4.15% EDP Energias do Brasil - 2.20% Copel - 0.89% (****) Furnas Centrais Elétricas - 0.23% Outros - PJ - 6.17% Outros - PF - 2.99%	(*****)
Total	1,790		

(\*) Ordinary shares.

(\*\*) Santa Clara and Fundão Plants have PPA with Copel Distribuição and PCH Santa Clara and Fundão sell to free consumers.

(\*\*\*) Araucária Thermal Plant is currently lent to Petrobrás partner.

(\*\*\*\*) Interests is related to capital total. Copel only has PNA shares.

(\*\*\*\*\*) Assets of UHE Lajeado are leased to other concessionaires in ideal fractions of existing assets.

Regarding Copel's interests in gas, telecommunications, sanitation and services companies, we present data in the following table:

Developments	Sector	Partners
Compagas	gas	Copel - 51.0% Gaspetro - 24.5% Dutopar - 24.5%
Sercomtel S.A. Telecom	telecommunications	Copel - 45.0% Londrina Municipality - 55.0%
Sercomtel S.A. Celular	telecommunications	Copel - 45.0% Londrina Municipality - 55.0%
Dominó Holdings S.A.	sanitation	Copel - 45.0% Andrade Gutierrez - 27.5% Daleth Participações Ltda. - 27.5%
Escoelectric Ltda.	services	Copel - 40.0% Lactec - 60.0%
Copel-Amec Ltda (*)	services	Copel - 48.0% Amec - 47.5% Lactec - 4.5%
Carbocampel S.A.	exploration of coal	Copel - 49.0% Carbonífera Cambuí - 51.0%

(\*) Under settlement process

## 1.10. Copel's Products: market share

Main products	Market share in 2008		
	Brazil	South Region	Paraná
Generation of electric power <sup>(1)</sup>	4.6%	<sup>(2)</sup> 26.7%	<sup>(2)</sup> 60.5%
Transmission of electric power <sup>(2) (3)</sup>	2.6%	14.5%	45.2%
Distribution of electric power <sup>(4)</sup>	6.8%	34.2%	<sup>(5)</sup> 96.8%
Distribution of gas	3.9%	32.6%	100.0%

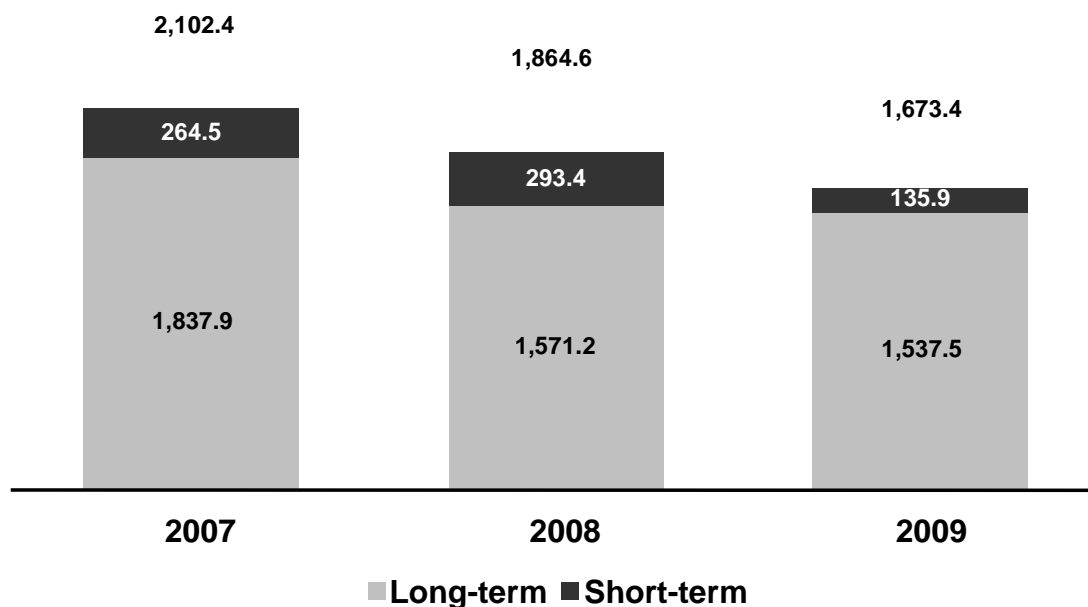
- (1) interests in energy guaranteed in Brazilian Interconnected System - SIN in December/2008.
- (2) Itaipu is not included
- (3) related to transmission revenue. Copel holds the 10th place in ranking of 40 transmitters in Brazil.
- (4) interests in service to captive market.
- (5) estimated data.

### 1.11. Funding/ Indebtedness

Variations of short and long-term debt related to borrowings and funding result from entry of funds in the amount of R\$ 144.3 million, being R\$ 111.5 million related to contracts with Banco do Brasil and BNDES for construction of UHE Mauá; R\$ 28.0 million related to contract with Eletrobrás for investment in the “Luz para Todos” (Power to Everyone) Program, and R\$ 4,8 million related to two contracts entered into with Finep Payments performed in the year totaled R\$ 455.3 million with details in the following table:

Amortizations - 2009 (In R\$ million)	Principal	Charges	Total
Borrowings and funding	87.4	94.7	182.1
Debentures	170.6	102.6	273.2
<b>Total</b>	<b>258.0</b>	<b>197.3</b>	<b>455.3</b>

The following chart demonstrates composition of borrowings, funding and debentures in short and long-term:



#### Rating

Copel's national long-term rating and its fourth issuance of debentures is 'AA' (bra) according to Fitch Ratings Agency on 09.04.2009.

Corporate rating of Companhia Paranaense de Energia - Copel is 'Aa1.br', according to Latin America Moody's in the Brazilian scale on 12.11.2009.

## 1.12. Responsibility and involvement with stakeholders

### Involvement and dialogue

In the period 2008-2009, stakeholders directly and systematically involved with the Company were: internal public, customers, suppliers, public authorities, shareholders and investors, society and organizations related to environment. The year of 2009 was marked by dialogue intensification with the internal public, within the scope of the second cycle of Standard AA1000, with categorization and intensification of specific interest groups, in order to handle critical topics that affect such groups, mainly regarding racial, ethnic, gender matters and deficient people - PcD.

The third cycle of implementation of the Standard AA1000, in the beginning, will allow its best alignment with the new model of Management for Sustainability of the Company.

### Dialogue Channels

Copel's complete matrix of dialogue channels is available in our website [www.copel.com](http://www.copel.com).

Support to questions addressed to the Company through the channel *Fale Conosco* (Talk to Us) is also available in our website, through e-mail [copel@copel.com](mailto:copel@copel.com). In this channel, the premise is to promptly answer all questions received, stakeholders have been increasingly using this channel due to such attitude. Copel's complete matrix of dialogue channels is also available in our website [www.copel.com](http://www.copel.com).

### Dialogue with Internal Public

Copel has the Organizational Environment Research - PCO as a direct channel of communication with all its employees, it occurs in an annual basis. Last PCOs indicated, as factors in which Copel shall perform in a corporate manner in order to improve its performance, Leadership and Growth and Professional Development.

Within the scope of the Diversity Promotion Program, in the period between 2007 and 2009, several dialogues were performed with groups with specific needs and characteristics in the Company.

Among several actions, we can mention Copel's adhesion to Program in Favor of Gender Equity. Such program is an initiative of the Federal Government that, through Special Department of Policies of Presidency of Republic- SPM/PR and based on the before Brazilian Plan of Policies for Women, restates commitments of promotion of equity among women and men registered in the Federal Constitution of 1988. It is also partner with United Nations Development Fund for Women – Unifem and Employment International Organizations – OIT.

Critical topics were presented by the PcDs group and mainly regard to inadequacy of physical and architectural structure, lack of translation of events, of audiovisual materials for hearing-impaired people and printed matters for visually impaired people, lack of qualification of workforce for effective insertion of those professionals and use of their full potential. Those topics will be handled in specific



action plans. One of them will be directed to promotion of diversity and the other one specifically to accessibility matters.

### **Customers' Dialogue**

The 3.6 million customers served by Copel have several access channels available to make requests, suggestions and complaints. *Call center* (0800 51 00116) is among the most featured channels in the volume of support, it is free to the customer, composed by own employees and by workforce hired, formed by people with special needs hired from several associations of disabled people of Paraná.

*Call center* is responsible for 80% of annual supports, average of 621 thousand monthly calls answered in 2009, followed by 114 units of personalized support, located in major urban centers, that totaled in average 143 thousand/ month in 2009.

Copel has a virtual agency as an alternative support source in its website: [www.copel.com](http://www.copel.com), which allows customers to request services, make searches and obtain information. It also has 15 mobile service stations that go through districts in large cities and locations that do not have a fixed unit of personalized support to solve the most urgent customers needs, in addition to guidance about safe and efficient use of energy, rights, duties and social programs. In 2009, those units performed 680 events in small locations and districts of larger cities.

Additionally, Copel offers, in post offices in the entire state, pre-paid envelopes for remittance of documents and requests to the Company.

### **Dialogue with suppliers**

Copel provides a channel of dialogue with its suppliers in its entire concession area, in strategic poles in Paraná, which provides to all participants – among suppliers, contract managers and works inspectors – an open and objective communication channel, contributing with development of each productive chain of the Company.

In direct dialogues with suppliers in 2009 we approached basic sustainability concepts, the purpose was to guide them about Global Compact Principles and, through Communication and Progress - COP workshop, about matters related to shares and social and environmental evolutions that a sustainable company may perform. In the event organized by Copel, 45 suppliers of products and services and other stakeholders were able to obtain information about practical examples prepared in large companies, in the social and environmental scope.

Copel, represented by the Technical Standardization Department, performed 83 meetings with suppliers of materials of distribution networks, totaling 58 suppliers. Company's engineers and technicians and representatives of commercial and technical areas of manufacturers of materials and network equipments attended those meetings. The purpose of those meetings was to develop solutions to improve performance of electric networks, improving quality and reducing costs.

For 2010, Copel intends to seek for involvement of more followers of its value productive chain, rescue the cycle of dialogue and development of its concession area.

### **Dialogue with Shareholders and Investors**

Copel maintains an effective communication channel with its shareholders and investors through its website ([www.copel.com/ri](http://www.copel.com/ri)), emails ([ri@copel.com](mailto:ri@copel.com) and [acionistas@copel.com](mailto:acionistas@copel.com)), call center (0800-41-2772) and printed newsletters “Informe RI Copel (Copel Investors Relation Newsletter)” and “Quarterly Fact Sheets”, among other releases and reports sent to professionals of the capital market and shareholders and also provided in Company’s website. Additionally, in 2009 performance of support channel to minority shareholders ([acionistas@copel.com](mailto:acionistas@copel.com)) was enlarged, it has now direct communication with Board of Directors.

### **Copel Opens the Doors for You**

The Program “Copel Opens the Doors for You”, developed to establish a dialogue with customers and community, consolidates a proactive posture of the Company, seeking for proximity and dialogue with the public.

Since its creation, in 2005, under the Standard AA1000 of direct dialogue with stakeholders, the events of the Program have been held in all regions in the State and they are open to any interested person. They are also attended by Company’s regional and local leaderships. Their purpose is to inform stakeholders about Copel’s performance in the region about safe and efficient use of energy, about consumers’ rights and duties and about access to social programs, besides providing commercial support through mobile units. Through the Program we can identify in the community existence of doubts about the service provided and need of eventual changes in our internal processes of support.

Events related to the Program are disclosed through invitations directed to representative associations of communities and messages in local radios and newspapers. In 2009, 41 events in large, medium and small cities were performed in the entire State, totaling 2,476 participants.

### 1.13. Main certifications and awards

Among main certifications and awards received in 2009, the following are highlighted:

Award/ Conquests/ Certification	Certifying Body
Top of Mind - 2009, in the categories " <i>Grande Empresa do Paraná</i> " (Large Company in Paraná) (for the tenth and ninth time in a row); and " <i>Empresa em que você gostaria de trabalhar</i> " (The company would like to work for) (for the third time in a row)	Revista Amanhã and Instituto Bonilha de Pesquisa
<i>Grandes e Líderes</i> 2009 (Large and Leaders 2009), for evaluation of the size and results achieved, analyzing accounting balances published by the companies, in the following categories: " <i>3ª Maior Empresa do Paraná</i> " (3 <sup>rd</sup> Largest Company in Paraná); " <i>Maior Empresa do Setor de Energia</i> " (Largest Company in Energy Sector) and " <i>Maior Patrimônio Líquido do Paraná</i> " (Largest Equity in Paraná)	Revista Amanhã and PricewaterhouseCoopers
Platts Top 250 - Global Energy Company 2009 – Included among the 250 best and largest energy companies in the world	Platts market evaluation agency – department of McGraw-Hill Companies
Expo Money 2009, in the category " <i>Respeito ao Investidor Individual</i> " (Respect to Individual Investor)	Expo Money 2009
Marco Internacional de Engenharia (Engineering International Milestone) - 2009 – First International Symposium of Rockfill Dam	<i>Comitê Chinês de Grandes Barragens</i> (Chinese Committee of Large Dams)
<i>Empresa Cidadã</i> (Citizen Company) – 2009	Accounting Regional Board of Rio de Janeiro - Firjan and Fecomércio System
Abraconee Award for best disclosure of accounting statements for Copel Geração e Transmissão, in the category large-sized closely-held company	Brazilian Association of Electric Power Accountants - Abraconee
<i>Prêmio Perfil Empresarial do Paraná</i> 2009 (Corporate Profile Award of Paraná), IV Ranking of Joint-Stock Companies – 1 <sup>st</sup> place in the Energy and Derived Industry; 1st place in Actual Equity; 1st place in Net Profit; 2nd place in Total Assets; 2nd place in Net Operating Revenue among Joint-Stock Companies of Paraná	Indicare Institute of Corporate Analysis and Certifications, Federation of Commercial and Business Associations of State of Paraná - Faciap, Grupo Editorial Indústria & Comércio, Brazilian Federation of Accounting Services Companies and Advisory, Inspections, Information and Research Companies - Fenacon (Sescap/Sescon System)
<i>Prêmio Reputação Corporativa</i> 2009 (Corporate Reputation Award) – Second most respected corporate brand in Paraná and best ranked in the item "History and Evolution"	Revista Amanhã and Troiano Consultoria de Marca

## 2. CORPORATE GOVERNANCE DIMENSION

Copel constantly seeks for improvement of application of good practices of corporate governance and uses as parameter the model proposed by Brazilian Institute of Corporate Governance - IBCG, under the terms of its Best Practices Code. Thus, administrators seek to contribute to continuity of the Company, with a long-term vision seeking for economical, social and environmental sustainability; improve relationship and communication with all stakeholders; reduce strategic, operating and financial risks; and increase Company's value, enabling funding strategy.

Company adopts internal rules to all its collegiate bodies, including guidance to handle eventual interest conflicts, such topic is also included in the Code of Conduct.

Copel's vision is "To be the best company in its performance sectors and reference in corporate governance and corporate sustainability" and in order to achieve it, Company permanently seeks for evolution in the process of implementation of Corporate Governance best practices, founded in transparency, equity, accounting and corporate responsibility principles.

Copel's commitment with the ten principles of the United Nations Global Compact - UN is permanently reaffirmed and revalidated by Company's practices, directed to protect and guarantee work dignity, management transparency, sincerity in financial matters and environment protection. Simultaneously, Copel contributed to disclosure and compliance with Millennium Development Goals - ODMs, whose purpose is to fight poverty, hunger, diseases, illiteracy, environment deterioration and discrimination against women, expected to be reached until 2015.

The workshop for self-evaluation of Company's management held in 2008, attended by officers, management's assistants and advisors, superintendents and professionals, made Management, after approval of Board of Directors, to communicate strategies defined to its employees, in order to obtain their performance in execution of proposed corporate goals, besides orienting that the current Management Excellence Program, implemented in the Company, is directed to sustainability, in order to standardize organizational criteria and processes to improve management and monitoring of Copel's performance.

In 2009, presentations to Management and Presidency about the course of actions of the Management Excellence Program were performed in order to specifically follow up defined indexes and goals.

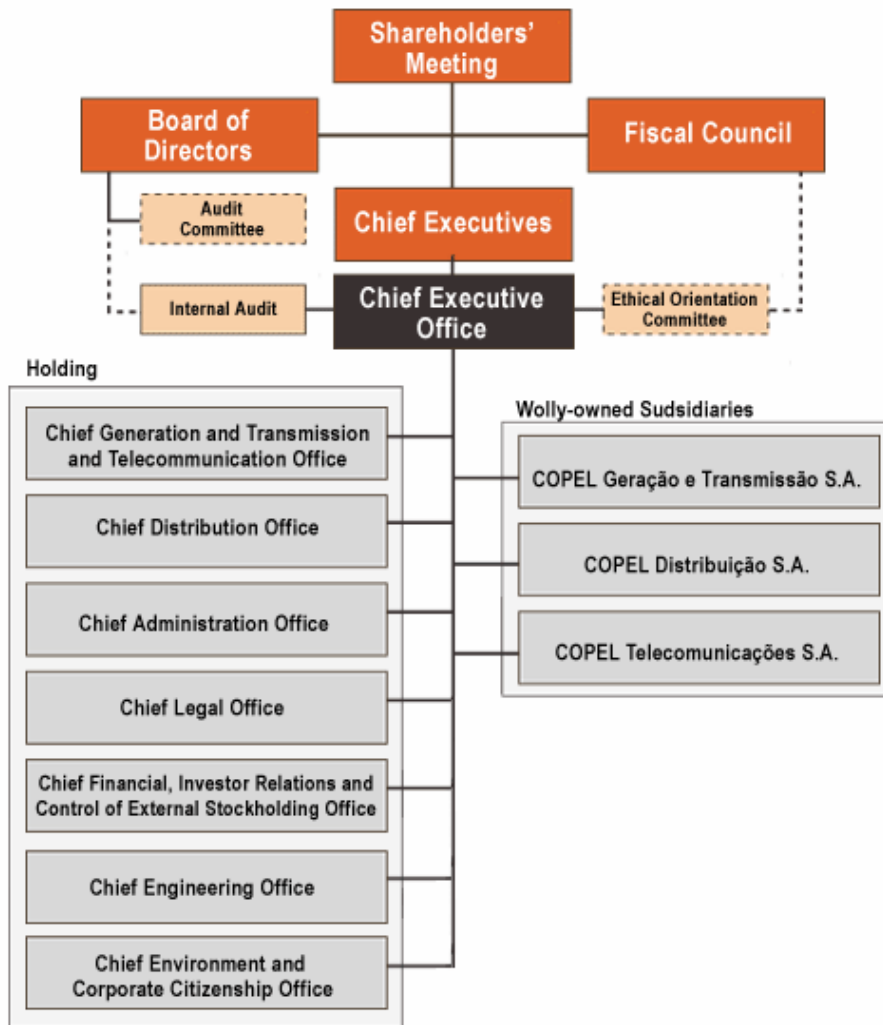
### 2.1. Structure and good practices of governance

#### Tag Along

Copel guarantees *tag along* rights to its minority common shares, ensuring minimum price of 80% for the amount paid by shares that integrate the control block.

**Organization chart**

The following organization chart presents Company's organizational structure, with 3 whole-owned subsidiaries and official committee and councils responsible for supervising, implementing and auditing economical, environmental, social and correlated policies of Copel:



**Compensation**

Company specifies, in General Meetings, share in company's capital and individual or added compensation of administrators, emphasizing changes occurred in such interests during the year, expressing mechanisms of variable compensation, when the case may be, and its impact in result.

**Internal Controls**

Audit Committee is responsible for reviewing and supervising systems of internal control and risks administration of the Company. Effectiveness of such systems is reviewed, at least, annually.

## **2.2. General Meeting**

Shareholders' General Meeting is the forum in which shareholders are empowered to decide about all business related to Company's object and to take measures deemed convenient regarding its defense and development.

Annual General Meeting is performed in the first four-month period of each year, shareholders may eventually meet whenever they consider necessary, at any date, Extraordinary General Meetings are performed twice a year.

Company specifies, in General Meetings, share in company's capital and individual or added compensation of administrators, emphasizing changes occurred in such interests during the year, expressing mechanisms of variable compensation, when the case may be, and its impact in result.

## **2.3. Board of Directors - CAD**

Operation and competencies of Board of Directors - CAD are established in its internal rule, Bylaws and Business Corporation Act. Board of Directors' members have standardized term of office of two years, they might be reelected. Among the participants, one is employee of the Company indicated by other employees and the other two are indicated by the shareholder BNDES Participações S.A. - BNDESPAR, through shareholders' agreement. For Copel's Executive Board, only Chief Executive Officer is member of Board of Directors and performs as executive secretary of such Collegiate Body. The positions of Chairman of Board of Directors and Chief Executive Officer of the Company are not held by the same person.

Among nine members of the current Board of Directors term, five of them are considered independent, under the terms of Sarbanes-Oxley Law, one of them is financial specialist and President of Audit Committee, advisory and permanent body, directly related to Board of Directors.

In 2009, the formal process of regular evaluation of Board of Directors and its directors continued. Annual meetings of Board of Directors are performed four times each year, directors may eventually meet whenever they consider necessary, at any date, in extraordinary meetings of the Collegiate, which are generally performed three times a year. There is no specific rule or requirement related to economical, environmental and social opportunities. Company's administration analysis such aspects in its decisions and important matters and, in light of the subject or amount involved, they are submitted to resolution of Board of Directors.

## **2.4. Audit Committee**

Audit Committee is composed by three members, independent and members of Board of Directors, under the Sarbanes-Oxley Act, with term of office of two years. Among competencies set forth in such act and in the internal rules of the Committee, review and supervision of processes of preparation of

quarterly and annual accounting statements and internal controls and risks administration are included, as well as care for quality and efficiency of such processes. In such activity, Committee shall report to Company's Board of Directors an eventual non-compliance with legal and regulatory rules that might risk continuity of Copel's business.

Audit Committee performs meetings in a quarterly basis with Tax Board in order to analyze Company's accounting statements. Ordinary meetings of the Committee are performed every two months, but its members may, during the year, and at any time call meetings, which are generally held 10 times a year, with Company's Managements, independent auditors and internal audit in order to verify compliance with their recommendations or clarification of questions, including planning of audit works, adjustment of resources needed to perform them and discussion of all matters deemed necessary.

## **2.5. Fiscal Council**

Fiscal Council - FC is also elected in General Meeting. It is permanent and formed by five effective members and five deputies, for one-year term of office, three members are indicated by the controlling shareholder, one is indicated by minority shareholders of common shares and the other one is indicated by minority shareholders of preferred shares. Operation and competencies are determined by the Bylaws, internal rule, and Business Corporation Act. Fiscal Council meets every three months in order to comply with its main function of analyzing and opining about Company's quarterly and annual accounting statements. Extraordinarily, it can meet to handle other matters within its scope, whenever necessary, in compliance with call made by the President. Members of such Board, or at least one of them, attend Shareholders' General Meetings, Board of Directors' meetings and Audit Committee's meetings that handle matters within its scope.

## **2.6. Executive Board**

Executive board is elected by Board of Directors and is formed by eight members, with term of office of three years. It is responsible for Copel's executive functions, with private designation of representing it. Its attributions, duties and individual responsibilities are set forth in the Bylaws, its performance form is provided for in internal rule. Executive Board performs ordinary meetings every week and, extraordinarily, by call of Chief Executive Officer, by his own decision or at request of another Officer. Company does not associate compensation of executives to achieve financial and non-financial goals.

- **Creation of Chief Environmental and Corporate Citizenship Office**

In February/2009 the Chief Environmental and Corporate Citizenship Office – DMC was created to contribute to increasing improvement of positive global results that Company has been presenting, once environment management and matters related to corporate citizenship are strategically integrated to other areas of the company. DMC is responsible for administrating activities or coordinating matters related to: Company's environment and corporate citizenship; Company's performance in social and community development initiatives, and in promotion and non-violation of Human Rights; Company's social and environmental performance, studies and program, besides

representing it in its relations with public and private bodies related to social and environmental matters.

## **2.7. Code of Conduct**

In 2003, Copel established its Code of Conduct, based on corporate values and on its corporate culture, also respecting international principles of Sarbanes-Oxley Act. Such instrument has been under dynamic consolidation in order to reflect integrity of its procedures in all its relations, whether internal, with its employees, or with all other stakeholders in its business. In 2008, its content was reviewed and updated, also upon public consultation with all interested parties, involving administrators, employees, suppliers, customers, shareholders and consumers.

## **2.8. Ethical Guidance Board**

The purpose of the Ethical Guidance Board is to discuss, direct actions of Copel and verify cases submitted to it, making recommendations about Company's performance to be permanently conducted by morally sane principles in its business development, overseeing disclosure and effective application of Code of Conduct to Copel's employees. Nine members compose the Board, eight are Company's employees, coordinated by a representative of the civil society, which guarantees more transparency and participation of stakeholders in the process. Additionally, in 2009, creation of Committee of Moral Harassment was created and it will have exclusive competence for analysis and issuance of opinions about this topic.

### **Anti-corruption**

Company disapproves corruption in all its forms. Copel's Code of Conduct introduces such principle and all Company's employees receive it and it is disclosed in company's intranet and in website.

## **2.9. Confidential Communication Channel**

Audit Committee receives confidential communications about non-compliance with legal provisions and internal rules related to accountings, internal controls and audit matters applicable to them. The receipt of such communications includes the policy determined by Copel and it occurs through the Confidential Communication Channel, created to exclusively support Audit Committee, in order to evaluate concerns manifested by any stakeholder.

Every communication is received and recorded by Copel's Ombudsman and are exclusively addressed for evaluation of Internal Audit. When related to Audit Committee's responsibilities, the content of the concern registered is directly handled by Copel's auditors, with guarantee of confidentiality and non-retaliation, as per required by Sarbanes-Oxley Act. Otherwise, ethical, legal and reserved treatment is exempted by the manager in charge for the communicated matter, followed by Ombudsman. The Confidential Communication Channel had 04 communications registered in 2009. After evaluation by Internal Audit, followed-up and reported by Ombudsman directly to Audit Committee, all communications were handled by the Copel's managerial body, without relevant influence on Company's results.



Confidential Communication Channel is accessed through telephone 0800-643-5665.

### **Ombudsman**

Seeking for consolidation of strong management instruments, since 2003, Copel maintains an Ombudsman in the organizational structure with a policy defined for the function, aligned with objectives of the planning model for sustainability and need of exercise of Corporate Governance best practices.

Ombudsman performs as dialogue channel for development of ethical, respectful and transparent relationship between Copel and all stakeholders. Such instrument increases potentialities of the ombudsman institution and makes it a component of a system of integrity, monitoring and control for the Company, shareholders, employees and society in general.

Access to Copel's Ombudsman can be performed by telephone (0800-647-0606), mail (Caixa Postal (P.O. Box) 5505 - CEP 80231-970 - Curitiba - PR), internet (ouvidoria@copel.com) or personally, at Rua Visconde do Rio Branco, 1.680 - Centro, in Curitiba – PR.

### **2.10. Permanent Committee of Disclosure of Relevant Acts and Facts**

Permanent Committee of Disclosure of Relevant Acts and Facts was implemented in order to preserve image and credibility of Copel before shareholders, investors, analysts and professionals of capital markets. Committee is composed by, at least, two representatives of Finances, Relations with Investors and Control of Interests Management, two representatives of Presidency, one representative of Legal Management and one coordinator. Main attribution of the Committee is to advise the Finances, Relations with Investors and Control of Interests Officer in application of Copel's Disclosure Policy, its members are responsible for reviewing and approving information that will be disclosed to the capital markets through any mean.

### **2.11. Relationship with shareholders and investors**

COPEL has 25,254 shareholders, who hold the Company's share capital, in the amount of R\$ 4,460.0 million, represented by 273,655 thousand shares with no par value.

Finances, Relations with Investors and Control of Interests Management supported an expressive number of shareholders, investors and analysts of national and international capital markets during 2009. Company also participated in conferences, seminars and meetings and performed *road shows* in the main financial centers of Brazil, Europe and North America.

Since Act No. 9.249/1995, Copel has been adopting profits distribution on equity as policy to totally or partially replace dividends. The amount of dividends distributed is, at least, 25% of adjusted net profit, according to article 202 and its paragraphs of Act No. 6.404/1976.

## 2.12. Distribution of Dividends and Interest on Capital (IOC)

(thousands of R\$)	2009	2008	2007
Approval by the GSM	04/27/10	04/23/09	04/17/08
Payment date	05/04/10	05/06/09	05/16/08
income	1,026,433	1,078,744	1,106,610
% of income	25	25	25
Amount distributed to Common Shares		132.398	135.395
Amount distributed to Class A Shares		648	650
Amount distributed to Class B Shares		128.788	131.705
<b>Distributed Total</b>	<b>249,500</b>	<b>261,834</b>	<b>267,750</b>

## 2.13. Shareholders' Agreement

Shareholders' agreement entered into between State of Paraná and BNDES Participações S.A. - BNDESPAR is in force in the Company, its main purpose is to guarantee to BNDESPAR indication of two members of Copel's Board of Directors and to have previous knowledge of corporate subjects submitted to evaluation of Board of Directors and Company's Shareholders' General Meetings.

## 2.14. Copel's issuance papers: Bovespa and Latibex indexes

Copel's issuance papers integrate the following indexes measured by the Stock Exchange of São Paulo - Bovespa:

- Ibovespa: the most important index of average performance of quotations of the Brazilian share market. Its relevance results from the fact that index describes the behavior of the main papers traded at Bovespa. Such index maintained integrity of its historical thesis and did not incur methodological changes since its implementation in 1968.
- ISE: the purpose of the Corporate Sustainability Index – ISE is to reflect the return of a portfolio composed by shares from companies with recognized commitment with social responsibility and corporate sustainability, and also to perform as promoter of good practices in the Brazilian corporate sector.
- IEE: first sector index of Bovespa, Electric Power Index - IEE was disclosed in August 1996 in order to measure performance of electric power sector, establishing an instrument that allows evaluation of performance of portfolios specialized in this sector.
- IbrX 50: it measures total return of theoretical portfolio composed by 50 selected shares among shares most traded in Bovespa in terms of liquidity, weighted by the market value of shares available for negotiation. It was created to serve as reference for investors and administrators of portfolio and also to allow disclosure of derivatives (future, options on future and options on index).

Additionally, Company's papers integrate the following indexes measured by Latinoamerica en Euros - Latibex from Stock Exchange of Madri.

- *FTSE Latibex All share*: all shares listed in *Latibex*;
- *FTSE Latibex Brazil*: comprises Brazilian most liquid shares in *Latibex*; and

- *FTSE Latibex TOP*: comprises the 15 most liquid shares in Latibex.

## 2.15. Audits

### Internal audit

Copel's Internal Audit, since 2005, is functionally subordinated to the Audit Committee. Its activities are oriented by the rules established by The Institute of Internal Auditors - IIA/ Brazil, nationally represented by the Institutes of Internal Auditors of Brazil – Audibra, according to it, internal audit helps organization to achieve its objectives, through application of systematic and disciplined approach for evaluation and improvement of effectiveness of processes of management of risks, control and corporate governance. Such approach has been internalized through ongoing training of internal auditors and with *Certified Internal Auditors (CIA)* and Certification in Control Self Assessment (CCSA) certifications, obtained by some professionals.

Related to corporate governance and risks management, such rules determine that Internal Audit shall evaluate and make recommendations proper for processes improvement, contributing to promotion of adequate ethics and values within the organization, guarantee effective management of performance and accountings responsibility, efficiently communicate information related to risk and control and help the establishment of communication of information among external and internal auditors and Administration. In October 2009, Internal Audit promote internal restructure by segregation of several activities in formal departments, in order to favor improvements of its performance manner and personnel specialization.

### External audit

Under the terms provided for by Resolution CVM No. 381, dated 01/14/03, Company and its wholly owned subsidiaries hired Deloitte Touche Tohmatsu Auditores Independentes to provide services of audit of accounting statements. Only services related to independent audit were provided since hiring. Company's fundamental point is to do not hire other advisory services that might interfere independency of external audit works.

In compliance with Sarbanes-Oxley Act, since 2005, main controls of cycles that might cause failures or errors in accounting statements, above the material level, are tested by internal and external audits. As a measure of governance, internal audit procedures for realization of those tests are evaluated by external audit.

## 2.16. Risks management

In 2006, Copel started, supported by a specially hired advisory, implementation of Corporate Risks Integrated Management – GIRC, through a corporate project regularly followed by the Management. An integrated and corporate approach was adopted in such process, managed in a decentralized manner by managers of risks and coordinated by the Risks and Controls Management Department, an

area formally incorporated for such purpose.

The Policy and Model of Risks Management was approved in 2009 in preparation of internal environment in order to define principles and directives of performance of the Company. Classification and form of evaluation of risks are among guiding principles, as well as definition of parameters of inclination to the risk. This approved model of risks management was presented to more than 700 employees, in the entire State of Paraná, in lectures whose objective was to promote dissemination and awareness of importance of individual participation in the implemented model.

Copel believes that an efficient and effective risk management shall not only identify the risk, but also regularly and systematically monitor it, as well as update it against changes in internal and external scenario. Model determines that, risks shall be reevaluated in an annual basis, comprising inclination and tolerance to them; and the their form of administration.

In order to support risks management monitoring, a Committee was also implemented this year, whose attribution is to evaluate results of evaluation of risks and controls, exceptional situations and actions recommendations, whenever need is identified.

Strategy adopted by Copel for risks management allows identification and consideration of all forms of risks in its decisive process and in daily activities, according to the following approach levels:

- Key business risks: risks related to Copel's strategic goals, performance focus of senior management (Board of Directors, Presidency, Reunited Management, Risks Committee and committee involved in handled matter, if any).
- Key processes risks: related to objectives of company's processes, focus of performance of its managers.
- Key projects risks: related to objectives of projects included in the portfolio, focus of performance of projects managers.

Risks related to company's strategic objectives (key business risks) were initially identified, evaluated and prioritized, which are monitored with predefined regularity. Key business risks are associated with objectives of maintenance of concession contracts, optimization of costs, sustainable expansion of business and management of people and technologies.

We also started identification of risks of processes prioritized by the Management that will be evaluated and monitored by its managers. These processes relate to provision of infrastructure of Distribution, Generation and Power Transmission business and to the Telecommunications business, according to mapping of Value Chain of the company.

- Reports related to risks evaluation are regularly presented in meetings of Copel's Management and Audit Committee, allowing those collegiate to be permanently informed and committed to the goals of the management process of corporate risks.

## **2.17. Sustainability policy and corporate citizenship**

Copel defined implementation of corporate management directed to sustainability as priority, whose

model seeks for alignment of efforts to reach and guarantee, based on Company's values and optimized management of processes, results in economic, social and environmental axis, in a balanced manner for stakeholders, as well as Company's development and sustainable growth, regarding adjustment to international standards of governance, transparency and sustainability, in accordance with commitment renewed before United Nations Global Compact - UN, in which Copel is signatory since 2000. All Company's actions are based on a management founded in principles of Sustainability Policy and Corporate Citizenship, fully available in the Company's website ([www.copel.com](http://www.copel.com)), which is totally aligned with five values expressed in the corporate strategic positioning, with eight Objectives of Development of the Millennium and ten principles of United Nations Global Compact.

## 2.18. Information Technology

The purpose of the corporate strategies in Information Technology - IT area for the period 2008-2012 is to meet Copel's business needs defined in its strategic planning in order to provide solid and necessary technological advance, focused on: modernization of systems, centralized processing, structure viability, open standards based on web interface and adoption of viable solutions of free software.

In 2009, IT continued strategy of alignment of its systems with Company's business processes. To such end, adjustments were performed in several IT processes described in the models *Control Objectives for Information and Related Technology - COBIT*, defined by IT Governance Institute for Governance and *IT Infrastructure Library - ITIL*, as well as through Central Computer Telecommunications Agency – CCTA, for services management.

Efforts started in previous years for modernization of systems and infrastructure are giving results, because during 2009, tendering processes of ERP – Integrated Corporate Management and CIS – Consumers Management were completed and their implementation is expected for 2010. Projects shall provide significant improvements and optimizations of processes of management of company and consumers. Also in this context, tendering processes started to hire solution of Contracts for Purchase and Sale of Electric Power and BPMS - Business Process Management Suite, destined to promote management of business processes, whose implementation is expected to the end of 2010. The SASE – Modernization of Automation Systems of Substations and Migrageo – Georeferenced Systems Modernization programs were also continued.

In compliance with Copel's effort with sustainability, IT has been contributing to the following:

- Active participation in the governmental program PGAIM – Environmental Management Program Integrated by Micro Basins, through development of a system of social and environmental geographic information integrated in micro basins, using free software. System is used as support tool for the process that aggregate efforts of public institutions to work in an articulated, planned and systemic manner to improve Paraná's waters;
- Inclusion in the printing services contract of the company clauses that require supply of a percentage of inputs in recycled paper.

### 3. ECONOMICAL AND FINANCIAL DIMENSION

#### 3.1. Net Operating Revenue

In 2009, Net Operating Revenue increased R\$ 158,5 million, representing 2.9% of increase in comparison with 2008. Such variation result from:

- 1) Addition in Electric Power Supply Revenue, in 9.6%, due to the following factors:
  - a) increase of 2.3% in total billed consumption of electric power that represents increase of 468.3 GWh in the power supplied, mainly in residential and commercial classes, that grew 5.3% and 5.9%, respectively;
  - b) addition of 3.0% in quantity of consumers; and
  - c) tariff readjustment of 12.98% since 07.24.2009, for defaulting captive consumers.
- 2) Addition in Electric Network Availability Revenue in 4.7% mainly resulting from average readjustment of tariff of use of the distribution system - TUSD and increase of system use. Detailing in NE No. 29.
- 3) Addition of Telecommunications Revenue in 30.1%, resulting from increase of number of customers in 26.5%, commercialization of circuits in 28.2% and hiring of high speed networks (622M, 1.0G and 2.5G);
- 4) Offset by decrease in **Pipe Natural Gas Distribution Revenue**, in the amount of R\$ 22.4 million, due to decrease of volume and sale price of natural gas, despite addition in 48% in the number of customers.

Revenue Deductions increased R\$ 332.7 million mainly resulting from addition of taxable revenues, resulting in increase of: R\$ 60.3 million of Cofins; R\$ 13.2 million of PIS/Pasep; R\$ 58.0 million of Consumer's Charges; and R\$ 201.3 million of ICMS; the latter is also influenced by change of ICMS tax rate in April 2009 (from 27% to 29%). Detailing in NE No. 30.

#### 3.2. Operating Costs and Expenses

They had variation of R\$ 257.9 million in 2009, representing an increase of 6.4%, mainly influenced by:

- Addition in Charges for Use of Electric Network in R\$143.0 million, mainly due to CVA effect and increase of Basic Network quota. Detailing in NE No. 31.b;
- Addition of R\$ 66.8 million in Electric Power Purchased for Resale, mainly due to increase of power acquired in Auction in 202.6 million, offset by decrease in CCEE in R\$ 66.7 million, by exchange variation on electric power purchased from Itaipu for resale of R\$ 53.6 million, and by the PIS/Pasep and Cofins credit on electric power purchased for resale in R\$ 30.6 million;

- Addition of R\$ 128.7 million in Personnel and Administrators Expenses mainly from indemnities for voluntary dismissals, in addition to salary readjustment of R\$4.97% (accrued INPC of 4.45% plus actual gain of 0.5%) and a salary stage (1.0%), totaling 6.02%, according to collective agreement in force since October 2009. Detailing in NE No. 31.c;
- Addition of R\$ 37.9 million in Third Parties Services Expenses, mainly due to increase of preventive maintenance, including pruning and cutting, in order to reduce DEC and FEC indexes and further reduction of overtime, kilometers run and increase of productivity of electrician, besides addition of business services related to distribution activity.

Variation was offset by:

- Decrease of Natural Gas for Resale and Inputs for Gas Operations of R\$ 28.5 million, due to decrease of input price and significant drop of dollar during the year; and
- Decrease of 52.8% in the Pension and Assistance Plans, resulted from accounting of actuarial computation effects, annually defined by hired actuary.

### 3.3. EBITDA or LAJIDA

EBITDA/LAJIDA Computation (Profit before interest, taxes and depreciation and amortization) – In R\$ thousand	2009	2008
Profit for the Period	1,026,433	1,078,744
Deferred IRPJ and CSLL (Income tax and Social contribution)	89,724	106,082
Provision for IRPJ and CSLL	287,602	352,064
Income from Equity Method	(14,327)	(13,956)
Financial expenses (income), net	(65,624)	(94,363)
Interests of non-controlling shareholders	23,469	18,069
Lajir/Ebit	1,347,277	1,446,640
Depreciation and Amortization	391,548	404,743
Lajida/Ebitda - adjusted	1,738,825	1,851,383
Net Operating Revenue - ROL	5,617,311	5,458,778
EBITDA/LAJIDA Margin(1)	31.0%	33.9%

(1) Ebitda ÷ ROL

### 3.4. Financial result

- 1) **Financial Expenses** - presented decrease of R\$ 122.7 million in comparison with 2008, mainly due to Monetary Variations on CRC transfer, adjusted by IGP-DI, index that had negative variation of 1.4% between January and December 2009, while variation was positive in the same period of 2008 in 9.1%.
- 2) **Financial Expenses** - presented decrease of R\$ 94.0 million, influenced by:
  - a) decrease of amount from exchange variation on borrowings in foreign currency: mainly motivated by real appreciation against dollar (25.5% in the period), in 2008 depreciation was 31.9%, and due to decrease of CDI rate of 13.6% in December 2008 to 8.5% in December 2009; and

- b) decrease of charges due to settlement of 3rd installment, related to 3rd issuance of debentures, settled in February 2009.

### 3.5. Indebtedness

See 1.11.

### 3.6. Net profit

In 2009, Company had net profit of R\$ 1,026.4 million, 4.8% less than previous year, of R\$ 1,078.7 million. Such result provided profitability rate of shareholders' equity of 13.1% (net profit ÷ (shareholders' equity - net profit)), reflecting decrease of 15.5% related to 2008.

#### Distribution of dividends and interest on equity

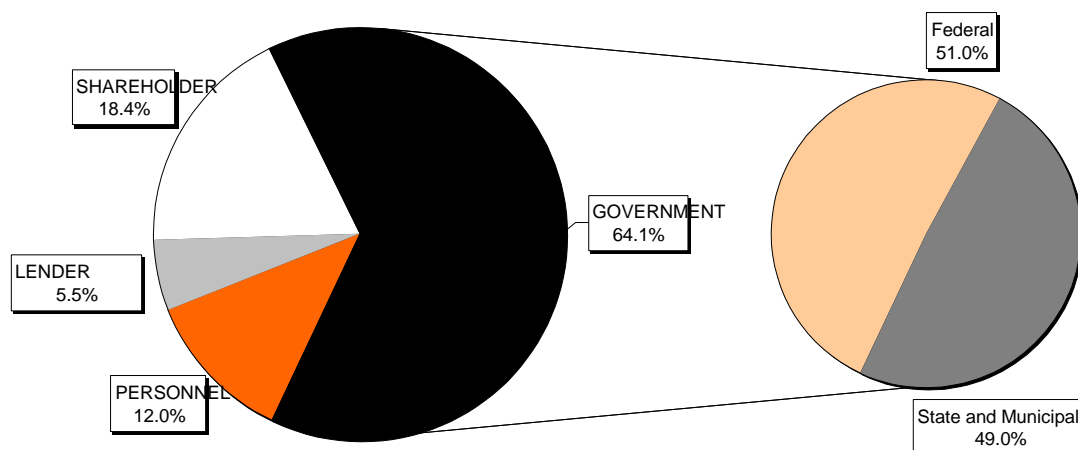
(in R\$ thousand)	2009			2008	2007
	Total	2 <sup>nd</sup> Installment	1 <sup>st</sup> Installment		
Approval in Annual General Meeting	04/27/10	04/27/10	<sup>(1)</sup> 11/11/09	04/23/09	04/17/08
Payment date <sup>(2)</sup>			12/07/09	05/29/09	05/16/08
Profit	1,026,433	-	846,433	1,078,744	1,106,610
Common Shares Value	126,126	41,102	85,024	135,395	135,395
PNA Shares Value	644	389	255	648	650
PNB Shares Value	122,689	39,968	82,721	128,788	131,705
<b>Total Distributed</b>	<b>249,459</b>	<b>81,459</b>	<b>168,000</b>	<b>261,834</b>	<b>267,750</b>

<sup>(1)</sup> Distribution is in accordance with proposal of provision of Interest on Equity of Holding to its shareholders, proposed in the 1865<sup>th</sup> Redir, dated 09.28.2009, authorized in 126<sup>th</sup> Annual General Meeting of the Board of Directors, and authorized in 1872<sup>th</sup> Redir dated 11.11.2009, in the amount of R\$ 168.0 million to start payment of advance of installment of interest on equity for 2009, replacing dividends, to shareholders with status until 11.12.2009 in 12.07.2009.

<sup>(2)</sup> Payment will be made in up to 60 days of realization of Annual General Meeting.

### 3.7. Value Added

In 2009, Copel assessed R\$ 5,697.9 million of Total Value Added - VAT, 5.1% above last year, corresponding to R\$274.8 million. The graphic representation of Added Value Distribution is the following: Full demonstration is in Accounting Statements.





### 3.8. Shares Price Performance

Quotations		2009	2008	Varição% 2009 - 2008
Bo ve	Common Shares	R\$ 36.50	R\$ 22.00	65.9%
	PNA	R\$ 27.11	R\$ 23.00	17.9%
	PNB	R\$ 37.04	R\$ 24.00	54.3%
	Bovespa Index	68,588	37,550	82.7%
	Electric power Index	24,327	15,291	59.1%
N YS	Common Shares (ELPVY)	US\$ 21,27	US\$ 9,75	118.2%
	PNB (ELP)	US\$ 21,45	US\$ 10,54	103.5%
La tib	Dow Jones Index	10,428.05	8,776.39	18.8%
	PNB (XCOP)	€ 14.82	€ 7.50	97.6%
	Latibex Index	3,476.20	1,763.20	97.2%

### 3.9. Economical Value Added - VEA OR EVA

Economical Value Added - VEA or EVA represents economical profit, that is, how much Company added of wealth with capital invested in its operations, after compensation of such capital.

STATEMENT OF ECONOMICAL VALUE ADDED - VEA OR EVA As of December 31, 2009 and 2008 (Amounts expressed in thousands Reais)		
		Consolidated
	2009	2008
1. Operating Revenue	8,796.7	8,305.4
2. Deductions and Expenses	(7,449.4)	(6,858.8)
3. Equity method result	14.3	14.0
4. Financial revenues	365.9	488.6
5. Income tax and social contribution on profits generated by assets	(456.7)	(574.3)
6. Operating profit generate by net assets of taxes	1,270.8	1,374.9
7. Operating margin (6 ÷ 1 )	0.1445	0.1655
8. Third parties capital	1,673.4	1,864.6
9. Equity	7,630.8	7,159.0
10. Investment to compensate (8 ÷ 9 )	9,304.2	9,023.6
11. Working investment (1 ÷ 10 )	0.9455	0.9204
12. Operating return of investments - ROI (7 x 11 ) or ROI in R\$ million	13.66% 1,271.0	15.23% 1,374.3
13. Gross financial expenses related to third parties capital	149.1	210.1
14. Tax economy	(39.4)	(61.9)
15. Net financial expenses related to third parties capital (13 - 14)	109.7	148.2
16. Average rate of capital compensation of third parties net of tax effect (15 ÷ 8)	6.56%	7.95%
17. Share in third parties' capital ( 8 ÷ 10 )	17.99%	20.66%
18. Capital compensation rate of equity considering beta 0.628	12.00%	12.00%
19. Equity sharing (9 ÷ 10 )	82.01%	79.34%
20. Capital weighted average capital - CMPC (16x17 + 18x19) or CMPC in R\$ million	11.02% 1,025.3	11.16% 1,007.0
21. Net Operating Revenue	12,634.2	12,359.5
22. Working Liabilities	(3,330.0)	(3,335.9)
23. Investment to compensate	9,304.2	9,023.6
VEA or EVA( 12-20x23)	245.6	367.3

### 3.10. Investments in Concession

Investments program for 2010 was approved on 12.11.2009 by 127th ordinary meeting of Board of Directors. We demonstrate below investments performed in the assets, comprising property, plant and equipment and intangible assets and equity interest of the Parent Company.

Companies (in R\$ million)	Realized		Variation %	Estimated
	2009	2008	2009 - 2008	2010
<b>Property, plant and equipment and intangible</b>				
Copel Geração e Transmissão <sup>(1)</sup>	250.2	143.4	74.5	499.7
Copel Distribuição	655.2	497.7	31.6	761.8
Copel Telecomunicações	38.4	24.7	55.5	81.4
Equity Interests				
Copel Holding				
Dominó Holdings	-	110.2	-	-
Carbocampel	0.1	-	-	-
<b>Total</b>	<b>943.9</b>	<b>776.0</b>	<b>21.6</b>	<b>1,342.9</b>
<sup>(1)</sup> Consórcio Energético Cruzeiro do Sul was reclassified from Equity Interests in 2008 to Property, plant and equipment and Intangible in 2009. Table does not include investments in property, plant and equipment in intangible of subsidiaries.				

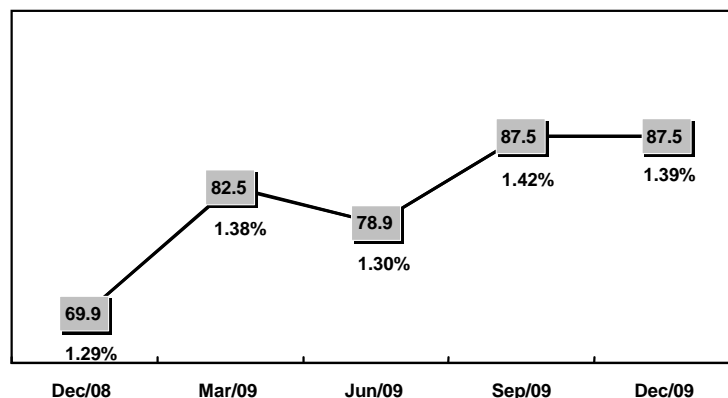
### 3.11. Consumers Default

Since the accounting period of 2003, Copel started to use default index of the electric power supply product, using the following computation methodology:

$$\text{Default\%} = \frac{\sum \text{Matured debits} > 15 \text{ days} \leq 360 \text{ days}}{\sum \text{Turnover in the period of 12 months}}$$

For purposes computation, consumer is considered defaulting with debit matured for more than 15 days up to 360 days, in accordance with the term of maturity notification (Aneel Resolution No. 456/2000), and recognition of losses of matured debits is excluded. Despite intensification of actions to fight default, emphasizing negotiations of debits from large consumers, Default Index of Electric Power Supply increased from 1.29% in December 2008 to 1.39% in December 2009.

#### Composition of Default Electric Power Supply (R\$ million)



## 4. SOCIAL AND SECTOR DIMENSION

### 4.1. Performance in social and cultural areas

#### 4.1.1. Human Rights

Company declares strong commitment with United Nations Global Compact since its release in 2000. Alignment of corporate initiatives and policies with principles of the Compact is a systematic search of Copel, as ethical global reference to Company's day-by-day that subsequently divided its efforts in three large performance lines.

The first one is related to internal dimensions of the organization and involves ongoing improvement of management systems and corporate policies. The second one is considered structuring and is directed to external action of the Company and concerns formulation, implementation and improvement of inclusive public policies that promote higher sensitivity of the society as a whole. The third one is the direct performance, normally in cooperation with other companies, institutions or organizations, in social and environmental projects and initiatives.

Separated only for intelligibility, three lines are treated as strategically synergic and complementary. In the following table, such three dimensions are briefly summarized and correlated to Global Compact Principles that respond for:

Global Compact Principles Incorporation key					
1	To respect and protect human rights	5	Put an end to children labor	9	Encourage technologies that do not damage environment
2	Prevent violations of human rights	6	Stop discrimination at work environment	10	Fight against corruption in all its forms, including extortion and bribery.
3	Support freedom of association at work	7	Support preventive approach to environmental challenges	*	Not determined
4	Put an end to forced work	8	Promote environmental responsibility		

Projects/programs/management systems/ participations and internal policies	Global Compact Principles with which they comply	Start	Conclusion
<b>Management policies and systems</b>			
Suppliers' dialogue and development program, focused on the establishment of evaluation practices for suppliers of materials and audit in the first level of the chain for such roll of suppliers	All	2008	*
Deployment of internal commission and action plan in order to promote human rights	1, 2, 3, 4, 5, 6, 8	2008	*
Corporate Accessibility Program (architectonic, communicational, behavioral, and urbanistic)	1, 2, 6	2007	2010
Food Safety and Sustainable Community Development Program	1, 2, 3, 4, 5, 6, 7, 8, 9	2007	2010
"Copel Opens the Doors for You": dialogue with stakeholders, under public hearing format, with participation of senior management.	All	2006	*
<b>Support to public policies and management improvement</b>			
Participation in the Brazilian Global Compact Committee	All	2000	*

Projects/programs/management systems/ participations and internal policies	Global Compact Principles with which they comply	Start	Conclusion
Participation in power sector organizations that discuss and promote power efficiency and environmental improvements: Brazilian Association of Electric Power Concessionaires - ABCE, Energy Planning Company - EPE, Association of Independent Energy Producers - APINE, CIGRÉ Environment Committee, Brazilian Association of Power Stations - ABRAGE, Brazilian Committee of Large Dams - CBDB	All	Several	*
Participation in associations that discuss and promote environmental improvements: Agenda 21, Permanent Thematic Council on Infrastructure and Environment of Federation of Industries of State of Paraná - FIEP-PR, Interinstitutional Commission of Environmental Education of the National Environmental Education Program - PRONEA), Committees of Iguazu and Tibagi River Basins, Consortium for Environmental Protection of Tibagi River Basin - COPATI, Technical Chamber of Cartography and Geoprocessing of the State of Paraná	7, 8, 9	Several	*
Participation in the Committee of Entities Against Hunger and for Life - COEP and in the State Council of Food and Nutrition Safety - CONSEA - PR	1, 2, 3, 4, 5, 6, 7, 8, 9	1995/2003	*
Participation in Paraná's Council for Corporate Citizenship - CPCE, in order to cooperatively promote social responsibility in the State of Paraná	All	2005	*
Voluntary participation in Paraná Competitive Movement and in examination boards of the following awards: Quality National, Public Service Quality, Corporate and Paraná's Success Award for Quality in Management	All	2000	*
Coordination of GESPÚBLICA in the State of Paraná: a system that pursues the promotion of excellence, ethical, transparent, participative, decentralized, with social control and citizen-oriented public management.	All	2003	*
Participation in the Integrated Environmental Management Program - PGAI of Copel, Sanepar and State Departments, to create synergy of actions performed, in its performance scope, within the hydrographic microbasins context, for the purpose of promoting quality improvement and water availability upon improvement of proper use, handling and maintenance of the soil, water and forests	1, 2, 7, 8,9	2008	*
<b>Social and environmental programs, projects and social actions main highlights</b>			
Non-profitable and collective interest donations collection program to welfare entities and social service institutions, through electricity bill, whose policy currently benefits 74 entities. To sign up for it, entity must have welfare features or be of collective interest, a non-profitable organization and provide all required documentation	All	1999	*
Annual donation program through tax incentives to the Children and Youth Rights Fund - FIA	1, 2, 5	2006	*
Corporate Volunteering Program - EletriCidadania: employees dispose of up to four hours/month to provide voluntary service	1, 2	2001	*
<i>Luz das Letras</i> Literacy Project for Youngsters and Adults - Stage II	1, 8	2009	*
<i>Luz Fraterna</i> (Fraternal Power) Program: agreement with State Government to provide payment exemption to low-income users who consume up to 100 kWh/month	1, 2, 4, 5, 10	2005	*
Energy Universalization - <i>Luz para Todos</i> (Power to Everyone) Program - connection of the entire rural population of the State to Company's network	1, 2, 4, 5, 10	2003	*
Night Aviculture Program: incentive to chicken meat production and export increase, by providing tariff discount to rural consumer units classified as aviculture and with power supplied in low voltage	1, 2, 4, 5	2007	2010
Night Irrigation Program: incentive to the use of irrigation to increase agricultural production and improve life quality in rural areas. Tariff and equipment subsidized to rural consumers.	1, 2, 4, 5, 7, 8, 9	2003	2007
<i>Luz Legal</i> (Legal Power) Program: electric power supply regularization in invasion areas regularized by Housing Company of State of Paraná (Cohapar)	1, 2	2003	*

Projects/programs/management systems/ participations and internal policies	Global Compact Principles with which they comply	Start	Conclusion
Paraná in Action: program promoted by Special Department of Relations with Community, for the purposes of providing free services that promote citizenship and social inclusion. Copel participates providing commercial support and guidance about safe and efficient use of electric power	1, 2	2003	*
Digital Paraná: digital inclusion in public education by connecting state schools to Internet	1, 2, 4, 5, 6, 10	2003	*
Apprentice Program: state learning program directed to teenagers of both genders, between 14 and 18 years old, subject to social and educative measures or benefited with remission. The program is coordinated the by State Department of Children and Youth and relies on the participation of direct and indirect public administrative bodies, educational institutions and measures executing entities.	1, 2, 4, 5, 10	2003	*
Social tariff to social entities that comply with standards regulated by Copel, and low income consumers, which may be granted discount of up to 65% on tariff, if the average consumption per month is up to 220 kWh.	1, 2, 4, 5, 10	2003	*
<i>Tributo às Águas</i> (Tribute to Waters) Program: support to sustainable development of surrounding communities.	1, 2, 5, 7, 8, 9, 10	2004	2014
Waste Corporate Management Program: to reduce, reuse and recycle all waste produced by the Company	7, 8, 9, 10	2005	*
Energy Efficiency Program: directed to the efficient use of electric power in residential, industrial, commercial and public facilities located in Copel's concession area	7, 8, 9	2000	*
Ichthyologic Studies Experimental Station Programs: Paraná's rivers and reservoirs monitoring and repopulation	7, 8, 9	2005	*
Invasive species control: monitoring of golden mussel ( <i>Limnoperna fortunei</i> ) entry and other species	7, 8, 9	2000	*
<b>Social and environmental programs, projects and social actions main highlights</b>			
Degraded areas recovery: production and replacement of native vegetation in degraded and preservation areas	7, 8, 9	1999	*
Master plan for use of reservoirs and their surroundings: sets forth actions to manage use and occupation within a range of one thousand meters	7, 8, 9	1992	*
Environmental Education for Sustainability Program	7, 8, 9,10	2003	*
Social and Environmental Urban Forestry Program it supports municipalities to adjust forestry aiming at a peaceful coexistence between trees and distribution networks	7, 8, 9	1992	*
Projects for bioremediation of areas infected with insulating mineral oil (Atuba, Mandirituba, Fazenda Rio Grande, Piên and Araucária)	7, 8, 9	2004	2009
Program for corporate management of greenhouse gases: it is designed to register emissions and propose reduction/neutralization mechanisms, with further divisions	7, 8, 9	2007	*

#### 4.1.2. Social Corporate Project and Programs

##### **Luz das Letras Literacy Program**

In 2009, actions developed in cooperation with State Education Department of the State of Paraná, focused on the qualification of two hundred and fifty coordinators of the “*Paraná Alfabetizado* (Paraná Literate)” program, qualifying them to use *Luz das Letras* Literacy – Stage II software, during the Sustained Formation Meeting, held in Faxinal do Céu and Foz do Iguaçu cities.

Therefore, in 2010 the “Paraná Alfabetizado” Program will have a new tool to resort to in providing literacy to youngsters, adults, and ageing people in all state schools equipped with a computer lab. This makes possible the integration between usual writing and progress brought by the information

technology. The new software version operates both with open-source software and Windows, its use being also possible on-line or by means of remote download.

### **Accessibility Corporate Program**

Copel's Accessibility Corporate program has been developed by subgroups that operate in the Architectural, Attitudinal, Communicational and Urban Planning extent, based on the specific particular purpose of respective extents. Ramps, pavements, lift gates, tactile floor and adapted toilets were readjusted in several Copel's facilities, totaling 48 architectural works and 10 executive projects of accessibility suitability.

Regarding qualification, 1,050 employees attended training courses focused in Inclusion of People with Disability. Those courses provided comprised since sensibilization up to formation in specific subjects related to Accessibility.

In the urban context, in order to comply with demands regarding the appropriate arrangement of lampposts in public sidewalks, in 2009, Copel performed works to replace and rearrange 62 lampposts that blocked accessibility of people with physical disabilities, and also organized urban works projects team to comply with provisions of Acts No. 10.048 and 10.098 and with Decree No. 5.296.

### **Corporate Nutritional Safety and Sustainable Community Development Program**

Copel, as a member of the State Food Safety Council (Consea), has conducted a program for the promotion of the nutritional value of different foods, which has already resulted in the creation of the Organic Food Safety Test Project. This program not only aims to change the eating habits of the Company's employees and their relatives but also reinforce its commitment to sustainability, encouraging family-based organic agriculture, in favor of better quality of life, and promoting social inclusion through job creation. The program was implemented in the first half of 2008 at the Araucária Thermal Power Plant, with the participation of organic farmers, Copel employees, third-party employees, food handlers, relatives, and managers who will further spread these concepts throughout the Company.

Copel's initiative is based on the Nutritional and Food Safety Act (Losan), discussed and proposed by civil society and approved by the Chamber of Representatives and by the Federal Senate without any reservations.

### **Tax Incentives**

Copel has changed donation practice through tax incentive in policy and invites partner companies and suppliers to do the same. From now on, every year, Company will maximize at the utmost the use of deductible resources to Children and Youth Rights Fund - FIA, based on annual forecasts of payable tax, addressing them to social projects.

In 2009, contributions under Rouanet Act have been performed in projects duly approved by Ministry of Culture, within Federal Government scope, of R\$ 3.8 million. Company addressed to the Project of Support to Innovation and Humanization for Pequeno Príncipe Hospital, in Curitiba, an amount of R\$ 0.7 million through FIA. Under Sports Incentive Act, Copel also donated R\$ 0.7 million to Fundação da

Universidade Estadual de Maringá.

The following table features information about cultural and social projects and the funds allocated by the Company from 2007 through 2009:

COPEL's performance in the cultural and social areas	2009		2008		2007	
Information about the cultural and social projects sponsored by COPEL						
	<i>Rouanet Law</i>	<i>FIA</i>	<i>Rouanet Law</i>	<i>FIA</i>	<i>Rouanet Law</i>	<i>FIA</i>
Funds allocated to cultural projects (in thousands of R\$)	3,804	700	5,602	1,340	5,006	1,676
Number of projects sponsored by the Company	10	1	14	2	21	4
Funds allocated to the single largest cultural project (in thousands of R\$)	800	-	1,300	1,000	500	1,000

### Support to Public Policies

Historically, Copel, as a booster of social and economical development of the State of Paraná, participates and supports several activities along with government agencies, Non-governmental Organizations – NGOs and other entities in order to extensively promote citizenship, especially in destitute communities.

Within such scope, we emphasize Copel's participation since 2003 in the Food Safety Council of the State of Paraná - Consea/PR, an area of interaction among Government of the State of Paraná, organized civil society and Federal Government, with advisory feature, its role is to propose policies, programs and actions that arrange human right to feeding as integral part of the rights of each citizen.

Thus, Copel has taken part in all surveys, diagnoses, preparation of projects and analyses related to public policies concerning food safety in the State of Paraná and Brazil. Some highlights among them in 2009 were:

- The World Nurturance Week, held in October, in which civil society agents, federal, state and municipal governments carried out initiatives in connection with the topic "Strengthening Family Agriculture to Guarantee Food Safety";
- The seminar "Investing in family and ecological agriculture to guarantee sustainable food and nutritional safety", organized jointly by Universidade Federal do Paraná (Federal University of Paraná) and Centro Colaborador de Alimentação e Nutrição da Região Sul (Southern Brazil Helping Center for Food and Nutrition), with the support of other agents, in which the Brazilian Fundamental Law for Food and Nutritional Safety (LOSAN) was discussed.

### 4.1.3. Government and Society

Copel's Social Investment Program aims to promote human rights, citizenship, and social and environmental responsibility, through the transfer of funds, in a planned and aware manner, to projects which promote social change, for the benefit of sustainable development with returns to the society of Paraná. Thus, the Company strives to ensure that its investments contribute to the Millenium Development Goals (MDGs) and to the principles of the Global Compact and that they are in sync with Copel's strategic objectives.

The table below summarizes Copel's social performance, from 2007 to 2009, as regards the government and society at large:

<b>COPEL's social performance</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
<b>Government and Society: events and use of COPEL funds in campaigns and programs</b>			
Funds allocated to federal, state, and municipal government programs (not mandatory by law) (in thousands of R\$)	-	655	6,491
Number of events in favor of: food security	10	10	43
Advertising funds allocated to institutional campaigns promoting the development of citizenship (in thousands of R\$)	3,465	3,633	2,384
Funds invested in programs which employ tax breaks/total funds allocated to social expenditures (in thousands of R\$)	5,897	7,262	7,285
<b>Community: volunteering and use of COPEL funds in social actions</b>			
Funds applied to education (in thousands of R\$) <sup>(1)</sup>	-	655	6,615
Funds applied to healthcare and sanitation (in thousands of R\$) <sup>(1)</sup>	107,872	94,460	23,873
Funds applied to culture (in thousands of R\$) <sup>(1)</sup>	5,132	5,902	5,510
Other funds applied to social actions (in thousands of R\$) <sup>(1)</sup>	5,219	4,106	4,380
Funds allocated to social action (not including legal obligations, taxes, and benefits to employees) (% of net revenues)	2.1	1.8	0.8
Percentage of cash donations out of total funds allocated to social action <sup>(2)</sup>	-	-	-
Percentage of expenditures in the Company's own social projects out of total funds allocated to social action	-	1.5	1.7
<b>Community: volunteering and use of COPEL funds in social actions</b>			
Percentage of employees who perform volunteer work in the community outside COPEL, out of total workforce	1	1	1
Annual hours donated by COPEL (out of regular working hours) to volunteer work by its employees	890	868	869

<sup>(1)</sup> These amounts include COPEL's subsidiaries.

<sup>(2)</sup> COPEL does not make donations in cash but rather contributes to cultural and FIA projects

### 4.1.4. Customers

#### Relationship with Customers

With several access channels listed in Company' website ([www.copel.com](http://www.copel.com)) for various segments of your customers' portfolio, Copel aggregates quality and agility in providing guidance and meeting requests, suggestions and complaints.

For specific segments, such as high-voltage customers, Company provides different support with specialized attendants (0800-643-7575). Main access channels for large industrial and commercial customers are business analysts, qualified to provide standardized commercial and technical support and Distribution Operation Center – COD, for emergencies related to power supply.

Customers are represented by the Board of Consumers, founded in November 1993, responsible for



examination of matters related to electric power supply, tariffs, adjustment of services provided to final consumer and presentation of suggestions to improve Company's relations with consumers and the community in general. Board is formed by representatives of classes of residential, commercial, rural, public and industrial authority customers, and by representative of State Coordination of Consumer's Protection and Defense - Procon.

Company's website was reformulated in 2008, allowing quick and easy navigation to *stakeholders*, including hearing-impaired people. Another facility introduced in the website is the simulator of power consumption that allows users to evaluate expenses with electricity in their domicile or specifically of an equipment or device. New services were also added to our website, such as searches to programmed cut-offs, search to locations accredited for payment of bills and requests of maintenance of public lighting when Company is responsible for it. Access to the content is also possible from mobile devices, such as mobile phone or palmtop.

### **Customers' need, satisfaction and complaint**

Customer satisfaction is monitored through annual surveys. In 2009, the surveys conducted as part of the annual Abradee (Brazilian Association of Distribution Utilities) Awards indicated that Copel, a member of the Association, enjoys a level of residential customer satisfaction of 89.9%. Aneel's surveys, on the other hand, have indicated that 69.9% of all residential customers are satisfied with the Company. Another survey showed that 98.0% of Copel's telecommunications customers believe the services they receive have high added value. These results attest to significant progress in customer satisfaction.

Opportunities for improvement identified in each segment are reviewed by multidisciplinary groups, which propose actions to be taken towards excellence in customer satisfaction and continuous improvement of procedures.

The following table features information about the monitoring of COPEL's customer portfolio, from 2007 through 2009:

<b>CUSTOMER SERVICE</b>			
<b>Sale of power (GWh): Percentage of total sales</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Residential customers	22,6	25.8	25.7
Low income residential customers	3,3	3.6	3.8
Industrial customers	30,7	38.2	38.7
Commercial customers	19,3	19.1	18.6
Rural customers	7,7	7.7	7.6
Public agencies	2,7	2.7	2.7
Public lighting	3,6	3.6	3.7
Public services	2,7	2.8	2.9
Own consumption	0,1	0.1	0.1
Other utilities	2,3	2.4	2.3
<b>Customer Satisfaction</b>			
Satisfaction levels according to the IASC (ANEEL) Survey	69,9	65.50	70.87
Customer Satisfaction Index (ISC) (price and quality)	64,4	60.20	66.50
ISQP (perceived quality)	89,9	85.70	84.20
<b>Service Requests</b>			
Total number of calls received (call center)	6,371,942	7,366,847	(*)
Number of customers served in regional offices	1,721,112	1,757,276	(*)
Complaint-to-received-calls ratio (%)	1.71	1.5	(*)
Average waiting time during a call (seconds)	70'	49'	(*)
Average service time (min)	3'18"	3'12"	(*)
<b>Number of Customer Complaints</b>			
To the Company	1,41,764	111,027	102,334
To Procon (customer defense agency)	358	273	282
To Courts	1,588	2,012	958
<b>Complaints: Main Reasons (%)</b>			
Number of Customer Complaints to COPEL's Ombudsman's Office	6.859	5,702	5,436
<b>Main reasons for complaints to the Ombudsman's Office: (percentages)</b>			
Irregular procedures: includes self-reconnection, diverted power, and tampered meters	9.4	19.0	16.3
Customer service: includes waiting times, response, respect/courtesy	15.1	17.3	14.0
Cost of power bills: includes meter reading, rate, and pending debits	20.4	12.2	16.3
Connection/reconnection: includes the charging of fees, waiting time for connections, service inspections, <i>postinho de luz</i>	10.2	12.0	10.0
Other issues: administrative and records issues	23.3	9.2	4.5
Power outages: includes unscheduled/scheduled/requested outages, duration and frequency of outages	7.4	8.3	10.9
Power bills: includes issue of replacement bills, direct debits, payments, deliveries, and linked accounts	3.6	5.1	3.4
Power grid/lines: increased loads/grid reinforcements, extension works, and waiting times	4.5	5.3	6.5
Reparations: includes material, moral, and physical damages, loss of profits, and waiting times	7.8	3.2	3.8
Voltage: includes voltage levels and variations/oscillations	2.3	3.2	3.1
<b>Main reasons for complaints to the Ombudsman's Office: (percentages)</b>			
Public lighting: bulbs/posts, charges, and waiting times	1.4	2.4	4.8
Environment: includes tree trimming/cutting, construction work	1.6	1.1	1.7
Interruption of supply: includes complaints about technical issues, default, and undue suspensions	2.4	1.0	2.6
Social program: inquiries about registration, universalization, and waiting times	0.6	0.8	2.1
Complaints deemed justified out of the total number of cases closed	43.0	30.1	47.9

(\*) not measured

### Technical quality and continuity of services provided: indexes

The following table features information about the technical quality of rendered services and safety in the end use of power from 2007 through 2009:

<b>Technical Quality of the Services</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Average Outage Duration by Customer (DEC) <sup>(1)</sup> , COPEL overall (actual)	12.90	12.21	14.67
Average Outage Duration by Customer (DEC), COPEL overall (set limit)	12.12	13.20	13.70
Average Outage Frequency by Customer (FEC) <sup>(2)</sup> , COPEL overall (actual)	11.00	10.79	13.27
Average Outage Frequency by Customer (FEC), COPEL overall (set limit)	11.04	12.78	13.34
<b>Customer Safety in the End User of Power</b>			
Severity Rate – overall rate of accidents with third-parties involving electric shock within the utility's grid	2.76	(*)	2.264

<sup>(1)</sup> DEC indicates the period of time, on average, in which each customer of a given group was deprived of power supply during the assessment period, taking into account outages at least 3 minutes long.

<sup>(2)</sup> FEC indicates the number of outages, on average, each customer of a given group suffered during the assessment period, taking into account outages at least 3 minutes long.

(\*) not measured

### Segurança e saúde do cliente e consumidor

The analysis and control of risks related to the safety and health of employees are integrated into all steps of COPEL's activities, through joint actions carried out by the workplace safety, occupational health, social service, training, and environment areas, pursuant to the Workplace Safety Policy.

COPEL's workforce participates in the identification of factors that influence their health and safety by participating in local safety meetings, in Internal Accident Prevention Commissions (CIPAs), of which there are 43 within COPEL, and in workshops, where specific issues are discussed.

Safety and healthcare actions for outsourced employees are disciplined by a specific manual and integrate their service agreements. The Company, in compliance with the applicable legislation, provides training to outsourced labor on workplace safety and supervises the fulfillment of legal safety requirements by contractors through periodic inspections of Individual Protection Gear, Collective Protection Gear, and tools, reviewing the standard procedures for work in risk areas. The control of minimum mandatory training in electricity-related work is conducted with the aid of specific software, which contains information about contractors' employees, about contractors themselves, and about the contracts signed with them.

#### 4.1.5. Commercial and institutional marketing

Focusing on the Company sustainability and on achieving the goals set forth in its strategic planning, Copel pursues economic, social, and environmental balance, all in alignment with good practices of corporate governance. Marketing and communication plans are developed according to corporate strategies.

Corporate communication aims at reinforcing the Company stated mission for the progress of Paraná, as well as at the Company businesses and services in power generation, transmission and distribution, and telecom. With its communication related to sustainability, Copel discloses corporate initiatives concerning environment preservation, studies on alternative energy sources, social investment by the Company in education, culture, sports, and health, for the benefit of thousands of people in Paraná. Copel communication also covers corporate performance and economic outlook. As

a result, the Company image for all of its stakeholders is strengthened.

The Company concern in permanently communicating with all its stakeholders reinforces the importance of entry channels for stakeholders and consumers. By means of periodic surveys, those channels are assessed and improved, which fosters dialogue and interaction among institutional and marketing topics, thus consolidating communication as a strategic factor for the Company.

Marketing communication is accountable for conveying information to all clients about the Company's products, services, and entry channels. This is intended to increase client satisfaction and perception of the value delivered by Copel. The main purpose of such communication is to reinforce the Company speed and quality concerning its products and services, adding public service information on the safe and effective use of electric power. With its communication, Copel also pursues to demonstrate the alignment between its technical, operational, and commercial policies with the corporate positioning regarding sustainability and governance.

Internal communication channels are also used to prepare the staff to deal with issues arising from the relations with all the Company stakeholders.

For assistance to visually impaired clients, Copel issues bills in Braille, the Company accessible website for such public being available since September/2008. Our branch assistants are trained to communicate in the Brazilian sign language. Copel branches have been undergoing revamps to better cater to physically disabled people.

Every two years (2006, 2008 e 2010) Copel carries out a research with the stakeholders to evaluate its brand and image. Qualitative techniques (in-depth interviews and focus groups) e quantitative techniques (face-to-face interviews) are employed. The first technique allows for the interviewees to give their opinion in a non-structured way, which entails better comprehension of the Company brand and image underlying reasons and motives. Suppliers, shareholders, government, Company directors, regulating bodies, community (neighborhood associations in urban areas), society (NOGs standing for environmental, cultural, and social segments), media (radio, TV, periodicals, publicity agencies), and clients (free, residential, industrial, commercial, service providing segment, Copel employees and outsourced) are interviewed.

### **Rational and safe use of power: communication actions**

Campaigns of disclosure to society of safe use of electric power to avoid accidents, a constant concern of the Company, has been in evolution process for a sustainable action, incorporating concepts about citizenship and care for environment. Program, called Kit Escola, is one of the main communication means used for such purpose and it consists of realization of lectures by safety technicians and 650 volunteers in the entire Paraná. In 2009, around 139 thousand students in the forth grade of public schools attended “classes” of the Company’s group of volunteers.

Another efficient mean to inform population about safe use of electric power are messages transmitted in radios, through agreement with Broadcasting Association of Paraná, with 240 broadcast transmitters. Each one discloses eight messages per day, meaning 1,920 messages per day and 57,600 per month.

Summer campaigns in Coastland of Paraná and National Week of Safety with Electric Power – performed annually – also contribute to disclose information at schools, civil construction companies and consumers, in public locations such as squares, supermarkets, bus stations and malls.

Following a calendar previously defined, the areas of several regional departments in the State give lectures in companies, rural cooperatives, construction sites, class associations and general community and they participate in fairs and regional events.

Customers also receive messages in their electricity bill and envelopes. Customers in rural areas receive rural calendar for power consumption self-reading that include information about safety in energy use and other concepts about sustainability.

Simultaneously, Company offers:

#### ***Kit escola (School Kit)***

Includes information handbook about safe use of power and accidents prevention with electricity in schools including notebook, ruler and memory game.

#### **Collection agents**

Since 1985, Copel has as agreement with collection agents network. Company was the first one to establish this alternative channel for payment of electricity bills. Currently formed by 2,030 establishments in Paraná, in urban and rural areas, the collection agents network is responsible for receiving payment of 40% of electricity bills, which corresponds to one million and 200 thousand electricity bills/ month. Such partnership also makes distribution of information material about safe and efficient use of power to customers.

#### **Mobile service stations**

It has 15 mobile service stations that go through small locations and districts in large cities that do not

have a personalized support unit, Company provides access to its commercial services and guidance about safe and efficient use of power, rights, duties and social programs. In 2009, these units held 768 events.

#### **4.1.6. Suppliers**

Copel hires material and services in compliance with Act NO. 8.666/93 (Bids Act) and other relevant legal instruments, criteria directed to regional choice of suppliers cannot be defined. Act estimates equality among participants of the competition, administration is responsible for determination of technical and commercial requirements and by publicity of the process. In 2009, around 42,45% of total amount of contracts of material and services entered into by Copel derived from suppliers from State of Paraná, 57.06% to suppliers of other states and 0.49% to foreign suppliers.

In the registration processes of suppliers and in stages of authorization of participants of bids, a statement, signed by the partner, owner or officer duly identified is required, declaring that Company does not assign night, dangerous or hazardous work to under age people and any kind work to people under 16 years old. Such statement must also inform if under aged people are employed, since 14 years old, as apprentice. When suppliers are authorized, which are classified by specification of service and size, aspects related to legal, tax regularity, economical and financial and technical regularity matters are evaluated and qualified companies receive Certificate of Registration, which is used for authorization in Company's bid processes.

Contracts of materials and services entered into by Copel with its suppliers are administered by contract managers available in all Company's units, responsible for ongoing and wide follow-up, inspection and control of its object and contractual conditions entered into among parties up to its end, according to standards and technical and administrative manuals of the Company.

#### **4.1.7. Employees**

The 8,560 employees from Company's own staff are distributed into four careers due to nature of activities and requirements of the position, as follows: operating (2,663 employees), administrative (2,559 employees), technical professional with high school degree (1,900 employees) and professional with higher education degree (1,438 employees). Company has been resizing its functional staff; it hired in 2009, through civil service examination, 809 new employees (not considering hiring of subsidiaries Compagas and Elejor). During the same period, 661 employees were terminated, most of them for retirement, the rotation rate was 7.72%.

The entire staff of the Company is hired through civil service examination, native or naturalized Brazilian are able to participate, regardless of gender, race or belief. Copel directs positions in its civil service examinations for candidates with disability and afro-descendants. Copel directed 5% of administrative positions for candidates with disability in 2009. Among African-descendant candidates, 40 African-American employees and 71 *pardo* (mixed race) were hired.

In last 12 years, the Company's staff increased. However, in this period, between 1995 and 2002, a decrease in the number of Company's employees was verified due to policy of outsourcings and incentive to retirements and volunteer terminations, for preparation for the possible privatization

process, that was not materialized. Increase in the number of Company's employees, since 2003, is a result of the decision for non-privatization of the Company, recover its staff to meet repressed effective demand of increasing work and achievement of essential services related to Company's business.

### Professional development

In order to continuously qualify, improve/develop and update its staff, Company promotes several training and development actions, needs identified in corporate planning and its division is the input for such development leverage system. Within such context, several pedagogic means that allow acquisition and development process of knowledge/skills in various knowledge areas aligned with business, processes and people management are provided, they are the following: Technical and Commercial Qualification Programs, Management Development Program, Graduation, Institutional Programs – Management Excellence, Sustainability, Projects Management, among others. Training and development actions are provided through internal and external, on-site and distance courses, through internal or hired instructors, as well as participation in several events – seminars, congresses and alike – in specific topics, through external suppliers in the country and abroad.

In 2009, 2,441 training and development actions (courses and events) were performed, 1,768 internally, 629 externally in the country and 44 abroad, totaling 32,018 participations of employees. Annual average was 67.4 hours/employee, distributed per career as follows:

Employees' training per career	2009 (In hours/average)
Operating	55,2
Administrative	42,4
Technical	84,4
Professional	78,9

Copel has a training and development committee composed by representatives of all Company's areas, which is responsible for strategic decisions related to training and development, such as institutional graduation programs, participations in events abroad, among others. Additionally, Copel consistently applies policy related to qualification of employees, with significant investments in graduation courses and incentive to self-development, through educational aid program. Company's staff is currently formed by 3,487 employees with higher education degree, 971 specialists, 153 masters and 13 PdD.

### Salary Policy

Compensation, recognition and incentive practices are based on the compensation model structured by the Company, supported by two pillars: fixed compensation (comparison of market and merit) and variable compensation (Employee's Participation in Profit and/or Results - PLR). Copel and CENPRL, commission specially formed for participation of employees in profits and/or results, had significant advances during negotiations, with determination of corporate goals, renegotiated in 2009. Copel's Plan of Positions and Salaries, restructured to reflect occupational reality in the Company, is a reference for fixed compensation and seeks for comparison of salaries paid by the Company with market values and application of salary policy. The proportion between the smallest salary practices by the Company on 12/31/09 (R\$863.40) and the minimum salary in force in such date (R\$ 465.00)

was 186%, there was no significant difference in the same period related to proportion of base salary between men and women.

### **Benefits**

The benefits directly granted by the Company to all employees, in addition to those provided for in the legislation are the following: educational allowance, vacation bonus, food and meal allowance, day-care allowance, allowance to disabled people, and others allowed by the agreement entered into between Copel and Social Security Brazilian Institute – INSS. Through Fundação Copel de Previdência e Assistência Social (Copel Foundation of Social Security and Assistance), from which Copel is supporter, the following is granted: private pension plan, additional amount for official pension plan, and wide health care and dental plan, among the best ones offered in the market.

### **Freedom for collective association and negotiation**

The totality of Copel's employees is represented in work relations with the Company through independent unions, which, in compliance with Brazilian legislation, can be organized per category and territorial basis (municipality).

Copel maintains close relationship with all 18 entities that represent employees: base categories unions (electricians) and professional and/or differentiated categories. Union's administration can freely access local managements and all Company's facilities, in order to provide employees with all relevant communications and also provide formal direct channel with the human resources area.

The participation of employees in negotiations are important and includes since attendance in union meetings, for preparation of claims agenda up to resolution of the category for acceptance or rejection of Company's proposal. Copel also encourages participation of employees in boards, class bodies and professionals associations, among other entities.

Company also makes efforts to previously inform employees about significant changes in its operation, as sooner as possible, and with participation of union entities, when relevant.

### **Health and safety at work**

Factors that influence health and safety at work are identified and handled through the following specific corporate actions:

- Environmental Risk Prevention Program - PPRA;
- Occupational Health Medical Control Program - PCMSO;
- Permanent Campaign for Safety and Health "Dê Preferência à Vida" (Prefer Life);
- Workplace Exercise and Fitness Program;
- Management of Safety and Health at Work Program - GSST;
- Systematized application to pursue risk, available at Intranet, for registration and control of solution resulting from quasi-accident and situations of risk of accidents in internal and external facilities of the Company;



- Portal of Safety and Health at Work, available in Intranet to all Company's and hired employees, for receipt of news, files and information about health and safety at work;
- Program for Regularization of Situations of Risks in Electric Network of Distribution of Energy, directed to correction of specific risks in distribution network.

Additionally, activities for Safety at Work professionals are managed through term of commitment entered into with specification of support to its relevant areas.

Specific actions related to provision of temporary grounding of saddle type, fiber stairs, kit against fall, trainings and disclosures about sustainability and social responsibility, buckets in vehicles to reduce physical effort of the electrician, modular body in vehicles for technical support, among others, also contribute to preservation of accidents and promotion of health at work, simultaneously to activities of Internal Commissions of Accidents Prevention - CIPAs, in number 43 at Copel.

#### 4.1.8. Employment indexes

The following table presents data related to employment of employees and administrators of Copel in the period between 2007 and 2009:

Employment indexes	2009	2008	2007
Employees up to 30 years old (%)	1,823	23.31	24.25
Employees with age between 31 and 40 years old (%)	1,874	20.75	22.13
Employees with age between 41 and 50 years old (%)	3,338	41.29	41.39
Employees above 50 years old (%)	1,525	14.64	12.23
Number of women regarding the total of employees (%)	19.10	17.93	17.79
Women in management positions regarding total of management positions (%)	14.96	12.07	11.20
African-American women (African-American and <i>pardas</i> (mixed race)) regarding the total of employees (%)	1.25	0.79	0.71
African-American men (African-American and <i>pardos</i> (mixed race)) regarding the total of employees (%)	9.03	8.97	2.58
African-American men (African-American and <i>pardos</i> (mixed race)) in management positions regarding total of management positions (%)	3.07	5.01	4.95
Trainees regarding the total of employees (%)	8.79	5.54	11.06
Employees of the apprentices hiring program (***) (%)	0.93	1.04	1.01
Employees with disabilities	80	74	54
Compensation (year-to-date in R\$ thousand)		484,257	451,156
Gross payroll		630,551	587,021
Compulsory social charges		155,715	144,643
Benefits			
Education		2,526	2,296
Food		58,031	54,505
Health		20,553	57,076
Foundation		16,855	64,348
Labor indemnities, complementary disability compensation, insurances, additional transportation ticket, disability allowance, accidental death and day-care allowance		1,746	10,628
<b>Profits and results sharing (year-to-date)</b>			
Total investment in program of results sharing at Copel (R\$ thousand)		65,816	54,254
Amounts distributed regarding gross payroll (%)		10.4	9.2
Copel's shares held by employees (%)		0.01	0.01
Division of higher compensation by the smallest compensation in species paid by Copel (including results sharing and bonus)	27	27	29
Division of smallest compensation of Copel by minimum salary in force (including results sharing and bonus program)	1.86	1.98	2.01
<b>Compensation profile (% of employees in each salary range (R\$ thousand): data for December)</b>			
Up to 2,000.00	42.76	51.76	57.64
Between 2,001 and 4,000	38.72	35.02	30.90
Between 4,001 and 6,000	10.76	5.83	4.85
Above 6.000	7.77	7.39	6.61
<i>Per categories (average salary in the current year) (R\$ thousand)</i>			
Management positions	7,608	7,605	7,041
Administrative positions	1805	1,785	1,537
Production positions	2,668	2,582	2,357

Employment indexes	2009	2008	2007
<b>Men/women average salary in management and non management position (average nominal salary in R\$: data for December)</b>			
Women in non management position	2.316,77	*	*
Women in management position	6.060,34		
Men in non management position	2.459,80		
Men in management position	8.023,50		
* not rated			
<b>Health and safety at work (year-to-date)</b>			
Average of overtime per employee/year	12.57	12.29	11.35
Total number of work-related accidents with employees	158	153	208
Number of target activity typical accidents with employees	113	120	166
Number of transit accidents with employees	36	28	36
Number of occupational diseases with employees	9	7	6
Total number of Company's employees victims of accidents	158	155	211
Number of days lost with accidents of Company's employees	9,527	16,253	27,361
Total number of work-related accidents with outsourced/ hired employees	143	136	111
Average of work-related accidents per employee/ year	0.018	0.018	0.025
Accidents with temporary leave of employees and/or service providers (%)	68.35	50.97	58.60
Accidents that resulted in mutilation or other damages to physical integrity of employees and/or service providers, with permanent leave of the position, including LER (%)	-	-	-
Accidents that resulted in death of employees and/or service providers	2.32	0.69	1.94
Total Frequency Rate Index – TF of Copel in the period, for employees	9.72	9.85	13.72
Investments in programs specific to people infected by HIV (R\$ thousand)	NA <sup>(*)</sup>	NA <sup>(*)</sup>	NA <sup>(*)</sup>
Investments in programs for prevention and treatment of addiction (drugs and ethanol) (R\$ thousand)	10	20	14
<b>Education and professional development (data of December): % related to total of employees</b>			
Elementary school	4.84	5.78	5.95
High school	54.43	54.68	56.26
Higher Education	40.73	39.53	37.79
Graduation: specialization/masters degree/PhD	13.28	13.01	12.04
Illiterate people in workforce	-	-	-
Amount invested in professional development and education	-	-	-
Quantity of hours of professional development per employee/year	67.4	61.7	70.0
<b>Behavior against terminations (year-to-date)</b>			
Number of employees in the end of the period	8,560	8,405	8,347
Number of hiring during the period	809	500	645
Labor claims filed by total of fired people in the period (%)		7.88	6.15
<b>Labor Claims</b>			
Total in the period <sup>(1)</sup>		35	26
Amount claimed in lawsuits (R\$ thousand) <sup>(2)</sup>		40,512	42,343
Amount provisioned in liabilities (R\$ thousand) <sup>(3)</sup>		94,961	80,892
Number of existing lawsuits <sup>(4)</sup>		2,117	1,889
Number of employees associated in the lawsuits <sup>(5)</sup>		362	295
Number of people benefited by the complementary pension plan program		8,852	8,258
Number of people benefited by the program for retirement preparation		279	56

Employment indexes	2009	2008	2007
<b>Outsourced workers (amounts accrued for December) (**)</b>			
Number of outsourced/hired workers		5,080	2,237

(\*) NA: not applicable

(\*\*) Copel, in light of hiring outsourced workers through companies that provide services, does not have registration of data related to compensation profile, school level and Gravity Rate Index – TG of its outsourced/hired employees

(\*\*\*) Copel is within the scope of the State Decree 3492/2004 that establishes the Program of Inclusion of Adolescent in the work market. Underage people are hired for one year, hiring can be prorogated in equal period and their work shift is limited to four daily hours, from Monday through Sunday.

(1) Lawsuits received at Copel by former employees and enrolled in CPJ

(2) Estimated amounts adjusted, excluding interest, of ongoing lawsuits of former employees until Dec/2008

(3) Amount estimated with interest of lawsuits of former employees

(4) Number of lawsuits with exclusion of those to be completed or suspended by legal agreement, as well as the other ones in which Copel is plaintiff.

(5) Lawsuits started in 2008 and still ongoing

Concerning compensation of Company's administrators, we hereby inform that, for each member with office in the Board of Directors and Tax Board, monthly compensation is paid equivalent to 15% of the compensation that, in average, is attributed to each Director, including Christmas Bonus, in compliance with art. 11 of Regulation approved by State Decree No. 6.343/1985.

## 4.2. Sector Performance

### Universalization and *Luz para Todos* (Power to Everyone) Program

Aneel, through Resolution No. 223, dated 04.29.2003, amended by Resolutions No. 52 and 175, dated 03.25.2004 and 11.28.2005 respectively, determined general conditions for preparation of universalization plans of electric power, regulating provision in articles 14 and 15 of Act No. 10,438, dated 04.26.2002, amended after that by Acts No. 10.762 and 10.848 dated 11.11.2003 and 03.15.2004, respectively.

As of 11.11.2003, Ministry of Mines and Energy - MME, through Decree No. 4.873 determined the National Program for Universalization of Access and Use of Electric Power "*Luz para Todos*" (Power to Everyone), directed to provide support with electric power to the part of the population in the rural area, directed to family agriculture, that still does not have access to such public service, prioritizing *quilombolas* and other racial minorities; rural surroundings and indigenous communities, upon addressing by National Institute of Colonization and Land Reform – Incra and Indian National Foundation – Funai, respectively.

Aneel approved, by means of Order No. 4235/2009, Copel's Universalization Plan, related to the period 2009-2010, estimating a total of 15,285 connections for 2009.

Normative Resolution No. 384/2009 determined conditions for support with electric power networks in urban lots, in parceling located in habitation zones of social interest, as well as its incorporation of goods and facilities to assets of concessionaire or licensee of distribution public service.

Through Normative Resolution No. 359/2009, Aneel changed general conditions for incorporation of private networks, connected with electric systems of distribution, with property, plant and equipment at Service of concessionaires of public service and electric power distribution.

The table below features information about Copel's progress, from 2007 through 2009, in supplying customers under the program and about the sources of the invested funds:

<b>Luz para Todos (Power to Everyone) Program</b>				
		<b>2009</b>	<b>2008</b>	<b>2007</b>
Number of supports provided		16,756	12,000	8,419
<b>Source of invested resources (R\$ thousand)</b>				
Federal Government	Energy Development Account - CDE	10,088	5,086	12,744
	Reversion General Reserve - RGR	60,752	32,066	16,992
State Government <sup>(1)</sup>		10,087	-	-
Own		20,087	55,504	5,234
Others		-	-	-
<b>Total of resources invested</b>		<b>100,879</b>	<b>92,656</b>	<b>50,198</b>

<sup>(1)</sup> Formalization of the Term of Commitment and Agreement with State Government is in transit, related to 2008. In 2007, amounts corresponding to participation of responsibility of the State Government related to 2006/2007 were registered.

## Tariffs

Consent Decree No. 826/2009 homologated definite result for the second regular tariff review determining tariff relocation to be applied on electric power tariffs, and of Tariffs for Use of Distribution System - TUSD. Supply tariffs were relocated in -7.49% (minus seven point forty-nine percent). Variation of revenue, resulting from the difference of temporary relocation, established in REH No. 663/2008 and definitive, was considered in annual tariff readjustment of 06.24.2009.

Consent Decree nº 839/2009 homologated result of annual tariff readjustment on electric power supply tariffs, determined Tariffs for Use of Distribution System - TUSD and tariffs for supply of electric power for Companhia Campolarguense de Energia – Cocel, Companhia Força e Luz do Oeste – CFLO and Força e Luz Coronel Vivida – Forcel. Electric power tariffs of Copel Distribuição were, in average, readjusted in 18.04% (eighteen point four), 11.42% (eleven point forty-two percent) related to annual tariff readjustment and 6.62% (six point sixty-two percent) related to relevant financial components, corresponding to an average effect of 12.98% (twelve point ninety-eight percent) to be perceived by captive consumers.

At that time, Copel required deferral of financial components, against impact of readjustment to consumers that were already suffering the impact of financial crisis, in order to maintain market and non-default level, notwithstanding request was denied by the Agency through Order No. 2568/2009.

Due to Aneel's decision, in the 176<sup>th</sup> Extraordinary General Meeting, dated 07.23.2009, application and grant of discount equivalent to average increase of the relevant consumption class to all final non-defaulting captive consumers were approved, such grant of discounts can be reduced or interrupted at any time. Tariff discount policy has been being practiced by Copel since 2004, allowing benefits to non-defaulting consumers.

## Technical Regulation

Normative Resolution No. 360/2009 amended provisions related to indemnification of losses caused

by electric damages, in electric equipment installed, caused by disorder occurred in the electric system. Terms in force, for example, for inspection, response and payment of indemnification for electric damages were reduced.

Normative Resolution Aneel No. 375/2009 approved rules for use of electric network for transmission of data, voice and image and high-speed access to Internet through Power Line Communications (PLC) technology. Resolution determines that part of extra revenue of concessionaires with this service is directed to tariff change. Distribution concessionaires will not be allowed to develop business activities through use of PLC technology, making use of technology for operation of distribution network. PLC service provider shall be authorized by Anatel and enter into a contract with suppliers.

Distribution Procedures – Prodist are standards that rule relationship between electric power suppliers and other agents (consumer units and generation stations) associated with distribution systems, that include networks and lines at voltage below 230 kV. They also establish relationship among suppliers and the Agency, concerning information interchange. In 2009, Prodist made its first review. After provision of draft in Public Hearing No. 033/2009, first review of Prodist was approved through Normative Resolutions No. 395 and 388, dated 2009.

### **Business Regulation**

Normative Resolution No. 363/2009 determined conditions for support through Call Center - CTA, of distribution concessionaires, indexes were also applied for compliance with support goals and quality. Normative Resolution No. 373/2009 also determined adoption of procedures by distribution concessionaires to handle consumers' complaints, in light that provisions related to consumers' complaints handling were regulated in 1998 and required update and consolidation.

### **Accounting Regulation**

Normative Resolution No. 367/2009 approved new Manual of Electric Sector Equity Control - MCPSE, to be used by all concessionaires. Implementation schedule was defined for 12.31.2011. Implementation of such new Manual will have direct impact on Compensation Basis of distribution and transmission concessionaires.

### **Creation of tariff points for rural class**

In view of high consumption of other energy resources in rural area, mainly by aviculturists, Copel institutionalized Dawn Rural Tariff – applying the same tariff of irrigation consumers for rural class consumers, served in low voltage, in order to replace those energy resources by electric energy, without need of additional investments in the distribution network and to encourage increase of electricity consumption at dawn, contributing for environment improvement.

### **Extension of Concessions**

By means of Directive MME No. 331/2009, terms of concession of Hydroelectric Plants Governador Ney Aminthas de Barros Braga (Segredo), Derivação do Rio Jordão, Governador José Richa (Salto Caxias) and Cavernoso were extended without burdens, for more 20 years. Thus, final concession

term becomes November/2029 for Hydroelectric Plants Governador Ney Aminthas de Barros Braga (Segredo) and Derivação do Rio Jordão; and, May/2030 for Hydroelectric Plant Governador José Richa (Salto Caxias); and, January/2031, for Hydroelectric Plant of Cavernoso.

#### 4.2.1. Distribution Programs

Within the sustainability scope, it is important to a company to create conditions to universalize access to such public service. Additionally to the Program *Luz para Todos* (Power to Everyone), Copel develops other integrated programs, in collaboration with Federal and State Governments, as per presented below:

##### **Luz Legal (Legal Power) Program**

*Luz Legal* (Legal Power) Program, with social features, was implemented in December/2003, through agreement entered into among Government of State of Paraná, Companhia de Habitação do Paraná - Cohapar and Copel, for the purpose of regulating use of electric power in communities that reside in invaded areas, improving their citizenship conditions and providing safety in energy use.

Cohapar is responsible for selecting communities and regulating lands irregularly occupied and Copel is responsible for extending power distribution networks, when necessary, and constructing service entries for measurement of power used, which can be paid in 24 installments without interest and monetary adjustment, through tax invoice of power invoice. In 2003-2009, 4,435 customers benefited from the program.

##### **Low Income Program**

Federal Government, through Act No. 10,438 dated 04.26.2002, created the Energy Development Account – CDE, in order to guarantee funds to serve economic subvention directed to modicity of tariff of electric power supply to final consumers that integrate the Low Income Residential Subclass. Aneel established the methodology for computation of economical subvention to be granted to concessionaires, to counter balance effects of tariff effects applicable to low income consumers.

Such Program, in collaboration with Federal Government, allows consumers of residential class with consumption up to 220-kWh/ month to receive discount in power tariff that might reach 65%. Between January and November/2009, Aneel homologated R\$60,663,676.52 for economic subvention, associated to revenue monthly differences, in light of classification credits for consumer units of low income residential subclass, benefiting a monthly average of 709,265 consumer units, with average consumption, per consumer unit, of 85 KWh/month. The following table features information about COPEL's service to low income customers from 2007 through 2009:

Low Income Rate	2009	2008	2007
Number of "low income" households served (*)	706,953	722,764	745,956
Percentage of low income households out of all households served (residential customers) (**)	19.4	25.97	27.49

(\*) Monthly average

(\*\*) Recalculated amount for 2007, taking into account all residential customers (regular residential customers and low income customers).

### **Luz Fraterna (Fraternal Power) Program**

Program in cooperation with Government of State of Paraná, through which residential consumers with consumption up to 100 kWh/month, classified as low income, and rural residential consumers have total exemption of bill, whose debit is assumed by the State Government.

The table below features the number of customers who benefited from the *Luz Fraterna* Program from 2007 through 2009:

<b>Luz Fraterna Program</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
Number of customers served	224,699	237,956	255,361

### **Night Irrigation Program**

Performed along with State Department of Agriculture and Supply, State of Paraná Institute of Technical Assistance and Rural Extension - Emater, State Department of Environment, among other bodies, the purpose of the Program is to encourage increase of agricultural productivity upon discount in electric power used at night – ranging between 60% and 70% in the period of 09:30 p.m. until 6 a.m. - to activate irrigation systems, which results in increase of income and improvement of life quality of the rural producer included in the Brazilian Program of Strengthening of Family Agriculture – Pronaf. Until 2009, 1,710 farmers benefited from the special irrigation rate.

### **Night Aviculture Program**

The purpose of the Program, implemented by the Technical Cooperation Term between Copel and the Department of Agriculture and Supply of Paraná - Seab, is to encourage aviculturists of State of Paraná, registered as rural consumers at Group B, to use electric power in the period between 09:30 p.m. and 6 a.m., upon 60% of discount in the tariff, minimizing costs and increasing production and export of chicken meat in the State of Paraná. In 2008, 2,350 aviculturists were benefited by special night tariff. Until 2009, 3,369 farmers benefited from the special night aviculture rate.

## **4.2.2. Power Efficiency Program - PEE**

Copel annually develops Energy Efficiency Program - PEE in compliance with concession contract for distribution of electric power and with Act No. 9.991/2000, through which financial resources are applied in projects whose purpose is to promote energy efficiency in the final use of electric power.

Investment criteria and types of projects allowed are determined by Aneel and comprise customers of the residential, industrial, commercial and public authority segments, with actions that favor improvement of power efficiency of main final uses of electric power, such as lighting, driving force, refrigeration and air conditioning.

Through “energy efficiency vans” – mobile units for interactive learning about efficient use of electric power, adapted with state-of-the-art pedagogic resources, founded in the Brazilian syllabus and Education Bases and Guidelines Law – concepts about efficient use of power are taught, contributing to change of consumers habits, against waste of electric power. In 2008, 92 events were performed with an audience of 36,000 people.

This year, about R\$ 7.3 million were invested in actions for improvement of energy efficiency in



facilities of low income residential consumers, philanthropic/assistance entities, public buildings (municipal, state and federal), commercial and services facilities and in educations projects.

#### **4.2.3. Technological and Scientific Research and Development**

In compliance with Act No. 9.991/2000, that regulates investments in research and development by concessionaires, licensees and authorized companies in the electric power sector, Copel completed in 2008 in Research and Development projects the amount of R\$ 12,226 thousand.

Through Order No. 501/2009, Aneel approved Research and Development Program, cycle 2006/2007, of Copel Geração e Transmissão, that will invest funds in the amount of R\$ 5,197,455.14, corresponding to investment of 0.3924% of net operating revenue (ROL) of the company of R\$ 1,324,570,662.78.

Through Order No. 838/2009, Aneel approved Research and Development Program, cycle 2007/2008 for continuity (continuity of projects of the previous cycle), of Copel Geração e Transmissão, that will invest funds in the amount of R\$ 570,117.80.

Aneel authorized cancellation of projects 6491-025/2007, 6491-027/2007 and 6491-028/2007, that integrate the Research and Development Program of cycle 2006/2007 of Copel Geração e Transmissão by Order No. 4330/2009.

Aneel authorized cancellation of projects 2866-006/2006 and 2866-022/2006, that integrate the Program of Research and Development of cycle 2005/2006 by Order No. 2839/2009.

#### **4.2.4. Assignment and Donation of assets**

Within the Sustainability and Corporate Citizenship Policy adopted by Copel, which is in compliance with the Global Compact and with alliance entered into between the United Nations and international corporate community, actions were performed in order to share non-operating infrastructure as well as donation of useless assets, for the purpose of promoting public interest, respecting regulatory provisions. Thus, Aneel Order No. 728/2009 approved terms of technical cooperation and assignment of real estates, entered into between Copel Geração and City Halls of Reserva do Iguaçu and Pinhão and Education State Department of Paraná, formed by classrooms, gymnasiums and education equipment, located in residential villages of Plants of Governador Bento Munhoz, Governador Ney Braga and Governador Parigot de Souza. Hence, through Order No.1166/2009, Aneel approved order of Copel Geração e Transmissão and Copel Distribuição to enter into a Private Instrument of Assignment of Use on a Provisional Basis and Non-Transferable with Cargo Shop Logística Ltda., related to areas located in the margins of Av. Juscelino Kubitschek de Oliveira (Contorno Sul) in the municipality of Curitiba-PR, for implementation of road access to the development named "Central Caminhoneiro Logística Ltda", and through Order No.1970/2009, Aneel approved contract draft for Assignment of Use of Real Estates among concessionaires Copel Distribuição and Copel Geração e Transmissão and the Municipality of Curitiba, Companhia Paranaense de Energia – Copel Holding is the consenting party, with area of 42,299.45 m<sup>2</sup> and other easements with area of 95,946.11 m<sup>2</sup>, located in the districts Cidade Industrial de Curitiba and Tatuquara, in which pass transmission lines Barigui - CIC I and II in 69 kV, Umbará - Campo Comprido I and II, in 230 kV, CIC – Campo Comprido

I, in 230 kV, Gralha Azul - CIC, in 230 kV and Ramal Peróxidos, in 230 kV, for implementation of “Eixo de Integração” Project, within the term of concession of developments.

Through Order No. 2406/2009, Aneel approved donation of 20,100 linear meters of useless wood posts, to the Volunteer Program of State of Paraná - Provopar – PR and State Department of Environment and Water Resources – Sema, in order to apply it in the coast to protect restinga vegetation.

#### **4.2.5. Related parties**

Aneel approved them with contracts of provision of technological services entered into among Technology Institute for Development – Lactec and subsidiaries Copel Distribuição and Copel Geração e Transmissão, for the term of 48 months, in the amount of R\$ 12,000,000.00 and R\$ 24,000,000.00, respectively, under the terms of Orders No. 4613 and 4839, dated 2009.

For the purpose of execution of the project Efficient Power in Destitute Communities IV, of the Power Efficiency Program cycle 2007/2008, in the amount of R\$ 3,361,200.00, for the term of 24 months, Aneel approved agreement entered into between Copel Distribuição and Lactec, according to Order No. 4712/2009.

Order No. 4570/2009 approved by the services provision contract, entered into between Copel Geração e Transmissão and Lactec, its object is component services of the Strategic Research and Development Project “Optimization of hydrothermal dispatch through hybrid algorithms with high performance computing”, in the amount of R\$ 4,960,935.00, R\$ 1,488,280.50 is the part the concessionaire has to pay to Lactec in the project, for the term of 30 months.

The Contract of Connection to the Transmission System, entered into between Copel Geração e Transmissão and Copel Distribuição was approved by Aneel Order No. 2143/2009.

Through Order No. 534/2009, Aneel approved with untying, by Central Elétricas do Rio Jordão S.A - Elejor and Usina de Açúcar Santa Terezinha Ltda - Usaçucar, transfer to Copel Distribuição, of facilities in 138 kV of plants, of systemic interest of distribution.

## 5. ENVIRONMENTAL DIMENSION

Environmental functions and social responsibility are progressively consolidating at Copel. In February 2009, by joint initiative of majority shareholder and Board of Directors, in order to effectively implement the Strategic Reference, Environmental and Corporate Citizenship Management was created and its assignments are coordination of social and environmental matters and activities for Copel, emphasizing initiatives for social and community development, to promote and not violate human rights and environment respect.

- **Social and environmental management policy**

Within the scope of the corporate management model for sustainability, Copel seeks for alignment of efforts to guarantee compliance with economical, social and environmental results in a balanced manner for stakeholders, as well as sustainable development and growth.

Last years, Company's strategic focus has been consolidating in implementation of this management system and in its incorporation in the everyday culture and activities, thus responding to commitment renewed before Global Compact, entered into in 2001.

All projects, programs and actions developed by the Company are oriented by the Sustainability and Corporate Citizenship Policy, available at [www.copel.com](http://www.copel.com).

- **Integrated Management System – SGI**

Aiming at ongoing improvement of its social and environmental performance, in September 2009, works related to implementation of Integrated Management Systems - SGI in plants operated by Copel started. With SGI, Copel seeks for certifications ISO 14,000 and OSHAS 18,000 until March 2011, and its integration with certification ISO 9,000, already received.

### 5.1. Control of environmental impacts

Identification and evaluation of environmental aspects and impacts is performed through regular, internal and external audits, integrated with the "Risks Control and Management Policy at Copel". Environmental aspects and impacts of new projects, activities and developments are identified through environmental studies, comprising: Environmental Viability Study – EVA, Environmental Impact Study – EIA, Simplified Environmental Report – RAS, Previous Environmental Report – RAP, Neighborhood Impact Study – EIV and, for hydroelectric plants, Environmental Plan for Conservation and Use of Surroundings of Artificial Reservoir - PACUERA. Through the Environmental Basic Plan - PBA and Environmental Control Plan – PCA, acts and programs for control and compensation of environmental impact are detailed.

#### 5.1.1. Implementation of PBA of Hydroelectric Plant of Mauá

Consórcio Energético Cruzeiro do Sul – CECS was incorporated in November 28, 2006, its object is implementation and exploration of the development of power generation called Hydroelectric Plant –

UHE Mauá. Such consortium is formed by Copel Geração e Transmissão S.A., with interests of 51% and by Eletrosul Centrais Elétricas S.A., with interests of 49%. Installation License of the development, one of the stages of environmental licensing, was issued on March 18, 2008 and has 13 environmental requirements.

PBA of UHE Mauá is formed by 21 programs and 13 environmental subprograms, whose development will allow prevention, mitigation and/or compensation of negative social and environmental impacts caused by construction of UHE Mauá, as well as leverage and optimization of positive impacts.

### 5.1.2. Controls of social and environmental mega process

Processes of higher environmental impact are controlled, within the scope of the American Sarbanes-Oxley Law – SOX , by internal auditors and audited by independent auditors, through identification of internal controls, classified as deficient, inefficient or non-existent and of the facilities, by areas, action plans to make them effective, resulting in improvement of management and higher reliability of those internal controls.

In 2009, a discerning review of social and environmental sub-topics was performed, with the following evolution: (i) 2008: 66 controls and 31 control deficiencies; (ii) 2009: 29 controls and 14 deficiencies.

### 5.1.3. Management of Commitment Terms - TCs, Adjustment of Conduct Terms – TACs, fines and social and environmental notices.

In 2007, management report of social and environmental fines and notices was created, issued in a quarterly basis. This report, more than a monitoring, is a management instrument that allows addressing of proactive actions for reduction of exposition to sanctions and improvement of social and environmental development of the Company. In 2009, Copel received the following fines:

Date	Place	Fine		Note:
		Amount (R\$)	Status	
<b>Copel Distribuição S.A.</b>				
May-09	Guapirama	5.000	Under appeal	Fine for fall of energized cable that caused fire in agricultural and pastoral area without environmental authorization
May-09	Guapirama	25.000	Under appeal	Fine for fall of energized cable that caused fire in natural regeneration area in legal reserve area
Oct-09	Curitiba	3.009	Under appeal	Irregular cut-off of 340 m <sup>2</sup> in native vegetation area in Copel's surroundings area

## 5.2. Social and environmental management of reservoirs of hydroelectric plants

### Water quality control

Cope monitors water in a quarterly basis in its 18 reservoirs through collection and analysis of water upstream, downstream and in reservoirs of hydroelectric plants. Physical and chemical,

microbiological, phytoplankton and profiles analysis are performed. Data gathered are used to prepare reports about quality of water in reservoirs.

Some reservoirs, for their different conditions, require specific actions, such as UHE Governador Bento Munhoz da Rocha Neto - UHE GBM, in which, in 2009 analysis were performed in a monthly basis in the reservoir and quarterly in upstream points in order to understand the operation of the aquatic mean where it is inserted and then evaluate measures to be taken to improve water quality.

### **5.2.2. Monitor and control of algae in UHE GBM**

The exaggerate growth of population of algae, mainly of cyanobacterias, known as blue-green algae, occurs because of improper environmental handling in the entire contribution basin. Increase of transportation of nutrients to the reservoir, along with heat and abundant light, causes a process known as flowering, that is, increase of reproduction of those microorganisms, increasing them.

Cyanobacterias may cause taste and unpleasant smell in the water and unbalance aquatic ecosystems. A few cyanobacterias can release toxins, causing serious consequences to people and animal that eats or has direct contact with infected water. For that reason, reservoir of UHE GBM, used for leisure, suffered several interdictions in the last years.

In order to reduce social and environmental risks in 2009, Copel increased sample mash of monitoring of water quality of reservoir of UHE GBM from 4 quarterly points to 11 monthly points. In addition of the number of points and regularity of collection, other measures were adopted for determination of cargo of nutrients, specially nitrogen and phosphorus.

Studies performed in cooperation with Lactec and International Institute of Ecology and Environmental Management – IIEGA determine sources of higher contribution of nutrients and allowed model of reservoir, guiding actions for reduction of adverse effects. Considering that they are long-term actions and depend on mobilization of Public Authority, companies and population, Copel seeks for involving all those segments through Riparian Forests and *Tributo às Águas* (Tribute to Water) programs.

### **5.2.3. Tributo às Águas (Tribute to Waters)**

The purpose of the program is to improve quality and availability of water in Copel's reservoirs through management of information of reservoirs and management of hydrographic micro basins. With *Tributo às Águas* (Tribute to Waters) program, Copel participates on the Integrated Environmental Management Program in Micro Basins - PGAIM, of State of Paraná, whose purpose is to promote quality and availability of waters in the State and on National Program of Qualification of Environmental Municipal Managers in the State of Paraná, that mobilized municipal managers in the entire State.

In 2009, R\$ 794,000.00 were invested in development of actions that resulted in benefits to the entire population of State of Paraná.

- System of Geographic, Social and Environmental information in Micro basins - SIG-SAM, geoprocessing toll developed by Copel in cooperation with other entities, for management of micro basins, freely available in Internet.
- Development of water base and generation of polygons of micro basins of Paraná, for geoprocessing systems in cooperation of Copel with other State institutions, using the methodology of Brazilian Department of Water.
- Reforestation of Permanent Protection Areas - APP in micro basins of the program.
- Adoption of the Guardian of Water program, the largest group of scouts in Brazil that works in defense of environment and protection of waters of Iguaçu river springs.

#### **5.2.4. Reservoirs fishing program**

One of the most important actions developed by the Company, aiming at the ecosystems balance, is repopulation of reservoirs of native species of fish, some under risk of extinction, such as surubim fish of Iguaçu, the largest fish of Iguaçu river. Need of studies about reproduction behavior and biology of reophilic fishes in their natural habitat after construction of dams, as well as definition of actions for realization of repopulation of reservoirs, has been a constant concern of Copel.

The Experimental Station of Ichthyologic Studies - EEEI of Copel, located in Hydroelectric Plant Governador Ney Aminthas de Barros Braga – UHE GNB, is a center dedicated to research of typical species of Iguaçu river and to reproduce them in large scale, contributing to maintain the environmental balance of the entire basin. Using improved scientific methods and the most modern equipment, station responds for realization of main researches directed to ichthyofauna of Iguaçu.

EEEI has a flooded area of 6,250 m<sup>2</sup>, distributed into 10 tanks. It produces an annual average of about 1 million of young fishes, production of fishes was started for repopulation in 1996.

In 2009, production of young fishes of native species reached 610,000. Actions of repopulation contemplated 16 reservoirs, in which 500,000 young fishes of native species of hydrographic basins were freed. Other young fishes produced were donated to Sanepar and city halls for use in programs of environmental education and events related to the River Day.

Another activity developed by technicians of EEEI is rescue of fishes stick in turbines, in closing of spillways and works of maintenance of PCHs. In such activity, 3,515 fishes were rescued, 3,357 alive, immediately freed downstream of plants.

#### **5.2.5. Riparian Forests Program**

Riparian Forests Program was implemented at Copel in 2006 and its purpose is environmental recovery of margins of reservoirs. Since its creation, Riparian Forests Program provided planting of 533,447 seedlings, corresponding to a reforested area of 284 hectares.

In 2009, 133,224 seedlings were planted in an area of 80 hectares in the margins of the reservoirs of the following hydroelectric plants: Apucarantina; Governador Pedro Viriato Parigot de Souza - GPS; Governador Ney Aminthas de Barros Braga – GNB; Derivação do Rio Jordão; e Governador José Richa - GJR. During the year, activities of the Forest Cooperation Project also started for the purpose of recovering riparian area in third parties areas in the surroundings of reservoirs of Copel and its direct affluent. Native species were planted in two properties in the margins of the reservoir of Apucarantina, in an downstream area of Salto Caxias, where 710 meters of fence were constructed. In the municipality of Cruz Machado 5,885 crossheads for use as stake and 70 thousand of wire for construction of 14 km fences, in the hydrographic basin of Poço Preto river, affluent of Areia river.

### **5.2.6. Control of invasive species**

Exotic species is the species introduced outside its natural distribution area, including any part of the organism that allows its reproduction. Those whose introduction and/or dispersion threatens biological diversity of certain region is characterized as invasive. These species change natural systemic processes and currently they are considered the second largest threat to worldwide biodiversity, the first one is habitats destruction caused by direct human exploitation.

During 2009, 15 hectares of Pinus (*Pinus* spp) were eradicated from areas originally covered by natural fields (steppe) in hydroelectric plants areas of São Jorge and Pitangui, in Ponta Grossa region. In UHE GJR, 2 hectares of Leucena (*Leucaena leucocephala*), invasive species in the region, were replaced by native species.

### **5.2.7. Resettlement Program**

Its purpose is to improve life quality of families and avoid rural flight in areas comprised by deployment of hydroelectric plants, technically supporting resettlements through sustainable programs of income generation. Population directly affected by reservoirs of plants Governador Ney Braga (Segredo) and Governador José Richa (Salto Caxias) are the target public. In 2009, georeferenced land survey and survey of use and occupation of land in rural lots of Refopas, Centenário, Barater, Flamapec, Boa Esperança and Nova Prata do Iguaçu farms were completed. Survey supports technical and documental regulation within the resettlement program of Salto Caxias, whose completion was postponed to 2013 due to terms to obtain certification and georeference of rural property before Incra. No activity in Segredo's resettlement was performed this year.



### **5.3. Social and environmental management of assets of transmission and distribution of electric power**

#### **5.3.1. Sustainable handling of vegetation under transmission lines**

In 2009, Copel implemented 12 Transmission Line – LTs projects, 8 are predominantly rural, crossing environmental preservation areas. Environmental impacts are mitigated through several actions, since the project stage up to construction. The line plan prioritizes agricultural areas, pastures, brushlands or vegetation with minor preservation interest, even if it causes additional costs due to inclusion of successive apex and higher towers. When it is not possible to avoid that LT crosses small ranges of forest coverage, forest inventory performed in the land survey stage assists mitigation actions. In such stage, higher towers are defined in order to allow wires to pass on vegetation and to reduce interferences. Towers eventually inserted in the preservation area occupy a minimum area corresponding to the base area of the tower, plus a surrounding area needed for maintenance. As compensatory measure, seedlings are planted to replace deforested area.

#### **5.3.2. Urban forestry social and environmental program**

Program of cooperation with city halls to improve cities forestry management, conceived from comprehension that only handling in a integrated manner the power distribution networks and forestry, benefits for both will be increased. Additionally, we seek for safety promotion, mitigation of impacts caused by trees cut-off and improvement in continuity of power supply.

In 2009, an agreement was entered into with Japira municipality to replace risk trees and supply of 1000 seedlings. Agreements with municipalities of Ibiporã, Realeza and São João were entered into starting the process with additional 15 municipalities. Other 24 municipalities were also served in the events of Unified Agenda of the State, with total transfer of 5000 seedlings directed to improvement of environmental quality of cities.

Copel seeks for encouraging professional formation of management of forestry in municipalities, continuously investing in formation and qualification of managers and municipal servants, through courses, meetings and publication of technical materials. Copel's stand in 6<sup>th</sup> Meeting of Public Leaders, occurred in December, in Foz do Iguaçu, served more than 100 municipalities interested in developing partnership actions. The course *Arborização urbana - A árvore certa no lugar certo* (Urban forestry – The right tree in the right place), is performed since 2007 in cooperation with Sedu and IAP, qualifying since then 440 servants in 169 municipalities of the concession area. Three events held in 2009 comprised 131 municipal servants in 46 municipalities. Lectures about urban forestry were also performed in the four events of the “National Program of Qualification of Municipal Managers and Servants about Environment Public Policies – PNC/PR”, an event supported by Copel, with public of 1600 municipal servants.

Also in 2009, the 2<sup>nd</sup> edition of the "*Guia de Arborização de Vias Públicas - Guia para os municípios*" (Forestry Guide of Public Ways – Guide to the municipalities) was published and distributed to all city

halls of the concession area. Copel shares its experiences through participation in technical groups, at example of “Work Group Vegetation Handling in Electric Systems” and “Work Group Vegetation Handling Copel – City Hall of Curitiba”.

### **5.3.3. Technologies of power distribution networks**

The most significant social and environmental impacts of distribution networks are the following: risks of accidents with third parties, conflicts with forestry and visual pollution. In order to mitigate those impacts, in forested areas or in rural areas with vegetation forbidden by Law, Copel adopts technologies that will replace bare networks, such as protected compact network, isolated secondary network, isolated network and underground network.

#### **Protected Compact Distribution Network - RDC and Isolated Secondary Distribution Network - RSI**

Protected Compact Distributed Network – RDCs are preferably used in forested urban areas or areas with future perspective of forestry, because it reduces area of interference with vegetation and need of cut-off of trees.

Isolated Secondary Distribution Networks – RSIs are, since 2004, adopted as sole construction standard to networks of distribution of low voltage power. Within such network standards, isolation and compaction of conductors allow higher proximity of trees’ sticks, with no risk of interruptions in case of eventual and non-permanent contact in conductors. RSI mitigates impact of power distribution in flora and fauna, reducing needs of cut-off and accidents with animals.

RDCs and RSIs represent 71.6% and 12.1% of total of networks constructed in 2009, in urban and rural areas, respectively.

#### **Underground Network**

Underground network has the best aesthetic aspect, besides its low impact in forestry, mitigating the visual impact of air networks and improving population comfort and life quality.

Nowadays, Company has more than 75 km of medium-voltage network, 205 km of low-voltage network and around 2,000 inspection boxes and wheels. Several developments are under implementation stage (projects, studies and building), such as: Parque Nacional do Iguaçu network (13 km); support to Paraná’s coast communities (33 km); and the New Downtown of Maringá (1 km).

Copel, along with planners, entrepreneurs and suppliers, also studies and provides underground networks inside residential condominiums.

### **Insulated network**

Insulated air network is another network technology that Copel has been studying. It is related to an insulated cables technology that allows permanent contact with forestry. This type of network does not require many trees cut-off.

In 2009, a pilot project was implemented in Curitiba and another project is expected to start in 2010.

## **5.4. Natural Resources Management**

Company performs internal management of inputs from natural resources in compliance with Copel's Strategic Reference and Sustainability and Corporate Citizenship Policy, and in full compliance with State Act No. 15.563/2007 and Decree No 3014/2008.

### **5.4.1. Paper Consumption**

Throughout 2009, the recycled paper use in the Company was implemented, culminating cultural changes, effective participation and employees' involvement to the new practice adopted. About 97.5 million paper sheets were used this year. Among them, around 18% are recycled paper sheets.

### **5.4.2. Water Consumption**

Copel's activities do not intervene in humid areas listed by Ramsar Convention (1971), which handles conservation and rational use of humid areas, as well as water consumption does not significantly affect ecosystems and natural habitats. During the process of electric power generation, there is simply reservoirs backwater spinning, consumed water is not considered.

Within plants industrial facilities, cooling system uses raw water from surface water bodies and it occurs in an open circuit method, without recirculation, except for in Gas Plant - UEG Araucária, where water reuse was 4.4% in 2009. Copel does not recycle water used in its administrative units.

In 2009, water consumption, from public supply network, was 153,597 m<sup>3</sup>, presenting a 72% reduction in comparison with 2008 - 545,905 m<sup>3</sup> consumption. Such reduction is related to de-sludged water that is no longer purchased to UEG Araucária.

### 5.4.3. Power Consumption

Own consumption of electric power is related to the operation of Copel's administrative headquarters and substations' supporting points. Copel is analyzing the proposal to reactivate Internal Commissions of Energy Conservation – CICEs, in charge of actions and initiatives regarding power efficiency and consumption reduction within company's facilities. The amount consumed in 2009 was 23,865 MWh.

### 5.4.4. Use of non-renewable fuel

Company's power station has two plants that use non-renewable fuel: thermal power plants Figueira and Araucária, which supply power from the use of coal and natural gas, respectively.

The following table presents non-renewable fuel consumption in such plants between 2007 and 2009:

Use of non-renewable fuel in Copel's plants			
Thermal Power Plant Figueira			
Primary Source Energy	2009	2008	2007
Coal (t)	80,216	70,618	72,888
Coal (GJ)	2.01 x 10 <sup>6</sup>	2.80 x 10 <sup>5</sup>	2.97 x 10 <sup>5</sup>
Thermal Power Plant Araucária			
Primary Source Energy	2009	2008	2007
Natural gas (m <sup>3</sup> )	195,644,368	149,429,548	356,936,073
Natural gas (GJ)	7.69 x 10 <sup>6</sup>	5.83 x 10 <sup>6</sup>	1.39 x 10 <sup>7</sup>

### 5.4.5. Replacement of insulating mineral oil by vegetable oil

In 2009, Copel installed 15 insulating vegetable oil transformers in the surrounding area of Cascavel lake, the main source of water supply of the city, in order to prevent environmental damages in underground and surface waters, which could happen as a result of accidents or vandalism in such equipment.

Seeking for a new insulating vegetable fluid that does not belong to the food chain, in 2009, Copel started to study about evaluation of dielectric fluid from oilseeds, such as crambe and nettlespurge.

## 5.5. Emissions, Effluents, Wastes

### 5.5.1. Emissions

#### Initiatives to decrease greenhouse gases emissions

In 2008, Copel was one of the companies that joined the Brazil GHG Protocol Program. The program seeks for promoting measurement and voluntary management of greenhouse gases - GHG emissions, providing stakeholders with access to instruments and international quality standards to account for and prepare GHG reports. The Program also intends to build a national platform to publish corporate and organizational GHG inventories.

The Program implementation is a partnership among Brazilian Ministry of Environment, Sustainability Studies Center of Fundação Getúlio Vargas - FGV, Brazilian Business Council for Sustainable Development, World Resources Institute - WRI and World Business Council for Sustainable Development - WBSCD.

In 2009, Copel performed the following activities:

- Preparation and disclosure in Company's website of its first corporate inventory about greenhouse gases, in compliance with initial dispositions of Brazilian GHG Protocol Program, based on 2008;
- Participation, along with other companies of the electric sector, in the Research and Development project in order to define a methodology to measure emissions of GHG from hydroelectric plants' reservoirs.
- Preparation of a proposal for the Research and Development project to measure GHG in storage basin of reservoir of UHE Mauá, before its filling. The purpose is to evaluate net balance of GHGs from these reservoirs;
- Preparation of a bid to contract Clean Development Mechanism (CDM) project in order to qualify UHE Mauá to receive carbon credits.

In 2010, Copel will prepare corporate inventory for greenhouse gases in compliance with Brazil GHG Protocol Program provisions, based on 2009. It will also prepare Copel's platform with policies to face climate changes in order to evaluate risks regarding its assets and opportunities with compensation and reduction mechanisms.

### Emissions of greenhouse gases

The largest sources of Copel's greenhouse gases emissions are thermal power plants Araucária and Figueira, which represent about 97% of Company's emissions total. The following table presents data of CO<sub>2</sub> emissions by Copel's thermal power plants between 2007 and 2009:

Emissions of CO <sub>2</sub> by thermal power plants (t)			
	2009 <sup>(1)</sup>	2008	2007
Figueira	173,534	168,768 <sup>(2)</sup>	170,707
Araucária <sup>(3)</sup>	356,529	272,310	650,456

(1) Estimated amounts based on coal consumption in Figueira plant and natural gas in Araucária plant.

(2) Updated amount in compliance with 2008 report due to preparation of the inventory of greenhouse gases emissions in compliance with Brazil GHG Protocol Program provisions.

(3) 2007 and 2008 amounts have been updated due to new accounting method.

Vehicles fleet related to operating activities and people transportation at the service of the Company is acquired with priority to the ethanol fuel-based models. When purchase of a diesel fuel model is required, it is necessary to verify compliance with legal requirements regarding pollutants emissions,

vehicles driver employees are trained regarding importance of operative, preventive and corrective maintenances, mainly concerning catalyzers and exhaust system to control pollutants emissions.

The following table presents data of CO<sub>2</sub> emissions by Copel's fleet between 2007 and 2009:

Management of CO <sub>2</sub> emissions by Copel						
Fuel consumption and CO <sub>2</sub> emissions by Copel's fleet						
Fuel	2009		2008		2007	
	Quantity	Emission CO <sub>2</sub> (t)	Quantity	Emission CO <sub>2</sub> (t)	Quantity	Emission CO <sub>2</sub> (t)
Gasoline (L)	1,356,964	2,944.6	1,617,555.3	3,510.1	2,800,156.0	6,076.3
Ethanol (L)	1,190,769	1,643.3	1,617,555.3	1,530.0	512,349.3	707.0
Natural gas (m <sup>3</sup> )	47.8	0.1	0.0	0.0	0.0	0.0
Diesel (L)	4,460,271	11,685.9	4,253,255.7	11,143.5	3,789,745.1	9,929.1
<b>Total</b>	-	<b>16,273.9</b>	-	<b>16,183.6</b>	-	<b>16,712.5</b>

Further indirect emissions of greenhouse effect causing gases are not considered significant to Copel.

### Emissions of sulfur oxide and nitrogen

Emissions of stationary sources of nitrogen oxides – NO<sub>x</sub> and sulfur oxide SO<sub>2</sub> occurred at thermal power plants Figueira and Araucária with the following annual quantities, from 2007 to 2009:

Air emissions	2009	2008	2007
NO <sub>x</sub> (t)	414	276	807
SO <sub>2</sub> (t)	3,908	1,480	5,400

### Use of Substances that Deplete the Ozone Layer

Copel uses gases that deplete the ozone layer only in operation and maintenance of its facilities' climatization systems. As user of Substances that deplete the ozone layer, Copel has Technical Federal License in Ibama to such activity and annually issues consolidated report of substances controlled by Montreal Protocol.

### 5.5.2. Effluents

Effluents of thermal power plant Araucária are monitored by analysis every fifteen days of physical, chemical and microbiological parameters in order to evaluate compliance with standard methods of legislation. Monitoring is performed by Lactec that issue biannual reports about effluents quality.

At thermal power plant Figueira, monitoring is performed within the plant. In 2009, it was verified that plant's effluents are causing a gradient in temperature, which may modify the quality of river's water. After verifying such non-compliance, an action plan has been prepared to identify its reason and to correct it, throwing the effluent in the adequate temperature.

Regarding effluents monitoring at hydroelectric plants, it is expected to 2010 a revitalization project for its Effluents Treatment Stations. The current control is performed through water analysis upstream and downstream of plants.

### **5.5.3. Wastes**

The waste management in the Company is performed by seeking appropriate environmental alternatives to the correct addressing of wastes generated.

With the purpose of seeking for a sustainable destination for organic wastes, in some Company's areas and locations, the composting process technique has been developed. As used in wastes resultant from meals cooking and leftovers, derived from cafeterias and vegetables generated in internal services of gardening and trees cut-off, it results in a mix full of mineral nutrients, which is applied in degraded and gardening areas within Company's facilities.

Further non-hazardous wastes are internally reused or disposed of in public bid considering their destination to recycling and reuse. An example is the reuse of cable scraps. Since 2005, Copel performs aluminum cable scraps recycling taken from electric power network. The alternative is the most appropriate under technical, economical, environmental and social points of view, because scraps are not reused as cables, they are reprocessed, resulting in raw material for production of new cables. In 2009 1,280 tons of aluminum cable scraps were addressed, bringing back 970 km of insulated cable and 400 tons of bare cable.

Another important initiative regarding reuse of materials is recovery of damaged meters taken from consumer units. Small repairs are internally performed and those whose technical need demand larger repairs and parts replacement are addressed to companies specialized in recovery. In the following stage, meters are addressed to testing stations, authorized by National Institute of Metrology, Standardization and Industrial Quality – Inmetro, existing in Copel, where metrological testing and technical inspection are performed to be released and reused. In 2009, 94,709 meters were recovered, the recovery index of damaged meters taken from consumers facilities was 92%.

The voltage transformers taken from electric system are addressed to technical evaluation and useless and recoverable sorting. After recovery, equipments are reincorporated to company's stocks. In 2009 2,868 voltage transformers were internally recovered (among them, 1,652 are monophonic and 1,216 are triphasic) and two agreements for external recovery of 4,250 voltage transformers are in progress.

An action from Waste Corporate Management Program culminated in the publication of specific standard that establishes rules to wastes production reduction and appropriate handle of wastes generated by the Company. In 2009, Copel participated for the second consecutive time in 4<sup>th</sup> Brazilian Fair on Environmental Recycling, Preservation and Technology. The Copel's stand was designed with reused materials, in compliance with event's concept. Good practices and social and environmental actions developed by company were presented in the fair, whose purpose is to reuse industrial wastes, thus presenting care and respect for environment.

Industrial wastes generated during operation and maintenance of power plants are followed monthly by OMNI System – Integrated Operation and Maintenance Management.

In 2009, significant spills did not occur in Copel's operations, only small insulating mineral oil leaks resulting from transformers theft and defects in equipment insulated by oil.

The following table presents data regarding appropriate social and environmental direction of wastes generated by Company:

Treated and destined wastes					
Wastes	Unit	Quantity			Treatment method/ final disposal
		2009	2008	2007	
<b>Wastes – Class I</b>					
PCB (Polychlorinated biphenyl)	t	-	-	46.38	Decontamination and recycling of equipments' waterproof metallic carcass. Incineration of contaminated oil and permeable substances
Fabrics contaminated with oil and solvents	un	56,160	50,880	ND	reuse after industrial washing
Wastes contaminated with oil and solvents	t	21.27	30.51	-	co-processing in industries concrete ovens
Fluorescent lamps (Mercury vapor lamps and mixed lamps)	un	-	234,329	-	removal of mercury and recycling
Insulating mineral oil	l		270,687	300,027	regeneration
<b>Wastes – Class II</b>					
Transformers	un	4,314	1,709	3,620	internal recovery and reuse
Meters	un	94,709	63,229	ND	internal recovery and reuse

Note: Copel neither export nor import wastes, pursuant to Basel Convention. Addressing is performed by contracted company (bid) regarding transportation and final destination within the country.

2- Copel adopts, as substantive evidence, the waste output invoice (Monthly Abstract of Services - RMS, manifest or invoice) issued due to addressing of each waste.

#### **PCB removal – environmentally adequate handling and final destination**

In 2009, six equipments containing PCB were removed from operation, which will be conducted in 2010, along with seven tons of PCB stored in hazardous wastes warehouse of Pólo Atuba. All electric networks equipments that contained PCB were replaced.

### **5.6. Biodiversity Management Program**

Copel, for the purpose of actively contributing to biodiversity preservation of the State of Paraná, implemented the Biodiversity Management Program that relies on the following strategies: **a)** to use the powerful of well preserved natural areas that belong to the Company since they are not permanent



or legal reserve preservation areas, expecting their transformation into preservation units, remarkably in private reserve of natural assets - RPPN; **b)** to encourage environmental recovery of natural areas that belong to the Company, representing several phytogeographic regions of the State, based in administrative and operating areas; as well as preservation of hydrographic basins biodiversity that form Copel's reservoirs; **c)** to implement actions in order to contribute to the structure of biodiversity streams of Paraná; **d)** to encourage Company's construction and maintenance areas to adopt methods of reduction of impacts on biodiversity in its projects; and **e)** to promote synergy with existing corporate programs. Amongst projects performed, we emphasize the following:

### 5.6.1. Recovery of biodiversity in degraded areas

In hydroelectric plants, old areas that sheltered civil structures during construction are rebuild, so that they can return to their forest aspect. Throughout transmission and distribution lines, vegetable rearrangement with hydro sowing, or even seedling plantation, is performed to rearrange locations where soils have been uncovered, preventing erosive processes.

Therefore, arborous/shrubby species are cultivated in Copel's Forest reserves that totaled 181,060 seedlings in 2009, a lower volume with regarding history, due to contractual discontinuances.

### 5.6.2. Program for creation of preservation units

Copel has about 10,000 hectare of preserved area in dense ombrophylous forest in *Serra do Mar* of the State of Paraná. The Preservation Units Work Team, formed by technicians of Copel and Environmental Institute of Paraná - IAP, has studied this area and proposed transformation of 5,838 hectare in Private Reserve of Natural Property - RPPN.

Proposal was approved in July 2009 by Copel's executive board, and in October, the process documentation was sent to analysis by Aneel and it waits for compliance of regulatory agency in order to continue the works.

The following table presents areas owned by the Company located in preservation units, based on National System of Conservation Units – SNUC:

Preservation units created by Copel <sup>(1)</sup>			
Property name	Area (hectare)	Municipality	Sensitive areas
UHE Mourão	560.40	Campo Mourão	Parque Estadual do Lago Azul
	1,266.96	Campo Mourão, Luiziana	
UHE Gov. Ney Braga	1,231.06	Pinhão	Estação Ecológica do Rio dos Touros
UHE Derivação do Jordão	423.12	Candói e Reserva do Iguaçu	Estação Ecológica Tia Chica
UHE Gov. José Richa	107.27	Capitão Leônidas Marques	Parque Estadual Rio Guarani

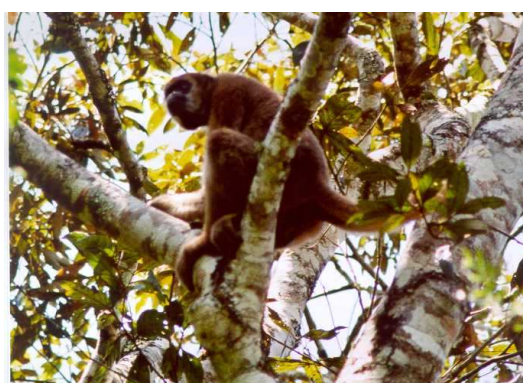
<sup>(1)</sup> Preservation units created by the Company in result of its developments and addressed to IAP in order to be administrated.

Copel's properties located in preservation units		
Sustainable use unit	Municipality	Area (hectare)
State EPA of Guaratuba	São José dos Pinhais and Tijucas do Sul	3,513.34
	São José dos Pinhais and Guaratuba	6,073.93
	Guaratuba, Morretes and São José dos Pinhais	812.14
State EPA of Escarpa Devoniana	Ponta Grossa and Carambeí	88.72
	Castro	40.10
Full protection unit	Municipality	Area (hectare)
State Park of Pico do Marumbi	Morretes	225.98
State Park of Pico do Paraná	Antonina	865.18
State Park of Lago Azul	Campo Mourão and Luiziana	1,827.36
Ecological Station of Tia Chica	Candói and Reserva do Iguaçú	423.12
Ecological Station of Rio dos Touros	Pinhão	1,231.06
State Park of Rio Guarani	Três Barras do Paraná	2,235.00

### 5.6.3. Muriqui Project

The purpose of Muriqui Project is to preserve muriquis that inhabit an area under the transmission line of Bateias-Jaguariaíva, in Castro municipality of State of Paraná. The group, discovered during the line building, is the unique species ever registered in State of Paraná and it is primate species national and world widely recognized in extinction risk. The research that will be performed through the project will subsidize species preservation actions.

An agreement process among Society of Research in Wildlife and Environmental Education - SPVS and other recognized researchers and biologists is in process to subsidize species preservation actions.



Muriqui

### 5.6.4. Dunes e Restingas Project

Managed by State Department of Environment and Water Resources - Sema and by Environmental Institute of Paraná – IAP also relies on Copel's active participation. Restinga is considered Permanent Preservation Area (APP) that guarantees shore preservation. In 2009, Copel, Sema and Environmental Police Battalion signed up a protocol of intentions donating to Surf Associations,

performer of the project, 5.1 thousand eucalyptus posts of Copel in order to isolate restinga and dunes formation areas. The initiative, in accordance with corporate sustainability policy, contributes to the return of biodiversity and population's environmental education.



Copel's posts used in restinga protection

#### **5.6.5. Preservation of native woodland in Curitiba**

Copel occupies, since 1976, a fraction of a land of 94 thousand square meters in a noble and centralized region of Curitiba, preserving in it a remainder of native woodland of about 50,0000 m<sup>2</sup>. This woodland is the remainder of the forest that used to cover the entire region, decreased by the city urbanization process. Copel started in 2009 studies for project of increase of local buildings, in compliance with legislation, with Curitiba City Hall and Institute of Urban Research and Planning of Curitiba - Ippuc, whose premise is woodland preservation. In 2009 the first dialogue with community regarding the new project and its potential impacts was performed.

#### **5.7. Renewable energy sources**

The search for renewable energy sources is currently one of the most important topics. Attentive to this new opportunities frontier and diversification need of its energetic matrix, Copel has the challenge of studying and prospecting business opportunities with renewable, non-pollutant, non-aggressive to natural property sources and generators of income and social development performer. Some of the ongoing projects progress are the following:

##### **Sugarcane Bagasse Thermal Power Plant**

Copel intends to produce, in short-term, electricity from biomass reuse.

In 2009, Copel performed a permanent call for submissions in order to study partnerships formation regarding construction of four small sugarcane bagasse thermal power stations (PCTs), each one with 30 MW power. The plan is to establish partnerships with producers who have enough volumes of

sugarcane bagasse in order to generate electricity.

### **Distributed generation with environmental sanitation**

Partnership project among Copel, Itaipu Binacional, Sanepar and other public reservoirs supervisors of Paraná that focuses on preventing organic matters throwing, such as swine wastes, in streams of water, which can cause organic matters excess in rivers and agglomerate of these materials inside the reservoirs.

The project consists of performing partnerships in order to allow power generation from biogas derived from organic matter dissolution. Such biogas moves an ignition motor that activates an electric generator attached to the axis, producing electric energy, which is consumed by the own owner, whereby this energy excess is sold and introduced in Copel's network.

Through call for submissions, held in January 2009, Copel has hired the following energy amounts: Granja Colombari - 32 kW, Star Milk - 32 kW, Sanepar - 20 kW, Cooperativa Lar Vegetais - 40 kW, Cooperativa Lar Aves - 160 kW and Cooperativa Lar Leitões - 240 kW.

### **Wind Power Plants Projects Portfolio**

The purpose of the project is to acquire a significantly competitive benefits portfolio regarding electric energy generation from wind power source, focused on participation in further auctions of energy purchase.

Currently, Copel has Palmas wind power plant operating, formed by five wind generators of 500 kW each, totaling 2.5 MW of installed power. The plant is located in Horizonte region, in Palmas municipality, in the south of State of Paraná.

The recognition of large wind power potential of this region occurred through wind measurements performed since 1995 on with Ventar Project. The selected region to the plant is composed by high altitude natural fields, where its deployment did not block the ongoing pastoral activities that had been developed there historically. Palmas Plant was the first one in the south region of Brazil, the assembly of its five wind power generators was performed in the record time of one week and began operating in February 1999.

### **Paraná Biodiesel Project**

In 2007, works to make viable the deployment of small biodiesel plants in Paraná, focusing on income generation to small rural producers.

The State Decree of Tax Incentives to biodiesel production approved by State Government, exempts the productive chain of ration and biodiesel in projects directed to family agriculture. A technical and scientific cooperation agreement is under preparation among Copel, SEAB, SETI, São Jorge D'Oeste Town Hall, EMATER, TECPAR, IAPAR, SICLAF, SISCOOPAFI e COASUL.

It was determined that the first project will be in São Jorge D'Oeste, with capacity of production of 5,000 liters/day of biodiesel and 250 tons/day of animal ration.

### **Microalgae Project**

In October, a technical and scientific cooperation agreement was signed among Copel, Iapar e Fapeagro to the Research and Development project "Development of Technologies to Micro-Algae Production as Oil Source to Production of Biofuels and Coproducts Reuse". Its challenge is to develop technological ability in Paraná, seeking for state-of-the-art in this scope: production of various energy resources such as hydrogen, aviation kerosene, diesel, gasoline and ethanol from oil extracted from micro-algae cultivated in photo bioreactors.

### **Production of biofuel with algae from reservoirs project**

A production project of biofuel through anaerobic biodigestion of micro-algae biomass discovered in Foz do Areia and Alagados plants' reservoirs started in October 2009.

The project is in the first stage, which comprises evaluation of the power of algae methane production, existing in reservoirs. If results are positive, second stage will start, with the deployment of a pilot plant.

### **Electric Vehicle**

In 2007, Copel signed a term of inclusion of the partnership agreement in the project regarding the research of technical and economical feasibility of electric vehicles, VE Project, developed and managed by Itaipu Binacional and Kraftwerk Oberhasli AG – KWO. In this agreement it will also include the participation of Eletrobrás, besides other energy concessionaires, Fiat, Wag and Curries.

### **Ethanol Pipeline Project**

In 2007, Copel and Comp gas developed a technical and economical pre-feasibility study to the deployment of an ethanol pipeline for transportation of ethanol from producer regions up to Harangué Port. In 2008, Government of State of Paraná (SEIM, Copel, Comp gas, APPA, Alco par), Government of Mateo Grosse do Sul and Petrograd signed a Term for Technical Cooperation to study technical and economical feasibility of ethanol pipeline for transportation of ethanol produced by both States up to Paranaguá. The studied project was economically and financially infeasible due to lack of raising of ethanol throughout useful life of the development. In 2009, Copel, along with Compagás, reevaluated and submitted the tracing study between Maringá and Porto de Paranaguá to the State Government and to people interested in the development.

### **Photovoltaic Energy**

Copel is studying the technical and economical and financial feasibility to start investments in this category, as well as in studies of Research and Development and promising technologies to this type of electric energy generation.

### **Energy Balance of Paraná**

In November 2009, the new edition of 2008 Energy Balance of Paraná – 2007 base year was released. The new design presents stylized photos and graphics providing its readers with pleasant and easy comprehension content, in addition to an English version. The work can be downloaded in [www.copel.com](http://www.copel.com).

### **Energy resources Consumption Research – PCE 2009**

Methodology of research for industrial and commercial sectors, available in [www.copel.com/pce](http://www.copel.com/pce), in order to update energy resources and biomass consumption database that subsidizes energy planning and State potential biomass survey.

## **5.8. Research and Development directed to environment**

In compliance with Act No. 9.991/2000, that sets forth investments in research and development by concessionaire companies, licensees and authorized by the electric power sector, Company invests in projects directed to acquisition of new technologies, contribution of technical knowledge and development of new programs. Within such scope, the following studies are highlighted:

### **Power generation from ethanol: reformer integrated to fuel cell**

Duration: 2004 to 2009.

Goal: to develop new materials for catalytic reform of hydrogen ethanol, construction of ethanol reform reactor and coupling of the reactor to a small-sized cell.

Investment: R\$ 1,600,000.00.

### **Alternative power generation through industrial wastes and evaluation of emissions: a new proposal.**

Duration: 2007 to 2009.

Goal: To identify energy potential of industrial wastes, individually evaluating waste and in composition with other wastes.

Investment: R\$ 584,296.68.

### **Application of biodiesel and diesel/biodiesel and diesel/ethanol/additive blending in generating groups**

Duration: 2006 to 2009.

Goals: **a)** To evaluate oxidative stability of biodiesel and diesel/biodiesel and diesel/ethanol/additive blending compared to diesel in laboratory scale and in field, during its use in generating groups; **b)** To test antioxidant products that extend stability of biodiesel and diesel/biodiesel and diesel/ethanol/additive blending under conditions of accelerated aging; **c)** To evaluate, in field, combustion and emissions generated by the use of biodiesel and diesel/biodiesel and diesel/ethanol/additive blending in generating groups; and **d)** To compare efficiency of alternative fuels (biodiesel and ethanol) with diesel.

Investment: R\$ 617,801.88.

### **Relation between water quantity and evolution of use of soil of hydrographic basin of Tibagi River.**

Duration: 2006 to 2009.

Goal: To study the possible correlation of transformation of use of soil with water quality index. The index developed can be used as preliminary survey of quality conditions of water in hydrographic basins of Paraná.

Investment of R\$ 392,400.00.

### **Ecological Oils**

Goal: to evaluate application of national oilseed vegetal oil, such as sunflower, soy, rice and castor oil plant, as isolating fluids in distribution transformers.

Investment: R\$ 555,123.25

## **5.9. Environmental Education**

Copel's Education for Sustainability is performed through actions of communication with stakeholders, projects of social and environmental awareness and education, an important reference of social and environmental responsibility of the Company, in the vision of "care ethics".

- **Internal public**

In 2009, Copel transformed its sustainability education program in a corporate process "Develop Education for Sustainability". Celebration of "10 years of Environmental Education at Copel" was

attended by tens of employees who were protagonists in the process, whose history was represented by a “Timeline”, preserving memory and valuing people.

- **Community**

Copel develops environmental education activities to the community in Regional Museum of Iguaçu - MRI and in Visitation Center Faxinal do Céu. MRI, started with PBA of GNB has one of the most expressive regional collection of Paraná, emphasizing men, fauna and flora of region of Médio Iguaçu. Visitation Center Faxinal do Céu offers perspective tracks where featured species of Forest with Araucária are emphasized.

Copel participates of Unified Agenda of the State that provides synergy and alignment of actions of participants with State Government. Activities are promoted with the community in celebration dates, with participation of Copel’s professionals, that give lectures, distribute material of environmental education, mobilizing workforce and community in plantations, distribution of native seedlings, restoration of Riparian forest, cleaning of rivers and lakes, repopulation of rivers with native fishes. In 2009, activities before Projeto Habitat (Habitat Project) Agenda 21 Escolar are emphasized of municipality of Telêmaco Borba, Parque Iguaçu and Vila Zumbi dos Palmares.

## **5.10. Social and environmental management in Value Chain**

I Technical Meeting with Environmental Service Providers was performed in 2009, in order to qualify suppliers and narrow relationships between contracted parties and contractors. Lectures about relevant contractual items were performed, such as work safety, social and environmental matters and clarifications of doubts related to compliance with contracts.



## 5.11. Social and environmental indexes

Environmental Dimension					
Environmental indexes					
Degraded areas recovery	goal 2010	2009	2008	2007	Important remarks
Area preserved and/or recovered by sustainable handling of vegetation under distribution lines (in hectares)	no goal	0*	3**	3**	<sup>(1)</sup> <sup>**</sup> (2)
Area preserved and/or recovered by sustainable handling of vegetation under transmission lines (in hectares)	no goal	118.52	45.21	83.98	(3)
Preserved/ total area to be deforested in transmission lines works (%)	no goal	84.00	87.00	ND	(4)
Preserved/ total area to be preserved in concession area required by law (%)	no goal	76.00	74.00	64.00	
Contribution for increase of green areas in municipalities by the Social and Environmental Program of Urban Forestry (in hectares)	72	21.6	14.2	1.54	(5)
Isolated protected network (ecological network or green line) in urban area (in km)	no goal	5694	4590	3442	
Percentage of isolated/ total protected network of distribution network in urban area (%)	no goal	10.8	8.9	6.5	
Expenses with management of environmental impact (forestry, sustainable handling, with equipment and protected network) (R\$ thousand)	no goal	78,781	74,560	21,283	
Quantity of accidents for violation of environmental safety rules	0	0	0	0	
Number of notices and/or fines for violation of environmental rules	0	3	4	4	
Amount incurred in notices and/or fines for violation of environmental rules (R\$ thousand)	0	33	278	37	(6)
<sup>(1)</sup> Project that considered handling of vegetation under LDs was ended, methodology is not applied, considering that results were not satisfactory <sup>(2)</sup> Related to the research project "Studies for reduction of maintenance costs under power distribution lines", performed in 2007 and 2008. <sup>(3)</sup> Considered the extension of the area where structures raising procedure was used for the purpose of preserving vegetation under the transmission lines. <sup>(4)</sup> Corresponds to the percentage of areas preserved in construction of transmission lines <sup>(5)</sup> Considering area of 36 m <sup>2</sup> for each tree, that is, gap of 6x6 meters. In 2008, 3934 seedlings were send to municipalities. <sup>(6)</sup> Amounts related to fines applied in the year and not to amounts paid.					
Generation and treatment of wastes	goal 2010	2009	2008	2007	Important remarks
emissions					
Annual volume of greenhouse gases (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFC, PFC, SF <sub>6</sub> ), emitted in the atmosphere (in tons of equivalent CO <sub>2</sub> ) – Copel's Fleet	no goal	16,274	16,712	16,949	
Annual volume of greenhouse gases (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFC, PFC, SF <sub>6</sub> ), emitted in the atmosphere (in tons of equivalent CO <sub>2</sub> ) of Figueira and Araucária Thermal Power Plants	no goal	530,063	441,078	758,163	
Annual volume of emissions that destroy ozone (in tons)	no goal	Not applicable	Not applicable	Not applicable	
effluents					
Total volume of industrial effluents (m <sup>3</sup> /year)	no goal	50,19*10 <sup>6</sup>	50,19*10 <sup>6</sup>	50,19*10 <sup>6</sup>	(7)
Total volume of industrial effluents with treatment (m <sup>3</sup> /year)	no goal	50,19*10 <sup>6</sup>	50,19*10 <sup>6</sup>	50,19*10 <sup>6</sup>	
Percentage of industrial effluents treated (%)	100	100	100	100	
solid wastes					
Annual quantity (in tons) of solid wastes generated (trash, wastes, drift fill etc.)	no goal	ND	ND	ND	(8)



Percentage of wastes addressed to recycle without Company's association	no goal	ND	ND	ND
Percentage of recycled wastes per unit or entity associated to the Company (specific project)	no goal	ND	ND	ND
Expenses with wastes recycle (R\$ thousand)	Not applicable	Not applicable	Not applicable	Not applicable
Percentage of reused consumption material (raw materials, equipment, wires and electric cables)	no goal	ND	ND	ND
Expenses with final destination of non-hazardous wastes (R\$ thousand)	Not applicable	Not applicable	Not applicable	Not applicable

<sup>(7)</sup> UTE Figueira responds for 98% of volume of effluents.

<sup>(8)</sup> In 2010 PGRS will start its implementation.

Handling of dangerous wastes	goal 2010	2009	2008	2007	Important remarks
Percentage of equipment replaced by insulating mineral oil without PCB (ascarel) in the process of power distribution	100	100	100	100	(9)
Percentage of equipment replaced by insulating mineral oil without PCB (ascarel) in the process of power generation (%)	no goal	72	72	27	(10)
Percentage of non-infected lamps in comparison to the total replaced in the Company	100	100	0	100	
Percentage of non-infected lamps in comparison to the total replaced in the consumer units	no goal	ND	ND	ND	
Expenses with treatment and destination of toxic wastes (incineration, landfill, biotreatment etc.) (R\$)	no goal	229,036.42	656,755.11	1,368,390.61	

<sup>(9)</sup> All equipment registered, insulated at ascarel were replaced in 2006.

<sup>(10)</sup> Percentage informed is related to disposed waste and not only to removal of equipment.

Use of resources in the productive processes and in managerial processes of the organization	goal 2010	2009	2008	2007	Important remarks
Total consumption of energy per source					
- hydroelectric plant (in kWh)	no goal	ND	ND	ND	
- fossil fuel	no goal	ND	ND	ND	
- alternative sources (gas, wind power, sun power etc.)	no goal	ND	ND	ND	
Total power consumption (in kWh)	no goal	23,864,606	23,028,866	23,400,610	
Power consumption per kWh distributed (sold)	no goal	0.001094	0.001081	0.001144	(11)
Total consumption of fossil fuels by the fleet of Company's vehicles per kilometer run	no goal				
- diesel	no goal	0.142	0.137	0.147	
- gasoline	no goal	0.098	0.097	0.123	
- ethanol	no goal	0.117	0.116	0.110	
- natural gas	no goal	0.077	0	0	
Total consumption of water per fountain (in m <sup>3</sup> )					
- supply (public network)	no goal	151,589	545,905	556,875	
- underground source (well)	no goal	ND	ND	ND	
- superficial collection (water streams)	no goal	ND	ND	ND	
Total consumption of water (in m <sup>3</sup> )	no goal	153,597	545,905	556,875	(12)
Consumption of water per employee (in m <sup>3</sup> )	no goal	17.709	64.950	66.716	
Use of resources in the productive processes and in managerial processes of the organization	goal 2010	2009	2008	2007	Important remarks
Reduction of costs achieved by reduction of consumption of power, water and consumption material (R\$ thousand)	no goal	ND	141.3	60.9	

(11) Considering power invoiced in 2009 = 21810 GWh, in 2008 = 21313 GWh and in 2007 = 20458 GWh.

(12) The difference is related to cleared water that is no longer purchased for Gas Plant UEG in 2009.

Source of products - consumption material	goal 2010	2009	2008	2007	Important remarks
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Percentage of material acquired in compliance with environmental criteria verified by the Company/ total of acquired material	no goal	ND	ND	ND	
Percentage of material acquired with Green Seal or others (Procel, Inmetro etc.)	no goal	ND	ND	ND	
Percentage of material acquired with forest certification (Imaflora, FSC and others)	no goal	0	0	0	
<b>Environmental education and awareness</b>	<b>goal 2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>Important remarks</b>
<i>Environmental education in the organization</i>					
Number of employees trained in environmental education programs	no goal	1.342	1.987	1.188	
Number of employees trained in environmental education programs/ employees' total	no goal	15,54	23,64	14,23	
Number of man hours of environmental training/ total of man hours of training	no goal	16.870	1.861	565	
Funds invested (R\$ thousand)	no goal	209,5	333,6	26,0	
<i>Environmental education - Community</i>					
<i>Elementary school and high school</i>					
Number of units of elementary school and high school served	no goal	96	67	111	
Percentage of schools served/ total number of schools of concession area	-	-	-	-	(13)
Number of students served	no goal	4.421	3.723	5.533	
Percentage of students served/ total number of students of school network of concession area	-	-	-	-	(13)
Number of qualified teachers	no goal	589	200	ND	
<i>Technical and higher education</i>					
Number of technical and higher education units served	no goal	8	11	5	
Percentage of schools served/ total number of schools of concession area	-	-	-	-	(13)
Number of students served	no goal	120	520	110	
Percentage of students served/ total number of students of school network of concession area	-	-	-	-	(13)
Funds invested (R\$ thousand)	no goal	69	821	55	
<sup>(13)</sup> We hereby inform that environmental education activities in MRI are performed in schools registered regardless of their geographic location, there is no priority to serve exclusive education establishments in the concession area.					
<b>PEEs destined to formation of culture in conservation and rational use of energy</b>	<b>goal 2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>Important remarks</b>
Number of low income domiciles served by the program	60,000	80,600	87,560	50,000	
Percentage of low income domiciles served by the program on total of domiciles of low income segment	15.9	21.36	23.2	13.2	
Number of efficient equipment donated	192,000	277,225	262,680	151,800	
Number of domiciles served for adjustment of electric installations of the residence	529	-	-	-	
Number of electricians trained by the program	no goal	75	-	-	
Solar heating PEEs (R\$)	1,116,691	-	181,649	-	
Number of solar heating systems installed	296*	-	1**	-	<sup>(14)</sup> <sup>(15)</sup>
Municipal energy management PEEs (R\$)	1,600,065	-	*	620,500**	<sup>(16)</sup> <sup>(17)</sup>
Number of municipalities served by the municipal energy management program	25	*	**	39***	<sup>(18)</sup> <sup>(19)</sup> <sup>(20)</sup>
Percentage of municipalities served on total of municipalities of the concession area	6.4	-	-	19.1*	<sup>(21)</sup>



<sup>(14)</sup> Residential system formed by 1 collection plate of 2.00 m<sup>2</sup> to serve 296 customers.

<sup>(15)</sup> Commercial system composed by 131 collection plates with 1,00 m<sup>2</sup>.

<sup>(16)</sup> Multi-year project completed in 2006 and 2007.

<sup>(17)</sup> Balance of previous year.

<sup>(18)</sup> Multi-year project approved by ANEEL only in Oct/2009, expected to start in 2010.

<sup>(19)</sup> Multi-year project completed in 2006 and 2007.

<sup>(20)</sup> Started in 2006 and completed in 2007.

<sup>(21)</sup> Multi-year project completed in 2006 and 2007.

<b>Research and Development directed to environment</b>	<b>goal 2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>Important remarks</b>
Funds invested - Aneel (R\$ thousand)	no goal	430,513	115,20	0	
Funds invested - Copel (R\$ thousand)	no goal	ND	1.396,60	1.024,30	
Number of patents registered in Brazilian Institute of Industrial Property - INPI	no goal	ND	ND	ND	



## 6. BALANCE SHEET

Annual Balance Sheet – IBASE Model - As of December 31, 2009 and 2008  
(Amounts expressed in thousands of reais)

		2009				Consolidated 2008			
<b>1 – COMPUTATION BASIS</b>									
NE 29 and 30	<b>Net Income - RL</b>	<b>5,617,311</b>				<b>5,458,778</b>			
	<b>Operating Result (or Profit) - RO</b>	<b>1,427,228</b>				<b>1,554,959</b>			
NE 31.c	<b>Gross payroll - FPB</b>	<b>701,487</b>				<b>630,551</b>			
	<b>Total Value Added Tax- VAT</b>	<b>5,697,885</b>				<b>5,423,104</b>			
<b>2 – INTERNAL SOCIAL INDEXES</b>									
		% On:			% On:				
		<b>FPB</b>	<b>RL</b>	<b>VAT</b>	<b>FPB</b>	<b>RL</b>	<b>VAT</b>		
	<b>Meal (meal allowance and others)</b>	<b>68,098</b>	9.7	1.2	1.2	<b>58,390</b>	9.3	1.1	1.1
NE 31.c	<b>Compulsory social charges</b>	<b>173,089</b>	24.7	3.2	3.1	<b>155,715</b>	24.6	2.9	2.9
NE 23	<b>Pension plan</b>	<b>(41,297)</b>	(5.9)	(0.7)	(0.7)	<b>16,855</b>	2.7	0.3	0.3
NE 23	<b>Health (Assistance plan)</b>	<b>62,853</b>	9.0	1.1	1.1	<b>20,553</b>	3.3	0.4	0.4
	<b>Safety and medicine at work</b>	<b>5,059</b>	0.7	0.1	0.1	<b>4,233</b>	0.7	0.1	0.1
	<b>Education</b>	<b>2,544</b>	0.4	-	-	<b>2,547</b>	0.4	-	-
	<b>Culture</b>	<b>1,623</b>	0.2	-	-	<b>1,335</b>	0.2	-	-
	<b>Professional qualification and development</b>	<b>13,558</b>	1.9	0.2	0.2	<b>13,569</b>	2.2	0.2	0.3
	<b>Day-care allowance</b>	<b>663</b>	0.1	-	-	<b>551</b>	0.1	-	-
NE 31.c	<b>Profit and/or results sharing</b>	<b>64,995</b>	9.3	1.2	1.2	<b>65,816</b>	10.3	1.2	1.2
	<b>Labor Indemnities</b>	<b>56,852</b>	8.1	1.0	1.0	<b>(825)</b>	(0.1)	-	-
(1)	<b>Other benefits</b>	<b>1,536</b>	0.2	-	-	<b>2,020</b>	0.3	-	-
	<b>Total</b>	<b>409,573</b>	<b>58.4</b>	<b>7.3</b>	<b>7.2</b>	<b>340,759</b>	<b>54.0</b>	<b>6.2</b>	<b>6.3</b>

NE = Explanatory Note

(continuation)

		2009				Consolidated 2008				
		% On:			% On:					
		RO	RL	VAT	RO	RL	VAT	RO	RL	VAT
3 – EXTERNAL SOCIAL INDEXES										
	Education	-	-	-	-	655	-	-	-	-
(2)	Digital Paraná Program	-	-	-	-	655	-	-	-	-
	Culture	5,132	0.4	0.1	0.1	5,902	0.4	0.1	0.1	0.1
NE	Various cultural projects – law 8313 Rouanet	4,295	0.3	0.1	0.1	5,852	0.4	0.1	0.1	0.1
31.g										
NE	Municipal cultural incentives and others	837	0.1	-	-	50	-	-	-	-
31.g										
	Health and sanitation	107,872	7.6	1.9	1.9	94,460	6.1	1.7	1.7	1.7
	<i>Luz para Todos</i> (Power to Everyone) Program	99,812	7.0	1.8	1.8	87,570	5.7	1.6	1.6	1.6
	Night Irrigation Program	8,048	0.6	0.1	0.1	5,282	0.3	0.1	0.1	0.1
	Further programs	12	-	-	-	1,608	0.1	-	-	-
	Fight against hunger and food safety	1	-	-	-	160	-	-	-	-
	Others	5,218	0.4	0.1	0.1	3,946	0.3	-	-	-
	Indemnification for indigenous communities	4,424	0.4	0.1	0.1	2,482	0.2	-	-	-
NE	Fund of children and adolescent rights	765	-	-	-	1,410	0.1	-	-	-
31.g										
	Further programs	29	-	-	-	54	-	-	-	-
	Total of contributions to society	118,223	8.4	2.1	2.1	105,123	6.8	1.8	1.8	1.8
	Taxes (excluding social charges)	3,516,439	246.4	62.6	61.8	3,224,483	207.4	59.1	59.5	59.5
	Total	3,634,662	254.8	64.7	63.9	3,329,606	214.2	60.9	61.3	61.3
4 - ENVIRONMENTAL INDEXES										
		% On:			% On:					
		RO	RL	VAT	RO	RL	VAT	RO	RL	VAT
	Investments related to operations of the company	163,045	11.4	2.9	2.8	121,648	7.8	2.2	2.2	2.2
	Research and Development and Energy	76,645	5.4	1.4	1.3	42,166	2.7	0.7	0.7	0.7
	Efficiency Development Programs									
	Compact Network	78,691	5.5	1.4	1.4	74,332	4.7	1.4	1.4	1.4
	Fauna and Flora protection programs	5,826	0.4	0.1	0.1	3,959	0.3	0.1	0.1	0.1
	Wastes management	1,883	0.1	-	-	1,191	0.1	-	-	-
	Investments in programs and/or external projects	1,120	0.1	-	-	766	-	-	-	-
	Environmental Education and Regional Museum of Iguaçu	898	0.1	-	-	424	-	-	-	-
	Algae monitoring program	145	-	-	-	117	-	-	-	-
(3)	Carbon credits project	39	-	-	-	19	-	-	-	-
	Further programs	38	-	-	-	206	-	-	-	-
	Total	164,165	11.5	2.9	2.8	122,414	7.8	2.2	2.2	2.2
	Regarding new determination of “annual goals” in order to reduce wastes, general consumption in production/operation and to increase efficiency in use of natural resources, the company	(X) does not have goals			( ) does not have goals			( ) does not have goals		
		( ) complies between 0 and 50%			( ) complies between 0 and 50%			( ) complies between 0 and 50%		
		( ) complies between 51 and 75%			( ) complies between 51 and 75%			( ) complies between 51 and 75%		
		( ) complies between 76 and 100%			(X) complies between 76 and 100%			(X) complies between 76 and 100%		

NE = Explanatory Note

(continuation)

		2009			Consolidated 2008		
5 – FUNCTIONAL BODY INDEXES (including subsidiaries)							
(4) Employees in the end of the period		8.682			8.518		
Education of employee(s):		Total	Men	Women	Total	Men	Women
Total of Higher Education and university extension		3.580	2.567	1.013	3.409	2.470	939
Total of High School		4.688	4.067	621	4.623	4.064	559
Total of Elementary School		414	383	31	486	450	36
Age range of employee(s):							
Below 30 years old		1.855			1.984		
Between 30 and 45 years old (excluding)		3.817			3.534		
Above 45 years old		3.010			3.000		
Hiring during the period		824			530		
Women that work in the company		1.665			1.534		
% Woman in management positions:							
related to total number of women		4,6			3,6		
related to total number of managers		15,1			12,2		
African-American(s) that work in the company		882			821		
% African-American(s) in management positions:							
related to total number of African-American(s)		2,3			2,7		
related to total number of managers		4,0			4,9		
Disabled people		81			74		
Dependants		19.698			20.030		
(5) Trainee(s)		764			484		
Outsourced		5.089			5.090		

		2009	Consolidated Goals	2010
<b>6 – RELEVANT INFORMATION REGARDING EXERCISE OF CORPORATE CITIZENSHIP</b>				
<b>Relation between the highest and lowest compensation in the company</b>		27		27
<b>Total number of Labor Accidents</b> (including accidents with contractors)		325	<	232
Social and environmental projects developed by the company were defined by:	<b>Administration and managements everyone + Cipa</b>			<b>administration and managements everyone + Cipa</b>
Safety and health standards in work environment were defined by:	<b>encourages and complies with OIT</b>			<b>will encourage and comply with OIT</b>
Related to union freedom, right of collective negotiation and internal representation of worker(s), company:	<b>all employees</b>			<b>all employees</b>
Private pension plan contemplates:	<b>all employees</b>			<b>all employees</b>
Profit or results sharing contemplates:	<b>they are suggested</b>			<b>they will be required</b>
In suppliers' selection, the same ethical and social and environmental responsibility standards are adopted by the company:				
Regarding participation of employees in volunteer work programs, company:	<b>organizes and encourages</b>			<b>will organize and encourage</b>

(continuation)

	Consolidated	
	2009	2010
Total number of complaints and critics of consumer(s):		
In the company	141.764	140.175
at Procon	358	354
in Justice	1.588	1.570
% of complains and critics supported or solved:		
In the company	100,0%	100,0%
at Procon	91,3%	95,0%
in Justice	23,9%	35,0%
% of representation of complaints and critics of consumer(s) related to total of consumer units:		
In the company	3,91%	3,75%
at Procon	0,01%	0,01%
in Justice	0,04%	0,04%
		Consolidated
	2009	2008
Distribution of Added Value (DVA)		
Lender	5,5%	7,3%
Personal	12,0%	10,7%
Government	64,1%	61,8%
Shareholders	4,4%	4,8%
Withheld	14,0%	15,4%

#### ADDITIONAL INFORMATION

(1) The item Other benefits is formed by: Complementary disability compensation, Insurances, Additional transportation ticket and Disability allowance and Accidental death.

(2) Paraná Digital Program promotes digital inclusion in public education connecting state schools to Internet. This is an agreement with state government, Company participated providing network with installation of points to schools, while State provided computing equipment. In addition, program generates revenue to Copel with increase of service to corporate customers in the State of Paraná through higher network capillarity. Paraná Digital Program was ended in 2008. In 2009 every investment started to be considered Telecommunications.

(3) Those amounts regard expenses of Contract of Validation of Carbon Credits performed by Elejor subsidiary.

(4) Eighty under-aged apprentices are included in workforce computation in 2009 and 87 in 2008.

(5) After publication of Internship Act No. 11.788 dated 09/25/2008, the hiring process of trainees was suspended due to adjustments to the new legislation, only trainees were terminated. Since February 2009, the hiring process went back to normal, which justifies increase of trainees in comparison to 2008.

- Explanatory notes – NE are part of accounting statements.
- This Balance Sheet includes data of subsidiaries Compagas, Elejor, UEG Araucária Ltda, Copel Empreendimentos Ltda and Centrais Eólicas do Paraná Ltda – Ceolpar in light of consolidation of their results with Copel.
- Copel is a company that belongs to the Power Sector, it performs in the State of Paraná with Brazilian Registry of Legal Entities No. 76.483.817/0001-20.
- Copel does not hire children labor (except for the program of inclusion of under-aged apprentice, Act 10.097/00) or slavery, it is not involved with prostitution or sexual exploration of children or adolescent and is not involved with corruption.
- Our company values and respects diversity both internal and externally.
- For further clarifications about information stated:

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## 7. MATRIX FOR LOCATION AND CORRELATION OF INDEXES

Table below represents an effort of correlation among indexes GRI/G3/sector indexes EU (*electric utility* – electric sector) and the Principles of the Global Compact, the latter was considered by the Company as the large platform for contextualization of its results in terms of global sustainability. Compact is constituted in the most consistent and disseminated platform for wide promotion of current corporate sustainability. We emphasize that Company is totally responsible for the result and it reflects its internal management view and the test process of the tool “Making the Connection – using Directives GRI/G3 of report for Communication of Progress of UN Global Compact”.

 Essential indexes     Additional indexes     EU (sector industry)     NE Explanatory Note

GRI G3	Topic	Global Compact	Annual Report 2009: correlation - items
<b>1</b>	<b>STRATEGY AND ANALYSIS</b>		
1.1	Statement of President about relevance of sustainability for the organization and its strategy	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1.1
1.2	Description of main impacts, risks and opportunities related to sustainability and its effects on stakeholders	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1.1; 1.2; 1.3; 2.16; 2.17; 2.18; 4.1.4
<b>2</b>	<b>ORGANIZATIONAL PROFILE</b>		
2.1	Organization's name.		1.8
2.2	Main brands, products and/or services.		1.8; 1.10
2.3	Operating structure of the organization, including main departments, operating units, subsidiaries and joint ventures.		1.8
2.4	Location of organization's headquarters.		1.8
2.5	Number of countries in which organization operates.		1.8; 1.10
2.6	Type and legal nature of property.		1.8
2.7	Markets served.		1.8; 1.9; 1.10
2.8	Organization's size.		1.8; 1.9
2.9	Main changes during the period covered by the report related to size, structure and share profit.		1.8.2; 2.1
2.10	Awards received in the period covered by the report.		1.13
	<b>ORGANIZATIONAL PROFILE SPECIFIC TO ELECTIC SECTOR</b>		
EU1	Installed capacity, separated by primary source of energy and regulatory system.		1.8.1
EU2	Net production of energy, separated by primary source of energy and regulatory system.		1.8.1
EU3	Number of residential, industrial, institutional and commercial consumer units.		1.8.1
EU4	Length of lines of air and underground transmission and distribution, separated by regulatory system.		1.8.1
EU5	Allocation of <i>allowances</i> of emissions of equivalents of CO <sub>2</sub> , separated by market structure of carbon credits.		5.5.1
<b>3</b>	<b>PARAMETERS FOR THE REPORT</b>		
	<b>Profile of the Report</b>		
3.1	Period covered by the report for information submitted.		1.7
3.2	Date of most recent previous report		1.7
3.3	Cycle of issuance of reports.		1.7
3.4	Contact data in case of questions related to report or its content.		1.7
	<b>Scope and Limit of Report</b>		
3.5	Process for definition of content of the report.		1.7; stakeholders
3.6	Limit of the report.		1.7
3.7	Statement about any specific limitations regarding scope and limit of the report.		1.7
3.8	Basis for preparation of report that might significantly affect comparability.	1, 2, 10	1.7; 2.1
3.9	Techniques to measure data and computation basis.		1.7
3.10	Explanation of nature and consequences of any reformulation of information included in previous reports.	1,2,10	1.7
3.11	Significant changes in comparison with previous years.		1.7
	<b>Summary of GRI/G3 Content</b>		
3.12	Table of identification of location of standard disclosures in the report.		1.7; 7



Verification			
3.13	Current policy and practice related to search of external verification.		1.7; 2.15
<b>4 GOVERNANCE, COMMITMENTS AND ENGAGEMENT</b>			
Governance			
4.1	Structure of corporate governance, including committees under the highest governance body.	1, 2, 10	2.1
4.2	Indication if President of highest governance body is also an executive officer.	1, 2, 10	2; 2.1; 2.3
4.3	For organizations with unit administration structure, statement of the number of independent members or not.	1, 2, 10	2; 2.1; 2.3
4.4	Mechanisms to shareholders and employees to make recommendations or provide guidance for governance.	1, 2, 10	2.9; 2.11
4.5	Relation between compensation for governance members and organization's performance.	1, 2, 10	2; 2.1; 2.6
4.6	Processes in force in the highest governance body to make sure that conflicts of interest are avoided.	1, 2, 10	2; 2.1; 2.3; 2.8; 2.9
4.7	Process for determination of qualifications and skills required from governance members to define organization's strategy.	1, 2, 10	2; 2.1; 2.3
4.8	Statements of mission and values, conduct codes, relevant internal principles for economic, environmental and social performance.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1.2; 2.7; 2.8
4.9	Governance procedures to supervise identification and management by the organization of economical, environmental and social performance.	1, 2, 10	2; 2.1; 2.7; 2.9
4.10	Processes for self-evaluation of governance performance, especially with regard to economical, environmental and social performance.	1, 2, 10	2; 2.1; 2.6
Commitments with External Initiatives			
4.11	Explanation on how and whether organization applies precaution principle.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	2.17
4.12	Letters, principles and other volunteer initiatives externally developed, with economical, environmental and social features that organization subscribes or endorses.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1.2; 2; 4.1.1
4.13	Significant participation in associations (such as industries federations) and/or national/international defense bodies.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	4.1.1
Involvement of Stakeholders			
4.14	Relationship among stakeholders groups involved by the organization.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1.12
4.15	Basis for identification and selection of stakeholders that will be involved.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1.12
4.16	Approaches for involvement of stakeholders, including regularity of involvement by type and stakeholder groups.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1.12; 2.11
4.17	Main matters and concerns were raised through involvement of stakeholders and which measures were adopted.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1.12; 2.11
EU19	Participation of stakeholders in decisive processes related to energy planning of development of infrastructure.		
DMA	Description of the Form of Management of Economical Performance	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	
Economical Performance			
EC1	Direct economical value generated and distributed.		3; 3.7
EC2	Financial implications and other risks and opportunities for organization's activities due to climatic changes.	7, 8, 9	5.7; 5.6.1; 5.8
EC3	Coverage of obligations of the benefit pension plan determined that organization provides.	1	Notes to the financial statements
EC4	Significant financial aid received by the government.		1.10
Market Presence			
EC5	Variation of proportion of lowest salary in comparison with local minimum salary in important operating units.	1, 2, 6	4.1.7; 4.1.8
EC6	Policies and practices and proportion of expenses with local suppliers in important operating units.		4.1.6
EC7	Procedures for local hire and proportion of senior management positions recruited in the community.	6	4.1.1; 4.1.7; 4.1.8



Indirect Economical Impacts			
EC8	Development and impact of investments in infrastructures and services offered, mainly public benefit, through commercial involvement, in species or pro bono activities.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	1.11; 4.1.1
EC9	Identification and description of significant indirect economical impacts.	1, 7, 8, 9	
<b>Form of management in electric sector – economical performance indexes<sup>16</sup></b>			
Availability and reliability of the system			
EU6	Form of management to ensure availability and reliability of electricity supply at short and long-term.		
EU10	Planned capacity in comparison with projection of demand of electricity at long-term, separated by source of energy and regulatory system.		
Management by demand side			
EU7	Management programs by demand side, including residential, commercial, institutional and industrial programs.		
Research and development (P&D)			
EU8	Activities and expenses related to research and development aiming at reliability of supply of electricity and promotion of sustainable development		
Decommissioning of plants			
EU9	Provision for decommissioning of nuclear plants.		
System efficiency			
EU11	Average efficiency of generation of thermal power stations, separated by source of energy and regulatory system.		
EU12	Percentage of loss of transmission and distribution related to energy total.		
DMA	Description of the Form of Management of Environmental Performance	7, 8, 9	
Materials			
EN1	Materials used by weight and volume <sup>1</sup>	8	5.5.3
EN2	Percentage of materials used from recycling.	8, 9	5.5.3
Power			
EN3	Direct power consumption separated by source of primary energy.	8	5.4.4
EN4	Indirect power consumption, separated by source of primary energy.	8	5.4.3
EN5	Power economized due to improvements in conservation and efficiency.	8, 9	5.9; 4.2.2
EN6	Initiatives to provide products and services with low energy consumption, or that use power generated by renewable resources.	8, 9	5.7; 5.9
EN7	Initiatives to reduce consumption of indirect power and reductions achieved.	8, 9	5.9
Water			
EN8	Total extraction of water per source. <sup>2</sup>	8	5.4.2
EN9	Water sources significantly affected by water extraction.	8	5.4.2
EN10	Percentage and total volume of recycled and reuse water.	8, 9	5.4.2
Biodiversity			
EN11	Location and size of area owned, leased or administered within areas protected or surrounding them and areas with high level of biodiversity outside protected areas.	8	5.6; 5.6.2
EN12	Description of significant impacts in biodiversity of activities, products and services in protected areas and in areas with high level of biodiversity outside protected areas. <sup>3</sup>	8	5.6; 5.2.3; 5.6.1; 5.3.3
EN13	Protected or restored habitats.	8	5.6; 5.6.2
EN14	Strategies, measures in force and future plans for management of impacts in biodiversity. <sup>4</sup>	8	5.6; 5.6.2
EN15	Number of species in IUCN Red List and in national lists of conservation with habitats in areas affected by operations, separated by the level of extinction risk.	8	5.6
EU13	Replacement habitats biodiversity in comparison to biodiversity of affected areas.		



Emissions, Effluents and Wastes			
EN16	Total of direct and indirect emissions of gases that cause greenhouse effect by weight. <sup>5</sup>	8	5.5.1
EN17	Other indirect emissions of gases that cause greenhouse effect by weight.	8	5.5.1
EN18	Initiative to reduce emissions of greenhouse gases and reductions achieved.	8, 9	5.6.1; 5.5.1
EN19	Emissions of destructive substances of ozone layer by weight.	8	5.5.1
EN20	Nox and Sox and other significant air emissions by type and weight. <sup>6</sup>	8	5.5.1
EN21	Total discharge of water by quality and destination. <sup>7</sup>	8	5.4.2
EN22	Total weight of wastes by type and method of disposition. <sup>8</sup>	8	5.5.3
EN23	Total number and volume of significant spills.	8	5.8
EN24	Weight of transported, imported, exported or treated wastes considered hazardous under the terms of Basel Convention – Schedules I, II, III and VIII, and percentage of transportations of wastes transported internationally.	8	5.4.1; 5.5.3
EN25	Identification, size, status of protection and index of biodiversity of water bodies and habitats significant related affected by disposals of water and drainage performed by reporting organization.	8	5.2.6; 5.2.7; 5.6
Products and Services			
EN26	Initiatives to mitigate environmental impacts of products and services and scope of reduction of those impacts.	8, 9	4.1.6; 5.1; 5.2.6; 5.2.4
EN27	Percentage of products and their packages recovered related to total of products sold, by product category.	8, 9	**
Compliance			
EN28	Monetary value of relevant fines and total number of non-monetary sanctions, resulting from non-compliance with environmental laws and regulations.	8	5.1.3
Transportation			
EN29	Significant environmental impacts of transportation of products and other assets and materials used in organizations' operations, as well as transportation of workers.	8	5.11
General			
EN30	Investments total and expenses in environmental protection, by type.	7, 8, 9	6
DMA	Description of the Form of Management of Social Performance	1, 2, 3, 4, 5, 6	
DMA	Description of the Form of Management of Social Performance	1, 2, 3, 4, 5, 6	
Employment			
LA1	Total of workers by type of employment, labor contract and region. <sup>9</sup>		4.1.7; 4.1.8
LA2	Total number and rotation rate of employees by age range, gender and region. <sup>10</sup>	1, 2, 3, 4, 5, 6	4.1.7; 4.1.8
LA3	Benefits offered to full-time employees that are not offered to temporary employees or under part-time regimen.	6	4.1.7; 4.1.8
EU14	Programs and processes that guarantee provision of qualified labor.		
EU15	Percentage of employees with right to retirement in next five and ten years, separated by functional category and region.		
EU16	Policies and requirements related to health and safety of employees and outsourced workers and sub-contracted.		
EU17	Days worked by outsourced and sub-contracted workers involved in activities of construction, operation and maintenance.		
EU18	Percentage of outsourced and sub-contracted workers subject to relevant training of health and safety.		
Relations between Workers and Governance			
LA4	Percentage of employees comprised by collective negotiation agreements. <sup>11</sup>	1, 2, 3	4.1.7
LA5	Minimum term for previous notice related to operating changes.	1, 2, 3	4.1.7
Health and safety at Work			
LA6	Percentage of employees represented by formal committees of safety and health, formed by managers and workers that assist on monitoring and advising about safety and occupational health programs.	1	4.1.4
LA7	Rates of injuries, occupational diseases, days lost, absences and deaths related to work, by region. <sup>12</sup>	1	4.1.8
LA8	Ongoing education, training, advisory, prevention and risk control programs to provide support to employees, their family or members of community related to severe diseases.	1	4.1.7; 4.1.8
LA9	Topics related to safety and health covered by formal agreements with unions.	1	4.1.7
Training and Education			
LA10	Average of training hours per year, per employee, separated by functional category.	1	4.1.7; 4.1.8
LA11	Programs for management of skills and ongoing learning that support continuity of employment of employees and for management of end of career.	1	4.1.7; 4.1.8

LA12	Percentage of employees that regularly receive performance and career development analysis.		still not a current practice at Copel
<b>Diversity and Equality of Opportunities</b>			
LA13	Composition of groups responsible for corporate governance and description of employees per category, according to gender, age range, minorities and other diversity indexes.	1, 2, 6	4.1.8; 8
LA14	Proportion of basic compensation between men and women by functional category.	1, 2, 6	4.1.8
DMA	Description of the Form of Management Related to Human Rights	1, 2, 3, 4, 5, 6	
<b>Practices of Investment and Purchase Processes</b>			
HR1	Percentage and total number of relevant investment contracts that include clauses or that were subject to evaluations related to human rights.	1, 2, 4, 5, 6	4.1.1; 4.1.6
HR2	Percentage of companies hired and critical suppliers that were subject to evaluations related to human rights and measures taken.	1, 2, 4, 5, 6	4.1.1
HR3	Total of training hours of employees in policies and procedures related to human rights aspects relevant to operations.	1, 2, 3, 4, 5, 6, 10	2.7; 4.1.1
<b>Non-discrimination</b>			
HR4	Total number of cases of discrimination and measures taken.	1, 2, 6	4.1.1
<b>Freedom for Collective Association and Negotiation</b>			
HR5	Identified operations in which right to practice liberty of association and collective negotiation might be at significant risk and measures taken to support such right. <sup>13</sup>	1, 2, 3	4.1.1; 4.1.7
<b>Children Labor</b>			
HR6	Operations identified as significant risk of occurrence of children labor and measures taken to contribute to end of children labor.	1, 2, 5	4.1.1; 4.1.6
<b>Forced Work or Resembling Slavery</b>			
HR7	Operations identified as significant risk of occurrence of forced work or resembling slavery and measures taken to contribute to eradication of forced work or resembling slavery.	1, 2, 4	4.1.1; 4.1.6
<b>Safety Practices</b>			
HR8	Percentage of safety personnel that attended training in policies or procedures of the organization related to human rights aspects.	1, 2	4.1.1
<b>Indigenous Rights</b>			
HR9	Description of policies, directives and procedures to handle indigenous needs.	1, 2	4.1.1
DMA	Description of the Form of Management of Social Performance	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	
<b>Community</b>			
SO1	Nature, scope and efficiency of any programs and practices to evaluate and manage impacts of operations in communities. <sup>14</sup>	1, 7	1.12; 2.17
EU20	Approach for management of transfer impacts.		
EU21	Measures for planning of contingency, management plan and training programs for disasters/emergencies, in addition to recovery/restoration plans.		
EU22	Number of people physically and economically transferred and indemnification, separated by type of project.		
<b>Corruption</b>			
SO2	Percentage and total number of business units subject to evaluations of risks related to corruption.	10	***
SO3	Percentage of employees trained in policies and procedures against corruption of the organization.	10	2.8
SO4	Measures taken in response of corruption events.	10	2.8
<b>Public Policies</b>			
SO5	Positions regarding public policies and participation in preparation of public policies and lobbies.	1, 2, 3, 4, 5, 6, 7, 8, 9, 10	4.1.1
SO6	Total amount of financial contributions and in species to political parties, politicians or associated institutions, separated by country.		considered not applicable at Copel
<b>Dishonest Competition</b>			
SO7	Total number of lawsuits by dishonest competition, trust practices and monopoly and its results.		considered not applicable at Copel
<b>Compliance</b>			
SO8	Monetary amount of fines (relevant) due to non-compliance with laws and regulations related to supply and use of products and services.	1	4.1.4
DMA	Description of the Form of Management of Social Performance	1, 8	
<b>Health and Safety of Customer</b>			
PR1	Stages of products and services lifecycle in which impacts in health and safety are evaluated for improvement purposes. <sup>15</sup>	1	4.1.4

PR2	Total number of non-compliance cases with regulations and volunteer codes related to impacts caused by products and services in health and safety during lifecycle.	1	4.1.4
EU25	Number of accidents and deaths of users of the service involving company's assets, among which decisions and legal agreements, in addition to outstanding legal cases related to diseases.		
<b>Labeling of Products and Services</b>			
PR3	Type of information about products and services required by labeling procedures and percentage of products and service subject to such requirements.	1, 8	considered not applicable at Copel as it delivers electric power and telecommunications services, which do not allow labeling
PR4	Total number of cases of non-compliance with regulations and volunteer codes related to information and labeling of products and services.	1, 8	considered not applicable at Copel
PR5	Practices related to customer's satisfaction, including results of researches that measure satisfaction.		1.12; 4.1.4
<b>Access to services and support to customers</b>			
EU23	Programs, including those in cooperation with government, for the purpose of improvement or maintaining access to electricity and support service of consumer.		
EU26	Percentage of population not served in areas with regulated distribution or service.		
EU27	Number of residential cut-offs due to lack of payment, separated by length of cut-off and by regulatory system.		
EU28	Regularity of interruptions in power supply.		
EU29	Average duration of interruptions in power supply.		
EU30	Average availability factor of plant, separated by source of energy and regulatory system.		
<b>Marketing Communications</b>			
PR6	Programs of adhesion to laws, rules and voluntary codes related to marketing communication.		4.1.5
PR7	Total number of non-compliance cases with regulations and volunteer codes related to marketing communications.		4.1.4
EU24	Practices to deal with barriers related to language, culture, low level of education and special needs that oppose to access to electricity and consumer support service, as well as its safe use.		
<b>Customer's Privacy</b>			
PR8	Total number of confirmed complaints related to violation of privacy and loss of customers' data.		4.1.4; 4.1.5
<b>Compliance</b>			
PR9	Monetary amount of fines (relevant) due to non-compliance with laws and regulations related to supply and use of products and services.	1	4.1.4

\*\* Copel already implemented the full control process of paper consumption and its final destination. Complete process of control to other materials is ongoing, estimated to implementation in 2010.

\*\* Considered non-applicable to Copel, considering that our product is energy and therefore is not subject to evaluation concerning such category.

\*\*\* Consider this index as percentage of business units analyzed is considered non-material once Company is institutionally organized as a sole business unit, under the same scope of internal rules and procedures.

\*\*\*\* There is no different treatment in any functional category (and no distinction regarding functional promotions), salary ranges of all employees determined by position, in compliance with Positions Plan and Copel's Salaries.

## 8. COMPOSITION OF GROUPS RESPONSIBLE FOR GOVERNANCE

### BOARD OF DIRECTORS

Chairman	Vacant (position on 05.31.2010)
Executive Secretary	RONALD THADEU RAVEDUTTI
Members	JOÃO CARLOS FASSINA JORGE MICHEL LEPELTIER LAURITA COSTA ROSA LUIZ ANTONIO RODRIGUES ELIAS Vacant (position on 05.31.2010) MUNIR KARAM ROGÉRIO DE PAULA QUADROS

### AUDIT COMMITTEE

Chairwoman	LAURITA COSTA ROSA
Members:	JORGE MICHEL LEPELTIER ROGÉRIO DE PAULA QUADROS

### FISCAL COUNCIL

Chairman	OSMAR ALFREDO KOHLER
Members	HERON ARZUA MASSAO FABIO OYA MURICI DOS SANTOS WILSON PORTES

### BOARD OF OFFICERS

Chief Executive Officer	RONALD THADEU RAVEDUTTI
Chief Management Officer	LUIZ ANTONIO ROSSAFA
Chief Power Distribution Officer	VLADEMIR SANTO DALEFFE
Chief Engineering Officer	EDSON SARDETO
Chief Finance, Investor Relations and Control of Holdings Officer	RAFAEL IATAURO
Chief Power Generation and Transmission and Telecommunications Officer	RAUL MUNHOZ NETO
Chief Environmental and Corporate Citizenship Officer	MARLENE ZANNIN
Chief Legal Officer	REGINA MARIA BUENO BACELLAR

### ACCOUNTANT

Accountant - CRC-PR-024769/O-3	ENIO CESAR PIECZARKA
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Information about Investor Relations please contact [ri@copel.com](mailto:ri@copel.com)

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## FINANCIAL STATEMENTS

### Balance Sheets

As of December 31, 2009 and 2008

(In thousands of reais)

ASSETS	N	Parent Company		Consolidated	
		2009	2008	2009	2008
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	5	479,044	318,455	1,696,152	1,813,576
Customers and distributors	6	-	-	1,063,840	976,668
Services to third parties, net	-	-	-	8,718	7,904
Dividends receivable	15	696,279	719,061	5,135	5,247
Services in progress	-	-	-	92,472	64,765
CRC transferred to State Government	7	-	-	49,549	47,133
Recoverable taxes	8	121,541	94,009	352,412	257,339
Deferred regulatory assets - CVA	9	-	-	218,500	111,098
Other regulatory assets	10	-	-	17,526	31,511
Bonds and securities	34	78,959	2	78,959	2
Collaterals and escrow accounts	11	161	436	113,701	150,794
Other receivables	12	2	2	36,591	42,856
Inventories	13	-	-	94,190	64,260
		<b>1,375,986</b>	<b>1,131,965</b>	<b>3,827,745</b>	<b>3,573,153</b>
<b>NON-CURRENT ASSETS</b>					
<b>Long-term receivables</b>					
Customers and distributors	6	-	-	51,377	81,930
Telecommunications services	-	-	-	1,011	3,211
CRC transferred to State Government	7	-	-	1,205,025	1,272,770
Recoverable taxes	8	62,521	121,338	438,978	462,609
Deferred regulatory assets - CVA	9	-	-	98,963	53,494
Other regulatory assets	10	-	-	-	11,085
Bonds and securities	34	-	69,063	40,103	69,063
Collaterals and escrow accounts	11	-	-	24,195	37,868
Judicial deposits	14	25,662	26,268	73,436	113,497
Investees and subsidiaries	15	988,421	929,293	-	-
Other	12	1,759	3,132	16,949	12,214
		<b>1,078,363</b>	<b>1,149,094</b>	<b>1,950,037</b>	<b>2,117,741</b>
<b>Investments</b>	16	<b>7,674,713</b>	<b>7,472,829</b>	<b>395,565</b>	<b>395,938</b>
<b>Property, plant, and equipment</b>	17	<b>-</b>	<b>-</b>	<b>7,528,432</b>	<b>7,048,675</b>
<b>Intangible assets</b>	18	<b>19,798</b>	<b>20,552</b>	<b>131,717</b>	<b>118,119</b>
		<b>8,772,874</b>	<b>8,642,475</b>	<b>10,005,751</b>	<b>9,680,473</b>
<b>TOTAL ASSETS</b>		<b>10,148,860</b>	<b>9,774,440</b>	<b>13,833,496</b>	<b>13,253,626</b>

The accompanying notes are an integral part of these financial statements.



## Balance Sheets

As of December 31, 2009 and 2008

(In thousands of reais)

LIABILITIES	N	Parent Company		Consolidated	
		2009	2008	2009	2008
<b>CURRENT LIABILITIES</b>					
Loans and financing	19	15,868	24,896	81,698	98,461
Debentures	20	17,238	169,233	54,195	195,000
Suppliers	21	579	564	543,529	497,832
Taxes and social contribution	8	102,465	57,993	536,453	407,072
Dividends payable	-	84,630	239,265	90,806	245,166
Payroll, social changes and accruals	22	271	243	206,957	159,388
Post-employment benefits	23	45	34	22,505	22,066
Deferred Regulatory Liabilities - CVA	9	-	-	25,020	28,327
Other regulatory liabilities	10	-	-	8,315	26,192
Regulatory charges	24	-	-	29,523	43,123
Research and Development and Energy Efficiency	25	-	-	121,005	126,484
Other accounts payable	26	15	4	121,156	114,383
		<b>221,111</b>	<b>492,232</b>	<b>1,841,162</b>	<b>1,963,494</b>
<b>LONG-TERM LIABILITIES</b>					
Loans and financing	19	388,254	414,959	784,144	769,056
Debentures	20	600,000	600,000	753,384	802,116
Reserves for contingencies	27	26,642	214,162	474,544	593,365
Suppliers	21	-	-	175,796	214,157
Taxes and social contribution	8	82,792	-	174,406	29,528
Post-employment benefits	23	-	-	352,976	425,879
Deferred Regulatory Liabilities - CVA	9	-	-	25,020	2,373
Other regulatory liabilities	10	-	-	26	7,257
Research and Development and Energy Efficiency	25	-	-	90,493	72,079
Deferred revenues	16	-	-	74,994	74,994
Other accounts payable	26	-	-	2,953	6,674
		<b>1,097,688</b>	<b>1,229,121</b>	<b>2,908,736</b>	<b>2,997,478</b>
<b>NONCONTROLLING INTERESTS</b>		-	-	<b>253,537</b>	<b>239,567</b>
<b>SHAREHOLDERS' EQUITY</b>	28				
Stock capital		4,460,000	4,460,000	4,460,000	4,460,000
Capital reserves		838,340	838,340	838,340	838,340
Profit reserve		3,531,721	2,754,747	3,531,721	2,754,747
		<b>8,830,061</b>	<b>8,053,087</b>	<b>8,830,061</b>	<b>8,053,087</b>
<b>TOTAL LIABILITIES</b>		<b>10,148,860</b>	<b>9,774,440</b>	<b>13,833,496</b>	<b>13,253,626</b>

The accompanying notes are an integral part of these financial statements.

**Consolidated Statements of Income**  
for the years ended on December 31, 2009 and 2008  
(In thousands of reais)

	N	Parent Company		Consolidated	
		2009	2008	2009	2008
<b>OPERATING REVENUES</b>	29				
Electricity sales to final customers		-	-	3,253,687	2,968,880
Electricity sales to distributors		-	-	1,394,806	1,363,094
Use of main transmission grid		-	-	3,635,969	3,473,098
Telecommunications revenues		-	-	104,844	80,604
Distribution of piped gas		-	-	261,325	283,709
Other		-	-	146,045	136,010
		-	-	<b>8,796,676</b>	<b>8,305,395</b>
<b>DEDUCTIONS FROM OPERATING REVENUES</b>	30	-	-	<b>(3,179,365)</b>	<b>(2,846,617)</b>
<b>NET OPERATING REVENUES</b>		-	-	<b>5,617,311</b>	<b>5,458,778</b>
<b>Operating costs</b>	31				
Electricity purchased for resale		-	-	(1,681,876)	(1,615,086)
Use of main transmission grid		-	-	(609,649)	(466,652)
Personel and management		-	-	(630,037)	(531,031)
Pension and healthcare plans		-	-	(13,479)	(25,737)
Materials and supplies		-	-	(58,390)	(49,175)
Raw materials and supplies for electricity generation		-	-	(21,231)	(19,274)
Natural gas and supplies for the gas business		-	-	(135,353)	(163,846)
Third-party services		-	-	(228,536)	(190,269)
Depreciation and amortization		-	-	(363,597)	(376,789)
Other		-	-	(23,962)	(35,583)
		-	-	<b>(3,766,110)</b>	<b>(3,473,442)</b>
<b>GROSS OPERATING INCOME</b>		-	-	<b>1,851,201</b>	<b>1,985,336</b>
<b>Other Income (Expenses)</b>	31				
Sales expenses		-	-	(45,566)	(29,769)
General and administrative expenses		(75,140)	(13,365)	(388,226)	(256,912)
Other revenues (expenses), net		187,068	(39,861)	(70,132)	(252,015)
		<b>111,928</b>	<b>(53,226)</b>	<b>(503,924)</b>	<b>(538,696)</b>
<b>RESULT OF OPERATIONS</b>		<b>111,928</b>	<b>(53,226)</b>	<b>1,347,277</b>	<b>1,446,640</b>
<b>Interest income (expenses)</b>	32				
Interest income		133,892	107,428	365,918	488,620
Interest expenses		(211,757)	(172,633)	(300,294)	(394,257)
		<b>(77,865)</b>	<b>(65,205)</b>	<b>65,624</b>	<b>94,363</b>
<b>EQUITY IN RESULTS OF INVESTEES</b>	16	<b>1,048,689</b>	<b>1,227,542</b>	<b>14,327</b>	<b>13,956</b>
<b>INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION</b>		<b>1,082,752</b>	<b>1,109,111</b>	<b>1,427,228</b>	<b>1,554,959</b>
<b>INCOME TAX AND SOCIAL CONTRIBUTION</b>	8				
Income tax and social contribution		-	(18,372)	(287,602)	(352,064)
Deferred income tax and social contribution		(56,319)	(11,995)	(89,724)	(106,082)
		<b>(56,319)</b>	<b>(30,367)</b>	<b>(377,326)</b>	<b>(458,146)</b>
<b>NET INCOME BEFORE NONCONTROLLING INTERESTS</b>		<b>1,026,433</b>	<b>1,078,744</b>	<b>1,049,902</b>	<b>1,096,813</b>
<b>NONCONTROLLING INTERESTS</b>		-	-	<b>(23,469)</b>	<b>(18,069)</b>
<b>NET INCOME FOR THE YEAR</b>		<b>1,026,433</b>	<b>1,078,744</b>	<b>1,026,433</b>	<b>1,078,744</b>
<b>NET INCOME PER OUTSTANDING SHARES AT YEAR END /EXPRESSED IN BRAXILIAN REAIS</b>	28	<b>3.7508</b>	<b>3.9420</b>	<b>3.7508</b>	<b>3.9420</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated Statements of Changes in Shareholders' Equity

for the years ended on December 31, 2009 and 2008

(In thousands of reais)

	Capital stock	Capital reserves	Legal reserve	Investments reserve	Retained earnings	Total
<b>Balance as of December 31, 2007</b>	<b>4,460,000</b>	<b>838,340</b>	<b>323,653</b>	<b>1,614,184</b>	<b>-</b>	<b>7,236,177</b>
Net income for the year	-	-	-	-	1,078,744	1,078,744
Appropriation of net income						
Legal reserve	-	-	53,937	-	(53,937)	-
Interest on equity	-	-	-	-	(228,000)	(228,000)
Dividends	-	-	-	-	(33,834)	(33,834)
Investment reserve	-	-	-	762,973	(762,973)	-
<b>Balance as of December 31, 2008</b>	<b>4,460,000</b>	<b>838,340</b>	<b>377,590</b>	<b>2,377,157</b>	<b>-</b>	<b>8,053,087</b>
Net income for the year	-	-	-	-	1,026,433	1,026,433
Appropriation of net income						
Legal reserve	-	-	51,322	-	(51,322)	-
Interest on equity	-	-	-	-	(230,000)	(230,000)
Dividends	-	-	-	-	(19,459)	(19,459)
Investment reserve	-	-	-	725,652	(725,652)	-
<b>Balance as of December 31, 2009</b>	<b>4,460,000</b>	<b>838,340</b>	<b>428,912</b>	<b>3,102,809</b>	<b>-</b>	<b>8,830,061</b>

## Consolidated Statements of Cash Flows

for the years ended on December 31, 2009 and 2008

(In thousands of reais)

	Note	Parent Company		Consolidated	
		2009	2008	2009	2008
<b>Cash flows from operating activities</b>					
Net income for the period		1,026,433	1,078,744	1,026,433	1,078,744
<b>Adjustments to reconcile net income to cash provided by operating activities:</b>					
Reversal of allowance for doubtful accounts	31.f	-	-	16,448	(5,824)
Depreciation	17.e	-	-	384,336	395,312
Amortization of intangible assets - concession	18.e	754	63	3,829	3,829
Amortization of intangible assets - goodwill	18.e	-	-	-	1,791
Amortization of intangible assets - other	18.e	-	-	3,383	3,811
Unrealized monetary and exchange variations, net		14,117	80,034	52,823	98,526
Equity in results of investees	16.b	(1,048,689)	(1,227,542)	(14,327)	(13,956)
Deferred income tax and social contribution	8.a	56,319	11,995	89,724	106,082
Variations in the regulatory assets and liabilities - CVA	9.b	-	-	(113,154)	(204,425)
Variations in other regulatory assets and liabilities, net		-	-	232	(51,643)
Provision (reversal) for tax incentives	16.b	733	23,902	733	23,902
Accruals for long-term liabilities	31.f	(8,478)	8,246	111,098	104,718
Reversal of provision for post-employment benefits	23.c	-	-	(61,385)	(38,329)
Provision for R&D and energy efficiency	25	-	-	28,115	-
REFIS installments - Law no. 11,941/2009	8.d	(42,088)	-	7,118	-
Loss on disposal of investments		-	-	-	8,742
Loss on disposal of property, plant, and equipment, net	17.e	-	-	38,618	14,565
Loss on disposal of intangible assets, net	18.e	-	-	487	516
Noncontrolling interests		-	-	23,469	18,069
<b>Increase (decrease) in assets</b>					
Customers and distributors		-	-	(73,640)	86,522
Telecommunications services		-	-	809	4,439
Dividends and interest on capital received from investees		869,004	759,256	15,846	13,444
Services in progress		-	-	(27,707)	(13,422)
CRC transferred to State Government	7.b	-	-	130,967	120,048
Recoverable taxes		(25,034)	(4,205)	(84,965)	(61,253)
Inventories		-	-	(29,930)	(12,065)
Judicial deposits		317	8,794	14,511	(1,931)
Other receivables		1,375	(360)	1,786	19,543
<b>Increase (decrease) in liabilities</b>					
Loans and financing - interest paid		(40,020)	(38,799)	(119,102)	(156,512)
Debentures - interest paid		(81,172)	(94,216)	(110,035)	(122,984)
Provisions for contingencies	27	-	-	(36,155)	(28,921)
Suppliers		15	(568)	1,747	131,322
Taxes and social contribution charges		(10,722)	6,100	10,095	8,297
Payroll and labor accruals		28	81	47,569	13,269
Post-employment benefits		11	11	(11,079)	(10,423)
Regulatory charges		-	-	(13,600)	10,401
Research and development and energy efficiency		-	-	(28,432)	(1,239)
Other accounts payable		11	(22)	12,552	28,087
Noncontrolling interests		-	-	(9,499)	(10,029)
<b>Net cash provided by operating activities</b>		<b>712,914</b>	<b>611,514</b>	<b>1,289,718</b>	<b>1,561,023</b>

(next page)

## Consolidated Statements of Cash Flows

for the years ended on December 31, 2009 and 2008

(In thousands of reais)

(continued)

	Note	Parent Company		Consolidated	
		2009	2008	2009	2008
<b>Cash flows from investing activities</b>					
Bonds and securities		-	(69,063)	(14,989)	(69,063)
Collaterals and escrow accounts		279	2,287	18,499	1,508
Loans to related parties		(15,000)	-	-	-
Payments under loans to related parties		-	176,027	-	-
Acquisition of control in Dominó Holdings - net of acquired cash		-	-	-	(108,962)
Disposal (acquisition) of other investments - net of acquired cash	16.b	(150)	(58,584)	(151)	134
Additions to property, plant, and equipment	17.e	-	-	(957,313)	(697,713)
Additions to intangible assets	18.e	-	-	(21,566)	(8,416)
Special obligations	17.e	-	-	57,421	79,673
Proceeds from sale of property, plant and equipment	17.e	-	-	6,373	11,297
<b>Net cash used in investing activities</b>		<b>(14,871)</b>	<b>50,667</b>	<b>(911,726)</b>	<b>(791,542)</b>
<b>Cash flows from financing activities</b>					
Now of loans and financing	19	-	-	144,262	34,818
Payment of the principal amount of loans and financing		-	-	(62,987)	(86,492)
Payment of the principal amount of debentures		(133,360)	(133,320)	(163,175)	(176,072)
Dividends and interest on capital paid		(404,094)	(266,592)	(413,516)	(269,030)
<b>Net cash used in financing activities</b>		<b>(537,454)</b>	<b>(399,912)</b>	<b>(495,416)</b>	<b>(496,776)</b>
<b>Net increase in cash and cash equivalents</b>		<b>160,589</b>	<b>262,269</b>	<b>(117,424)</b>	<b>272,705</b>
Cash and cash equivalents at the beginning of the year	5	318,455	56,186	1,813,576	1,540,871
Cash and cash equivalents at the end of the year	5	479,044	318,455	1,696,152	1,813,576
<b>Variation in cash</b>		<b>160,589</b>	<b>262,269</b>	<b>(117,424)</b>	<b>272,705</b>

The accompanying notes are an integral part of these financial statements

### Supplementary cash flow information

#### Income tax paid

#### Transactions not affecting cash

##### Business acquisitions

Assets acquired including goodwill

Liabilities assumed

Acquisition price paid

Cash and cash equivalents acquired

Acquisition price, net of acquired cash and cash equivalents

Income tax and social contribution paid on net income

-	-	-	116,713
-	-	-	(6,487)
-	-	-	110,226
-	-	-	(1,264)
-	-	-	108,962
5,422	-	331,676	348,916

## Consolidated Statements of Added Value

for the years ended on December 31, 2009 and 2008

(In thousands of reais)

	Note	Parent Company		Consolidated	
		2009	2008	2009	2008
<b>Revenues</b>					
Sales of electricity, services, and other revenues	29	-	-	8,796,676	8,305,395
Allowance for doubtful accounts	31-f	-	-	(16,448)	5,824
Other operating revenues (expenses)		591	(23,514)	(32,015)	(30,059)
<b>Total</b>		<b>591</b>	<b>(23,514)</b>	<b>8,748,213</b>	<b>8,281,160</b>
<b>( - ) Supplies acquired from third parties</b>					
Electricity purchased for resale		-	-	1,885,246	1,787,845
Use of the main transmission grid ( - ) ESS		-	-	569,140	458,067
Materials, supplies, and services from third-parties		4,351	3,923	406,836	353,885
Natural gas and supplies for the gas business		-	-	179,362	195,265
Emergency capacity charges and PROINFA		-	-	326	254
Other		(185,790)	16,994	8,549	160,573
<b>Total</b>		<b>(181,439)</b>	<b>20,917</b>	<b>3,049,459</b>	<b>2,955,889</b>
<b>( = ) GROSS ADDED VALUE</b>		<b>182,030</b>	<b>(44,431)</b>	<b>5,698,754</b>	<b>5,325,271</b>
<b>( - ) Depreciation and amortization</b>	31	<b>754</b>	<b>63</b>	<b>391,548</b>	<b>404,743</b>
<b>( = ) NET ADDED VALUE</b>		<b>181,276</b>	<b>(44,494)</b>	<b>5,307,206</b>	<b>4,920,528</b>
<b>( + ) Transferred Added Value</b>					
Interest income	32	133,892	107,428	376,352	488,620
Equity pick up in results of investees		1,048,689	1,227,542	14,327	13,956
<b>Total</b>		<b>1,182,581</b>	<b>1,334,970</b>	<b>390,679</b>	<b>502,576</b>
<b>ADDED VALUE TO DISTRIBUTE</b>		<b>1,363,857</b>	<b>1,290,476</b>	<b>5,697,885</b>	<b>5,423,104</b>

(next page)

## Consolidated Statements of Added Value

for the years ended on December 31, 2009 and 2008

(In thousands of reais)

(continued)

	Note	Parent Company				Consolidated			
		2009	%	2008	%	2009	%	2008	%
<b>DISTRIBUTION OF ADDED VALUE:</b>									
<b>Personnel</b>									
Salaries and wages	31-c	5,657		4,806		538,665		484,257	
Pension and healthcare plans	23-c	222		140		14,177		30,016	
Meal assistance and education allowance	31-c	-		-		55,695		49,078	
Social charges - FGTS		342		271		38,555		34,694	
Labor indemnifications (reversal)	31-c	-		-		56,852		(825)	
Profit sharing	31-c	-		-		64,995		65,816	
Transfer to construction in progress	31-c	-		-		(86,746)		(80,214)	
<b>Total</b>		<b>6,221</b>	<b>0.5</b>	<b>5,217</b>	<b>0.4</b>	<b>682,193</b>	<b>12.0</b>	<b>582,822</b>	<b>10.7</b>
<b>Government</b>									
Federal		119,282		33,792		1,862,542		1,747,205	
State		-		-		1,785,795		1,595,280	
Municipal		-		-		2,636		3,019	
<b>Total</b>		<b>119,282</b>	<b>8.7</b>	<b>33,792</b>	<b>2.6</b>	<b>3,650,973</b>	<b>64.1</b>	<b>3,345,504</b>	<b>61.8</b>
<b>Financing agents</b>									
Interests and penalties		211,757		172,568		301,110		385,166	
Leases and rents	31-g	164		155		13,707		12,799	
<b>Total</b>		<b>211,921</b>	<b>15.5</b>	<b>172,723</b>	<b>13.4</b>	<b>314,817</b>	<b>5.5</b>	<b>397,965</b>	<b>7.3</b>
<b>Shareholders</b>									
Noncontrolling interest		-		-		23,469		18,069	
Interest on capital		230,000		228,000		230,000		228,000	
Proposed dividends		19,459		33,834		19,459		33,834	
Profit reserves		776,974		816,910		776,974		816,910	
<b>Total</b>		<b>1,026,433</b>	<b>75.3</b>	<b>1,078,744</b>	<b>83.6</b>	<b>1,049,902</b>	<b>18.4</b>	<b>1,096,813</b>	<b>20.2</b>
		<b>1,363,857</b>	<b>100.0</b>	<b>1,290,476</b>	<b>100.0</b>	<b>5,697,885</b>	<b>100.0</b>	<b>5,423,104</b>	<b>100.0</b>

The accompanying notes are an integral part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

for the years ended on December 31, 2009 and 2008

(In thousands of *reais*, except where otherwise indicated)

### 1 OPERATIONS

Companhia Paranaense de Energia - COPEL (COPEL, the Company or the Parent Company) is a public company with shares traded on Corporate Governance Level 1 of BOVESPA's Special Listings and on stock exchanges in the United States of America and Spain. Copel is a mixed capital company, controlled by the Government of the State of Paraná, engaged, through its subsidiaries, in researching, studying, planning, building, and exploiting the production, transformation, transportation, distribution, and sale of energy, in any form, but particularly electric energy. These activities are regulated by the National Electric Energy Agency - ANEEL, which reports to the Ministry of Mining and Energy - MME. Additionally, COPEL takes part in consortiums, private enterprises, or mixed capital companies in order to operate mostly in the areas of energy, telecommunications, natural gas, and water supply and sanitation.

COPEL's wholly-owned subsidiaries and other subsidiaries, and consortium are featured below. Non financial/accounting information, such as information about supplied market, installed capacity, and assured power, has not been audited by the independent auditors.

#### a) Copel Geração e Transmissão S.A.

COPEL Geração e Transmissão S.A. operates the company's power generation, which is based on the operation of 17 hydroelectric power plants and one thermal power plant, listed below, amounting to total installed capacity of 4,549.61 MW, and power transmission business, based on 30 substations at voltages equal to or greater than 230 kV and 1,942.0 km of transmission lines in Paraná, most of which are part of the Brazilian Basic Transmission Network. The concession for 1,773.3 km of these lines expires in July 2015, the concession for 137.1 km (Bateias – Jaguariaíva 230 kV line) expires in August 2031, and the concession for 31.6 km (Bateias – Pilarzinho 230 kV line) expires in March 2038, subject to extension at the discretion of the granting authority (Note 29.a).



Power Plants	River	Installed capacity (MW)	Assured power (avg MW)	Date concession was issued	Year of expiration
<b>Hydroelectric facilities</b>					
Gov. Bento Munhoz da Rocha Netto (Foz do Areia)	Iguaçu	1,676.00	576.00	05.24.1973	05.23.2023
Gov. Ney Aminthas de Barros Braga (Segredo)	Iguaçu	1,260.00	603.00	11.14.1979	11.15.2029
Gov. José Richa (Caxias)	Iguaçu	1,240.00	605.00	05.02.1980	05.04.2030
Gov. Pedro Viriato Parigot de Souza	Capivari-Cachoeira	260.00	109.00	04.23.1965	07.07.2015
Guaricana	Arraial	36.00	13.60	08.13.1976	08.16.2026
Chaminé	São João	18.00	11.60	08.13.1976	08.16.2026
Apucarantina	Apucarantina	10.00	6.71	10.13.1975	10.12.2025
Mourão	Mourão	8.20	5.30	01.20.1964	07.07.2015
Jordão River Diversion	Jordão	6.50	5.85	11.14.1979	11.15.2029
Marumbi <sup>(a)</sup>	Ipiranga	4.80	3.94	-	-
São Jorge	Pitangui/Tibagi	2.30	1.62	12.04.1974	12.03.2024
Chopim I	Chopim	1.98	1.27	03.20.1964	07.07.2015
Rio dos Patos	Rio dos Patos/Ivaí	1.72	1.13	02.14.1984	02.14.2014
Cavernoso	Cavernoso/Iguaçu	1.30	0.86	01.07.1981	01.07.2031
Salto do Vau <sup>(b)</sup>	Palmital	0.94	0.60	01.27.1954	-
Pitangui <sup>(b)</sup>	Pitangui	0.87	0.57	12.05.1954	-
Melissa <sup>(b)</sup>	Melissa	1.00	0.57	10.08.1993	-
<b>Thermal facility</b>					
Figueira		20.00	10.30	03.21.1969	03.26.2019
<b>Total</b>		<b>4,549.61</b>	<b>1,956.92</b>		

<sup>(1)</sup> Submitted to approval by ANEEL.

<sup>(2)</sup> Facilities under 1 MW are only subject to registration before ANEEL.

#### b) Copel Distribuição S.A.

COPEL Distribuição S.A. is the wholly-owned subsidiary which runs the Company's power distribution and regulated sales to 1,109 locations in 392 out of the 399 municipalities in the State of Paraná, and also to the town of Porto União, in the State of Santa Catarina. Its current concession, which is set to expire on July 7, 2015, may be extended for another 20 years, at the discretion of the granting authority.

#### c) Copel Telecomunicações S.A.

COPEL Telecomunicações S.A. is a wholly-owned subsidiary engaged in providing communications and telecommunications services and in conducting studies, projects, and planning in the field of telecommunications, as well as any related activities, as authorized by law, for an indeterminate period of time, on a non-exclusive basis, both nationally and internationally, with a service area comprising the State of Paraná and Region II of the General Grants Plan of the National Telecommunications Agency - ANATEL, which reports to the Ministry of Communications.

#### d) Companhia Paranaense de Gás - Compagas

Compagas is a mixed capital company in which COPEL holds a 51% interest and whose main activity is the supply of piped natural gas, through a 520-km long distribution network set up throughout Paraná in the municipalities of Araucária, Curitiba, Campo Largo, Balsa Nova, Palmeira, Ponta Grossa, and São José dos Pinhais. Compagas supplies a total of 6,731 customers, comprising 102 industrial customers, 34 vehicular gas stations, 253 commercial customers, 6,338

households, 2 co-generation plants, one company which uses natural gas as a raw material, and the Araucária Thermal Power Plant.

**e) Elejor – Centrais Elétricas do Rio Jordão S.A.**

ELEJOR is a special purpose company in which COPEL holds a 70% voting interest and which was set up to implement and run the Fundação – Santa Clara Power Complex, on the Jordão River, within the Iguaçu River sub-basin, in the State of Paraná, comprising the Santa Clara and Fundação Power Plants. These facilities feature 240.34 MW of installed capacity, in addition to small hydropower units embedded in the Santa Clara and Fundação dams, with 3.6 MW and 2.4 MW of installed capacity, respectively. The concession for the project was signed on October 25, 2001 for a 35-year term, renewable for up to 20 years upon request by the holder and at ANEEL's discretion.

**f) COPEL Empreendimentos Ltda.**

COPEL Empreendimentos Ltda. is limited liability company wholly-owned by COPEL Geração e Transmissão and set up to provide services in connection with the planning, coordination, and organization of companies involved in power generation and transmission, and with power plant management, construction, operation, and maintenance, in addition to holding interests in other companies.

**g) UEG Araucária Ltda.**

UEG Araucária Ltda. is a limited liability company in which COPEL holds an 20% interest and COPEL Empreendimentos holds a 60% interest, and which was set up to generate and sell electric power, using natural gas as fuel. The Araucária Power Plant has an installed capacity of 484.15 MW. Its authorization to operate as an independent power producer was issued by ANEEL on December 22, 1999 for a 30-year term, renewable upon request by the holder and at the granting authority's discretion.

On December 28, 2006, UEG Araucária signed an agreement with Petróleo Brasileiro S.A. - Petrobras, a minority shareholder, leasing the Araucária Thermal Power Plant for a period of one year, ended on December 31, 2007 and extended a few times until December 31, 2008. On February 19, 2009, the lease was renewed for another three years, as of January 1, 2009 and until December 31, 2011, subject to early termination should UEG Araucária successfully participate at ANEEL-sponsored power auctions. The lease provides for the use of the Araucária Power Plant for power generation by Petrobras, at its own expense; UEG Araucária is entitled to lease payments comprising a fixed and a variable portion, pursuant to the lease agreement.

**h) Centrais Eólicas do Paraná Ltda.**

Centrais Eólicas do Paraná Ltda. is a limited liability company held by Copel (with a 30% interest) and Copel Generation and Transmission (with a 70% interest). It has been set up to build, assemble, and operate a 2.5 MW wind power plant, in the region of Palmas, in the State of Paraná.

**i) Dominó Holdings S.A.**

j) Dominó Holdings S.A. is a company which owns 34.75% of the share capital of the Sanitation Company of Paraná – SANEPAR, a mixed capital company whose business comprises basic sanitation services, including water supply and sewage collection and treatment. Since January 2008, when it became the holder of 45% of Dominó Holding' share capital by acquiring the 30% interest held by Sanedo Participações Ltda., COPEL has exercised joint control of the company together with the remaining shareholders.

**k) Consórcio Energético Cruzeiro do Sul**

Consórcio Energético Cruzeiro do Sul is an independent power producer, owned by COPEL Geração e Transmissão (51%), and by Eletrosul Centrais Elétricas S.A. (49%). On October 10, 2006, at Auction of Power from New Projects 004/2006, this company won the rights to the concession of the Mauá Hydroelectric Power Plant, which will feature 361 MW of installed capacity; the concession is valid for 35 years from the date of signature, which took place on July 3, 2007.

## **2 PRESENTATION OF THE FINANCIAL STATEMENTS**

Authorization for the publication of these financial statements was granted at Meeting of the Board of Officers held on March 15, 2010.

The financial statements are in accordance with the accounting practices adopted in Brazil, with the provisions of the Brazilian Corporate Law, as amended by Law no. 11,638/2007 and Law no. 11,941/2009, with the specific legislation enacted by ANEEL, and with the regulations of the Brazilian Securities and Exchange Commission (CVM).

### **Consolidation**

COPEL has consolidated the financial statements of its wholly-owned subsidiaries and of the subsidiaries listed in Note 1.

The financial statements of jointly-controlled subsidiary Dominó Holdings have been adjusted to comply with COPEL's accounting practices and have been proportionally consolidated, applying COPEL's ownership percentage to each item of these statements.

All other subsidiaries observe the same accounting practices adopted by COPEL.

The dates of the financial statements of investees, which have been used for the calculation of the results of equity in these companies and for consolidation purposes, coincide with those of the Parent Company. The balance sheets and statements of operations of the companies included in the consolidation are shown in Note 37 and 38, reclassified for the purpose of ensuring consistency with the chart of accounts adopted by COPEL.

The Parent Company's investments in the shareholders' equities of subsidiaries, their shareholders' equities, as well as the balances of assets, liabilities, revenues, costs, and expenses arising from intercompany operations, have been eliminated upon consolidation, and the non controlling interests are shown separately in the liabilities section of the balance sheets and in the statement of

operations, so that the consolidated financial statements effectively represent the balances of transactions with third parties.

Expenditures in connection with Consórcio Energético Cruzeiro do Sul are recorded as property, plant, and equipment in progress, proportionally to COPEL's share in the consortium.

The balance sheets and the statements of operations of the wholly-owned subsidiaries and other subsidiaries are featured in Note 37, and their statements of operations are featured in Note 38, reclassified for the purpose of ensuring consistency with the account classification adopted by COPEL.

For purposes of presentation and comparison, the following reclassifications have been made in the statements as of December 31, 2008:

<b>Original account</b>	<b>Reclassified account</b>	<b>Consolidated</b>
		<b>12.31.2008</b>
<b>Long-term receivables</b>	<b>Long-term receivables</b>	
Investments (a)	Property, plant, and equipment	56,517

a) Consórcio Energético Cruzeiro do Sul, pursuant to ANEEL Ruling no. 3,467, dated 18.09.2008, applicable as of 01.01.2009 (Note 17.g)

We have not identified any adjustments which could have an impact on the Company's income and on its shareholders' equity as of December 31, 2008.

### **3 CHANGES IN THE BRAZILIAN ACCOUNTING PRACTICES**

With the enactment of Law no. 11,638/2007, which has updated the Brazilian corporate legislation so as to bring the accounting practices adopted in Brazil closer to the International Financial Reporting Standards (IFRS), new technical accounting rules and pronouncements have been published, in compliance with the IFRS, by the Accounting Pronouncements Committee (CPC).

As of the date of these financial statements, 27 new technical pronouncements have been issued by CPC and approved by CVM rulings, for mandatory application as of 2010. The technical pronouncements (CPCs) and technical interpretations (ICPCs) applicable to COPEL, in light of its operations, are:

CPC/IPC no.	Title
CPC 15	Business combinations
CPC 16	Inventories
CPC 18	Investments in subsidiaries and investees
CPC 19	Investments in joint ventures
CPC 20	Cost of loans
CPC 21	Interim statements
CPC 22	Information by segments
CPC 23	Accounting policies, changes in estimates, and error correction
CPC 24	Subsequent event
CPC 25	Provisions, contingent liabilities, and contingent assets
CPC 26	Presentation of financial statements
CPC 27	Property, Plant, and Equipment
CPC 30	Revenues
CPC 31	Noncurrent assets maintained for sale and discontinued operations
CPC 32	Taxes on income
CPC 33	Employee benefits
CPC 36	Consolidated statements
CPC 37	Initial adoption of international accounting standards (IFRS 1)
CPC 38	Financial instruments: recognition and measurement
CPC 39	Financial instruments: presentation
CPC 40	Financial instruments: evidence
CPC 43	Initial adoption of CPC Pronouncements 15 to 40
ICPC 01	Concession agreements (IFRIC 12)
ICPC 03	Complementary aspects of leasing operationsI (IFRIC 4, SIC 15, and SIC 27)
ICPC 08	Accounting for proposed dividend payments
ICPC 09	Individual financial statements, separate financial statements, consolidated financial statements, and application of the equity method
ICPC 10	Interpretation of the initial application to p., p.,& e. and investment assets of technical pronouncements CPCs 27,28,37, and 43

Company management is currently reviewing the impacts of the changes introduced by these new pronouncements. In the case of adjustments resulting from the adoption of the new accounting practices as of January 1, 2010, COPEL will assess the need to recalculate the effects these changes would have had on its 2009 financial statements, for purposes of comparison, as if they had been in effect since the beginning of the fiscal year ended of December 31, 2009.

## 4 MAIN ACCOUNTING PRACTICES

### a) General Accounting Practices

#### 1) Cash and cash equivalents

Comprises cash balances, checking account balances, and financial investments. These are shown at cost, plus earnings accrued as of the final date of the fiscal year, have immediate liquidity, and are subject to an insignificant risk of change in value.

#### 2) Customers and distributors

This item comprises billed energy sales to final customers and to distributors, estimated energy supplied but unbilled as of the date of the statements, and supply of natural gas, accounted for on

an accrual basis.

### **3) Materials and supplies (including those under property, plant, and equipment)**

Materials and supplies in inventory, classified under current assets, have been recorded at their average purchase cost, and those assigned for investments, classified under property, plant, and equipment, have been recorded at their actual purchase cost (goods in bulk, such as poles and cables, are recorded according to average cost). Recorded amounts do not exceed their replacement costs or realization figures.

### **4) Bonds and Securities**

This item comprises National Treasury bonds classified as held until maturity, thus recorded at cost plus yield calculated according to the respective yield curves.

### **5) Investments**

Permanent interests in subsidiaries and investees have been recorded under the equity method. Other investments have been recorded at their purchase cost, net of provision for losses, when applicable.

### **6) Goodwill based on expected future profitability**

Goodwill on acquisition of investments whose economic basis is future profitability has been amortized linearly over a 10-year period, until December 31, 2008.

### **7) Intangible assets - concessions**

Amounts recorded as intangible assets at the time of acquisitions of interests in companies which holds concessions have been amortized over the respective remaining terms of each concession.

### **8) Impairment test**

Property, plant, and equipment and intangible assets are reappraised annually to detect evidence of unrecoverable losses or whenever significant events or changes in circumstances indicate that the book value of any such asset may not be recoverable. Whenever there is a loss, resulting from situations where an asset's book value exceeds its recoverable value, defined as the greater between the asset's value in use and its net sale value, this loss is charged to the statements of operations.

### **9) Loans, financing, and debentures**

Loans, financing, and debentures are adjusted according to monetary and exchange rate variations up to the date of the financial statements, including interest and other contractual charges.

### **10) Taxes and social contributions**

Operating revenues (sales of energy and revenue services) are subject to value-added tax (*Imposto sobre Circulação de Mercadorias e Serviços* or ICMS) and service tax (*Imposto sobre Serviços* or ISS), at the applicable rates, and to the PIS (Social Integration Program), COFINS (Contribution for the Financing of Social Security), and PASEP (Program for the Formation of the Civil Servants' Fund) social contributions.

Credits resulting from the non-cumulative nature of PIS/PASEP and COFINS charges are featured as deductions from the cost of products sold in the statement of income.

Recoverable advance payments of amounts eligible for offsetting are featured in current or noncurrent assets, according to their expected realization.

Income tax and social contribution tax credits, which are calculated based on taxable income (adjusted income), at the applicable rates, which are: 15%, plus 10% on any amounts exceeding R\$ 240 a year, for corporate income tax, and 9% for social contribution. Thus, the additions of temporarily non deductible expenses or the exclusion of temporarily non taxable revenues are adjusted in the profit for the year to calculate taxable income and generate deferred tax assets and liabilities.

Deferred tax credits resulting from tax losses or negative bases for the calculation of social contribution are recognized only as long as there is a possibility of a positive tax basis against which they may be settled. Deferred income tax and social contribution assets have been calculated on tax losses, negative bases for the calculation of social contribution, and temporary discrepancies, at the applicable rates, and take into account the expected future generation of taxable income, discounted at present value and based on technical feasibility studies approved by the Company's Board of Directors.

COPEL, as allowed under Provisional Measure no. 449/2008, has chosen the Transitional Tax System (RTT) for fiscal years 2008 and 2009.

#### **11) Pension and healthcare plan**

The costs incurred in connection with the COPEL Foundation's pension and healthcare plan are recorded pursuant to CVM Instruction no. 371, dated December 13, 2000.

#### **12) Reserve for contingencies**

These are recorded until the date of the financial statements based on likely estimates of losses, in light of the nature of each contingency.

#### **13) Other rights and obligations**

All other assets and liabilities, whenever required by law or by contract, are adjusted until the date of the financial statements.

#### **14) Use of estimates**

The preparation of financial statements, in accordance with the accounting practices adopted in

Brazil, requires that COPEL's senior management make estimates and adopt assumptions that indeed affect the reported figures of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the balance sheet, and the reported figures of revenues and expenses. Actual figures may differ than these estimates. The main estimates in the financial statements refer to the recording of the effects resulting from the provision for doubtful accounts, the useful lives of property, plant, and equipment, the reduction of the recoverable value of noncurrent assets, the reserve for contingencies, income tax, pension plan and post-employment benefit assumptions, unbilled energy supply to final customers, and the sale and purchase of energy in the Electric Energy Trading Chamber (CCEE), whose billing and settlement are subject to review by CCEE participants.

#### **15) Calculation of income**

Revenues, costs, and expenses are recognized on the accrual basis, i.e., when products are delivered and services actually rendered, regardless of when cash is received or paid.

The operating revenues are recognized when: **(i)** the amount of the sale is reliably measurable; **(ii)** the costs incurred or to be incurred in the transaction are reliably measurable; **(iii)** it is likely that the economic benefits will be received by the Company; and **(iv)** the risks and benefits have been fully transferred to the respective final customer or buyer.

#### **16) Tax Incentives**

Tax incentives are recorded at their historical cost, adjusted to their estimated realizable amount .

#### **17) Net income per outstanding share**

Net income per outstanding share is calculated based on the number of shares outstanding at the balance sheet date.

#### **18) Fair Value of Financial Instruments**

The fair values of publicly quoted investments are based on the current purchase prices. The Company sets the fair value of financial instruments with no active market or published prices through valuation techniques. These include the use of recent transactions with third parties, reference to other instruments which are substantially similar, analysis of discounted cash flows, and price-setting models which use the largest amount of information generated by the market and the lowest amount of information generated by Company management.

### **b) Power Sector-Specific Regulated Accounting Practices**

#### **1) Regulatory assets and liabilities**

The rate setting mechanism in Brazil guarantees the recovery of certain COPEL Distribuição's costs in connection with the purchase of power and with regulatory charges through annual rate increases. Following ANEEL instructions, COPEL Distribution records variations of these costs as



deferred regulatory assets and liabilities, when there is a likely expectation that future revenues, equivalent to the incurred costs, will be billed and collected, as direct result of the inclusion of such costs in an adjusted rate set according to the parametric formula established in the company's concession agreement.

Deferred regulatory assets and liabilities are realized upon authorization by the granting authority for their inclusion in COPEL Distribuição's rate basis, which is adjusted annually on the anniversary date of its concession agreement.

## **2) Allowance for doubtful accounts**

The allowance for doubtful accounts is deemed sufficient by COPEL's senior management to cover potential losses on the realization of customer receivables and others whose recovery is considered unlikely.

This allowance is set up based on the amounts overdue by residential customers for over 90 days, the amounts overdue by commercial customers for over 180 days, and the amounts overdue by industrial and rural customers, public agencies, public lighting, and public services for over 360 days, pursuant to the Electric Utility Accounting Manual. It comprises receivables billed until the date of the balance sheets, accounted for on an accrual basis.

## **3) Property, Plant, and Equipment in service**

Recorded at their acquisition or construction cost. Depreciation is calculated under the straight line method, based on accounting balances recorded in the respective Record Units, pursuant to DNAEE Ordinance no. 815, dated November 30, 1994, supplemented by ANEEL Resolution no. 15, dated December 24, 1997. Annual depreciation rates are set in the tables annexed to ANEEL Resolution no. 240, dated December 5, 2006, replaced by Resolution no. 367, dated June 26, 2009.

## **4) Construction work in progress**

Overhead expenses are allocated to property, plant, equipment and other construction in progress. The allocation of direct expenses with personnel and third-party services is based on criteria permitted by ANEEL. These costs are recovered through the rate-setting mechanism.

Financial charges, interest, and monetary variation on financing from third-parties in connection with property, plant, and equipment in progress are allocated to these items of property, plant, and equipment in progress during the construction period (Note 19).

## **5) Special obligations**

In compliance with Accounting Instruction 6.3.23 of the Electric Utility Accounting Manual, special obligations related to the concession, corresponding to contributions received from federal, state, or municipal governments and from customers in general for investments on the electric energy distribution network, are recorded in a specific subgroup of the noncurrent liabilities and are

presented as a reduction of property, plant, and equipment. The amortization is calculated based on the use of the same average depreciation rates applicable to the corresponding assets.

**6) Intangible assets**

Recorded at their purchase or development cost. Amortization, when applicable, is calculated under the linear method.

**7) Unbilled revenues**

Unbilled revenues correspond to revenues from sales of power to final customers which have been delivered but not yet billed and to revenues from the use of the distribution grid not yet billed, both of which are calculated based on estimates covering the period from the meter reading day to the last day of the month.

**8) Power purchase and sale transactions in the Spot Market (CCEE)**

Power purchase and sale transactions in CCEE are recorded on the accrual basis according to the information disclosed by the Trading Chamber or to estimates prepared by COPEL's senior management, when this information is not available in time.

**9) Energy Efficiency Programs (EEPs), Research and Development (R&D), National Scientific and Technological Development Fund (FNDCT), and Ministry of Mining and Energy (MME)**

These are research and development and energy efficiency programs to which utilities are required by ANEEL to allocate 1% of their net operating revenues.

The funds are applied to projects approved by ANEEL and in contributions to FNDCT and to the Ministry of Mining and Energy (MME).

**10) Environmental Issues**

Environmental assets are capitalized when the allocation of expenses in connection with certain items of property, plant, and equipment is in compliance with the rules set forth under the Electric Utility Accounting Manual. Expenses not attributable to property, plant, and equipment are recognized directly to the statements of operations for the year.

Environmental liabilities are recognized under liabilities when their occurrence is likely and may be reasonably estimated.

## **5 CASH AND CASH EQUIVALENTS**

	Parent Company		Consolidated	
	2009	2008	2009	2008
<b>Cash and banks</b>	<b>166</b>	<b>2,196</b>	<b>79,617</b>	<b>88,161</b>
<b>Short term investments</b>				
Federal banks	478,878	316,259	1,614,023	1,720,936
Private banks	-	-	2,512	4,479
	<b>478,878</b>	<b>316,259</b>	<b>1,616,535</b>	<b>1,725,415</b>
	<b>479,044</b>	<b>318,455</b>	<b>1,696,152</b>	<b>1,813,576</b>

Short-term investments are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value. These short-term investments comprise Certificates of Deposit (CDs) issued by official banks; transactions with buyback commitments - the issuer (Bank) is committed to buying a security back, and the buyer is committed to selling it; and quotas in investment funds which hold government issued securities (managed by official banks). These investments have yielded on average 100% of the variation of the Interbank Deposit Rate as of December 31, 2009 and 2008.

## 6 CUSTOMERS AND DISTRIBUTORS, NET



	Not yet due	Overdue for up to 90 days	Overdue for over 90 days	Consolidated Total	
				2009	2008
<b>Consumers</b>					
Residential	103,803	82,437	3,488	189,728	164,189
Industrial	114,796	26,150	36,026	176,972	155,920
Commercial	78,145	28,020	3,358	109,523	93,828
Rural	14,469	6,347	134	20,950	18,575
Public agencies	18,456	15,705	3,993	38,154	24,948
Public lighting	12,888	250	179	13,317	14,341
Public services	11,969	417	2	12,388	12,286
Unbilled	170,960	-	-	170,960	151,659
Energy installment plan	83,915	4,220	9,287	97,422	91,614
Energy installment plan - long-term	48,036	-	-	48,036	78,123
Low income customer rates (a)	11,386	-	-	11,386	28,800
Penalties on overdue bills	3,625	3,713	2,647	9,985	9,101
State Government-"Luz Fraterna" Program	1,793	2,234	3	4,030	7,500
Gas supply	14,155	466	105	14,726	22,450
Other receivables	1,023	8,342	6,067	15,432	17,256
Other receivables - long-term	3,341	-	-	3,341	3,732
	<b>692,760</b>	<b>178,301</b>	<b>65,289</b>	<b>936,350</b>	<b>894,322</b>
<b>Distributors</b>					
<b>Bulk supply</b>					
Bulk supply - CCEE (Note 33)	40,504	-	105	40,609	9,931
Power auction	127,854	-	-	127,854	96,074
Bilateral contracts	27,713	-	-	27,713	74,026
Reimbursement to generators	282	-	21	303	571
Reimbursement to generators - long-term	-	-	-	-	321
Short-term bulk supply	-	-	123	123	126
	<b>196,353</b>	<b>-</b>	<b>249</b>	<b>196,602</b>	<b>181,049</b>
<b>Charges for use of power grid</b>					
Power grid	11,873	858	2,378	15,109	16,246
Basic Network and connection grid	20,926	104	144	21,174	23,511
	<b>32,799</b>	<b>962</b>	<b>2,522</b>	<b>36,283</b>	<b>39,757</b>
<b>Provision for doubtful accounts (b)</b>	<b>-</b>	<b>-</b>	<b>(54,018)</b>	<b>(54,018)</b>	<b>(56,530)</b>
	<b>921,912</b>	<b>179,263</b>	<b>14,042</b>	<b>1,115,217</b>	<b>1,058,598</b>
<b>31.12.2009</b>	<b>Current</b>	<b>870,535</b>	<b>179,263</b>	<b>14,042</b>	<b>1,063,840</b>
	<b>Long-term</b>	<b>51,377</b>	<b>-</b>	<b>-</b>	<b>51,377</b>
<b>31.12.2008</b>	<b>Current</b>	<b>821,363</b>	<b>147,530</b>	<b>7,775</b>	<b>976,668</b>
	<b>Long-term</b>	<b>81,930</b>	<b>-</b>	<b>-</b>	<b>81,930</b>

**a) Low income customers rate**

In September 2002, the Company started applying the low income rate to electricity bills based on the new criteria for eligibility as low income customers.

On December 17, 2002, Law no. 10,604 modified the means of compensation to utilities, authorizing the granting of an economic subsidy, in order to contribute to the low price of the low income rate. This subsidy is funded by the dividend surplus owed by Centrais Elétricas Brasileiras S.A. -Eletrobrás to the Federal Government, in connection with the sale of power by Federal Government-owned generation companies at power auctions, and by Global Reversal Reserve (RGR) funds.

ANEEL, through different resolutions, set forth a new methodology for the calculation of the economic subsidy to which utilities are entitled, in order to offset the effects of the rate policy applicable to low income customers. As of December 2009, the low income rate was applied to

706,652 customers, who account for 24.71% of the total of 2,859,738 residential customers supplied by COPEL.

The balance receivable as of December 31, 2009 refers to installments which have already been approved by ANEEL and which are yet to be passed by Eletrobrás.

**b) Allowance for doubtful accounts**

COPEL's senior management has considered the following amounts as sufficient to cover potential losses on the realization of receivables:

	Consolidated	Additions / (reversals)	Write-offs	Consolidated
	2008			2009
<b>Consumers and distributors</b>				
Residential	5,544	9,969	(9,268)	6,245
Industrial	40,735	4,800	(5,434)	40,101
Commercial	8,506	275	(2,918)	5,863
Rural	177	297	(289)	185
Public agencies	947	325	-	1,272
Public lighting	169	(20)	-	149
Public services	-	1	(1)	-
Utilities	206	(3)	-	203
Utilities - long-term	246	(246)	-	-
	<b>56,530</b>	<b>15,398</b>	<b>(17,910)</b>	<b>54,018</b>
<b>Current total</b>	<b>56,284</b>	<b>15,644</b>	<b>(17,910)</b>	<b>54,018</b>
<b>Long-term total</b>	<b>246</b>	<b>(246)</b>	<b>-</b>	<b>-</b>

The applied criteria, in addition to taking into account management's experience as far as the record of actual losses, also comply with the parameters recommended by ANEEL.

## 7 RECOVERABLE RATE DEFICIT (CRC) TRANSFERRED TO THE GOVERNMENT OF THE STATE OF PARANÁ

By means of a fourth amendment dated January 21, 2005, the Company again renegotiated with the Government of Paraná the outstanding CRC (Account for Compensation of Income and Losses) balance as of December 31, 2004, in the amount of R\$ 1,197,404, to be paid in 244 installments under the Price amortization system, restated according to the IGP-DI inflation index plus interest of 6.65% p.a., with the first installment due on January 30, 2005 and the others due in subsequent and consecutive months.

The State Government has been in compliance with the payments of the renegotiated installments according to the terms of the fourth amendment to the CRC agreement. Amortizations are secured by resources from dividends.

**a) Maturity of noncurrent installments**

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
2010		50,268
2011	52,845	53,611
2012	56,359	57,176
2013	60,107	60,979
2014	64,105	65,034
2015	68,368	69,359
2016	72,915	73,972
2017	77,764	78,892
2018	82,936	84,138
2019	88,451	89,734
2020	94,334	95,702
2021	100,607	102,066
2022	107,298	108,854
after 2022	278,936	282,985
	<b>1,205,025</b>	<b>1,272,770</b>

**b) Changes in CRC Transferred to the Government of the State of Paraná**

Balances	Current portion	Noncurrent portion	Consolidated total
<b>As of 2007</b>	<b>40,509</b>	<b>1,209,853</b>	<b>1,250,362</b>
Interest and fees	79,539	-	79,539
Monetary variation	1,286	108,764	110,050
Transfers	45,847	(45,847)	-
Amortization	(120,048)	-	(120,048)
<b>As of 2008</b>	<b>47,133</b>	<b>1,272,770</b>	<b>1,319,903</b>
Interest and fees	83,834	-	83,834
Monetary variation	(192)	(18,004)	(18,196)
Transfers	49,741	(49,741)	-
Amortization	(130,967)	-	(130,967)
<b>As of 2009</b>	<b>49,549</b>	<b>1,205,025</b>	<b>1,254,574</b>

**8 TAXES AND SOCIAL CONTRIBUTION**

	Parent Company		Consolidated	
	2009	2008	2009	2008
<b>Current assets</b>				
Deferred IRPJ and CSLL (a)	5,625	3,127	41,238	40,183
IRPJ and CSLL paid in advance (b)	115,916	90,882	279,241	189,135
VAT (ICMS) paid in advance (c)	-	-	29,868	26,863
PIS/Pasep and Cofins taxes paid in advance	-	-	908	-
Other taxes paid in advance	-	-	1,157	1,158
	<b>121,541</b>	<b>94,009</b>	<b>352,412</b>	<b>257,339</b>
<b>Long-term receivables</b>				
Deferred IRPJ and CSLL (a)	62,521	121,338	355,021	400,141
VAT (ICMS) paid in advance (c)	-	-	83,957	62,468
	<b>62,521</b>	<b>121,338</b>	<b>438,978</b>	<b>462,609</b>
<b>Current liabilities</b>				
Deferred IRPJ and CSLL (a)	-	-	80,443	48,630
IRPJ and CSLL due	-	-	123,486	115,476
VAT (ICMS) due	-	-	164,209	132,380
PIS/Pasep and Cofins taxes due	13,948	14,706	24,687	38,353
Tax recovery programs (d)	81,114	35,068	107,974	35,068
Income tax withheld on interest on capital	6,534	7,378	29,027	30,791
Other taxes	869	841	6,627	6,374
	<b>102,465</b>	<b>57,993</b>	<b>536,453</b>	<b>407,072</b>
<b>Long-term liabilities</b>				
Deferred IRPJ and CSLL (a)	-	-	42,756	28,910
VAT (ICMS) due	-	-	547	618
Tax recovery programs (d)	82,792	-	131,103	-
	<b>82,792</b>	<b>-</b>	<b>174,406</b>	<b>29,528</b>

IRPF = Corporate income tax

CSLL = Social contribution on net income

**a) Deferred income tax and social contribution**

The Company records deferred income tax, calculated at the rate of 15%, plus an additional rate of 10%, and deferred social contribution, at the rate of 9%.

Tax credits related to the pension and healthcare plans are being realized according to the actuarial assessment conducted annually by an independent actuary, pursuant to the rules set forth in CVM Instruction no. 371/2000. Deferred taxes on all other accruals will be realized as judicial rulings are

issued and regulatory assets are realized.

Under current tax legislation, tax losses and negative bases for social contributions may be offset against future income, up to the limit of 30% of the taxable income for each year, without expiration period.

Tax credits have been recorded as follows:

	Parent Company		Consolidated	
	2009	2008	2009	2008
<b>Current assets</b>				
Pension and healthcare plans	5,545	3,073	5,545	3,073
Tax losses	-	-	4,172	4,405
Passive CVA	-	-	8,507	9,631
Temporary additions	80	54	23,014	23,074
	<b>5,625</b>	<b>3,127</b>	<b>41,238</b>	<b>40,183</b>
<b>Noncurrent assets</b>				
Tax losses and negative tax basis	8,006	3,487	17,802	13,283
Pension and healthcare plans	-	-	119,669	144,552
Temporary additions:				
Provisions for contingencies	32,068	94,389	149,066	181,711
Provision for doubtful accounts	1,839	1,839	22,350	22,959
FINAN provision	3,291	4,563	3,291	4,563
Passive CVA	-	-	8,507	-
Provisions for regulatory liabilities	-	-	7,705	7,062
Provision for effects of network charges	-	-	6,922	6,923
Amortization of goodwill	17,317	17,060	19,709	19,088
	<b>62,521</b>	<b>121,338</b>	<b>355,021</b>	<b>400,141</b>
<b>(-) Current liabilities</b>				
Active CVA	-	-	74,290	34,438
Surplus power	-	-	195	928
Temporary exclusions	-	-	5,958	13,264
	-	-	<b>80,443</b>	<b>48,630</b>
<b>(-) Noncurrent liabilities</b>				
<b>Temporary exclusions</b>				
Active CVA	-	-	33,647	17,068
TUSD, aquiculture, and irrigation rates	-	-	155	32
Regulatory assets	-	-	-	3,982
Gas supply	-	-	8,954	7,828
	-	-	<b>42,756</b>	<b>28,910</b>
	<b>68,146</b>	<b>124,465</b>	<b>273,060</b>	<b>362,784</b>

The Company's Board of Directors and Fiscal Council have approved the technical study prepared by the Chief Finance, Investor Relations, and Corporate Partnerships Office on future profitability projections, discounted at present value, which points out to the realization of deferred taxes. The consolidated estimated realizable amount for 2010 is negative on account of the realization of deferred income tax and social contribution liabilities. According to the estimate of future taxable income, the realization of deferred taxes is broken down below:



	Parent Company			Consolidated		
	Estimated realizable amount	Actual realized amount	Estimated realizable amount	Estimated realizable amount	Actual realized amount	Estimated realizable amount
2009	6,173	63,839		66,942	100,994	
2010	-	-	5,625	-	-	(39,205)
2011	-	-	18,603	-	-	71,822
2012	-	-	2,721	-	-	35,274
2013	-	-	2,338	-	-	60,524
2014	-	-	2,684	-	-	29,288
2015 to 2017	-	-	1,839	-	-	37,740
until 2019	-	-	34,336	-	-	77,617
	<b>6,173</b>	<b>63,839</b>	<b>68,146</b>	<b>66,942</b>	<b>100,994</b>	<b>273,060</b>

Projected future income will be revised by management upon the approval of the financial statements for fiscal year 2009.

#### b) Income tax and social contribution paid in advance

Amounts recorded as corporate income tax (IRPJ) and social contribution on net income (CSLL) paid in advance refer to corporate tax return credits and amounts withheld.

#### c) Recoverable ICMS (VAT)

The amounts recorded as recoverable ICMS (VAT) refer to credits from the acquisition of property, plant, and equipment under Supplemental Law no. 87/96, which shall be recovered monthly at the rate 1/48 pursuant to Supplemental Law no. 102, dated July 11, 2000.

#### d) Tax recovery programs - REFIS

	Parent Company					
	Debt amount	Benefits - Law no. 11,941	SELIC interest	Updated debt amount	Advance payment	Updated debt amount
Refis program - INSS (1)	35,068	-	-	35,068	-	35,068
Law no. 11,941/09 (2)						
COFINS tax - lawsuit	196,839	(60,174)	1,321	137,986	(9,148)	128,838
	<b>196,839</b>	<b>(60,174)</b>	<b>1,321</b>	<b>137,986</b>	<b>(9,148)</b>	<b>128,838</b>
	<b>231,907</b>	<b>(60,174)</b>	<b>1,321</b>	<b>173,054</b>	<b>(9,148)</b>	<b>163,906</b>

	Consolidated					
	Debt amount	Benefits - Law no. 11,941	SELIC interest	Updated debt amount	Advance payment	Updated debt amount
Refis program - INSS (1)	35,068	-	-	35,068	-	35,068
Law no. 11,941/09 (2)						
IRPJ	42,538	(8,762)	326	34,102	(2,231)	31,871
CSLL	5,925	(1,460)	43	4,508	(311)	4,197
COFINS tax	43,956	(9,853)	330	34,433	(2,305)	32,128
PIS/PASEP tax	9,543	(2,139)	72	7,476	(501)	6,975
COFINS tax - lawsuit	196,839	(60,174)	1,321	137,986	(9,148)	128,838
	<b>298,801</b>	<b>(82,388)</b>	<b>2,092</b>	<b>218,505</b>	<b>(14,496)</b>	<b>204,009</b>
	<b>333,869</b>	<b>(82,388)</b>	<b>2,092</b>	<b>253,573</b>	<b>(14,496)</b>	<b>239,077</b>

The effects on 2009 income are shown below:

	Parent Company	Consolidated
Reversal of provision for contingencies (Note 31.c)	178,753	178,753
Taxes (PIS/PASEP and COFINS) - deductions from revenues (Note 30)	-	(31,359)
Taxes - operating expenses (Note 31.g)	(61,872)	(61,872)
Financial expense - interest (Note 32)	(73,555)	(90,164)
Financial expense - penalties (Note 32)	(1,238)	(2,476)
	<b>42,088</b>	<b>(7,118)</b>

## 1) REFIS Program

On December 16, 2000, COPEL signed up for the Tax Recovery Program (REFIS), established by Law no. 9,964, dated April 10, 2000, in order to pay in 60 monthly installments an outstanding debt to the National Social Security Institute (INSS) in the consolidated amount (net of interest and fines) of R\$ 82,540, retroactive to March 1, 2000. At the end of this period, a balance remained, pending a ruling by the fiscal authority regarding the right by COPEL to use certain tax credits, which were later rejected.

On September 14, 2006, COPEL signed up for a new tax recovery program, called Special Installment Plan or PAEX, created under Provisional Measure no. 303/06, to pay off the remaining balance under REFIS taking advantage of the benefits of this plan (80% discount off the penalties imposed and 30% off interest due), resulting, according to Social Security's initial calculation, in the amount of R\$ 37,782 to be paid in six installments, adjusted according to the SELIC interest rate. These installments have already been paid.

Nevertheless, the INSS has already indicated it plans to “restore” the interest charges that were waived under REFIS I, in the amount of R\$ 38,600 (as of September 2006). For purposes of provisioning, this amount has been restated and lowered 30%, pursuant to the benefit afforded under article 9 of Provisional Measure 303/96. COPEL, however, has disputed this claim, requesting that the calculations that supposedly justify this charge be presented. As of the date of these statements, INSS has not yet made a final decision on how it will calculate the grand total of this debt, thus it has suspended the collection of the respective credits.

Accordingly, in light of these circumstances, the Company maintained the provision in the amount of R\$ 35,068 to cover the new INSS claim under PAEX.

## 2) Installment Plan – Law no. 11,941/09

Pursuant to a ruling by the 4<sup>th</sup> District Federal Court, which became final on August 18, 1998, COPEL was granted immunity from the levy of COFINS tax on power sales from 1995 until June 2001. Even though this ruling was final, the Federal Revenue Service (RFB) issued COPEL two notices for failure to collect COFINS tax: on February 19, 2002, notice no. 10980.000932/2002-90, for fiscal year 1997, and on August 22, 2003, notice no. 10980.007831/2003-21, for the first three quarters of 1998. Simultaneously, it filed a lawsuit requesting the cancellation of the immunity ruling, which, after a long legal battle regarding the lapse of RFB's right to dispute the ruling, has been submitted to 4<sup>th</sup> District Federal Court for judgment on the merits. COPEL has thus reclassified the

corresponding risk of loss as probable, since there's consolidated legal precedent in favor of the federal government.

As this lawsuit was reclassified as probable loss, in November 2009 COPEL chose to apply for the installment plan created under Law no. 11,941, dated May 27, 2009, to pay off the COFINS-related debt in connection with the two notices mentioned above. Since there has been a provision in connection with this lawsuit in the amount of R\$ 184,037, and in light of the reduced penalties afforded under Law no. 11,941/09, the original amount of this debt became R\$ 136,665, which, restated according to the SELIC interest rate as of December 31, 2009 (pursuant to article 3, paragraph 3, of that law), totals R\$ 137,986.

The Company also included in this installment plan fiscal debts owed by COPEL Distribuição in connection with income tax and social contribution in February 2004, and income tax in December 2007, March 2008, and April 2008, which amount to R\$ 48,463. These taxes were paid through compensation statements, which have not been approved by RFB. Taking into account reduced penalties and restatement by the SELIC interest rate (pursuant to Law no. 11,941/2009), the amount of this debt as of December 31, 2009 was R\$ 38,610. COPEL further included debts resulting from revised bases for calculation of PIS/PASEP and COFINS taxes for 2005 to 2008, in the amount of R\$ 53,499, which, taking into account reduced penalties and restatement by the SELIC interest rate (pursuant to article 3, paragraph 3, of Law no. 11,941/2009), amounted to R\$ 41,909 as of December 31, 2009.

With the payment of two installments and the accrual of SELIC interest as of December 31, 2009, pursuant to article 3, paragraph 3, of Law no. 11,941, the total outstanding debt is R\$ 253,573.

As of the date of these statements, there has been no consolidation of installments by RFB.

COPEL has rigorously fulfilled its obligations in connection with these installment plans.

**e) Conciliation of the provision for income tax and social contribution**

The conciliation of the provision for income tax (IRPJ) and social contribution (CSLL), calculated at the applicable rates, with the amounts recorded in the statement of income is shown below:

	Parent Company		Consolidated	
	2009	2008	2009	2008
<b>Income before IRPJ and CSLL</b>	<b>1,082,752</b>	<b>1,109,111</b>	<b>1,427,228</b>	<b>1,554,959</b>
<b>IRPJ and CSLL (34%)</b>	<b>(368,136)</b>	<b>(377,098)</b>	<b>(485,258)</b>	<b>(528,686)</b>
<b>Tax effects on:</b>				
Interest on capital	78,200	77,520	78,200	77,520
Dividends	142,680	136,806	3,295	2,882
Equity in investees	70,660	150,825	1,575	1,305
FINAM - (losses) and gains	(183)	(5,976)	(183)	(5,976)
Present value adjustment - Compagas	-	-	(912)	(819)
Non-deductible expenses	-	(829)	(917)	(1,627)
Tax benefits - Law no. 11,941/09	20,460	-	27,904	-
Tax incentives	-	-	3,530	4,699
Other	-	(11,615)	(4,560)	(7,444)
<b>Current IRPJ and CSLL</b>	<b>-</b>	<b>(18,372)</b>	<b>(287,602)</b>	<b>(352,064)</b>
<b>Deferred IRPJ and CSLL</b>	<b>(56,319)</b>	<b>(11,995)</b>	<b>(89,724)</b>	<b>(106,082)</b>
Actual rate - %	5.2%	2.7%	26.4%	29.5%

## 9 ACCOUNT FOR COMPENSATION OF “PORTION A” VARIATIONS

The Account for Compensation of “Portion A” Variations (CVA) records variations of the following Portion A cost items, as approved at the time of the annual rate reviews and as actually disbursed by companies during the year: Purchase of Power (Bilateral Contracts, Itaipu, and Auctions), Power Transport Costs (Transport of Power from Itaipu and Basic Network Charges), and Power Sector Charges – Fuel Consumption Account (CCC) quota; Energy Development Account (CDE) quota; System Service Charges (ESS); and Program of Incentives for Alternative Energy Sources (Proinfa) quotas.

Under Resolution no. 839, dated June 23, 2009, ANEEL authorized COPEL Distribuição to apply, as of June 24, 2008, an average rate increase of 18.04% to its rates for sales to final customers, of which 11.42% correspond to the annual rate review and 6.62% correspond to financial components, including the Portion A regulatory asset (CVA), which amounts to R\$ 252,951, composed of two installments: CVA being processed for rate year 2008-2009, in the amount of R\$ 264,025, and CVA balance from previous years to be offset, in the amount of (R\$ 11,074).

COPEL expects that the amounts classified as noncurrent assets will be recovered by June 2011.

### a) Breakdown of CVA balances

Consolidated	Current assets		Long-term receivables	
	2009	2008	2009	2008
<b>Recoverable Portion A variations, 2008 rate review</b>				
Fuel Consumption Account - CCC	-	17,966	-	-
Charges for use of trans.sys. (Basic Network)	-	15,908	-	-
Power purchased for resale (Itaipu)	-	11,611	-	-
Charges for system services - ESS	-	9,133	-	-
Energy Development Account - CDE	-	169	-	-
Incentives to Alternative Energy Sources - Proinfa	-	2,817	-	-
	-	<b>57,604</b>	-	-
<b>Recoverable Portion A variations, 2009 rate review</b>				
Fuel Consumption Account - CCC	7,482	8,512	-	8,512
Charges for use of trans.sys. (Basic Network)	21,052	12,412	-	12,412
Power purchased for resale (Itaipu)	49,036	16,588	-	16,588
Charges for system services - ESS	17,038	13,121	-	13,121
Energy Development Account - CDE	6,139	204	-	204
Incentives to Alternative Energy Sources - Proinfa	10,986	-	-	-
Power purchased for resale (CVA Energy)	6,191	1,881	-	1,881
Transport of purchased power (Itaipu)	1,613	776	-	776
	<b>119,537</b>	<b>53,494</b>	-	<b>53,494</b>
<b>Recoverable Portion A variations, 2010 rate review</b>				
Fuel Consumption Account - CCC	17,166	-	17,166	-
Charges for use of trans.sys. (Basic Network)	18,277	-	18,277	-
Power purchased for resale (Itaipu)	23,042	-	23,042	-
Energy Development Account - CDE	2,830	-	2,830	-
Incentives to Alternative Energy Sources - Proinfa	252	-	252	-
Power purchased for resale (CVA Energy)	36,547	-	36,547	-
Transport of purchased power (Itaipu)	849	-	849	-
	<b>98,963</b>	-	<b>98,963</b>	-
	<b>218,500</b>	<b>111,098</b>	<b>98,963</b>	<b>53,494</b>

Consolidated	Current liabilities		Long-term liabilities	
	2009	2008	2009	2008
<b>Portion A variations subject to offsetting, 2008 rate review</b>				
Power purchased for resale (CVA Energy)	-	25,727	-	-
Transport of purchased power (Itaipu)	-	227	-	-
	-	<b>25,954</b>	-	-
<b>Portion A variations subject to offsetting, 2009 rate review</b>				
Incentives to alternative sources (Proinfa)	-	2,373	-	2,373
	-	<b>2,373</b>	-	<b>2,373</b>
<b>Portion A variations subject to offsetting, 2010 rate review</b>				
Charges for system services - ESS	25,020	-	25,020	-
	<b>25,020</b>	-	<b>25,020</b>	-
	<b>25,020</b>	<b>28,327</b>	<b>25,020</b>	<b>2,373</b>

**b) Changes in the CVA**

	Balance in 2008	Deferral	Amortization	Restatement	Transfers	Balance in 2009
<b>Assets</b>						
Fuel Consumption Account - CCC	34,990	30,874	(26,329)	2,279	-	41,814
Charges for use of trans. syst. (Basic Network)	40,732	51,833	(38,872)	3,913	-	57,606
Power purchased for resale (Itaipu)	44,787	106,811	(64,172)	7,694	-	95,120
Charges for system services - ESS	35,375	5,875	(27,831)	3,619	-	17,038
Energy Development Account - CDE	577	17,080	(6,762)	904	-	11,799
Incentives to Alternative Sources - Proinfra	2,817	21,878	(14,668)	1,463	-	11,490
Power purchased for resale (CVA Energy)	3,762	79,692	(6,704)	2,535	-	79,285
Transport of purchased power (Itaipu)	1,552	3,223	(1,701)	237	-	3,311
	<b>164,592</b>	<b>317,266</b>	<b>(187,039)</b>	<b>22,644</b>	-	<b>317,463</b>
<b>Current</b>	<b>111,098</b>	<b>113,480</b>	<b>(187,039)</b>	<b>17,728</b>	<b>163,233</b>	<b>218,500</b>
<b>Non-current</b>	<b>53,494</b>	<b>203,786</b>	-	<b>4,916</b>	<b>(163,233)</b>	<b>98,963</b>
<b>Liabilities</b>						
Charges for system services - ESS	-	49,260	-	780	-	50,040
Incentives to Alternative Sources - Proinfra	4,746	(4,712)	-	(34)	-	-
Power purchased for resale (CVA Energy)	25,727	-	(27,214)	1,487	-	-
Transport of purchased power (Itaipu)	227	-	(261)	34	-	-
	<b>30,700</b>	<b>44,548</b>	<b>(27,475)</b>	<b>2,267</b>	-	<b>50,040</b>
<b>Current</b>	<b>28,327</b>	<b>7,880</b>	<b>(27,475)</b>	<b>1,794</b>	<b>14,494</b>	<b>25,020</b>
<b>Non-current</b>	<b>2,373</b>	<b>36,668</b>	-	<b>473</b>	<b>(14,494)</b>	<b>25,020</b>

## 10 OTHER REGULATORY ASSETS AND LIABILITIES

Consolidated balances are shown below:

	Assets			Liabilities		
	current	Non current	total	current	Non current	total
						<b>2009</b>
<b>Copel Distribuição</b>						
Adj. installments - transmission charges (a)	6,088	-	6,088	7,255	-	7,255
Uncovered amount - CIEN contract (b)	11,438	-	11,438	-	-	-
Other	-	-	-	1,060	26	1,086
	<b>17,526</b>	-	<b>17,526</b>	<b>8,315</b>	<b>26</b>	<b>8,341</b>

	Assets			Liabilities		
	current	Non current	total	current	Non current	total
						<b>2008</b>
<b>Copel Distribuição</b>						
Adj. installments - transmission charges (a)	11,458	6,088	17,546	14,511	7,255	21,766
Uncovered amount - CIEN contract (b)	20,053	4,997	25,050	-	-	-
Other	-	-	-	2	2	4
	<b>31,511</b>	<b>11,085</b>	<b>42,596</b>	<b>14,513</b>	<b>7,257</b>	<b>21,770</b>
<b>Copel Geração e Transmissão</b>						
Adj. installments - transmission charges (a)	-	-	-	11,679	-	11,679
	<b>31,511</b>	<b>11,085</b>	<b>42,596</b>	<b>26,192</b>	<b>7,257</b>	<b>33,449</b>

### a) Basic Network Charge Adjustment

The concession agreements signed by the transmission utilities contain a clause which sets the date of July 1, 2005 as the date of the first periodic review of annual allowed revenues. The rate review was concluded and its results were approved on July 1, 2007, applicable retroactively to July 1, 2005. Thus, it became necessary to calculate the retroactive discrepancy for the period from

2005 to 2007, which has been treated as a “review adjustment share”.

This balance, which has been accrued by transmission utilities, was offset over 24 months, from July 2007 until June 2009.

ANEEL has calculated the discrepancy corresponding to the “connection point review adjustments” for all distribution utilities, resulting in a balance of R\$ 22,915 to be paid by COPEL Distribution to COPEL Transmission. As far as the “basic network review adjustments”, the application of COPEL Distribution’s participation percentage to the total adjustment share resulted in the amount of R\$ 29,020 to be collected from the remaining transmission utilities which underwent the rate review process.

Out of the amounts that are being settled with the transmission utilities, R\$ 10,739, which correspond to the “connection point review adjustments”, and R\$ 14,511, which correspond to the “basic network review adjustments”, have been taken into account in COPEL Distribution’s June 2008 rate review, and the remainder was taken into account in the June 2009 rate review and shall be settled by June 2010.

#### b) Contracted Energy Shortfall – CIEN Contract

The amount of R\$ 30,112 refers to an advance for the coverage of COPEL’s uncovered power demand, which had to be supplied through spot market transactions from January through April 2008, due to the termination of the agreement with *Companhia de Interconexão Energética* – CIEN, authorized under MME Ordinance no. 294/2006. This amount was tentatively taken into account in COPEL Distribuição’s June 2008 rate review. The discrepancies resulting from the review of the amounts recorded provisionally in advance amounted to R\$ 22,875, which was taken into account in the 2009 rate review and which shall be settled by June 2010.

## 11 COLLATERALS AND ESCROW ACCOUNTS

	Parent Company		Consolidated	
	2009	2008	2009	2008
<b>Current assets</b>				
Escrow accounts	161	436	113,701	150,794
	<b>161</b>	<b>436</b>	<b>113,701</b>	<b>150,794</b>
<b>Noncurrent assets</b>				
Collateral under STN agreement (Note 19.b)	-	-	24,195	37,868
.	-	-	<b>24,195</b>	<b>37,868</b>

There is a sum of R\$ 21,072 invested in Unibanco S.A., restated as of December 31, 2009, yielding 100% of the variation of the DI rate (R\$ 19,730 as of 2008, yielding 100.5% of the variation of the DI rate), in a reserve account set up to secure a debt to BNDESPAR, in connection with the issue of ELEJOR debentures, pursuant to a Private Agreement on Revenue Attachment and Other Covenants.

There are R\$ 59,787, restated as of December 31, 2009 (R\$ 54,403 as of 2008), invested in Banco do Brasil, yielding 100% of the variation of the DI rate, in a reserve account set up to secure to ANEEL the construction of the Mauá Power Plant by COPEL Geração e Transmissão.

The remaining deposits meet the requirements of the Electric Energy Trading Chamber (CCEE) and are tied to the operations conducted at power auctions, CCEE settlements, and ANEEL auctions.

## 12 OTHER RECEIVABLES

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
<b>Current assets</b>		
Advance payments to employees	8,352	8,264
Advance payments	8,149	9,305
Decommissioning in progress	6,181	4,795
Disposal of property and rights	4,535	1,872
Installment plan for Onda Provedor de Serviços	4,349	4,348
Recoverable salaries of transferred employees	3,663	3,819
Services to third-parties	3,577	1,347
Advance payments to suppliers	2,381	5,187
Compulsory loans	926	1,806
Acquisition of fuels under the Fuel Consumption Account (CCC)	638	185
Lease of the Araucária Power Plant	550	7,474
Provision for doubtful accounts	(10,896)	(9,531)
Other receivables	4,186	3,985
	<b>36,591</b>	<b>42,856</b>
<b>Noncurrent assets</b>		
Advance payments to suppliers	8,290	2,435
Disposal of property and rights	4,437	4,788
Compulsory loans	3,814	3,561
Other receivables	408	1,430
	<b>16,949</b>	<b>12,214</b>

The provision for doubtful accounts refers to the balance of installments owed by Onda Provedor de Serviços, whose realization is unlikely, and to an unrealizable amount mostly comprising wages of loaned employees.

## 13 INVENTORIES

<b>Consolidated</b>	<b>Operation / Maintenance</b>		<b>Property, plant, and equipment in progress - inventories</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
Copel Geração e Transmissão	9,683	10,423	17,911	19,286
Copel Distribuição	76,170	48,150	167,529	100,094
Copel Telecomunicações	7,166	5,151	17,641	14,507
Compagás	1,171	536	6,576	5,071
Elejor	-	-	1,051	1,051
	<b>94,190</b>	<b>64,260</b>	<b>210,708</b>	<b>140,009</b>

## 14 JUDICIAL DEPOSITS



The balances of judicial deposits under noncurrent receivables are shown below:

Consolidated	Total judicial deposits	Deduction of contingencies	Long-term receivables	
			2009	2008
Labor claims	61,642	(23,722)	37,920	58,637
<b>Civil claims:</b>				
Suppliers	22,822	(22,822)	-	-
Civil claims	16,932	(10,568)	6,364	14,846
Easements	2,391	-	2,391	10,660
Customer claims	1,426	(1,426)	-	1,835
	<b>43,571</b>	<b>(34,816)</b>	<b>8,755</b>	<b>27,341</b>
Tax claims	53,722	(27,029)	26,693	26,671
Others	68	-	68	848
	<b>159,003</b>	<b>(85,567)</b>	<b>73,436</b>	<b>113,497</b>

Parent Company	Total judicial deposits	Deduction of contingencies	Long-term receivables	
			2009	2008
Tax claims	52,666	(27,004)	25,662	25,653
Civil claims	288	(288)	-	-
Others	-	-	-	615
	<b>52,954</b>	<b>(27,292)</b>	<b>25,662</b>	<b>26,268</b>

Escrow Accounts have been classified under Reserve for Contingencies and are detailed in Note 27.

## 15 DIVIDENDS RECEIVABLE

	Parent Company		Consolidated	
	2009	2008	2009	2008
<b>Investees</b>				
<b>Sanepar</b>				
Dividends and/or interest on capital	-	-	5,135	5,247
	-	-	<b>5,135</b>	<b>5,247</b>
<b>Subsidiaries</b>				
<b>Copel Geração e Transmissão</b>				
Dividends and/or interest on capital	473,108	562,618	-	-
	<b>473,108</b>	<b>562,618</b>	-	-
<b>Copel Distribuição</b>				
Dividends and/or interest on capital	206,481	141,100	-	-
Transferred financing - STN (a)	64,279	94,006	-	-
Loan agreement (b)	658,724	597,227	-	-
	<b>929,484</b>	<b>832,333</b>	-	-
<b>Copel Telecomunicações</b>				
Dividends and/or interest on capital	1,156	3,655	-	-
	<b>1,156</b>	<b>3,655</b>	-	-
<b>Compagas</b>				
Dividends and/or interest on capital	4,196	5,515	-	-
	<b>4,196</b>	<b>5,515</b>	-	-
<b>Elejor</b>				
Loan agreement (c)	265,418	238,060	-	-
Dividends and/or interest on capital	5,005	936	-	-
	<b>270,423</b>	<b>238,996</b>	-	-
<b>Centrais Eólicas do Paraná</b>				
Dividends and/or interest on capital	1,685	-	-	-
	<b>1,685</b>	-	-	-
<b>Dominó Holdings</b>				
Dividends and/or interest on capital	4,648	5,237	-	-
	<b>4,648</b>	<b>5,237</b>	-	-
	<b>1,684,700</b>	<b>1,648,354</b>	-	-
	<b>1,684,700</b>	<b>1,648,354</b>	<b>5,135</b>	<b>5,247</b>
<b>Current assets - Dividends receivable</b>	<b>696,279</b>	<b>719,061</b>	<b>5,135</b>	<b>5,247</b>
<b>Noncurrent receivables</b>	<b>988,421</b>	<b>929,293</b>	-	-

#### a) Transferred financing - STN

The Company transferred existing loans and financing to its wholly-owned subsidiaries at the time of their constitution in 2001. Nevertheless, since the agreements for transfer to the respective subsidiaries have not been formalized before the financial institutions, these amounts are also recorded under the Parent Company.

These loans and financing are transferred with the same interest and charges agreed by the Parent Company and are shown separately as receivables from the wholly-owned subsidiaries, and as loans and financing liabilities owed by the subsidiaries. (Note 19.b).

#### b) Loan Agreement – COPEL Distribuição

On February 27, 2007, ANEEL approved the loan agreement signed by COPEL (lender) and COPEL Distribution (borrower), in the amount of R\$ 1,100,000. This loan has a five-year term, bearing interest corresponding to 104% of the DI rate, and its funds were used in the expenditure program for the concession and in the payment of debentures transferred to COPEL Distribution,

which were due on March 1, 2007.

### c) ELEJOR Loan Agreement

On April 7, 2004, COPEL signed a loan agreement with Elejor, to ensure the continuity of the construction of the power plants that make up the Fundão-Santa Clara Power Complex; the agreement provides for payment in 120 monthly and consecutive payments, plus prorated interest corresponding to 3.198% a year and a spread equivalent to the variation of the Interbank Deposit Rate, as from the date of each transfer. The loan's grace period was extended to February 2016, in the second amendment to the ELEJOR Shareholders' Agreement, on April 18, 2005.

## 16 INVESTMENTS

### a) Main information about COPEL's investees and subsidiaries

	Number of shares or quotas held by COPEL			COPEL's stake %	Paid in share capital	Shareholders' Equity <sup>(2)</sup>	Net income (losses) <sup>(2)</sup>
	Common	Preferred	Quotas				
<b>Investees</b>							<b>2009</b>
Sanepar	51,797,823	12,949,456	-	34.75	374,268	858,059	65,243
Sercomtel - Telecom.	9,018,088	4,661,913	-	45.00	246,896	88,584	(59,383)
Foz do Chopim	-	-	8,227,542	35.77	23,000	46,452	27,371
Dona Francisca	153,381,798	-	-	23.03	66,600	85,013	40,308
Sercomtel Celular	9,018,029	4,661,972	-	45.00	36,540	-	(11,265)
Dois Saltos Empreend. <sup>(1)</sup>	-	-	300,000	30.00	1,000	1,000	-
Copel Amec <sup>(1)</sup>	-	-	48,000	48.00	100	321	11
Carbocampel <sup>(1)</sup>	1,336,742	-	-	49.00	2,728	2,279	(49)
Escoelectric Ltda. <sup>(1)</sup>	-	-	3,220,000	40.00	7,217	(4,259)	(1,691)
<b>Subsidiaries</b>							
Copel Geração e Transm.	3,400,378,051	-	-	100.00	3,505,994	3,661,700	654,786
Copel Distribuição	2,171,927,626	-	-	100.00	2,624,841	3,175,667	319,713
Copel Telecomunicações	194,754,542	-	-	100.00	194,755	219,456	24,892
Compagas	5,712,000	11,424,000	-	51.00	111,140	189,434	34,644
Elejor	42,209,920	-	-	70.00	69,450	101,536	30,106
Copel Empreendimentos <sup>(1)</sup>	-	-	397,983,311	100.00	397,983	399,106	(5,355)
UEG Araucária	-	-	565,951,934	80.00	707,440	651,265	(9,861)
Centrais Eólicas <sup>(1)</sup>	-	-	3,061,000	100.00	3,061	3,845	784
Dominó Holdings	113,367,832	-	-	45.00	251,929	672,409	44,596

<sup>(1)</sup> Unaudited by independent auditors

<sup>(2)</sup> Shareholders' equity and net income have been adjusted to COPEL's accounting practices

### b) Changes to the investments in investees and subsidiaries

Parent Company	Balance as of 2008	Result of equity	Additions and APFCI	Proposed dividends and IOC	Prov.	Balance as of 2009
<b>Investees</b>						
Sercomtel S.A. - Telecomunicações	84,886	(9,096)	-	-	-	75,790
Sercomtel Telecom. - <i>Impairment</i> (e)	(18,301)	(17,626)	-	-	-	(35,927)
Foz do Chopim Energética Ltda.	16,519	9,790	-	(9,693)	-	16,616
Dona Francisca Energética S.A.	10,332	9,284	-	-	-	19,616
Dois Saltos Empreend. Geração Ener. Eletr. Ltda.	300	-	-	-	-	300
Copel Amec S/C Ltda.	149	5	-	-	-	154
Escoelectric Ltda.	(1,027)	(677)	-	-	-	(1,704)
Escoelectric Ltda. - APFCI	1,025	-	-	-	-	1,025
Carbocampel S.A.	(69)	(23)	1,209	-	-	1,117
Carbocampel - APFCI	1,059	-	(1,059)	-	-	-
Sercomtel Celular S.A.	6,195	-	-	-	-	6,195
Sercomtel Celular - <i>Impairment</i> (e)	(6,195)	-	-	-	-	(6,195)
	<b>94,873</b>	<b>(8,343)</b>	<b>150</b>	<b>(9,693)</b>	-	<b>76,987</b>
<b>Subsidiaries</b>						
Copel Geração e Transmissão S.A.	3,628,961	654,786	-	(622,047)	-	3,661,700
Copel Distribuição S.A.	3,042,285	319,713	-	(186,331)	-	3,175,667
Copel Telecomunicações S.A.	203,924	24,892	-	(9,360)	-	219,456
Dominó Holdings S.A. (d)	286,745	20,069	-	(4,230)	-	302,584
(-) Discount - Dominó Holdings (d)	(74,402)	-	-	-	-	(74,402)
UEG Araucária Ltda.	132,225	(1,972)	-	-	-	130,253
Cia. Paranaense de Gás - Compagas	86,803	17,669	-	(7,861)	-	96,611
Elejor - Centrais Elétricas do Rio Jordão S.A.	54,450	21,640	-	(5,015)	-	71,075
Centrais Eólicas do Paraná Ltda.	2,603	235	-	(1,685)	-	1,153
	<b>7,363,594</b>	<b>1,057,032</b>	-	<b>(836,529)</b>	-	<b>7,584,097</b>
<b>Other investments</b>						
Amazon Investment Fund (FINAM) (c)	30,012	-	-	-	-	30,012
FINAM - Nova Holanda (c)	14,868	-	-	-	-	14,868
Northeastern Investment Fund (FINOR) (c)	9,870	-	-	-	-	9,870
Finam - Investco (d)	7,903	-	-	-	-	7,903
Other tax incentives	2,315	-	-	-	-	2,315
Provision for losses - Finam/Finor (c)	(35,835)	-	-	-	(733)	(36,568)
Provision for losses - Nova Holanda (c)	(14,868)	-	-	-	-	(14,868)
Other investments	97	-	-	-	-	97
	<b>14,362</b>	-	-	-	<b>(733)</b>	<b>13,629</b>
	<b>7,472,829</b>	<b>1,048,689</b>	<b>150</b>	<b>(846,222)</b>	<b>(733)</b>	<b>7,674,713</b>

APFCI - Advance Payment for Future Capital Increase



Parent Company	Balance as of 2007	Result of equity	Additions	Proposed dividends and IOC	Prov.	Incorporated from COPEL Par	Balance as of 2008
<b>Investees</b>							
Sercomtel - Telecomunicações	-	161	-	(1,637)	-	86,362	84,886
Sercomtel Telecom. - <i>Impairment</i> (e)	-	-	-	-	-	(18,301)	(18,301)
Foz do Chopim	-	653	-	(715)	-	16,581	16,519
Dona Francisca	-	471	-	-	-	9,861	10,332
Dois Saltos Empreend.	-	-	-	-	-	300	300
Copel Amec	-	1	-	-	-	148	149
Escoelectric	-	(16)	-	-	-	(1,011)	(1,027)
Escoelectric - APFCI	-	-	-	-	-	1,025	1,025
Carbocampel	-	(2)	-	-	-	(67)	(69)
Carbocampel - APFCI	-	-	-	-	-	1,059	1,059
Sercomtel Celular	-	-	-	-	-	6,195	6,195
Sercomtel Celular - <i>Impairment</i> (e)	-	-	-	-	-	(6,195)	(6,195)
		<b>1,268</b>		<b>(2,352)</b>		<b>95,957</b>	<b>94,873</b>
<b>Subsidiaries</b>							
Copel Geração e Transmissão	3,144,442	623,177	-	(592,018)	-	453,360	3,628,961
Copel Distribuição	2,663,911	544,374	-	(166,000)	-	-	3,042,285
Copel Telecomunicações	193,735	13,844	-	(3,655)	-	-	203,924
Copel Participações	1,226,802	42,212	67,000	(17,000)	-	(1,319,014)	-
Dominó Holdings (d)	-	(1,629)	-	(1,260)	-	289,634	286,745
(-) Discount - Dominó Holdings (d)	-	-	-	-	-	(74,402)	(74,402)
UEG Araucária	-	835	-	-	-	131,390	132,225
Compagas	-	717	-	(5,515)	-	91,601	86,803
Elejor	-	1,476	-	(935)	-	53,909	54,450
Centrais Eólicas do Paraná	-	1,268	-	-	-	1,335	2,603
	<b>7,228,890</b>	<b>1,226,274</b>	<b>67,000</b>	<b>(786,383)</b>		<b>(372,187)</b>	<b>7,363,594</b>
<b>Other investments</b>							
Amazon Investment Fund (FINAM) (c)	30,012	-	-	-	-	-	30,012
FINAM - Nova Holanda (c)	14,868	-	-	-	-	-	14,868
Northeastern Investment Fund (FINOR) (c)	9,870	-	-	-	-	-	9,870
Finam - Investco (c)	7,903	-	-	-	-	-	7,903
Other tax incentives	2,315	-	-	-	-	-	2,315
Provision for losses - Finam/Finor (c)	(26,801)	-	-	-	(9,034)	-	(35,835)
Provision for losses - Nova Holanda (c)	-	-	-	-	(14,868)	-	(14,868)
Other investments	7	-	-	-	-	90	97
	<b>38,174</b>				<b>(23,902)</b>	<b>90</b>	<b>14,362</b>
	<b>7,267,064</b>	<b>1,227,542</b>	<b>67,000</b>	<b>(788,735)</b>	<b>(23,902)</b>	<b>(276,140)</b>	<b>7,472,829</b>

Consolidated	Balance as of 2008	Result of equity	Additions and APFCI	Proposed dividends and IOC	Other	Balance as of 2009
<b>Investees</b>						
Sercomtel - Telecomunicações	84,886	(9,096)	-	-	-	75,790
Sercomtel Telecom. - <i>Impairment</i> (e)	(18,301)	(17,626)	-	-	-	(35,927)
Foz do Chopim	16,519	9,790	-	(9,693)	-	16,616
Dona Francisca	10,332	9,284	-	-	-	19,616
Dois Saltos Empreend.	300	-	-	-	-	300
Copel Amec	149	5	-	-	-	154
Escoelectric	(1,027)	(677)	-	-	-	(1,704)
Escoelectric - APFCI	1,025	-	-	-	-	1,025
Carbocampel	(69)	(23)	1,209	-	-	1,117
Carbocampel - APFCI	1,059	-	(1,059)	-	-	-
Sercomtel Celular	6,195	-	-	-	-	6,195
Sercomtel Celular - <i>Impairment</i> (e)	(6,195)	-	-	-	-	(6,195)
Sanepar	281,524	22,670	-	(6,041)	-	298,153
	<b>376,397</b>	<b>14,327</b>	<b>150</b>	<b>(15,734)</b>	<b>-</b>	<b>375,140</b>
<b>Other investments</b>						
Amazon Investment Fund (FINAM) (c)	30,012	-	-	-	-	30,012
FINAM - Nova Holanda (c)	14,868	-	-	-	-	14,868
Northeastern Investment Fund (FINOR) (c)	9,870	-	-	-	-	9,870
FINAM - Investco (c)	7,903	-	-	-	-	7,903
Other tax incentives	2,315	-	-	-	-	2,315
Provision for losses - Finam/Finor (c)	(35,835)	-	-	-	(733) <sup>(1)</sup>	(36,568)
Provisão for losses - Nova Holanda (c)	(14,868)	-	-	-	-	(14,868)
Property for future service use	3,821	-	-	-	1,776 <sup>(2)</sup>	5,597
Other investments	1,455	-	1	-	(160) <sup>(3)</sup>	1,296
	<b>19,541</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>883</b>	<b>20,425</b>
	<b>395,938</b>	<b>14,327</b>	<b>151</b>	<b>(15,734)</b>	<b>883</b>	<b>395,565</b>

<sup>(1)</sup> Supplemental provision for losses on tax incentives

<sup>(2)</sup> Transfers from p.,p.,&e., of which R\$ 1,465 are in service and R\$ 311 are in progress

<sup>(3)</sup> Reclassification of additions to Consórcio Cruzeiro do Sul (Mauá Power Plant)

Consolidated	Balance as of 2007	Result of equity	Additions and APFCI	Proposed dividends and IOC	Other	Balance as of 2008
<b>Investees</b>						
Dominó Holdings (d)	90,155	-	-	-	(90,155) <sup>(1)</sup>	-
Sercomtel - Telecomunicações	82,153	4,371	-	(1,638)	-	84,886
Sercomtel Telecom. - Impairment (e)	-	(18,301)	-	-	-	(18,301)
Foz do Chopim	16,353	8,966	-	(8,478)	(322) <sup>(2)</sup>	16,519
Dona Francisca	5,931	4,401	-	-	-	10,332
Dois Saltos Empreend.	-	-	-	-	300 <sup>(3)</sup>	300
Copel Amec	140	9	-	-	-	149
Escoelectric	(1,390)	363	-	-	-	(1,027)
Escoelectric - APFCI	1,025	-	-	-	-	1,025
Carbocampel	(56)	(13)	-	-	-	(69)
Carbocampel - APFCI	1,059	-	-	-	-	1,059
Sercomtel Celular	8,759	(2,564)	-	-	-	6,195
Sercomtel Celular - Impairment (e)	-	(6,195)	-	-	-	(6,195)
Braspower - APFCI	176	-	20	-	(196) <sup>(4)</sup>	-
Sanepar	-	23,158	-	(6,173)	264,539 <sup>(1)</sup>	281,524
	<b>204,305</b>	<b>14,195</b>	<b>20</b>	<b>(16,289)</b>	<b>174,166</b>	<b>376,397</b>
<b>Other investments</b>						
Amazon Investment Fund (FINAM) (c)	30,012	-	-	-	-	30,012
FINAM - Nova Holanda (c)	14,868	-	-	-	-	14,868
Northeastern Investment Fund (FINOR) (c)	9,870	-	-	-	-	9,870
FINAM - Investco (c)	7,903	-	-	-	-	7,903
Other tax breaks	2,315	-	-	-	-	2,315
Provision for losses - Finam/Finor (c)	(26,801)	-	-	-	(9,034) <sup>(5)</sup>	(35,835)
Provisão for losses - Nova Holanda (c)	-	-	-	-	(14,868) <sup>(5)</sup>	(14,868)
Property for future service use	4,588	-	120	-	(887) <sup>(6)</sup>	3,821
Other investments	1,508	(239)	247	239	(300) <sup>(3)</sup>	1,455
	<b>44,263</b>	<b>(239)</b>	<b>367</b>	<b>239</b>	<b>(25,089)</b>	<b>19,541</b>
	<b>248,568</b>	<b>13,956</b>	<b>387</b>	<b>(16,050)</b>	<b>149,077</b>	<b>395,938</b>

<sup>(1)</sup> Inclusion of Dominó Holdings in the consolidation of financial statements

<sup>(2)</sup> Dividends from the previous year

<sup>(3)</sup> Balance transferred from other investments to investees

<sup>(4)</sup> Interest sold in October 2008

<sup>(5)</sup> Constitution/supplement of provision for losses on tax incentives

<sup>(6)</sup> Transfers of R\$ 933 thousand property assigned for disposal and R\$ 46 thousand from p.,p.,&e. in service

### c) Tax Incentives

In 2009, COPEL recalculated the market value of its investments in FINAM and FINOR, based on their average prices on the São Paulo Stock Exchange (BOVESPA). Based on the FINAM and FINOR prices on December 21, 2009, the Company recorded an addition to the provision for the devaluation of these investments in the amount of R\$ 733, thus raising the total balance to R\$ 36,568.

### d) Dominó Holdings

On January 14, 2008, COPEL became the holder of 45% of the share capital of Dominó Holdings S.A., by acquiring a 30% interest held by Sanedo Participações Ltda. for R\$ 110,226, with an approximate discount of R\$ 74,402, based on the expected future profitability of the company. Upon consolidation of the balance sheets, this discount was reclassified to Deferred Revenues, under Noncurrent Liabilities.

With this acquisition, COPEL acquired control of the company in cooperation with the remaining shareholders. Dominó Holdings has been consolidated into COPEL's balance sheets proportionally

to the Company's interest in it.

The main items of assets, liabilities, and the statement of operations of Dominó Holdings, as well as the corresponding consolidated shares, are shown below:

Dominó Holdings S.A.	Balances as of 2009			
	Full amounts	Revaluation reserve <sup>(1)</sup>	Adjusted balance	COPEL's stake (45%)
<b>ASSETS</b>	<b>728,193</b>	<b>(44,756)</b>	<b>683,437</b>	<b>307,547</b>
Current assets	14,187	-	14,187	6,384
Long-term receivables	714,006	(44,756)	669,250	301,163
<b>LIABILITIES</b>	<b>728,193</b>	<b>(44,756)</b>	<b>683,437</b>	<b>307,547</b>
Current liabilities	11,021	-	11,021	4,959
Long-term liabilities	7	-	7	4
Shareholders' equity	717,165	(44,756)	672,409	302,584
<b>STATEMENT OF INCOME</b>				
Operational expenses	(4,829)	-	(4,829)	(2,173)
Financial income (losses)	(953)	-	(953)	(428)
Result of equity in investees	47,775	2,603	50,378	22,670
<b>Net income for the period</b>	<b>41,993</b>	<b>2,603</b>	<b>44,596</b>	<b>20,069</b>

<sup>(1)</sup> Balances have been adjusted due to accounting practices not adopted by the Parent Company

#### e) Impairment Tests

The conclusion in December 2009 of impairment tests on COPEL's assets, based, when applicable, on the same assumptions mentioned in the Property, Plant, and Equipment note (Note 17.f), indicated, with an adequate level of certainty, that a part of the assets in Sercomtel Telecomunicações S/A (R\$ 35,927) and Sercomtel Celular S/A (R\$ 6,195) were valued above their recoverable amount, thus requiring the accrual of corresponding losses due to impossibility of recovering these amounts through future profits by these companies. In 2009, COPEL recorded R\$ 17,626 in the statement of income (R\$ 24,496 in 2008).

No need to record provisions for devaluation of investments was identified in 2009 for the remaining investments of the Company.

#### f) Centrais Eólicas and Copel Empreendimentos

The Company held a 30% interest in Centrais Eólicas do Paraná (Ceopar). On September 6, 2007, COPEL acquired, through COPEL Generation and Transmission, the remaining 70% interest held by Wobben Windpower Indústria e Comércio Ltda., thus becoming the holder of 100% of the share capital of Ceopar. This transaction resulted in a discount of R\$ 592, which was reclassified upon consolidation to Deferred Revenues, under Noncurrent Liabilities.

As part of the ongoing restructuring of COPEL, the incorporation of COPEL Empreendimentos and Centrais Eólicas do Paraná, with transfer of their assets and liabilities to COPEL Geração e Transmissão, has been submitted to ANEEL for authorization.



## 17 PROPERTY, PLANT, AND EQUIPMENT

	Cost	Accumulated Depreciation	Consolidated net value	Cost	Accumulated Depreciation	Consolidated net value
			2009			2008
<b>In service (a)</b>						
Copel Geração e Transmissão	5,313,956	(2,201,518)	3,112,438	5,250,080	(2,070,575)	3,179,505
Copel Distribuição	5,279,874	(2,461,909)	2,817,965	4,816,165	(2,288,653)	2,527,512
Copel Telecomunicações	370,972	(231,162)	139,810	358,300	(206,587)	151,713
Compagas	188,948	(50,881)	138,067	159,486	(42,324)	117,162
Elejor	606,816	(63,077)	543,739	606,737	(46,689)	560,048
UEG Araucária	645,229	(139,522)	505,707	641,682	(107,978)	533,704
Centrais Eólicas do Paraná	4,129	(2,632)	1,497	4,129	(2,424)	1,705
Dominó Holdings	1	-	1	1	-	1
	<b>12,409,925</b>	<b>(5,150,701)</b>	<b>7,259,224</b>	<b>11,836,580</b>	<b>(4,765,230)</b>	<b>7,071,350</b>
<b>Construction in progress</b>						
Copel Geração e Transmissão	519,759	-	519,759	350,721	-	350,721
Copel Distribuição	586,423	-	586,423	470,643	-	470,643
Copel Telecomunicações	48,776	-	48,776	29,874	-	29,874
Compagas	29,005	-	29,005	33,671	-	33,671
Elejor	8,292	-	8,292	8,292	-	8,292
UEG Araucária	7,000	-	7,000	881	-	881
	<b>1,199,255</b>	<b>-</b>	<b>1,199,255</b>	<b>894,082</b>	<b>-</b>	<b>894,082</b>
	<b>13,609,180</b>	<b>(5,150,701)</b>	<b>8,458,479</b>	<b>12,730,662</b>	<b>(4,765,230)</b>	<b>7,965,432</b>
<b>Special obligations (b)</b>						
Copel Geração e Transmissão	(187)	-	(187)	(187)	-	(187)
Copel Distribuição	(994,099)	64,239	(929,860)	(936,678)	20,108	(916,570)
	<b>(994,286)</b>	<b>64,239</b>	<b>(930,047)</b>	<b>(936,865)</b>	<b>20,108</b>	<b>(916,757)</b>
	<b>12,614,894</b>	<b>(5,086,462)</b>	<b>7,528,432</b>	<b>11,793,797</b>	<b>(4,745,122)</b>	<b>7,048,675</b>

Under Articles 63 and 64 of Decree no. 41,019, dated February 26, 1957, the assets and facilities used mostly in the generation, transmission, distribution, and sale of power are attached to these services and cannot be withdrawn, sold, assigned, or mortgaged without the prior written consent of the regulatory agency. ANEEL Resolution no. 20/1999, however, regulates the release of assets from the concessions of the public Electric energy utilities, granting prior authorization to the release of assets that are deemed useless to the concession, when intended for sale, provided that the proceeds from such transaction be deposited in a special bank account assigned to investment in the concession.

Financial charges and interest on loans from third-parties for investments in construction in progress have been recorded through transfers to Property, Plant, and Equipment in Progress, for a total of R\$ 7,113 in 2009 (R\$ 1.470 in 2008).

### a) Property, plant, and equipment in service by nature of asset

	Cost	Accumulated Depreciation	Consolidated net value	Cost	Accumulated Depreciation	Consolidated net value
			<b>2009</b>			<b>2008</b>
Machinery and equipment	8,379,806	(3,540,961)	4,838,845	7,874,370	(3,258,316)	4,616,054
Reservoirs, dams, and headrace cha	2,874,228	(1,134,126)	1,740,102	2,869,541	(1,069,984)	1,799,557
Facilities	726,077	(340,870)	385,207	710,019	(320,950)	389,069
Land	123,185	-	123,185	121,357	-	121,357
Gas pipelines	146,896	(31,862)	115,034	115,738	(27,504)	88,234
Vehicles	140,369	(90,281)	50,088	127,128	(77,327)	49,801
Furniture and implements	19,364	(12,601)	6,763	18,427	(11,149)	7,278
	<b>12,409,925</b>	<b>(5,150,701)</b>	<b>7,259,224</b>	<b>11,836,580</b>	<b>(4,765,230)</b>	<b>7,071,350</b>

The fully depreciated amount of property, plant, and equipment in service was R\$ 832,974 as of December 31, 2009, and R\$ 695,508 as of December 31, 2008.

#### b) Special obligations

Special obligations comprise customers' contributions, Federal Government budget grants, federal, State, and municipal funds, and special credits assigned to the investments in facilities tied to a concession. Special obligations are not onerous liabilities and are not credits owned by shareholders.

The scheduled date for settlement of these liabilities was the concession expiration date. ANEEL, by means of Regulatory Resolution no. 234/2006, dated October 31, 2006, as amended by Resolution no. 338, dated November 25, 2008, established the guidelines, the applicable methodologies, and the initial procedures for the conduction of the second cycle of the periodic rate review involving the Brazilian power distribution utilities, changing the characteristics of these liabilities. Both the outstanding balance and new additions have been amortized as of July 1, 2008, pursuant to ANEEL Ruling no. 3,073/06 and Circular Letter no. 1,314/07. Amortization is calculated based on the same average depreciation rate of the corresponding assets.

For purposes of calculating the compensation for the assets linked to the concession and transferable to the Federal Government, on the concession expiration date the remaining balance of special obligations, if any, will be deducted from the residual value of the assets, both assessed according to criteria set by ANEEL.

The change in the characteristics of these liabilities results from the new rate-setting mechanism introduced by this new Regulatory Resolution, which establishes that the depreciation of assets acquired with funds from Special Obligations will no longer be included in the B Portion of the companies' revenues.

#### c) Energy Universalization Plans and the *Luz para Todos* Program

ANEEL set forth the overall conditions for the Universalization of Electric Energy Supply under Law no. 10,438, dated April 26, 2002, as amended by Law no. 10,762, dated November 11, 2003, aiming to supply new customers connected at low voltage (lower than 2.3 kV), with loads of up to 50 kW. ANEEL Resolution no. 223, dated April 29, 2003, set forth the general conditions for Electric Energy Universalization Plans, and was later amended by Resolution no. 52, dated March 25, 2009.

To guide the process of review of Universalization Plans, ANEEL issued Resolution no. 175, dated November 28, 2005, and amended by Resolution no. 365, dated May 19, 2009.

On November 11, 2003, Decree no. 4,873 established the National Program for the Universalization of Electric Energy Use and Access, named *Luz para Todos* (“Light for Everyone”), which aims to provide electricity to the share of Brazil’s rural population, focused on family agriculture, which does not yet have access to this public service. This program is coordinated by the Ministry of Mining and Energy and carried out with the participation of Eletrobrás. In Paraná, the Ministry is represented by Eletrosul, and the participants are the State Government and COPEL. Furthermore, the program is integrated with several social and rural development programs implemented by the Federal Government and by State Governments, to ensure that the rural electrification efforts result in increased agricultural output, in increased income and in social inclusion, providing better standards of living to the rural communities. Originally scheduled to achieve 100% electrification throughout Brazil by 2008, the program has been extended until 2010 under Decree no. 6,442/2008, due to new customer demand throughout virtually all Brazilian states.

In 2009, the program connected 16,756 new customers, reaching roughly 60,000 since its inception; this figure is expected to reach 78,500 by December 2010, thus concluding universalization within COPEL's concession area.

COPEL signed with Eletrobrás three financing and subsidy agreements, in the amount of R\$ 231,010. The first two agreements have already been concluded, while agreement ECF no. 206/2007 is still in progress, with the release of R\$ 63,215 out of a total of R\$ 126,430. A fourth agreement is being negotiated for the connection of another 16,000 customers.

The total estimated investments under the contracts for the program are broken down below:

Source	R\$	Share
Federal Government - CDE subsidy	62,882	19%
Government of the State of Paraná	33,002	10%
RGR Financing	168,129	51%
Contractor - COPEL	66,007	20%
<b>Program total</b>	<b>330,020</b>	<b>100%</b>

As of December 2009, the total amount invested in the *Luz para Todos* program was R\$ 228,515.

#### d) Depreciation rates

The main depreciation rates, pursuant to ANEEL Resolution no. 240, dated December 5, 2006, as replaced by Resolution no. 367, dated June 26, 2009, and to Ministry of Communications Ordinance no. 96/1995 are:

	%
<b>Generation</b>	
General equipment	10.00
Generators	3.30
Reservoirs, dams, and headrace channels	2.00
Hydraulic turbines	2.50
Gas and steam turbines	5.00
Water cooling and treatment facilities	5.00
Gas conditioning equipment	5.00
<b>Transmission</b>	
System structure and conductors < 69 kV	5.00
System structure and conductors => 69 kV and power transformers	2.50
General equipment	10.00
Reconnectors	4.30
<b>Distribution</b>	
System structure and conductors => 69 kV	2.50
System structure and conductors < 69 kV and distribution transformers	5.00
Capacitor boards < 69 kV	6.70
Capacitor boards => 69 kV	5.00
General equipment	10.00
<b>Central administration</b>	
Facilities	4.00
Office machinery and equipment	10.00
Furniture and implements	10.00
Vehicles	20.00
<b>Telecommunications</b>	
Power and transmission equipment (telecommunications)	10.00
Overhead and underground cabling, wiring, and private switching center	10.00
<b>Natural gas supply</b>	
Gas pipelines	3.30
Gas pipeline operating equipment	10.00

**e) Changes in property, plant, and equipment**

Balances	Construction		Special liabilities	Consolidated Total
	In service	in progress		
<b>As of 2007</b>	<b>6,973,238</b>	<b>725,895</b>	<b>(857,192)</b>	<b>6,841,941</b>
Reclassif. of additions to Cons. Cruzeiro do Sul	-	50,067	-	50,067
Expenditure program	-	647,646	-	647,646
Transfer to p.,p.,&e. in service	537,430	(537,430)	-	-
Depreciation quotas charged to income	(415,420)	-	20,108	(395,312)
Write-offs	(12,560)	(2,005)	-	(14,565)
Sales	(11,297)	-	-	(11,297)
Customer contributions	-	-	(79,673)	(79,673)
Transfer of assets assigned for future use	(46)	-	-	(46)
Transfers between p., p., &e. and intangible assets	5	(3,164)	-	(3,159)
Supplemental provision for contingencies	-	13,073	-	13,073
<b>As of 2008</b>	<b>7,071,350</b>	<b>894,082</b>	<b>(916,757)</b>	<b>7,048,675</b>
Reclassif. of additions to Cons. Cruzeiro do Sul	-	160	-	160
Expenditure program	-	957,313	-	957,313
Transfer to p.,p.,&e. in service	646,251	(646,251)	-	-
Depreciation quotas charged to income	(428,467)	-	44,131	(384,336)
Depreciation quotas transf. to p.,p.,&e. in progress	(11,091)	11,091	-	-
Write-offs	(11,250)	(27,368)	-	(38,618)
Sales	(6,373)	-	-	(6,373)
Customer contributions	-	-	(57,421)	(57,421)
Transfer of assets assigned for future use	(1,465)	(311)	-	(1,776)
Transfers between p., p., &e. and intangible assets	269	-	-	269
Supplemental provision for contingencies	-	10,539	-	10,539
<b>As of 2009</b>	<b>7,259,224</b>	<b>1,199,255</b>	<b>(930,047)</b>	<b>7,528,432</b>

#### f) Impairment tests

The Company has a policy of periodically evaluating and monitoring the projected future performance of its assets. Accordingly, and in light of Technical Ruling CPC 01 – Writing Assets down to their Recoverable Value, whenever there is clear evidence that the Company has assets recorded at unrecoverable values or whenever events or changes in circumstances indicate that the book value of an asset may not be recoverable in the future the Company must immediately account for such discrepancies by means of a provision for losses.

The main principles underpinning the conclusions of COPEL's impairment tests are listed below:

- 1) Lowest level of cash generating unit: held concessions are analyzed individually;
- 2) Recoverable Value: use value, or an amount equivalent to the discounted cash flows (before taxes) resulting from the continuous use of an asset until the end of its useful life;
- 3) Assessment of use value: based on future cash flows in constant currency, converted to current value according to a real discount rate, before income taxes.

The respective cash flows are estimated based on actual operational results, on the Company's annual corporate budget, as approved by the Board of Directors, on the resulting multi-year budget, and on future trends in the power sector.

As for the time frame for the analysis, the Company takes into account the expiration date of each concession.

As for market growth, COPEL's projections are consistent with historical data and the Brazilian economy's growth prospects.

The respective cash flows are discounted at average discount rates, obtained through a methodology commonly employed on the market and supported by the regulatory agency, taking into account the weighed average cost of capital (WACC).

Management believes it has a contractually guaranteed right to compensation for the assets tied to concessions upon their expiration, and it accepts, for the time being and until further regulation is issued on this matter, that such compensation be valued according to the book value of the respective assets. Thus, the principle of valuation of residual assets upon expiration of concessions has been established as the book value of these assets.

In light of the principles discussed above, COPEL has not identified the need to set aside a provision for impairment of its assets.

**g) Consórcio Energético Cruzeiro do Sul <sup>(1)</sup>**

Consórcio Energético Cruzeiro do Sul, an independent power producer owned by COPEL Geração e Transmissão (with a 51% interest) and by Eletrosul Centrais Elétricas S.A. (49%), won, on October 10, 2006, at the ANEEL Auction of Power from New Projects 004/2006, the rights to build and run the Mauá Hydroelectric Power Plant for 35 years.

This project is included in the Federal Government's Growth Acceleration Program (PAC) and will comprise a main powerhouse rated 350 MW and a secondary powerhouse rated 11 MW, for a total of 361 MW of installed capacity, which is enough to supply approximately one million people. The facility will take advantage of the hydroelectric potential discovered in the middle section of the Tibagi River, between the towns of Telêmaco Borba and Ortigueira, in mideastern Paraná. The plant's reservoir will have a perimeter of 80 km and a surface of 83.8 km<sup>2</sup>. The dam will have a length of 745 m at the top and a maximum height of 85 m and will be built with roller-compacted concrete. The dam's total solid volume will be around 630,000 m<sup>3</sup>.

Total estimated expenditures amount to approximately R\$ 1.069.000 as of April 2008, of which 51% (R\$ 545,190) will be invested by COPEL Geração e Transmissão, while the remaining 49% (R\$ 523,810) will be invested by Eletrosul Centrais Elétricas S.A.

On November 17, 2008, the board of *Banco Nacional de Desenvolvimento Econômico e Social* – BNDES approved the financing for the Mauá Hydroelectric Power Plant. The financed amount corresponds to approximately 70% of COPEL's total expenditures in connection with the Mauá

Power Plant.

The facility's total power output was sold at an ANEEL auction at a price of R\$ 112.96/MWh, as of November 1, 2006, restated annually according to the variation of the IPCA inflation index. The company sold 192 average MW, for supply starting in April 2011. The assured power of the project, established in its concession agreement, was 197.7 average MW, after full motorization, and the maximum reference rate set in the auction notice was R\$ 116.00/MWh.

Pursuant to the contract, the consortium in charge of construction will only be entitled to a bonus if each generating unit becomes operational ahead of schedule. This bonus equals 50% of the net revenues earned during the period ahead of schedule. The intended commercial operation of the facility ahead of schedule shall be informed to the other party by the consortium with minimum advance notice of 390 days from the new dates and formally ratified with minimum advance notice of 150 days.

Given the current stage of the construction, Company management believes that the consortium will not request authorization for commercial operation of the facility ahead of schedule.

Work began in May 2007 with the procurement of the basic project and the beginning of the executive project for the facility and its associated transmission system, which comprises the preparation of technical specifications, calculation records, designs, and other documents regarding the different structures within the facility, additional geological surveys, and topography services. The basic project has been concluded and approved by ANEEL. The project has an Environmental Impact Study and an Environmental Impact Report, which have been discussed at public hearings and meetings and approved by the licensing authority, resulting in the issue of Installation License no. 6,496/2008. The service order for the beginning of the construction of the Mauá Hydroelectric Power Plant was signed on July 21, 2008, and commercial generation is scheduled for 2011.

The construction site has been fully set up, with area cleanup, terrain leveling, landfill compaction, and construction of industrial and administrative facilities and personnel quarters. The following tasks have also been concluded: excavation of ordinary soil and exposed rock in the river diversion structure, the load chamber, the powerhouse, the tailrace channel, and the dam area (left bank of the river); excavation of underground rock in the river diversion tunnels, the access tunnels to the penstocks, the vertical and underground sections of the penstocks, and the drainage tunnel; excavation of ordinary soil around the intake tunnel and the rock quarry; laying of concrete in the intake structures of the diversion tunnels.

On September 1, 2009, the soil and rock barriers which separated the diversion tunnels from the riverbed were removed. Since then, the Tibagi River has been also flowing through the diversion tunnels. On November 10, 2009, the base of the upstream cofferdam was completed, diverting the river entirely through the tunnels and allowing construction of the main dam to begin on the riverbed.

The following tasks are currently being carried out: excavation of underground rock in the intake tunnel; laying of concrete in the powerhouse; excavation of rock in the dam area (riverbed); laying

of roller-compacted concrete in the dam structure on the right bank (blocks 8 to 16); leveling and compacting of the substation landfill; and manufacture of electromechanical equipment.

As of January 2009, in compliance with ANEEL Ruling no. 3,467, dated 18.09.08, expenditures in this project have been recorded under Property, Plant, and Equipment, proportionally to the Company's stake. In December 2009, COPEL Geração e Transmissão's balance under Property, Plant, and Equipment in progress related to this project was R\$ 247,947.

<sup>(1)</sup> Technical information unaudited by the independent auditors.

## 18 INTANGIBLE ASSETS

	Rights of use of software	Concession and goodwill	Accumulated amortization	Easements	R&D	Other	Consolidated net value	
							2009	2008
<b>In service</b>								
<b>Assets with estimated useful lives</b>								
Copel Geração e Transmissão	12,044	-	(9,522) <sup>(1)</sup>	14,730	-	-	17,252	13,679
Copel Distribuição	28,996	-	(24,903) <sup>(1)</sup>	21,392	-	-	25,485	25,556
Copel Telecomunicações	3,799	-	(3,560) <sup>(1)</sup>	-	-	-	239	973
Compagas	3,481	-	(1,812) <sup>(1)</sup>	-	-	-	1,669	1,997
Elejor	-	-	-	101	-	-	101	101
UEG Araucária	90	-	(73) <sup>(1)</sup>	-	-	-	17	23
Dominó Holdings	1	-	-	-	-	-	1	1
Concession - Elejor (a)	-	22,626	(2,828)	-	-	-	19,798	20,552
Concession - Copel Empreend. (b)	-	53,954	(7,037)	-	-	-	46,917	49,262
Concession - Sanepar (d)	-	10,942	(8,025)	-	-	-	2,917	3,647
Goodwill - Sercomtel Telecom. (c)	-	42,289	(42,289)	-	-	-	-	-
Goodwill - Sercomtel Celular (c)	-	5,814	(5,814)	-	-	-	-	-
	<b>48,411</b>	<b>135,625</b>	<b>(105,863)</b>	<b>36,223</b>	-	-	<b>114,396</b>	<b>115,791</b>
<b>Assets without estimated useful lives</b>								
Copel Geração e Transmissão	-	-	-	-	-	30	30	30
Copel Distribuição	-	-	-	-	-	103	103	103
Compagas	-	-	-	-	-	-	-	20
	-	-	-	-	-	133	133	153
	<b>48,411</b>	<b>135,625</b>	<b>(105,863)</b>	<b>36,223</b>	-	<b>133</b>	<b>114,529</b>	<b>115,944</b>
<b>In progress</b>								
Copel Geração e Transmissão	-	-	-	1,434	86	-	1,520	249
Copel Distribuição	618	-	-	1,891	12,313	-	14,822	1,764
Copel Telecomunicações	819	-	-	-	-	-	819	135
Elejor	-	-	-	27	-	-	27	27
	<b>1,437</b>	-	-	<b>3,352</b>	<b>12,399</b>	-	<b>17,188</b>	<b>2,175</b>
							<b>131,717</b>	<b>118,119</b>

<sup>(1)</sup> Annual amortization rate: 20%

	Concession and Goodwill	Accumulated amortization	Net Parent Company	
			2009	2008
<b>In service</b>				
<b>Assets with estimated useful lives</b>				
Concession - Elejor (a)	22,626	(2,828)	19,798	20,552
Goodwill - Sercomtel Telecom. (c)	42,289	(42,289)	-	-
Goodwill - Sercomtel Celular (c)	5,814	(5,814)	-	-
	<b>70,729</b>	<b>(50,931)</b>	<b>19,798</b>	<b>20,552</b>
			<b>19,798</b>	<b>20,552</b>

<sup>(1)</sup> Annual amortization rate: 20%

The fully depreciated amount of intangible assets in service was R\$ 78,318 as of December 31, 2009, and R\$ 76,426 as of December 31, 2008.



**a) Concession - ELEJOR**

The acquisition of the shares held by Triunfo Participações S.A., in December 2003, resulted in total goodwill of R\$ 22,626, which corresponded to a balance of R\$ 19,798 as of December 31, 2009, under the Parent Company. The linear amortization of goodwill was economically determined by the expected income from the commercial operation of the concession, which expires in October 2036, and its effect on the statement of operations as of December 31, 2009 was R\$ 754 (R\$ 754 as of December 31, 2008).

**b) Concession - COPEL Empreendimentos**

The acquisition on May 31, 2006 of COPEL Empreendimentos, which was previously known as El Paso Empreendimentos e Participações Ltda. and which held a 60% interest in UEG Araucária Ltda., resulted in net final goodwill of R\$ 53,954, with a balance of R\$ 46,917 as of December 31, 2009. The linear amortization of goodwill was economically determined by the expected income from the commercial operation of the concession, which expires in December 2029, and its effect on the statement of income as of December 31, 2009 was R\$ 2,345 (R\$ 2,345 as of December 31, 2008).

**c) Goodwill - Sercomtel**

The investments in Sercomtel S.A. Telecomunicações and in Sercomtel Celular S.A. include goodwill on acquisition (R\$ 42,289 and R\$ 5,814), which have been fully amortized at the annual rate of 10%, with a charge to income of R\$ 1,791 (R\$ 1,568 + R\$ 223) in 2008. The payment of goodwill was determined by the expected future profitability, resulting from the assessment of the return on investment based on discounted cash flows.

**d) Concession - Sanepar**

In 1998, the acquisition by Dominó Holdings S.A. of an interest in SANEPAR resulted in goodwill of R\$ 24,316, with a balance of R\$ 6,484 as of December 31, 2009. This balance, proportionally to COPEL's stake (45%), corresponds to R\$ 2,917, and has been amortized over 15 years as of 1999, at the rate of R\$ 61 a month, with a charge to income of R\$ 730 as of December 31, 2009 (R\$ 730 as of December 31, 2008).

**e) Changes in intangible assets**

Balances	Intangible assets		Consolidated Total
	in service	in progress	
<b>As of 2007</b>	<b>112,888</b>	<b>3,603</b>	<b>116,491</b>
Consolidation of Dominó Holdings - Sanepar concession	4,378	-	4,378
Expenditure program	-	4,038	4,038
Capitalizations	8,630	(8,630)	-
Amortization quotas - concession	(3,829)	-	(3,829)
Amortization quotas - goodwill	(1,791)	-	(1,791)
Amortization quotas - other intangible assets	(3,811)	-	(3,811)
Write-offs	(516)	-	(516)
Transfers between intangible assets and p., p.,&e.	(5)	3,164	3,159
<b>As of 2008</b>	<b>115,944</b>	<b>2,175</b>	<b>118,119</b>
Expenditure program	-	21,566	21,566
Capitalizations	6,739	(6,739)	-
Amortization quotas - concession	(3,829)	-	(3,829)
Amortization quotas - goodwill	(3,383)	-	(3,383)
Amortization quotas transf. to int. assets in progress	(186)	186	-
Write-offs	(487)	-	(487)
Transfers between intangible assets and p., p.,&e.	(269)	-	(269)
<b>As of 2009</b>	<b>114,529</b>	<b>17,188</b>	<b>131,717</b>

## 19 LOANS AND FINANCING

The breakdown of the consolidated and of the Company's loans and financing balances is featured below:

Consolidated				Current liabilities	Long-term liabilities	
	Principal amount	Charges	2009 Total	2008 Total	2009	2008
<b>Foreign currency</b>						
IDB (a)	18,615	533	19,148	25,938	9,189	36,552
National Treasury (b)	4,944	681	5,625	8,647	58,654	85,359
Banco do Brasil (c)	-	-	-	6,517	-	-
Eletrobrás	5	-	5	7	22	36
	<b>23,564</b>	<b>1,214</b>	<b>24,778</b>	<b>41,109</b>	<b>67,865</b>	<b>121,947</b>
<b>Local currency</b>						
Banco do Brasil (c)	163	10,246	10,409	16,410	330,190	330,389
Eletrobrás (d)	38,168	14	38,182	34,411	261,142	275,207
Eletrobrás - Elejor (e)	-	-	-	-	117	26,092
BNDES - Compagas (f)	6,349	-	6,349	6,526	6,394	13,111
Finep (g)	145	11	156	5	6,940	2,310
BNDES (h)	-	884	884	-	55,748	-
Banco do Brasil (i)	-	940	940	-	55,748	-
	<b>44,825</b>	<b>12,095</b>	<b>56,920</b>	<b>57,352</b>	<b>716,279</b>	<b>647,109</b>
	<b>68,389</b>	<b>13,309</b>	<b>81,698</b>	<b>98,461</b>	<b>784,144</b>	<b>769,056</b>

Parent Company			Current liabilities		Long-term liabilities	
	Principal amount	Charges	2009 Total	2008 Total	2009	2008
<b>Foreign currency</b>						
National Treasury (b)	4,944	681	5,625	8,647	58,654	85,359
<b>Local currency</b>						
Banco do Brasil (c)	-	10,243	10,243	16,249	329,600	329,600
	<b>4,944</b>	<b>10,924</b>	<b>15,868</b>	<b>24,896</b>	<b>388,254</b>	<b>414,959</b>

### Breakdown of loans and financing by currency and index

Currency (equivalent in reais) / Index		Consolidated			
		2009	%	2008	%
<b>Foreign currency</b>					
U.S. dollar		64,306	7.43	94,049	10.84
Yen		-	-	6,517	0.75
IDB currency basket		28,337	3.27	62,490	7.20
		<b>92,643</b>	<b>10.70</b>	<b>163,056</b>	<b>18.79</b>
<b>Local currency</b>					
Long-term Interest Rate's Reference Unit (URTJLP)		132,055	15.25	2,335	0.27
General Price Index - Market (IGP-M)		874	0.10	930	0.11
Fiscal Reference Unit (UFIR)		94,651	10.93	71,361	8.23
Eletrobrás Financing Rate (FINEL)		204,671	23.64	264,349	30.47
BNDES Monetary Unit (UMBND)		1,105	0.13	19,637	2.26
Interbank Deposit Certificate (CDI)		339,843	39.25	345,849	39.87
		<b>773,199</b>	<b>89.30</b>	<b>704,461</b>	<b>81.21</b>
		<b>865,842</b>	<b>100.00</b>	<b>867,517</b>	<b>100.00</b>

### Variations in the main foreign currencies and rates applied to the Company's loans and financing

Currency/index	Variation (%)	
	2009	2008
U.S. dollar	(25.49)	31.94
Yen	(27.10)	62.89
IDB currency basket	0.17	6.22
TJLP	6.12	6.27
IGP-M	(1.72)	9.81
Finel	(0.35)	1.90
UMBND	(25.66)	33.86
CDI	(37.22)	21.82

### Maturity of non current installments

	Foreign	National	Consolidated	
	currency	currency	2009	2008
2010	-	-	-	73,988
2011	14,138	50,163	64,301	68,064
2012	3,643	50,130	53,773	50,069
2013	2,337	50,665	53,002	48,257
2014	1,172	380,128	381,300	376,151
2015	-	48,748	48,748	44,368
2016	-	32,545	32,545	26,767
2017	-	16,158	16,158	6,719
2018	-	15,248	15,248	5,975
2019	-	12,500	12,500	3,726
2020	-	10,628	10,628	2,456
2021	-	6,970	6,970	5
2022	-	6,968	6,968	-
after 2022	46,575	35,428	82,003	62,511
	<b>67,865</b>	<b>716,279</b>	<b>784,144</b>	<b>769,056</b>

### Changes in loans and financing

Balances	Foreign currency		National currency		Consolidated
	Current	Long-term	Current	Long-term	Total
<b>As of 2007</b>	<b>30,498</b>	<b>118,282</b>	<b>62,186</b>	<b>716,986</b>	<b>927,952</b>
Funds raised	-	-	-	34,818	34,818
Capitalized charges	-	-	-	12,062	12,062
Charges	7,327	-	67,918	2,781	78,026
Monetary and exchange variation	12,421	31,042	176	14,024	57,663
Transfers	27,377	(27,377)	133,562	(133,562)	-
Amortization - principal amount	(17,656)	-	(68,836)	-	(86,492)
Amortization - interest	(18,858)	-	(137,654)	-	(156,512)
<b>As of 2008</b>	<b>41,109</b>	<b>121,947</b>	<b>57,352</b>	<b>647,109</b>	<b>867,517</b>
Funds raised	-	-	-	144,262	144,262
Capitalized charges	-	-	-	2,267	2,267
Charges	6,199	-	63,265	1,073	70,537
Monetary and exchange variation	(8,290)	(27,161)	(57)	(1,144)	(36,652)
Transfers	26,921	(26,921)	77,288	(77,288)	-
Amortization - principal amount	(17,221)	-	(45,766)	-	(62,987)
Amortization - interest	(23,940)	-	(95,162)	-	(119,102)
<b>As of 2009</b>	<b>24,778</b>	<b>67,865</b>	<b>56,920</b>	<b>716,279</b>	<b>865,842</b>

#### a) Inter-American Development Bank - IDB

Loan for the Segredo Hydroelectric Power Plant and for the Jordão River Diversion Project, received on 15 January 1991, in the amount of US\$ 135,000. This debt is amortized semi-annually, with final maturity in January 2011. Interest is calculated according to the IDB funding rate, which in the fourth quarter of 2009 was 4.14% p.a. The agreement features provisions providing for termination in the following cases:

- 1) Default by the debtor on any other obligation set forth in the agreement or agreements signed with the bank for financing of the project;
- 2) Withdrawal or suspension of the Federal Republic of Brazil as a member of the IDB;
- 3) Default by the guarantor, if any, of any obligation set forth in the guaranty agreement;

- 4) Ratio between current assets and total short-term commercial and bank financing, except for the current share of long-term indebtedness and dividends to be reinvested, lower than 1.2; and
- 5) Ratio between long-term indebtedness and shareholders' equity exceeding 0.9.

This agreement is guaranteed by the Federal Government and by mortgage and fiduciary guarantees.

**b) Department of the National Treasury - STN**

The restructuring of medium and long-term debt, signed on May 20, 1998, in connection with the financing received under Law no. 4,131/62, is shown below:

Bond type	Term (years)	Final maturity	Grace period (years)	Consolidated	
				2009	2008
Par Bond	30	04.15.2024	30	27,787	37,296
Capitalization Bond	20	04.15.2014	10	10,673	17,507
Debt Conversion Bond	18	04.15.2012	10	6,568	12,368
Discount Bond	30	04.15.2024	30	19,251	25,896
New Money Bonds	15	04.15.2009	7	-	466
Flirb	15	04.15.2009	9	-	473
				<b>64,279</b>	<b>94,006</b>

The annual interest rates and repayments are as follows:

Bond type	Annual interest rates (%)	Payments
Par Bond	6.0	single
Capitalization Bond	8.0	semi-annual
Debt Conversion Bond	Six-month LIBOR + 0.8750	semi-annual
Discount Bond	Six-month LIBOR + 0.8125	single
New Money Bonds	Six-month LIBOR + 0.8750	semi-annual
Flirb	Six-month LIBOR + 0.8125	semi-annual

As collateral for this agreement, the Company has assigned and transferred to the Federal Government, conditioned to the non-payment of any financing installment, the credits that are made to the Company's centralized revenues account, up to a limit sufficient to cover the payment of installments and other charges payable upon each maturity. For the Discount and Par Bonds, there are collateral Accounts of R\$ 9,990 and R\$ 14,205 as of December 31, 2009 (R\$ 15,460 and R\$ 22,408 as of December 31, 2008), respectively, recorded under guarantees and escrow Accounts, in noncurrent assets (Note 11).

**c) Banco do Brasil S.A.**

The Company has the following contracts with Banco do Brasil:

- 1) Agreement denominated in Japanese yen for the gas-insulated substation at Salto Caxias, repayable in 20 semi-annual installments, starting on March 7, 2000, bearing interest of 2.8% p.a. and a 3.8% p.a. brokerage commission. This debt is secured by COPEL's revenues; This loan was settled upon maturity, in September 2009.
- 2) Private Credit Assignment Agreement with the Federal Government, through Banco do Brasil, signed on March 30, 1994, repayable in 240 monthly installments based on the Price amortization system starting on April 1, 1994, monthly restated by the TJLP and IGP-M plus interest of 5.098% p.a. and secured by COPEL's revenues.; and

3) The following Parent Company credit notes:

Credit notes	Issue date	Principal maturity	Financial charges due semi-annually	Principal amount	Charges	Total
Commercial no. 330.600.129	01.31.2007	01.31.2014	106.5% of the average CDI rate	29,000	1,084	30,084
Industrial no. 330.600.132	02.28.2007	02.28.2014	106.2% of the average CDI rate	231,000	6,944	237,944
Industrial no. 330.600.151	07.31.2007	07.31.2014	106.5% of the average CDI rate	18,000	673	18,673
Industrial no. 330.600.156	08.28.2007	08.28.2014	106.5% of the average CDI rate	14,348	432	14,780
Industrial no. 330.600.157	08.31.2007	08.31.2014	106.5% of the average CDI rate	37,252	1,110	38,362
				<b>329,600</b>	<b>10,243</b>	<b>339,843</b>

As a guarantee, Banco do Brasil has been authorized to deduct any amounts credited, on any grounds, to the Company's deposit account to cover, in part or in full, the outstanding balance due under the line of credit. It has also been irrevocably authorized, regardless of prior notice, to offset the bank's receivable, which corresponds to the outstanding balance due under the line of credit, with any credits the Company has or accrues at Banco do Brasil.

**d) Eletrobrás – Centrais Elétricas Brasileiras S.A.**

Loans originated from the Eletrobrás Financing Fund (FINEL) and from the Global Reversal Reserve (RGR) for the expansion of the generation, transmission, and distribution systems. Repayments started in February 1999, and the last payment is due in August 2021. Interest of 5.0% to 8.0% p.a. and principal are repaid monthly, adjusted by the FINEL and Federal Reference Unit (UFIR) rates.

Contract ECFS – 142/2006, was signed on May 11, 2006 by COPEL Distribuição and Eletrobrás, in the amount of R\$ 74,340, for use in the “Luz para Todos” rural electrification program. Out of the total amount, R\$ 42,480 came from RGR funds, and R\$ 31,860 were economic subsidies from CDE (Energy Development Account) funds. This loan has a grace period of 24 months and bears interest of 5% p.a. plus a commission of 1% p.a. It is repayable in 120 equal monthly installments, with final maturity on September 30, 2018. In April 2009, COPEL received R\$ 11,066, of which R\$ 6,320 came from RGR funds and R\$ 4,746 from CDE funds; as of this date, the Company received R\$ 63,104, of which R\$ 36,056 came from RGR funds and R\$ 27,048 from CDE funds. There will be no further disbursements under this agreement.

Contract ECFS – 206/2007, was signed on March 3, 2008 by COPEL Distribuição and Eletrobrás, in the amount of R\$ 126,430, for use in the “Luz para Todos” rural electrification program. Out of the total amount, R\$ 108,369 came from RGR funds, and R\$ 18,061 were economic subsidies from CDE (Energy Development Account) funds. This loan has a grace period of 24 months and bears interest of 5% p.a. plus a commission of 1% p.a. It is repayable in 120 equal monthly installments, with final maturity on August 30, 2020. On 08.13.08, COPEL withdrew R\$ 37,929, of which R\$ 32,511 came from RGR funds and R\$ 5,418 from CDE funds. On June 5, 2009, the Company received R\$ 25,286, of which R\$ 21,674 came from RGR funds and R\$ 3,612 from CDE funds.

These loans are secured by COPEL's own revenues, pursuant to a mandate issued by public act, and by the issue of promissory notes in the same number of outstanding installments.

**e) Eletrobrás - Elejor**

For purposes of presentation of the consolidated financial statements, the value of the shares to be redeemed by ELEJOR has been reclassified from minority interest to loans and financing, under noncurrent liabilities.

The 59,000,000 preferred shares in Elejor held by Eletrobrás, in the amount of R\$ 59,900, were to be reacquired by the issuer (Elejor) in 32 consecutive quarterly installments, each in the amount of 1,871,875 shares, starting in the 24<sup>th</sup> month from the beginning of commercial operation of the project, which took place after the last generating unit entered operation on August 31, 2006.

The paid in amounts are restated according to the IGP-M index, *pro rata temporis*, between the date the shares were paid in and the actual payment date, plus interest of 12% p.a..

In August 2007, nine installments were bought back in advance by Elejor, for R\$ 20,385, plus financial charges of R\$ 18,725, for a total of R\$ 39,110.

In December 2008, 29,035,700 shares were bought back by Elejor, for R\$ 35,133, plus financial charges of R\$ 54,867, for a total of R\$ 90,000.

In August 2009, 2,883,810 shares were bought back by Elejor, for R\$ 3,489, plus financial charges of R\$ 8,211, for a total of R\$ 11.600.

In October 2009, 2,411,006 shares were bought back by Elejor, for R\$ 2,917, plus financial charges of R\$ 5,083, for a total of R\$ 8,000.

In December 2009, 2,322,609 shares were bought back by Elejor, for R\$ 2,810, plus financial charges of R\$ 5,216, for a total of R\$ 8.026.

The remaining balance of R\$ 117 as of December 2009 corresponded to financial charges.

**f) BNDES - Compagas**

The BNDES balance includes four agreements signed by Compagas on December 14, 2001, repayable in 99 monthly installments, with interest of 4% p.a.. Two of these agreements were signed for the purchase of machinery and equipment, subject to the TJLP rate (limited to 6% p.a.), and two were signed for construction, facilities, and services, subject to the BNDES monetary unit (UMBND) rate.

This financing is secured by Compagas' gas supply receivables, which shall be deposited exclusively in a checking account at Banco Itaú S.A.

**g) Financiadora de Estudos e Projetos - FINEP**

- 1) Loan agreement no. 02070791-00, signed on November 28, 2007 to partially cover expenses incurred in the preparation of the "Generation Research and Development Project for 2007".

The total credit amounts to R\$ 5,078. The first installment, in the amount of R\$ 1,464, was



released in April 2008, the second one, in the amount of R\$ 2,321, was released in May 2009, and the remaining ones will be deposited to the extent there is financial and budget availability. A share of 1% of the funds will be allocated to cover inspection and supervision expenses. The principal amount of this debt will be subject to equalized interest of 6.37% p.a., due on the 15<sup>th</sup> day of each month, including the months of the grace period. The outstanding balance will be paid to FINEP in 49 monthly and successive installments, the first one due on December 15, 2010, and the last one on December 15, 2014. COPEL Geração e Transmissão has committed to pay a share of the project preparation costs, with its own resources, in the minimum amount of R\$ 564.

To secure the contract, COPEL Geração e Transmissão has authorized Banco do Brasil to withhold the amounts due to FINEP from the checking account in which its monthly revenues are deposited. In the event of breach of contract, COPEL shall lose the benefit of interest equalization.

- 2) Loan agreement no. 02070790-00, signed on November 28, 2007 to partially cover expenses incurred in the preparation of the "Transmission Research and Development Project for 2007".

The total credit amounts to R\$ 3,535. The first installment, in the amount of R\$ 844, was released in October 2008, the second one, in the amount of R\$ 2,451, was released in December 2009, and the remaining ones will be deposited to the extent there is financial and budget availability. A share of 1% of the funds will be allocated to cover inspection and supervision expenses. The principal amount of this debt will be subject to equalized interest of 6.13 % p.a., due on the 15<sup>th</sup> day of each month, including the months of the grace period. The outstanding balance will be paid to FINEP in 49 monthly and successive installments, the first one due on December 15, 2010, and the last one on December 15, 2014. COPEL Geração e Transmissão has committed to pay a share of the project preparation costs, with its own resources, in the minimum amount of R\$ 393.

To secure the contract, COPEL Geração e Transmissão has authorized Banco do Brasil to withhold the amounts due to FINEP from the checking account in which its monthly revenues are deposited. In the event of breach of contract, COPEL shall lose the benefit of interest equalization.

#### **h) BNDES - COPEL Geração e Transmissão**

On March 17, 2009, COPEL Geração e Transmissão signed with BNDES Loan Agreement no. 08.2.0989.1, with COPEL as a intervening agent, to fund the construction of the Mauá Hydroelectric Power Plant and its transmission system, in consortium with Eletrosul. The loan amounts to R\$ 169,500, which will be released in installments as funds are required and pursuant to BNDES' financial scheduling.

This loan will be paid off in 192 monthly installments, starting on February 15, 2012 and ending on January 15, 2028, bearing interest of 1.63% above the Long-Term Interest Rate (TJLP), which will

be paid quarterly during the grace period and monthly after the first payment of the principal amount.

As a guarantee for the payment of all amounts due under this agreement, COPEL Geração e Transmissão has pledged in favor of BNDES a lien on all the revenues from the sale of energy under Agreements for Energy Trade on the Regulated Power Market ("*Contratos de Compra de Energia no Ambiente Regulado*" or CCEARs) in connection with this project, which shall be collected in a special main account for this purpose. The Company shall also set up two "reserve accounts" to cover any shortfalls in the main account. This guarantee will be operated under an Agreement on Revenue Transfer and Attachment, Account Management, and Other Covenants signed by COPEL Geração e Transmissão, BNDES, and Banco do Brasil.

The first installment was made available in July 2009, in the amount of R\$ 55,748.

The contract contains provisions on accelerated maturity in certain conditions.

**i) Banco do Brasil – Transfer of BNDES funds**

On April 16, 2009, COPEL Geração e Transmissão signed with Banco do Brasil Loan Agreement no. 21/02000-0, with COPEL as an intervening agent, to fund the construction of the Mauá Hydroelectric Power Plant and its transmission system, in consortium with Eletrosul. The loan amounts to R\$ 169,500, which will be released in installments pursuant to the Uses and Sources Schedule attached to the agreement.

This loan will be paid off in 192 monthly installments, starting on February 15, 2012 and ending on January 15, 2028, bearing interest of 2.13% above the Long-Term Interest Rate (TJLP), which will be paid quarterly during the grace period and monthly after the first payment of the principal amount. As a guarantee for the payment of all amounts due under this agreement, COPEL Geração e Transmissão has pledged in favor of Banco do Brasil a lien on all the revenues from the sale of energy under Agreements for Energy Trade on the Regulated Power Market ("*Contratos de Compra de Energia no Ambiente Regulado*" or CCEARs) in connection with this project, which shall be collected in a special main account for this purpose. The Company shall also set up two "reserve accounts" to cover any shortfalls in the main account. This guarantee will be operated under an Agreement on Revenue Transfer and Attachment, Account Management, and Other Covenants signed by COPEL Geração e Transmissão, BNDES, and Banco do Brasil.

The first installment was made available in August 2009, in the amount of R\$ 55,748.

The contract contains provisions on accelerated maturity in certain conditions.

## 20 DEBENTURES

The balance of debentures is broken down below:

	Principal amount	Charges	Current liabilities		Long-term liabilities	
			2009 Total	2008 Total	2009	2008
Parent Company (a)	-	17,238	17,238	169,233	600,000	600,000
Elejor (b)	34,665	2,292	36,957	25,767	153,384	202,116
	<b>34,665</b>	<b>19,530</b>	<b>54,195</b>	<b>195,000</b>	<b>753,384</b>	<b>802,116</b>

### Maturity of noncurrent installments

	Consolidated	
	2009	2008
2010	-	36,455
2011	636,054	638,454
2012	36,054	38,454
2013	36,054	38,454
2014	33,005	35,409
2015	11,105	13,290
2016	1,112	1,600
	<b>753,384</b>	<b>802,116</b>

### Changes in the balances of debentures

Balances	Current liabilities	Long-term liabilities	Consolidated Total
<b>As of 2007</b>	<b>171,827</b>	<b>1,002,674</b>	<b>1,174,501</b>
Charges	121,025	-	121,025
Monetary variation	8	638	646
Transfers	201,196	(201,196)	-
Amortization - principal amount	(176,072)	-	(176,072)
Amortization - interest	(122,984)	-	(122,984)
<b>As of 2008</b>	<b>195,000</b>	<b>802,116</b>	<b>997,116</b>
Charges	83,416	-	83,416
Monetary variation	23	234	257
Transfers	48,966	(48,966)	-
Amortization - principal amount	(163,175)	-	(163,175)
Amortization - interest	(110,035)	-	(110,035)
<b>As of 2009</b>	<b>54,195</b>	<b>753,384</b>	<b>807,579</b>

#### a) Debentures - Parent Company

##### 1) Fourth Issue of Debentures

The issuance of 60 thousand debentures constituted the fourth single issuance carried out by the Company on September 1, 2006, in the amount of R\$ 600,000, completed on October, 6, 2006, with full subscription totaling R\$ 607,899, valid for five years as from date of issuance and with final maturity, in sole series, on September 1, 2011. Debentures are single, non-convertible into shares, book-entry, nominative and without guarantee.

These securities yield interest on their face value of 104% of the average one-day Interfinance Deposit (DI - over) rates, extra-group, expressed in an annual percentage rate based on 252 business days, calculated and published daily by CETIP (the "DI rate") in exponential and cumulative *pro rata temporis* manner according to the number of business days elapsed. Interest corresponding to the capitalization period is due and paid semi-annually, with the first due date on March 1, 2007 and the last on September 1, 2011. There will be no renegotiation of these debentures.

The resources obtained with the issue of these debentures were used to optimize the Company's debt profile, by means of payment of its financial obligations, and to reinforce its cash flow. The resources from this issue were used to settle 1/3 of the principal amount of the Company's 3<sup>rd</sup> issue of debentures, due on February 1, 2007, and the principal amount of the Company's 2<sup>nd</sup> issue of debentures, due on March 1, 2007.

The debentures feature provisions setting forth accelerated maturity in the following cases:

- 1) Bankruptcy ruling against the issuer or any subsidiary controlled, directly or indirectly, by the issuer, or filing for business reorganization in bankruptcy by the issuer or by any subsidiary controlled, directly or indirectly, by the issuer (or any similar judicial proceeding similar which replaces or complements the current legislation on bankruptcy and business reorganization, including judicial or extrajudicial recovery);
- 2) Non-payment of any amounts due to debenture holders on the dates set forth in the agreement;
- 3) Court ruling for intervention in the concession or for termination of the concession for the services of distribution, transmission, or generation of power by the issuer or by the subsidiaries of the issuer;
- 4) Notwithstanding the provision in item (2) above, the default by the issuer or by COPEL Generation on any non-financial obligation or the untruthfulness of any statement contained in this agreement or in the pledge agreement, not remedied in ten business days from the date of default or of proof of untruthfulness. This ten business day deadline is not applicable to obligations for which a specific deadline has been set;
- 5) Legitimate protest against any security of the issuer or of any subsidiary controlled, directly or indirectly, by the issuer, with single or aggregate value equal to or greater than R\$ 25,000, such an amount being restated annually according to the variation of the IGP-M index calculated and published by Fundação Getúlio Vargas, except in the event such protest is made in error or bad faith by third parties, provided that such situation is proven validly by the issuer or subsidiary controlled, directly or indirectly, by the issuer, as the case may be, or in the event it is cancelled within thirty days of its filing;

- 6) Final court or arbitration ruling against the issuer or any subsidiary controlled, directly or indirectly, by the issuer in aggregate amount greater than R\$ 40,000, such an amount being restated annually according to the variation of the IGP-M index, provided the issuer or any subsidiary controlled, directly or indirectly, by the issuer fails to prove payment of the aggregate amount to the fiduciary agent, within ten business days from such supposed payment, in compliance with the schedule and conditions set forth in such final court or arbitration ruling;
- 7) Accelerated maturity of any debt of the issuer or of any subsidiary controlled, directly or indirectly, by the issuer in a single or aggregate amount equal to or greater than R\$ 25,000, such an amount being restated annually according to the variation of the IGP-M index;
- 8) Lack of payment by the issuer or by any subsidiary controlled, directly or indirectly, by the issuer of any financial obligations in aggregate amount equal to or greater than R\$ 25,000, such an amount being restated annually according to the variation of the IGP-M index;
- 9) Violation by the issuer or by any subsidiary controlled, directly or indirectly, by the issuer, during the term of this agreement, of laws, rules, and regulations, including those of environmental nature, which affect or may affect the issuer's ability to legitimately fulfill its obligations set forth in this agreement; and
- 10) Any change in the corporate object contained in the issuer's by-laws which modifies the primary business activity of the issuer.

## **2) Third Issue of Debentures**

A single series of 40,000 debentures makes up the third issue of simple debentures, concluded on May 9, 2005, fully subscribed for R\$ 400,000, with a four-year term. These debentures matured and were paid off on February 1, 2009.

### **b) Debentures - Elejor**

The contract for Elejor's first issue of debentures was signed with BNDES Participações S.A., with COPEL intervening as "Guarantor Shareholder".

These funds were raised to be employed in the following:

- 1) Investments in the Fundão-Santa Clara Power Complex, on the Jordão River, in the State of Paraná;
- 2) Investments in two small hydropower plants, the Santa Clara I SHP and the Fundão SHP;
- 3) Payment of 50% of the amounts borrowed between July 1, 2004 and September 30, 2004 under the loan agreement signed on April 7, 2004 with the Guarantor Shareholder;

- 4) Full payment of the funds loaned by the Guarantor Shareholder from October 1, 2004 until the date the first debentures were paid in;
- 5) Payment of operating expenses inherent to the issuer's business, including the purchase of power to meet supply obligations; and
- 6) Financing of the social and environmental programs in connection with the investments in the Fundão-Santa Clara Power Complex.

One thousand debentures were issued in book-entry form, without the issue of guarantees or certificates. They were issued in two series, the first one comprising 660 debentures, and the second one, 340. Both of them are nominal, convertible into common shares and into class C preferred shares, at the discretion of the debenture holders.

The total amount of this issue was R\$ 255,626. The debentures had a face value of R\$ 256 on the issue date, February 15, 2005, and this value is restated according to the variation of the long term interest rate (TJLP).

The final maturity of the first series is scheduled for February 15, 2015. After the grace period for the principal amount of 48 months from the issue date, amortization will take place in 24 quarterly installments pursuant to the agreement. The first amortization payment was on May 15, 2009.

The final maturity of the second series is scheduled for February 15, 2016. After the grace period for the principal amount of 60 months from the issue date, amortization will take place in 24 quarterly installments pursuant to the agreement. The first amortization payment is due on May 15, 2010.

The first and second series yield interest based on the variation of TJLP, plus a 4% p.a. spread on the outstanding balance of each series. Interest on the first series is due annually, in the first twelve months from the issue date, and quarterly thereafter. The first payment was due on February 15, 2006, and the last one, on February 15, 2015. Interest on the second series is due annually, in the first 24 months from the issue date, and quarterly thereafter. The first payment was due on May 15, 2007, and the last one, on February 15, 2016.

#### **Advance payments of the 2<sup>nd</sup> issue of debentures**

In December 2008, R\$ 42,621 were paid in advance, plus financial charges of R\$ 2,379, for a total of R\$ 45,000.

In August 2009, R\$ 5,487 were paid in advance, plus financial charges of R\$ 313, for a total of R\$ 5.800.

In October 2009, R\$ 3,784 were paid in advance, plus financial charges of R\$ 216, for a total of R\$ 4,000.

In December 2009, R\$ 4,256 were paid in advance, plus financial charges of R\$ 244, for a total of R\$ 4.500.

The agreement contains the following guarantees:

- 1) Letter of guarantee signed by COPEL pledging an unsecured guarantee and taking main responsibility for payment to debenture holders;
- 2) Lien on rights resulting from the concession agreement: pursuant to the terms and provisions of the private agreements for lien on revenues and other covenants between the issuer, the fiduciary agent, and the depositary bank, an irrevocable lien was constituted, with due authorization by ANEEL; and

- 3) Lien on revenues and reserve of funds for payment: pursuant to the agreement between the issuer, the fiduciary agent, and the depositary bank, a centralizing account and a reserve account were constituted and shall be in effect until final settlement of all obligations under this agreement.

The debentures feature provisions setting forth accelerated maturity in certain conditions.

## 21 SUPPLIERS

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
<b>Transmission network use charges</b>		
Use of the Basic Network	63,209	57,096
Energy transmission	4,310	4,182
Connections	274	265
	<b>67,793</b>	<b>61,543</b>
<b>Electricity suppliers</b>		
Eletrobrás (Itaipu)	80,104	100,040
Furnas Centrais Elétricas S.A.	34,375	32,757
Companhia Hidro Elétrica do São Francisco - Chesf	33,696	32,108
Companhia Energética de São Paulo - Cesp	12,031	11,488
Rio Pedrinho Energética S.A. and Consórcio Salto Natal Energética S.A.	11,330	10,234
Centrais Elétricas do Norte do Brasil S.A. - Eletronorte	10,856	10,316
CPFL Energia S.A.	10,041	994
Itiquira Energética S.A.	10,000	9,247
Companhia Energética de Minas Gerais - Cemig	6,530	4,660
Dona Francisca Energética S.A.	5,100	5,128
Cia. Estadual de Geração e Transmissão de Energia Elétrica S.A. - CEEE	3,819	3,632
Utilities - CCEE (Note 33)	1,859	27,976
Other suppliers	26,656	13,789
	<b>246,397</b>	<b>262,369</b>
<b>Materials and services</b>		
Petróleo Brasileiro S.A. - Petrobras - gas acquired by Compagas	23,166	36,775
Petróleo Brasileiro S.A. - Petrobras - renegotiation (a)	43,949	-
Petróleo Brasileiro S.A. - Petrobras - renegotiation - long-term (a)	175,796	214,157
Other suppliers	162,224	137,145
	<b>405,135</b>	<b>388,077</b>
	<b>719,325</b>	<b>711,989</b>
<b>Current</b>	<b>543,529</b>	<b>497,832</b>
<b>Noncurrent</b>	<b>175,796</b>	<b>214,157</b>

### a) Petróleo Brasileiro S.A. - Petrobras

On March 6, 2006, COPEL signed an agreement with Petrobras to settle the pending issues regarding the gas purchase agreement for the Araucária Thermal Power Plant. This settlement comprised the signature of an Out-of-Court Agreement, under which COPEL Generation, with COPEL as guarantor, acknowledged a R\$ 150,000 debt to Petrobras, as grantor of Compagas' credits to COPEL Generation, which shall be paid in 60 monthly installments restated by the Selic rate, starting in January 2010.

On May 30, 2006, COPEL Generation signed a Mutual Release Agreement with Compagas under



which both companies fully and irrevocably release each other from all obligations and rights under the Natural Gas Purchase and Sale Agreement signed by them on May 30, 2000 and terminated on May 31, 2005, renouncing any claims against each other, on any grounds, as of the date of the Out of Court Settlement and Confession of Indebtedness signed by them and by Petrobras, with the participation of COPEL. The debt acknowledged by COPEL Generation remains.

**b) Main power purchase agreements**

	Period of Supply	Purchased power (Avg. MW)	Date of auction	Average purchase price (R\$)
<b>Auction of power from existing facilities</b>				
1st Auction - 2005 Product	2005 to 2012	915.00	December 7, 2004	57.51
1st Auction - 2006 Product	2006 to 2013	421.58	December 7, 2004	67.33
1st Auction - 2007 Product	2007 to 2014	4.86	December 7, 2004	75.46
2nd Auction - 2008 Product	2008 to 2015	58.32	April 2, 2005	83.13
4th Auction - 2009 Product	2009 to 2016	29.82	October 11, 2005	94.91
5th Auction - 2007 Product	2007 to 2014	159.38	December 14, 2006	104.74
		<b>1,588.96</b>		
<b>Auction of power from new facilities</b>				
1st Auction - 2008 Hydro Product	2008 to 2037	3.61	December 16, 2005	106.95
1st Auction - 2008 Thermal Product	2008 to 2022	28.56	December 16, 2005	132.26
1st Auction - 2009 Hydro Product	2009 to 2038	3.26	December 16, 2005	114.28
1st Auction - 2009 Thermal Product	2009 to 2023	41.59	December 16, 2005	129.26
1st Auction - 2010 Hydro Product	2010 to 2039	66.32	December 16, 2005	114.57
1st Auction - 2010 Thermal Product	2010 to 2024	64.30	December 16, 2005	121.81
3rd Auction - 2011 Hydro Product	2011 to 2040	57.66	October 10, 2006	120.86
3rd Auction - 2011 Thermal Product	2011 to 2025	54.22	October 10, 2006	137.44
4th Auction - 2010 Thermal Product	2010 to 2024	18.32	July 26, 2007	134.64
5th Auction - 2012 Hydro Product	2012 to 2041	52.50	October 16, 2007	129.14
5th Auction - 2012 Thermal Product	2012 to 2026	117.27	October 16, 2007	128.37
6th Auction - 2011 Thermal Product	2011 to 2025	51.07	September 17, 2008	128.42
7th Auction - 2013 Hydro Product	2013 to 2042	12.24	September 30, 2008	98.98
7th Auction - 2013 Thermal Product	2013 to 2027	303.99	September 30, 2008	145.23
Santo Antonio	2012 to 2041	106.00	December 10, 2007	78.87
Jirau	2013 to 2042	141.51	May 19, 2008	71.37
		<b>1,122.42</b>		

The table features the main power purchase agreements signed in the regulated power trading environment. These contracts are restated annually according to the IPCA inflation index.

**22 ACCRUED PAYROLL COSTS**

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
<b>Payroll</b>		
Profit sharing	64,995	65,816
Taxes and social contribution	28,574	26,659
Payroll, net	178	103
Compensation - Voluntary Redundancy (Note 31.c.2)	15,859	-
Assignments to third-parties	-	5
	<b>109,606</b>	<b>92,583</b>
<b>Labor accruals</b>		
Paid vacation and annual bonus	55,602	50,909
Social charges on paid vacation and 13th salary	17,458	15,896
Voluntary redundancy (Note 31.c.2)	24,291	-
	<b>97,351</b>	<b>66,805</b>
	<b>206,957</b>	<b>159,388</b>

## 23 POST-EMPLOYMENT BENEFITS

### a) Pension Plan

The Company and its subsidiaries sponsor retirement and pension plans (Pension Plans I, II, and III) and a medical and dental care plan (Healthcare Plan) to both current and retired employees and their dependents.

Pension Plans I and II are defined benefit plans, while Plan III is a defined contribution plan.

The cost shares borne by the plans' sponsors are recorded according to an actuarial assessment prepared annually by independent actuaries pursuant to the rules of CVM Ruling no. 371/00. The economic and financial assumptions for purposes of actuarial assessment are discussed with the independent actuaries and approved by the sponsors' senior management.

The flow of payment of contributions under Plans I and II, as of July 2007, was guaranteed under an agreement called "Private Agreement for Adjustment of Mathematical Reserves for the Basic and Supplemental Pension Plans", signed on January 20, 1999. Based on legal opinions by external and internal legal experts who reviewed specific clauses of this agreement and concluded that the corresponding liabilities had expired, the Company notified the senior management of Fundação COPEL de Previdência e Assistência Social, on July 27, 2007, that no contribution payments would be made under that agreement as of August 2007.

In September 2007, Fundação COPEL disputed COPEL's interpretation, which led to a joint request for review and ruling by the State Department of Supplemental Pension Plans (SPC). After the submission of requested clarifications and the conduction of an actuarial audit recommended by the SPC, in October 2008 the SPC requested further clarifications about the report and the opinion of the consulting company in charge of the audit, which had been submitted by the COPEL Foundation in July 2008. As of the date of these financial statements, SPC has not ruled on the matter.

The outcome of this issue will not affect the amounts which have already been recorded as an

actuarial liability pursuant to CVM Instruction no. 371/00. In fact, it will only affect the cash flow of the payment of contributions between COPEL and the COPEL Foundation.

**b) Healthcare Plan**

The Company and its subsidiaries allocate resources for the coverage of healthcare expenses incurred by their employees and their dependents, within rules, limits, and conditions set in specific regulations. Coverage includes periodic medical exams and is extended to all retirees and pensioners for life.

**c) Balance sheet and statement of operations**

Amounts recognized in the balance sheet, under Post-Employment Benefits, are summarized below:

	<b>Consolidated</b>	
	<b>2009</b>	<b>Total 2008</b>
<b>Pension Plan</b>		
Pension Plan - Plans I and II (DB)	-	95,436
Pension Plan - Plan III (VC) - employees	10,235	9,111
	<b>10,235</b>	<b>104,547</b>
<b>Healthcare Plan</b>	<b>365,246</b>	<b>343,398</b>
	<b>375,481</b>	<b>447,945</b>
	<b>Current</b>	<b>22,505</b>
	<b>Noncurrent</b>	<b>352,976</b>
		<b>22,066</b>
		<b>425,879</b>

The consolidated amounts recognized in the statement of operations are shown below:

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
Pension plan - periodic post-employment cost	(95,436)	(31,420)
Pension plan (DC)	53,922	48,138
Pension plan (DC) - managers	217	137
Healthcare plan - post-employment	34,051	(6,909)
Healthcare plan contributions	28,797	27,459
Healthcare plan contributions - managers	5	3
	<b>21,556</b>	<b>37,408</b>
(-) Transfers to construction in progress	(7,379)	(7,392)
	<b>14,177</b>	<b>30,016</b>

The annual estimated cost for 2009, calculated by an independent actuary, resulted in income due to the actuarial gains which are being amortized and whose amounts exceed the regular periodic cost of the plans.

**Changes in the Post-Employment Benefits balance**

Balances	Current liabilities	Noncurrent liabilities	Consolidated Total
<b>As of 2007</b>	<b>42,286</b>	<b>454,411</b>	<b>496,697</b>
Appropriation of actuarial calculation	-	(38,329)	(38,329)
Pension and healthcare contributions	75,737	-	75,737
Transfers	(9,797)	9,797	-
Amortizations	(86,160)	-	(86,160)
<b>As of 2008</b>	<b>22,066</b>	<b>425,879</b>	<b>447,945</b>
Appropriation of actuarial calculation	-	(61,385)	(61,385)
Pension and healthcare contributions	82,941	-	82,941
Transfers	11,518	(11,518)	-
Amortizations	(94,020)	-	(94,020)
<b>As of 2009</b>	<b>22,505</b>	<b>352,976</b>	<b>375,481</b>

**d) Actuarial assessment pursuant to CVM Ruling no. 371/00**

**l) Actuarial assumptions**

The actuarial assumptions used to determine the amounts of liabilities and costs for 2009 and 2008 are shown below:

	Consolidated	
	Real	Nominal
<b>Economics</b>		
Inflation p.a.	-	5.20%
Projected rate of discount/return p.a.	6.00%	11.51%
Wage increase p.a.	2.00%	7.30%
<b>Demographics</b>		
Death rate		AT - 83
Disabled death rate		AT - 49
Disability rate		Light

**m) Number of participants and beneficiaries:**

Number of participants <sup>(1)</sup>	Pension plan		Healthcare plan	
	2009	2008	2009	2008
Number of active participants	8,735	8,364	8,384	8,213
Number of inactive participants	5,863	5,781	4,677	4,636
Number of dependents	-	-	23,674	24,437
<b>Total</b>	<b>14,598</b>	<b>14,145</b>	<b>36,735</b>	<b>37,286</b>

<sup>(1)</sup> Unaudited by the independent auditors

**n) Actuarial assessment**

Benefits plan	Pension plan	Healthcare plan	Consolidated Total	
			2009	2008
Totally or partially covered liabilities	2,915,084	476,227	3,391,311	3,067,284
Fair value of plan's assets	(3,509,658)	(110,981)	(3,620,639)	(3,496,623)
State of plan coverage	<b>(594,574)</b>	<b>365,246</b>	<b>(229,328)</b>	<b>(429,339)</b>
Deferred actuarial gains	564,461	-	564,461	868,173
	<b>(30,113)</b>	<b>365,246</b>	<b>335,133</b>	<b>438,834</b>
Unrecognized asset	30,113	-	30,113	-
<b>Total liability</b>	<b>-</b>	<b>365,246</b>	<b>365,246</b>	<b>438,834</b>

In light of the Brazilian legislation on pension funds, particularly Supplemental Pension

Management Council's Rule no. 26, the Company does not record the net assets as of the end of the fiscal year.

The actuarial assessment of defined benefit plans is calculated by the projected unit credit cost method (PUC). The net assets of the benefit plan are assessed according to market values (mark to market).

Since the year ended on December 31, 2006, COPEL has chosen to not defer future actuarial gains and losses recorded in the healthcare plan, rather recording them immediately in the statement of income.

On December 31, 2009, the balance of accumulated amounts in the defined contribution plan was R\$ 1,420,320 (R\$ 1,142,537 on December 31, 2008).

**o) Changes in actuarial liabilities**

	Pension plan	Healthcare plan
<b>Current value of net actuarial liability in 2007</b>	<b>2,518,605</b>	<b>476,830</b>
Cost of current service	15,963	1,492
Interest cost	282,252	52,527
Benefits paid	(199,381)	(24,889)
Actuarial gains (losses)	(3,742)	(52,373)
<b>Current value of net actuarial liability in 2008</b>	<b>2,613,697</b>	<b>453,587</b>
Cost of current service	20,398	1,534
Interest cost	289,985	50,274
Benefits paid	(200,067)	(31,672)
Actuarial gains (losses)	191,071	2,504
<b>Current value of net actuarial liability in 2009</b>	<b>2,915,084</b>	<b>476,227</b>

**p) Changes in actuarial assets**

	Pension plan	Healthcare plan
<b>Fair value of plan's assets as of 2007</b>	<b>3,255,449</b>	<b>114,392</b>
Projected return on plan assets	363,364	12,372
Contributions and additions	4,226	62,771
Benefits paid	(199,381)	(73,540)
Actuarial gains (losses)	(37,332)	(5,698)
<b>Fair value of plan's assets as of 2008</b>	<b>3,386,326</b>	<b>110,297</b>
Projected return on plan assets	384,655	12,519
Contributions and additions	14,254	63,057
Benefits paid	(200,067)	(70,668)
Actuarial gains (losses)	(75,510)	(4,224)
<b>Fair value of plan's assets as of 2009</b>	<b>3,509,658</b>	<b>110,981</b>

**q) Estimated costs**

The estimated net periodic plan costs (gains) for 2009, according to the actuarial criteria of CVM Ruling no. 371/00, for each plan are shown below:

	Pension plan	Healthcare plan	Consolidated
			<b>2010</b>
Cost of current service	15,760	6,179	21,939
Estimated interest cost	311,160	47,278	358,438
Projected return on plan assets	(393,702)	(12,776)	(406,478)
Projected employee contributions	(14,166)	(12,695)	(26,861)
Amortization of gains and losses	(22,422)	-	(22,422)
<b>Costs (revenues)</b>	<b>(103,370)</b>	<b>27,986</b>	<b>(75,384)</b>

## 24 CUSTOMER CHARGES DUE

	Consolidated	
	2009	2008
Energy Development Account - CDE	17,818	14,904
Global Reversal Reserve - RGR	7,245	6,045
Fuel Consumption Account - CCC	4,460	22,174
	<b>29,523</b>	<b>43,123</b>

## 25 RESEARCH AND DEVELOPMENT AND ENERGY EFFICIENCY

Pursuant to ANEEL regulation, power distribution, generation, and transmission utilities are required to allocate an annual share of 1% of their net operating revenues to power sector research and development and energy efficiency programs.

Through the Manuals for Research and Development and Energy Efficiency, ANEEL has established the criteria and procedures for the calculation, application, and collection by concession, permission, and authorization holders of the funds to be assigned monthly to Energy Efficiency and Research and Development projects, to the National Fund for Scientific and Technological Development (FNDCT), and to the Ministry of Mining and Energy (MME), pursuant to Law no. 9,991/00.

COPEL's balances allocated to Research and Development and Energy Efficiency are detailed down below:

	Applied and unfinished	Balance to collect	Balance to apply	Balance as of 2009	Balance as of 2008
<b>Research and Development - R&amp;D</b>					
FNDCT	-	1,325	-	1,325	18,649
MME	-	682	-	682	9,345
R&D	25,196	-	79,365	104,561	85,596
	<b>25,196</b>	<b>2,007</b>	<b>79,365</b>	<b>106,568</b>	<b>113,590</b>
<b>Energy Efficiency Program - EEP</b>	<b>20,428</b>	<b>-</b>	<b>84,502</b>	<b>104,930</b>	<b>84,973</b>
	<b>45,624</b>	<b>2,007</b>	<b>163,867</b>	<b>211,498</b>	<b>198,563</b>
			<b>Current</b>	<b>121,005</b>	<b>126,484</b>
			<b>Noncurrent</b>	<b>90,493</b>	<b>72,079</b>

## Changes in the balances of R&D and EEP

The changes in these balances are shown below:

Balances	FNDCT	MME	R&D		EEP		C onsolidated Total
	Current	Current	Current	Noncurrent	Current	Noncurrent	
<b>As of 2007</b>	<b>20,157</b>	<b>10,287</b>	<b>75,893</b>	-	<b>78,943</b>	-	<b>185,280</b>
Additions	14,111	7,056	14,111	-	18,338	-	53,616
SELIC interest rate	-	-	7,818	-	6,704	-	14,522
Tranfers	-	-	(37,509)	37,509	(34,570)	34,570	-
Disbursements	(15,619)	(7,998)	-	-	-	-	(23,617)
Concluded projects	-	-	(12,226)	-	(19,012)	-	(31,238)
<b>As of 2008</b>	<b>18,649</b>	<b>9,345</b>	<b>48,087</b>	<b>37,509</b>	<b>50,403</b>	<b>34,570</b>	<b>198,563</b>
Additions	14,831	7,415	2,900	11,933	3,023	16,182	56,284
SELIC interest rate	-	-	1,383	5,448	1,236	5,185	13,252
Tranfers	-	-	(18)	18	20,352	(20,352)	-
Disbursements	(32,155)	(16,078)	-	-	-	-	(48,233)
Concluded projects	-	-	(2,699)	-	(5,669)	-	(8,368)
<b>As of 2009</b>	<b>1,325</b>	<b>682</b>	<b>49,653</b>	<b>54,908</b>	<b>69,345</b>	<b>35,585</b>	<b>211,498</b>

## 26 OTHER ACCOUNTS PAYABLE

	Consolidated	
	2009	2008
<b>Current liabilities</b>		
Concession charge - ANEEL grant	36,576	38,649
Financial compensation for use of water resources	19,402	17,601
Collected public lighting charge	17,989	18,669
Reimbursements of customer contributions	15,304	18,037
Participation in consortia	7,309	4,833
Collaterals	4,521	1,723
Advance payments from customers	3,945	93
Reparations to the Apucarantina indian community	2,596	2,498
Insurance companies - premiums due	2,251	3,181
Other liabilities	11,263	9,099
	<b>121,156</b>	<b>114,383</b>
<b>Noncurrent liabilities</b>		
Reparations to the Apucarantina indian community	2,596	4,995
Other liabilities	357	1,679
	<b>2,953</b>	<b>6,674</b>

## 27 RESERVE FOR CONTINGENCIES

The Company is a party to several labor, tax and civil claims filed before different courts. COPEL's senior management, based on the opinion of its legal counsel, maintains a reserve for contingencies in connection with lawsuits which probable chance of an unfavorable outcome. The balances of the Company's reserve for contingencies, net of escrow deposits, are shown below:

Consolidated	Contingencies	Judicial deposits	Net	Net
			provision	provision
			2009	2008
<b>Labor (a)</b>	<b>158,431</b>	<b>(23,722)</b>	<b>134,709</b>	<b>104,354</b>
<b>Regulatory (b)</b>	<b>37,010</b>	<b>-</b>	<b>37,010</b>	<b>36,851</b>
<b>Civil:</b>				
Suppliers (c)	84,024	(22,822)	61,202	52,209
Civil and administrative claims (d)	57,213	(10,568)	46,645	23,213
Easements (e)	14,902	-	14,902	15,615
Condemnations and real estate (e)	125,339	-	125,339	119,645
Customers (f)	5,324	(1,426)	3,898	4,571
Environmental claims (g)	10	-	10	-
	<b>286,812</b>	<b>(34,816)</b>	<b>251,996</b>	<b>215,253</b>
<b>Tax:</b>				
COFINS tax (Note 8.d.2)	-	-	-	178,753
Other taxes (h)	77,858	(27,029)	50,829	58,154
	<b>77,858</b>	<b>(27,029)</b>	<b>50,829</b>	<b>236,907</b>
	<b>560,111</b>	<b>(85,567)</b>	<b>474,544</b>	<b>593,365</b>

Parent Company	Contingencies	Judicial deposits	Net	Net
			provision	provision
			2009	2008
<b>Regulatory claims (b)</b>	<b>9,249</b>	<b>-</b>	<b>9,249</b>	<b>9,249</b>
<b>Civil claims</b>	<b>328</b>	<b>(288)</b>	<b>40</b>	<b>434</b>
<b>Tax claims:</b>				
COFINS tax (Note 8.d.2)	-	-	-	178,753
Other taxes (h)	44,357	(27,004)	17,353	25,726
	<b>44,357</b>	<b>(27,004)</b>	<b>17,353</b>	<b>204,479</b>
	<b>53,934</b>	<b>(27,292)</b>	<b>26,642</b>	<b>214,162</b>

### Changes in reserve for contingencies

Consolidated	Balance as of 2008	Additions (reversals)	Additions to p., p., &e.	Payments	Balance as of 2009
<b>Labor</b>	<b>129,699</b>	<b>53,551</b>	<b>4</b>	<b>(24,823)</b>	<b>158,431</b>
<b>Regulatory</b>	<b>36,851</b>	<b>151</b>	<b>-</b>	<b>8</b>	<b>37,010</b>
<b>Civil:</b>					
Suppliers	52,209	31,815	-	-	84,024
Civil and administrative claims	29,987	32,743	-	(5,517)	57,213
Easements	15,615	-	4,825	(5,538)	14,902
Condemnations and real estate	119,645	-	5,710	(16)	125,339
Customers	5,465	128	-	(269)	5,324
Environmental claims	-	10	-	-	10
	<b>222,921</b>	<b>64,696</b>	<b>10,535</b>	<b>(11,340)</b>	<b>286,812</b>
<b>Tax:</b>					
COFINS tax	178,753	(178,753)	-	-	-
Other taxes	85,158	(7,300)	-	-	77,858
	<b>263,911</b>	<b>(186,053)</b>	<b>-</b>	<b>-</b>	<b>77,858</b>
	<b>653,382</b>	<b>(67,655)</b>	<b>10,539</b>	<b>(36,155)</b>	<b>560,111</b>



Parent Company	Balance as of 2008	Additions (reversals)	Balance as of 2009
<b>Regulatory</b>	<b>9,249</b>	<b>-</b>	<b>9,249</b>
<b>Civil</b>	<b>434</b>	<b>(106)</b>	<b>328</b>
<b>Tax:</b>			
Cofins tax	178,753	(178,753)	-
Other taxes	52,729	(8,372)	44,357
	<b>231,482</b>	<b>(187,125)</b>	<b>44,357</b>
	<b>241,165</b>	<b>(187,231)</b>	<b>53,934</b>

The amount related to cases classified as reasonably possible losses, estimated by the Company and its subsidiaries as of December 31, 2009, reached R\$ 1,879,460, of which R\$ 110,706 correspond to labor claims; R\$ 1,195,126 to regulatory claims; R\$ 115,942 to civil claims; and R\$ 457,686 to tax claims. It is important to point out that COPEL has a good chance of success in the lawsuit it filed to dispute the effects of ANEEL Ruling no. 288/2002, based on the opinion of its legal counsel, as discussed in Note 33 herein, under the title "Electric Energy Trading Chamber (CCEE)".

**a) Labor claims**

Labor claims comprise claims filed by former employees of COPEL in connection with the payment of overtime, hazardous working conditions, transfer bonuses, wage equality/reclassification, and other matters, and also claims by former employees of contractors (joint liability) and third-parties (secondary liability) involving reparations and other matters. They also include labor claims by retired COPEL employees against the COPEL Foundation, which will reflect on the Company.

**b) Regulatory claims**

COPEL is disputing on the administrative and on the judicial level notices issued by the regulatory agency in connection with supposed regulatory violations. The main lawsuits currently in progress, in the amount of R\$ 30,373, are those involving Companhia Estadual de Energia Elétrica - CEEE and Dona Francisca Energética S.A., in which ANEEL Ruling no. 288/2002 is being disputed. The likely success in these lawsuits will result in changes in CCEE accounting, which requires the constitution of a provision for these amounts, since COPEL will be required to pay off the amounts due.

**c) Rio Pedrinho Energética S.A. and Consórcio Salto Natal Energética S.A.**

COPEL Distribuição is disputing in court the validity of the terms and conditions of the power purchase and sale agreements signed with Rio Pedrinho Energética S.A. and Consórcio Salto Natal Energética S.A., based on the argument that they grant benefits to the selling companies that hurt the public interest. At the same time, both companies, after having rescinded the agreements, filed for arbitration before the Arbitration Chamber of Fundação Getúlio Vargas, which sentenced COPEL to the payment of contractual penalties for having caused the rescission of the agreement. COPEL has filed for a court order making the arbitration ruling void.

Management, based on the opinion of its legal counsel that it is likely to lose this case and on the

current stage of the lawsuits, decided to set aside a reserve for contingencies in the original amount of the debt, restated according to the original contractual terms, which amounted to R\$ 84,024 as of December 31, 2009.

**d) Civil and administrative claims**

These claims usually involve reparations for accidents involving power grids and vehicle accidents.

**e) Easements, condemnation, and real estate**

COPEL's real estate claims comprise mostly cases of condemnation and easements, in which compensation is always mandatory pursuant to the Federal Constitution, which requires that the Federal Government pay just compensation, in cash, prior to condemnation of private property or to the imposition of restrictions on the use of property without transfer of title. Lawsuits are usually filed when parties fail to agree on the amount of compensation due.

**Ivaí Engenharia de Obras S.A.**

In a lawsuit filed by Ivaí Engenharia de Obras S.A., COPEL Geração e Transmissão was sentenced to the payment of R\$ 180,917 as compensation for a supposed economic-financial imbalance under Contract D-01, concerning construction work for the Jordão River diversion project. COPEL appealed this decision and was partially successful, avoiding the application of the SELIC interest rate on top of the penalty interest. COPEL will continue to dispute this claim in court, through all means legally available.

The Company set aside a reserve for contingencies in the amount of R\$ 113,795, in light of the evaluation conducted by its Chief Legal Office, which estimates that a loss is probable.

**f) Customer claims**

These claims usually involve reparations for damage to electric appliances, moral damages on account of service-related issues (such as suspension of supply), and lawsuits filed by industrial customers disputing the legality of a rate increase during the Brazilian Government's "Cruzado Plan" period and pleading refunds. COPEL set up a provision based on the supposed discrepancy in the rates charged to industrial customers from March through November 1986, plus financial charges, in an amount believed to be sufficient to cover probable losses.

**g) Environmental claims**

Environmental claims involving COPEL and its subsidiaries usually comprise class actions whose goal is to stop the environmental licensing process for new projects or the recovery of permanent protection areas around power plant reservoirs which have been illegally used by individuals. COPEL estimates that unfavorable outcomes would result only in the cost of new environmental studies and of the recovery of Company-owned land.

Furthermore, COPEL had on December 31, 2009 commitments to environmental agencies in the amount of R\$ 89,541 (R\$ 17,674 as of 2008), which shall be realized over the next few years, so

that this amount will mostly be incorporated into the Company's property, plant, and equipment as disbursements are made, thus significantly reducing the risk of environmental damage.

**h) Other taxes**

**1) Service Tax (ISS)**

These claims involve tax penalties imposed on COPEL for not having withheld service tax on the services rendered to the Company by third-parties.

**2) Value-Added Tax on Sales and Services (ICMS)**

The majority of the discussions involve the filing of a judicial claim by the Group A consumers against the inclusion of the contracted demand in the calculation basis of ICMS. However, in almost all of these judicial claims, the judiciary has removed the Company from the defendant position of the demand and maintains the State of Paraná as legitimate defendant to respond for the possible incorrect collection of ICMS amounts on the contracted demand of electric energy.

**3) Urban Real Estate Tax (IPTU)**

COPEL is disputing both administratively and judicially the levy of IPTU charges on its concession-related properties, on grounds that these are tax exempt. In fact, the Company has been successful in some cases of tax executions filed by State municipalities against it.

**4) Social Security Contributions**

COPEL is party to a wide range of administrative and judicial proceedings involving social security contributions. Most claims, however, involve COPEL's joint liability for the collection of social security contributions levied on services rendered by third-parties.

**5) Rural Real Estate Tax (ITR)**

The discussions on ITR involve, basically, the questioning of the incidence of this tax on the flooded areas resulting from the construction of hydroelectric plants, as well as on the areas currently in possession of people settled due to the Resettling Programs which are, also, due to the construction of hydroelectric plants.

**6) Contribution for Intervention in the Economic Domain (CIDE/FUST/FUNTTTEL)**

The Company has filed administrative claims disputing Assessment Notices issued by the National Telecommunications Agency (ANATEL) and by the Ministry of Communications, on account of supposed balances owed from 2001 to 2006 to the Telecommunications Universalization Fund (FUST) and to the Telecommunications Technology Development Fund (FUNTTTEL). COPEL Telecommunications has argued that the basis for calculation of these charges is correct, pursuant to the applicable legislation, so that no outstanding balances exist.

**28 SHAREHOLDERS' EQUITY**

**a) Share capital**

As of December 31, 2009, Copel's paid in share capital, represented by shares with no par value, was R\$ 4,460,000. The different classes of shares and main shareholders are detailed below:

Shareholders	Common		Class A Preferred		Class B Preferred		In shares	
		%		%		%	Total	%
State of Paraná	85,028,598	58.63	-	-	13,639	0.01	85,042,237	31.08
BNDESPAR	38,298,775	26.41	-	-	27,282,006	21.28	65,580,781	23.96
Eletrobrás	1,530,774	1.06	-	-	-	-	1,530,774	0.56
Stock Exchanges								
BM&FBOVESPA <sup>(1)</sup>	19,465,551	13.42	127,327	32.25	60,515,455	47.19	80,108,333	29.27
NYSE <sup>(2)</sup>	152,436	0.11	-	-	40,077,562	31.26	40,229,998	14.70
Latibex <sup>(3)</sup>	-	-	-	-	301,167	0.23	301,167	0.11
Municipalities	178,393	0.12	12,797	3.24	-	-	191,190	0.07
Other shareholders	376,553	0.25	254,717	64.51	39,625	0.03	670,895	0.25
	<b>145,031,080</b>	<b>100.00</b>	<b>394,841</b>	<b>100.00</b>	<b>128,229,454</b>	<b>100.00</b>	<b>273,655,375</b>	<b>100.00</b>

<sup>(1)</sup> São Paulo Stock Exchange

<sup>(2)</sup> New York Stock Exchange

<sup>(3)</sup> Latin American Securities Market in Euros, linked to the Madrid Stock Exchange

Each share entitles its holder to one vote in the general shareholders' meetings. Preferred shares, which do not carry voting rights, are divided into classes A and B.

Class "A" preferred shares enjoy priority in the reimbursement of capital and in the right to non-cumulative annual dividends of 10%, calculated proportionately to the capital represented by the shares of this class.

Class "B" preferred shares have priority in the reimbursement of capital and the right to the distribution of minimum dividends, calculated as 25% of adjusted net income, pursuant to the corporate legislation and to the Company's by-laws, calculated proportionately to the capital represented by the shares of this class. Class "B" shareholders have priority only over the common shareholders in the distribution of mandatory dividends, which shall only be paid out of the remaining net income after the payment of priority dividends to class "A" shareholders.

According to Article 17 and following paragraphs of Federal Law 6,404/76, dividends paid to preferred shares must be at least 10% higher than those paid to common shares.

**b) Shareholder Breakdown**

COMPANHIA PARANAENSE DE ENERGIA - COPEL								As of 31/12/2008 (In shares)	
SHAREHOLDING POSITION OF THE HOLDERS OF MORE THAN 5% OF EACH CLASS OF STOCK (ENTITIES AND INDIVIDUALS)									
SHAREHOLDER		Common Shares		Class A Preferred Shares		Class B Preferred Shares		Total	
		Shares	%	Shares	%	Shares	%	Shares	%
CONTROLLING SHAREHOLDERS	STATE OF PARANÁ	85,028,598	58.63	-	-	13,639	0.01	85,042,237	31.08
	BNDES PARTICIPAÇÕES S.A. - BNDESPAR	38,298,775	26.41	-	-	27,282,006	21.28	65,580,781	23.96
		-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-
TREASURY STOCK		-	-	-	-	-	-	-	-
OTHER SHAREHOLDERS		21,703,707	14.96	398,177	100.00	100,930,473	78.71	123,032,357	44.96
<b>TOTAL</b>		<b>145,031,080</b>	<b>100.00</b>	<b>398,177</b>	<b>100.00</b>	<b>128,226,118</b>	<b>100.00</b>	<b>273,655,375</b>	<b>100.00</b>

Obs.: BNDES Participações S.A. - BNDESPAR is a public company, wholly-owned by Banco Nacional de Desenvolvimento Social - BNDES, which is 100.0% owned by the Federal Government. It holds a shareholders' agreement with the State Government.

COMPANHIA PARANAENSE DE ENERGIA - COPEL								As of 31/12/2009 (In shares)	
SHAREHOLDING POSITION OF THE HOLDERS OF MORE THAN 5% OF EACH CLASS OF STOCK (ENTITIES AND INDIVIDUALS)									
SHAREHOLDER		Common Shares		Class A Preferred Shares		Class B Preferred Shares		Total	
		Shares	%	Shares	%	Shares	%	Shares	%
CONTROLLING SHAREHOLDERS	STATE OF PARANÁ	85,028,598	58.63	-	-	13,639	0.01	85,042,237	31.08
	BNDES PARTICIPAÇÕES S.A. - BNDESPAR	38,298,775	26.41	-	-	27,282,006	21.28	65,580,781	23.96
CREDIT SUISSE HEDGING-GRIFFO CV S.A (FUNDS)		9,774,900	6.74	-	-	175,830	0.14	9,950,730	3.64
BLACKROCK INC. (FUNDS)		-	-	-	-	7,817,189	6.10	7,817,189	2.86
TREASURY STOCK		-	-	-	-	-	-	-	-
OTHER SHAREHOLDERS		11,928,807	8.23	394,841	100.00	92,940,790	72.47	105,264,438	38.47
<b>TOTAL</b>		<b>145,031,080</b>	<b>100.00</b>	<b>394,841</b>	<b>100.00</b>	<b>128,229,454</b>	<b>100.00</b>	<b>273,655,375</b>	<b>100.00</b>

Obs.: BNDES Participações S.A. - BNDESPAR is a public company, wholly-owned by Banco Nacional de Desenvolvimento Social - BNDES, which is 100.0% owned by the Federal Government. It holds a shareholders' agreement with the State Government.

COMPANHIA PARANAENSE DE ENERGIA - COPEL							As of 31/12/2008 (In shares)	
CONSOLIDATED SHAREHOLDING POSITION OF THE MAJORITY SHAREHOLDERS AND SENIOR MANAGEMENT OF THE COMPANY AND FREE-FLOATING STOCK								
SHAREHOLDERS	Common Shares		Class A Preferred Shares		Class B Preferred Shares		Total	
	Shares	%	Shares	%	Shares	%	Shares	%
MAJORITY SHAREHOLDER	123,327,373	85.04	-	-	27,295,645	21.29	150,623,018	55.04
S. MANAGEMENT	BOARD OF DIRECTORS	9	-	-	-	-	9	-
	BOARD OF OFFICERS	102	-	-	-	-	102	-
FISCAL COUNCIL	-	-	-	-	-	-	-	-
TREASURY STOCK	-	-	-	-	-	-	-	-
OTHER SHAREHOLDERS	21,703,596	14.96	398,177	100.00	100,930,473	78.71	123,032,246	44.96
<b>TOTAL</b>	<b>145,031,080</b>	<b>100.00</b>	<b>398,177</b>	<b>100.00</b>	<b>128,226,118</b>	<b>100.00</b>	<b>273,655,375</b>	<b>100.00</b>
<b>FREE-FLOAT</b>	<b>21,703,596</b>	<b>14.96</b>	<b>398,177</b>	<b>100.00</b>	<b>100,930,473</b>	<b>78.71</b>	<b>123,032,246</b>	<b>44.96</b>

COMPANHIA PARANAENSE DE ENERGIA - COPEL							As of 31/12/2009 (In shares)	
CONSOLIDATED SHAREHOLDING POSITION OF THE MAJORITY SHAREHOLDERS AND SENIOR MANAGEMENT OF THE COMPANY AND FREE-FLOATING STOCK								
SHAREHOLDERS	Common Shares		Class A Preferred Shares		Class B Preferred Shares		Total	
	Shares	%	Shares	%	Shares	%	Shares	%
MAJORITY SHAREHOLDER	123,327,373	85.04	-	-	27,295,645	21.29	150,623,018	55.04
S. MANAGEMENT	BOARD OF DIRECTORS	9	-	-	-	-	9	-
	BOARD OF OFFICERS	102	-	-	-	-	102	-
FISCAL COUNCIL	-	-	-	-	-	-	-	-
TREASURY STOCK	-	-	-	-	-	-	-	-
OTHER SHAREHOLDERS	21,703,596	14.96	394,841	100.00	100,933,809	78.71	123,032,246	44.96
<b>TOTAL</b>	<b>145,031,080</b>	<b>100.00</b>	<b>394,841</b>	<b>100.00</b>	<b>128,229,454</b>	<b>100.00</b>	<b>273,655,375</b>	<b>100.00</b>
<b>FREE-FLOAT</b>	<b>21,703,596</b>	<b>14.96</b>	<b>394,841</b>	<b>100.00</b>	<b>100,933,809</b>	<b>78.71</b>	<b>123,032,246</b>	<b>44.96</b>

**c) Capital reserves**

	Parent Company	
	2009	2008
Contributions and grants for investments	702	702
Recoverable Rate Deficit Account (CRC)	790,555	790,555
Tax incentives - FINAM	47,083	47,083
	<b>838,340</b>	<b>838,340</b>

**d) Profit reserves**

	Parent Company	
	2009	2008
Legal reserve	428,912	377,590
Investment reserve	3,102,809	2,377,157
	<b>3,531,721</b>	<b>2,754,747</b>

The legal reserve is made of 5% of the net income for the fiscal year, before any distributions, limited to 20% of share capital.

The investment reserve is designed to cover the Company's program of expenditures in property, plant, and equipment, pursuant to article 196 of the Brazilian Corporate Law. It is funded by retaining any remaining net income for the fiscal year, after the legal reserve and interest on capital are assigned.

#### e) Proposed distribution of dividends

	Parent Company	
	2009	2008
<b>Net income for the fiscal year</b>	<b>1,026,433</b>	<b>1,078,744</b>
Tax effects on COPEL for distributing interest on capital	(78,200)	(77,520)
<b>Net income for the year net of the tax effects of interest on capital</b>	<b>948,233</b>	<b>1,001,224</b>
Theoretical legal reserve out of the above income	(47,412)	(50,061)
<b>Basis for calculation of minimum dividends</b>	<b>900,821</b>	<b>951,163</b>
<b>Mandatory minimum dividends (25%)</b>	<b>225,205</b>	<b>237,791</b>
Income tax withheld (IRRF) on interest on capital	24,254	24,043
<b>Adjusted minimum dividend, incl. effects of income tax withheld (IRRF)</b>	<b>249,459</b>	<b>261,834</b>
<b>Suitable return on capital</b>	<b>230,000</b>	<b>228,000</b>
<b>Distribution of dividends</b>	<b>19,459</b>	<b>33,834</b>
<b>Distributed dividends allocated to:</b>		
Common shares	126,126	132,398
Class A preferred shares	644	648
Class B preferred shares	122,689	128,788
<b>Dividends per share:</b>		
Common shares	0.86965	0.91289
Class A preferred shares	1.62979	1.62979
Class B preferred shares	0.95679	1.00438

Interest on capital is recorded in interest expenses and, for the presentation purposes of the financial statements, is shown as an allocation of the net income for the fiscal year. In the statement of income, its reversal was made under a specific item in financial expenses, as required by CVM.

On October 29, 2009, the 126<sup>th</sup> Meeting of the Board of Directors approved the payment of interest on capital in lieu of dividends, up to the legal limit, by the wholly-owned subsidiaries to the parent company, and by the parent company to its shareholders, after the General Shareholders' Meeting in the first four months of 2010, or before then, should the Board of Officers so choose.

The Board of Officers, at a meeting on November 11, 2009, decided to start payment of advance interest on capital in lieu of dividends for fiscal year 2009 on December 7, 2009, to shareholders who held shares on November 12, 2009. This payment amounted to R\$ 168,000, pursuant to Law no. 9,249/95, and will be deducted from the annual dividends for 2009, once they're determined.

## 29 OPERATING REVENUES

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
<b>Electricity sales to final customers</b>		
Residential	1,071,740	935,934
Industrial	1,107,740	1,069,201
Commercial, services, and other activities	697,997	622,046
Rural	135,520	123,071
Public agencies	95,853	86,334
Public lighting	73,883	67,005
Public services	67,902	63,403
Network charge adjustment share	3,052	1,886
	<b>3,253,687</b>	<b>2,968,880</b>
<b>Electricity sales to distributors</b>		
Agreements for Power Trade on the Regulated Market - CCEAR (auction)	1,098,636	818,585
Bilateral contracts	197,207	496,380
Electric Energy Trading Chamber - CCEE	98,963	48,129
	<b>1,394,806</b>	<b>1,363,094</b>
<b>Charges for the use of the transmission grid</b>		
Rate for the use of the distribution system (TUSD)		
Residential	1,142,061	1,054,150
Industrial	1,030,657	1,043,588
Commercial, services, and other activities	748,765	687,563
Rural	144,807	138,138
Public agencies	102,078	96,529
Public lighting	78,839	74,943
Public services	72,440	70,925
Consumidores livres	138,706	150,605
Basic Network and Basic Network Connections	168,945	140,503
Connection grid	2,720	3,439
Basic Network charge adjustment share	5,951	12,715
	<b>3,635,969</b>	<b>3,473,098</b>
<b>Revenues from telecommunications</b>	<b>104,844</b>	<b>80,604</b>
<b>Distribution of piped gas</b>	<b>261,325</b>	<b>283,709</b>
<b>Other operating revenues</b>		
Leases and rents	97,696	95,316
Revenues from services	38,040	30,445
Charged service	9,179	9,316
Other revenues	1,130	933
	<b>146,045</b>	<b>136,010</b>
	<b>8,796,676</b>	<b>8,305,395</b>

### c) Basic Network – rate for the use of the transmission system (TUST)

Transmission companies are entitled to Annual Allowed Revenues (RAP), whose initial amounts and adjustment criteria are set forth in the companies' concession agreements. COPEL Generation and Transmission holds four transmission concession agreements, with different rate review criteria and revenue structures.

Concession Agreement no. 060/2001 covers the concession for the public service of power transmission comprising the facilities in operation as of December 31, 1999, collectively named Existing Basic Network (RBSE), and the facilities and network upgrades authorized by ANEEL since



then, collectively named New Facilities of the Basic Network (RBNI). In addition to the basic network, this agreement grants COPEL the operation of facilities collectively named Other Transmission Facilities (DITs) and the sharing of facilities with other transmission utilities. This concession has a 20-year term from the date of publication of Law no. 9,074/1995 and expires on July 7, 2015. The current agreement features a rate review clause which covers only the new authorized facilities, while the revenues from the existing system are isolated, i.e., they will not be increased until the expiration of the concession, but only restated according to the IGP-M inflation index.

Transmission Concession Agreement no. 075/2001, granted to the Company on August 7, 2001, covers the concession the implementation of the 230-kV transmission line between the Bateias substation, in Campo Largo, and the Jaguariaíva substation, the respective line inputs, and other facilities required for the operation of the line. This concession has a 30-year term from the date of signature of the agreement, i.e., it expires on August 17, 2031, but may be extended for another 30 years, at ANEEL's discretion. This agreement does not include a rate review clause, and its allowed revenues are restated annually according to the IGP-M index.

On March 17, 2008, COPEL signed with ANEEL Concession Agreement no. 006/2008, covering the 230-kV transmission line between the Bateias and Pilarzinho substations in Curitiba. The agreement has a 30-year term and provides for rate review in the 5<sup>th</sup>, 10<sup>th</sup>, and 15<sup>th</sup> year after signature. In the years between rate reviews, its allowed revenues will be restated according to the IPCA inflation index. The facility became commercially operational on September 12, 2009.

On November 19, 2009, COPEL signed concession agreement no. 27/2009 with ANEEL, for the concession to build the 525-kV transmission line connecting the Foz do Iguaçu substation and the Cascavel-West substation. This project is currently under construction and is scheduled to enter operation two years from the signature of the concession agreement.

### **30 DEDUCTIONS FROM OPERATING REVENUES**



	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
<b>Taxes and social contributions on revenues</b>		
VAT (ICMS)	1,802,096	1,600,758
COFINS	677,458	642,930
COFINS - Tax Recovery Program (Note 8.d)	25,765	-
PIS/PASEP	147,162	139,579
PIS/PASEP - Tax Recovery Program (Note 8.d)	5,594	-
ISSQN	1,786	1,834
	<b>2,659,861</b>	<b>2,385,101</b>
<b>Customer charges</b>		
Energy Development Account (CDE)	204,186	189,561
Fuel Consumption Account (CCC)	180,148	153,208
Global Reversal Reserve (RGR)	78,560	64,877
Research and development and energy efficiency -R&D and EEP	56,284	53,616
Other	326	254
	<b>519,504</b>	<b>461,516</b>
	<b>3,179,365</b>	<b>2,846,617</b>

## 31 OPERATING COSTS AND EXPENSES

Consolidated operating costs and expenses are broken down below:

Nature of costs and expenses	Costs of goods and/or services	Sales expenses	General and administrative expenses	Other rev. (exp.), net	Consolidated Total
					<b>2009</b>
Electricity purchased for resale (a)	(1,681,876)	-	-	-	(1,681,876)
Charges for use of power grid (b)	(609,649)	-	-	-	(609,649)
Personnel and management (c)	(630,037)	(4,764)	(167,749)	-	(802,550)
Pension and healthcare plans (Note 23)	(13,479)	(321)	(377)	-	(14,177)
Materials and supplies (d)	(58,390)	(2,862)	(6,679)	-	(67,931)
Raw materials and supplies for power generation	(21,231)	-	-	-	(21,231)
Natural gas and supplies for the gas business	(135,353)	-	-	-	(135,353)
Third-party services (e)	(228,536)	(25,137)	(52,435)	-	(306,108)
Depreciation and amortization	(363,597)	(10)	(24,111)	(3,830)	(391,548)
Provisions and reversals (f)	-	(16,448)	-	67,655	51,207
Other costs and expenses (g)	(23,962)	3,976	(136,875)	(133,957)	(290,818)
	<b>(3,766,110)</b>	<b>(45,566)</b>	<b>(388,226)</b>	<b>(70,132)</b>	<b>(4,270,034)</b>

Nature of costs and expenses	Costs of goods and/or services	Sales expenses	General and administrative expenses	Other rev. (exp.), net	Consolidated Total
					<b>2008</b>
Electricity purchased for resale (a)	(1,615,086)	-	-	-	(1,615,086)
Charges for use of power grid (b)	(466,652)	-	-	-	(466,652)
Personnel and management (c)	(531,031)	(3,652)	(139,144)	-	(673,827)
Pension and healthcare plans (Note 23)	(25,737)	(280)	(3,999)	-	(30,016)
Materials and supplies (d)	(49,175)	(2,999)	(5,300)	-	(57,474)
Raw materials and supplies for power generation	(19,274)	-	-	-	(19,274)
Natural gas and supplies for the gas business	(163,846)	-	-	-	(163,846)
Third-party services (e)	(190,269)	(22,867)	(55,112)	-	(268,248)
Depreciation and amortization	(376,789)	(13)	(22,321)	(5,620)	(404,743)
Provisions and reversals (f)	-	5,824	-	(104,718)	(98,894)
Other costs and expenses (g)	(35,583)	(5,782)	(31,036)	(141,677)	(214,078)
	<b>(3,473,442)</b>	<b>(29,769)</b>	<b>(256,912)</b>	<b>(252,015)</b>	<b>(4,012,138)</b>

Parent Company operating costs and expenses are broken down below:

Nature of costs and expenses	General and administrative expenses	Other rev. (exp.), net	Parent Company Total
			<b>2009</b>
Management (c)	(7,083)	-	(7,083)
Pension and healthcare plans	(222)	-	(222)
Materials and supplies	(13)	-	(13)
Third-party services (e)	(4,338)	-	(4,338)
Depreciation and amortization	-	(754)	(754)
Provisions and reversals (f)	-	187,231	187,231
Other expenses	(63,484)	591	(62,893)
	<b>(75,140)</b>	<b>187,068</b>	<b>111,928</b>

Nature of costs and expenses	General and administrative expenses	Other rev. (exp.), net	Parent Company Total
			<b>2008</b>
Management (c)	(5,965)	-	(5,965)
Healthcare plan	(140)	-	(140)
Materials and supplies	(14)	-	(14)
Third-party services (e)	(3,909)	-	(3,909)
Depreciation and amortization	-	(63)	(63)
Provisions and reversals (f)	-	(8,246)	(8,246)
Other expenses	(3,337)	(31,552)	(34,889)
	<b>(13,365)</b>	<b>(39,861)</b>	<b>(53,226)</b>

a) Electricity purchased for resale

	Consolidated	
	2009	2008
Eletrobrás - Centrais Elétricas Brasileiras S.A. (Itaipu)	478,383	502,417
Furnas Centrais Elétricas S.A. - auction	322,514	295,615
Companhia Hidro Elétrica do São Francisco - Chesf - auction	305,207	283,870
Itiquira Energética S.A.	116,195	107,894
Companhia Energética de São Paulo - Cesp - auction	115,162	104,722
Centrais Elétricas do Norte do Brasil S. A. - Eletronorte - auction	99,748	92,794
Câmara de Comercialização de Energia - CCEE	81,902	148,635
CPFL Energia S.ª - auction	74,927	8,828
Program for incentive to alternative energy sources - Proinfa	63,764	63,239
Dona Francisca Energética S.A.	60,303	55,496
Companhia Energética de Minas Gerais - Cemig - auction	58,578	42,877
Cia. Estadual de Geração e Transmissão de Energia Elétrica S.A. - CEEE - auction	34,773	32,472
Power purchased for resale - CVA	(100,204)	(71,990)
(-) Pasep/Cofins taxes on power purchased for resale	(203,370)	(172,759)
Other utilities - auction	173,994	120,976
	<b>1,681,876</b>	<b>1,615,086</b>

d) Charges for the use of the main transmission grid

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
Furnas Centrais Elétricas S.A.	123,697	113,415
System Service Charges - ESS	95,468	71,261
Cia. Transmissora de Energia Elétrica Paulista - Cteep	65,323	60,477
Companhia Hidro Elétrica do São Francisco - Chesf	59,594	56,193
Eletrosul Centrais Elétricas S.A.	44,790	39,651
Centrais Elétricas do Norte do Brasil S. A. - Eletronorte	42,975	40,518
Companhia Energética de Minas Gerais - Cemig	25,037	20,255
TSN Transmissora Nordeste Sudeste de Energia S.A.	19,795	18,477
Novatrans Energia S.A.	19,521	18,722
National System Operator - ONS	19,206	16,429
Cia. Estadual de Geração e Transmissão de Energia Elétrica S.A. - CEEE	17,457	16,217
Empresa Amazonense de Transmissão de Energia - Eate	16,545	15,344
ATE II Transmissora de Energia S.A.	8,407	8,018
Empresa Norte de Transmissão de Energia S.A. - Ente	8,403	7,858
Itumbiara Transmissora de Energia Ltda	7,990	7,611
Expansion Transmissora de Energia Elétrica S.A.	7,649	7,253
Empresa Transmissora de Energia Oeste Ltda - Eteo	6,759	6,381
STN Sistema de Transmissão Nordeste S.A	6,740	6,386
NTE Nordeste Transmissora de Energi S.A	5,905	5,570
ATE Transmissora Energia S.A	5,508	5,279
Integração Transmissão Energia - INTESA	4,679	2,921
ATE III Transmissora de Energia S.A	4,381	2,641
Arthemis Transmissora de Energia S.A	3,583	3,411
(-) Pasep/Cofins taxes on charges for use of power grid	(54,959)	(62,676)
CVA - charges	(13,216)	(64,319)
Other utilities	58,412	43,359
	<b>609,649</b>	<b>466,652</b>

**e) Personnel and management expenses**

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Personnel</b>				
Wages and salaries	-	-	530,168	476,552
Social charges on payroll	-	-	171,319	153,999
	-	-	<b>701,487</b>	<b>630,551</b>
Profit sharing (1)	-	-	64,995	65,816
Meal assistance and education allowance	-	-	55,695	49,078
Provision (rev) for compensation - volunt. red./retirement(2)	-	-	24,291	(825)
Compensation - volunt. redundancy/retirement(2)	-	-	16,702	-
Compensation - PDV (2)	-	-	15,859	-
	-	-	<b>879,029</b>	<b>744,620</b>
(-) Transfers to construction in progress	-	-	(86,567)	(80,043)
	-	-	<b>792,462</b>	<b>664,577</b>
<b>Management</b>				
Wages and salaries	5,657	4,806	8,473	7,705
Social charges on payroll	1,426	1,159	1,770	1,716
Other expenses	-	-	24	-
	<b>7,083</b>	<b>5,965</b>	<b>10,267</b>	<b>9,421</b>
(-) Transfers to construction in progress	-	-	(179)	(171)
	<b>7,083</b>	<b>5,965</b>	<b>10,088</b>	<b>9,250</b>
	<b>7,083</b>	<b>5,965</b>	<b>802,550</b>	<b>673,827</b>

**1) Profit sharing**

Since 1996, the Company has carried out an employee profit sharing program, which is paid to the extent previously established operational and financial goals are met. The amount of profit sharing has been accrued as follows:

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
Copel Geração e Transmissão	14,721	16,289
Copel Distribuição	46,102	45,580
Copel Telecomunicações	3,528	3,534
Compagas	644	413
	<b>64,995</b>	<b>65,816</b>

## 2) Voluntary Redundancy and Retirement Incentive Programs

On December 14, 2009, Company management launched, effective as of that date, a Voluntary Redundancy Program (PDV), which provides special compensation to employees who have been with the Company for at least 10 years, who have obtained Social Security retirement benefits, and who choose to resign from the Company.

The deadline for applications by employees who had been granted retirement benefits by INSS until December 14, 2009 expired on January 13, 2010, and the deadline for employees who are granted INSS retirement benefits as of December 15, 2009 expires 30 days from COPEL's receipt of retirement confirmation letters from INSS.

The termination timeframe from employees who had been granted retirement benefits by INSS until December 14, 2009 was March 1 to March 15, 2010, and the timeframe for employees who are granted INSS retirement benefits as of December 15, 2009 runs from the first to the 15<sup>th</sup> day of the first month after application to the program.

Employees who quit by December 2009 under the voluntary redundancy programs launched in January 2009 received supplemental compensation pursuant to the new rules created on December 14, 2009.

### f) Materials and Supplies

	<b>Consolidated</b>	
	<b>2009</b>	<b>2008</b>
Fuel and vehicle parts	22,586	21,565
Materials for the electric system	18,517	13,573
Cafeteria supplies	6,179	5,048
Office supplies	5,849	5,160
Materials for civil construction	3,782	3,320
Tools	2,763	1,529
Safety supplies	2,269	2,211
IT equipment	1,635	725
Lodging supplies	1,049	997
Other materials	3,302	3,346
	<b>67,931</b>	<b>57,474</b>

### g) Third-Party Services

	Parent Company		Consolidated	
	2009	2008	2009	2008
Transmission grid	-	-	74,986	57,830
Technical, scientific, and adm. Consulting	1,382	1,119	25,437	22,886
Postal services	-	1	24,960	22,683
Authorized and registered agents	-	-	21,274	19,605
Telephone services	-	-	16,243	15,513
Administrative support services	-	-	15,889	15,202
Data processing and transmission	-	-	15,708	20,032
Security	-	-	14,589	12,648
Travel	52	167	13,139	11,340
Meter reading and bill delivery	-	-	11,003	7,918
Personnel training	-	1	8,678	7,680
Upkeep of right of way areas	-	-	8,316	5,235
Civil maintenance services	-	-	8,015	5,619
Services in "green areas"	-	-	5,735	5,069
Customer service	-	-	5,707	4,365
Vehicle maintenance and repairs	-	-	4,498	4,012
Cargo shipping	-	-	3,854	2,980
Satellite communications	-	-	3,722	4,948
Telephone operator	-	-	3,133	2,604
Auditing	2,173	2,077	3,097	2,803
Advertising	356	349	1,434	1,504
Other services	375	195	16,691	15,772
	<b>4,338</b>	<b>3,909</b>	<b>306,108</b>	<b>268,248</b>

h) Allowance and reversals

	Parent Company		Consolidated	
	2009	2008	2009	2008
<b>Provision (reversals) for doubtful accounts</b>				
Customers and distributors (Note 6)	-	-	15,398	(3,583)
Third-party services and other credits	-	-	1,050	(2,241)
	-	-	<b>16,448</b>	<b>(5,824)</b>
<b>Provision (reversals) for contingencies (Note 27)</b>				
Labor	-	-	53,551	51,786
Regulatory	-	9,249	151	34,690
Suppliers	-	-	31,815	2,255
Civil and administrative law	(106)	418	32,743	17,387
Customers	-	-	128	(1,048)
Environmental	-	-	10	(163)
COFINS tax	-	7,140	-	7,140
Other taxes	(8,372)	(8,561)	(7,300)	(7,329)
	<b>(8,478)</b>	<b>8,246</b>	<b>111,098</b>	<b>104,718</b>
<b>Reversal of Contingencies - Tax Recovery Program</b>				
COFINS Lawsuit - Law no. 11941/09 (Note 8.d)	(178,753)	-	(178,753)	-
	<b>(178,753)</b>	-	<b>(178,753)</b>	-
	<b>(187,231)</b>	<b>8,246</b>	<b>(51,207)</b>	<b>98,894</b>

i) Other operating costs and expenses

	Parent Company		Consolidated	
	2009	2008	2009	2008
Financial compensation for use of water resources	-	-	80,227	86,513
Taxes	7	2,473	11,212	10,930
Taxes - Tax Recovery Program (Note 8.d)	61,872	-	61,872	-
Reparations	698	-	51,705	5,164
Concession charge - ANEEL grant (1)	-	-	35,905	45,710
Losses in the decommissioning and disposal of assets	-	-	32,984	6,829
ANEEL inspection fee	-	-	15,403	17,821
Leases and rents (2)	164	155	13,707	12,799
Insurance	-	1	6,868	6,118
Own energy consumption	-	-	5,868	5,678
Donations - Rouanet Law and fund for the rights of children and teenagers - FIA	-	-	5,897	7,312
Advertising	-	-	3,464	3,633
Provision (reversal) for devaluation of tax incentives	733	23,902	733	23,902
Recovery of costs and expenses	-	(27)	(41,760)	(39,967)
Other costs and expenses (revenues), net	(581)	8,385	6,733	21,636
	<b>62,893</b>	<b>34,889</b>	<b>290,818</b>	<b>214,078</b>

1) Concession charges – ANEEL grant

These are charges for the concession of Use of Public Property (*Uso de Bem Público* or UBP) in connection with the start of operation of the Santa Clara Hydroelectric Power Plant (Elejor), which are recorded under liabilities, proportionately to the actual number of days until the respective collection month and the expiration date of the concession.

As compensation for the use of the public property under this concession contract, ELEJOR shall pay to the Federal Government, from the 6<sup>th</sup> until the 35<sup>th</sup> year of the concession, or as long as it runs the corresponding hydropower projects, monthly installments equivalent to 1/12 of the annual proposed payment of R\$ 19,000, pursuant to the Bidding Confirmation.

These installments are restated annually or at the legally applicable intervals, according to the IGP-M inflation index, starting in May 2001.

The main amount on the date of signature of the concession contract was R\$ 570,000. This amount, restated monthly according to the IGP-M inflation index, totaled R\$ 1,130,521, distributed as follows:

	Consolidated	
	Nominal Value	Present Value
Payments made until December 2009	107,512	107,512
2010	37,918	36,356
2011	36,712	32,477
2012	36,712	29,968
2013	36,712	27,653
After 2013	874,955	277,972
	<b>1,130,521</b>	<b>511,938</b>

The calculation of present value was made taking into account an actual net discount rate of around 8% p.a., compatible with the estimated long-term rate and not tied to the expected rate of return of

the project.

In 2009, the Company recorded to income the amount of R\$ 35,905 (R\$ 45,710 in 2008). The current concession was granted on October 23, 2001, with contract signature on October 25, 2001 and final date on October 25, 2036.

## 2) Leases and rents

		<b>Consolidated</b>
	<b>2009</b>	<b>2008</b>
Facilities	12,100	9,668
Copying machines	3,353	3,408
Other	699	775
(-) PIS and COFINS credits	(1,262)	(345)
(-) Transfers to p.,p.,&e. in progress	(1,183)	(707)
	<b>13,707</b>	<b>12,799</b>

COPEL's estimate for expenses with property rentals in 2010 is basically the same as 2009, plus two properties located in Curitiba and the contractual monetary restatement rates; there are no risks in connection with contract rescission. <sup>(1)</sup>

Of the total R\$ 12,100 spent in rental properties, R\$ 8,300 refer to the rental of the Km 3 Center facilities, signed by COPEL and the COPEL Foundation, and which is the most significant rental agreement held by the Company. In future periods, this amount will be restated according to a real estate appraisal of the property.

<sup>(1)</sup> Information unaudited by the independent auditors.

## 32 FINANCIAL INCOME (LOSSES)



	Parent Company		Consolidated	
	2009	2008	2009	2008
<b>Financial revenues</b>				
Income from financial investments	47,868	36,313	171,821	205,046
Income from CRC transferred to State Government (Note 7.b)	-	-	83,834	79,539
Penalties on overdue bills	-	-	59,420	55,096
Interest on taxes paid in advance	6,596	4,247	27,168	10,113
Return on Portion A (CVA)	-	-	22,343	11,630
Fines	-	-	9,407	11,879
Interest and commissions on loan agreements	77,770	63,908	-	-
Monetary variation of CRC transferred to State Government (Note 7.b)	-	-	(18,196)	110,050
Other financial revenues	1,658	2,960	10,121	5,267
	<b>133,892</b>	<b>107,428</b>	<b>365,918</b>	<b>488,620</b>
<b>(-) Financial expenses</b>				
Debt charges	96,553	137,235	149,134	210,136
Interest - Tax Recovery Program (Note 8.d)	73,555	-	90,164	-
PIS/PASEP-COFINS on interest on capital	39,085	35,331	39,644	36,198
Interest on R&D and EEP	-	-	13,252	14,522
IOF tax	-	65	9,619	8,354
Penalties - Tax Recovery Program (Note 8.d)	1,238	-	2,476	-
Interest on tax installments	1,321	-	2,092	-
Return on Portion A (CVA)	-	-	1,966	9,489
Late fees, tax penalties, and other penalties	-	-	1,438	8,977
Monetary and exchange variations	4	1	(10,434)	68,341
Other financial expenses	1	1	943	38,240
	<b>211,757</b>	<b>172,633</b>	<b>300,294</b>	<b>394,257</b>
	<b>(77,865)</b>	<b>(65,205)</b>	<b>65,624</b>	<b>94,363</b>

### 33 SPOT MARKET (CCEE)

The Wholesale Energy Market or MAE has ceased its operations, and as a consequence its activities, assets, and liabilities were absorbed on November 12, 2004 by the Electric Energy Trading Chamber (CCEE), a private corporate entity subject to ANEEL regulation and inspection.

COPEL has not recognized as actual and final the data concerning the sale of electric energy by COPEL Distribuição on the Wholesale Energy Market (MAE), currently CCEE, in 2000, 2001, and the first quarter of 2002. These figures were calculated according to criteria and amounts that take into account decisions by the Regulatory Agency which have been challenged by the Company both administratively and judicially.

The Company's claim is substantially based on the fact that it conducted power sale transactions, which should not serve as basis for calculations made by the regulatory agency, only to fulfill contractual obligations to customers on the southeastern market. The estimated amount of discrepancies in calculation was approximately R\$ 1,176,000 (restated as of December 31, 2009), which has not been recognized by the Company as a supplier liability.

Based on the opinion of its legal counsel, management considers it possible that the final rulings in these lawsuits will be favorable to the Company.

#### a) CIEN Contract Renegotiation<sup>(1)</sup>

To make up for the supply under the terminated agreement with CIEN, COPEL has participated in all power sale mechanisms under the applicable legislation, pursuant to MME Ordinance no. 294/2006. The shortage of offer by power generators at the auctions of power from existing facilities (A-1) in 2007 and 2008, however, has not allowed COPEL to fully make up for the lost supply under the CIEN contract.

COPEL's participation in adjustment auctions and the Mechanism for the Offsetting of Surpluses and Deficits (MCSD), however, has allowed the Company to partially make up for the CIEN volume, so that it will be able to fully meet the projected demand for 2009, 2010, 2011, and 2012.

In 2008, COPEL had already made up for a part of the CIEN volume through the 2008 A-5 auction of power from new projects and a contract with the Jirau Power Plant, starting in 2013.

**b) Current transactions at CCEE<sup>(1)</sup>**

r) The accumulated balances of transactions carried out by the Company are:

	Copel Geração e Transmissão	Copel Distribuição	Elejor	UEG Araucária	Consolidated	
					2009	2008
<b>Current assets (Note 6)</b>						
As of December 2008	642	14	-	105	761	9,931
From January through March 2009	225	-	-	-	225	-
From July through September 2009	10,095	747	-	-	10,842	-
From October through December 2009	27,758	140	883	-	28,781	-
	<b>38,720</b>	<b>901</b>	<b>883</b>	<b>105</b>	<b>40,609</b>	<b>9,931</b>
<b>Current liabilities (Note 21)</b>						
As of December 2008	-	-	-	-	-	27,976
From October through December 2009	-	1,859	-	-	1,859	-
	-	<b>1,859</b>	-	-	<b>1,859</b>	<b>27,976</b>

**c) Changes in the CCEE balances<sup>(1)</sup>**

	Amount to be settled 2008	Settlement	Appropriation	Amount to be settled 2009
<b>Current assets</b>				
As of December 2008	9,931	(8,824)	(346)	761
From January to March 2009	-	(23,024)	23,249	225
From July to September 2009	-	(19,613)	30,455	10,842
From October to December 2009	-	(9,151)	37,932	28,781
	<b>9,931</b>	<b>(60,612)</b>	<b>91,290</b>	<b>40,609</b>
<b>(-) Current liabilities</b>				
Up to December 2008	27,976	(32,584)	4,608	-
From January to March 2009	-	(36,338)	36,338	-
From April to June 2009	-	(30,223)	30,223	-
From July to September 2009	-	(649)	649	-
From October to December 2009	-	-	1,859	1,859
	<b>27,976</b>	<b>(99,794)</b>	<b>73,677</b>	<b>1,859</b>
<b>Net total</b>	<b>(18,045)</b>	<b>39,182</b>	<b>17,613</b>	<b>38,750</b>

<sup>(1)</sup> Information unaudited by the independent auditors.

### 34 FINANCIAL INSTRUMENTS

The use of financial instruments by the Company is restricted to Cash and cash equivalents, Bonds and Securities, Customers and Distributors, Accounts Receivable from government agencies, CRC Transferred to State Government, Loans and Financing, Debentures, and Suppliers.

#### a) Market Value of Financial Instruments

The market values of the Company's main financial instruments as of December 31, 2009, which are close to their carrying values, are shown below:

Financial Instruments Consolidated	Market Value		Book Value
	2009	2009	2008
Cash and cash in equivalents	1,696,152	1,696,152	1,813,576
Accounts receivable from government agencies	132,191	132,191	172,854
CRC transferred to State Government	1,254,574	1,254,574	1,319,903
Bonds and securities	119,064	119,062	69,065
Collaterals and escrow deposits - bonds as security	113,310	113,308	150,761
Loans and financing	865,842	865,842	867,517
Debentures	795,784	807,579	997,116
Eletrobrás (Itaipu)	80,104	80,104	100,040
Petrobras (Compagas)	23,166	23,166	36,775

- 1) The market values of quotas in investment funds was calculated according to criteria established by the respective by-laws and ratified by the managing banks.
- 2) The market value of the Company's debentures was calculated according to the Unit Price quote on December 31, 2009, obtained from the National Association of the Financial Market Institutions (ANDIMA), and the value of ELEJOR's debentures was obtained from C&D Distribuidora de Títulos e Valores Mobiliários.

## b) Risk Factors

### 1) Credit risk

The Company's credit risk comprises the possibility of losses due to non-payment of power bills. This risk is closely tied to factors that are either internal or external to COPEL. To mitigate this risk, the Company focuses on the management of receivables, detecting customer segments which are most likely not to pay their bills, suspending power supply, and implementing specific collection policies, tied to real estate or personal securities whenever possible.

Doubtful accounts are properly covered by provisions to offset potential losses in their realization.

### 2) Foreign currency risk

This risk comprises the possibility of losses due to fluctuations in exchange rates, which may reduce assets or increase liabilities denominated in foreign currencies.

The Company's foreign currency indebtedness is not significant and it is not exposed to foreign exchange derivatives. The Company monitors all relevant exchange rates.

The effect of the exchange rate variation resulting from the power purchase agreement with Eletrobrás (Itaipu) is recorded under the account for compensation of Portion A as invoices are paid and it is passed on to customers in COPEL Distribuição's annual rate reviews.

The exchange rate variation resulting from the purchase of gas from Petrobras by Compagas has a direct impact on the Company's results. Compagas continually negotiates with its customers, trying whenever possible to pass these costs on to them.

The Company's exposure to foreign currency risk is shown below:

Foreign Currency	Assets	Liabilities	Net exposure 2009
Collaterals and escrow deposits	24,195	-	24,195
Loans and financing	-	(92,643)	(92,643)
Suppliers			
Eletrobrás (Itaipu)	-	(80,104)	(80,104)
Petrobras (Compagas)	-	(23,166)	(23,166)
	<b>24,195</b>	<b>(195,913)</b>	<b>(171,718)</b>

### 3) Interest rate risk

This risk comprises the possibility of losses due to fluctuations in interest rates, which may increase the financial expenses in connection with liabilities on the market.

The Company has not engaged in transactions with derivatives to cover this risk, but it has continued to monitor interest rates, in order to assess the potential need for such transactions as a way of protecting against interest rate risks.

### 4) Accelerated maturity risk

This risk results from the potential breach of restrictive contract provisions, such as those contained in the loan, financing, and debenture agreements of the Company, which usually require that certain economic and financial indicators, which are calculated and analyzed periodically for compliance, be kept at determined levels (financial covenants).

#### **5) Power shortage risk**

This risk results from the possibility of periods with low levels of rainfall, since Brazil relies heavily on hydroelectric sources, which depend on the water levels in their reservoirs to operate.

A long period of drought may reduce the water levels in power plant reservoirs and result in losses due to reduced revenues if a new rationing program is implemented.

According to the 2009 Annual Power Operation Plan, published annually at [www.ons.org.br](http://www.ons.org.br), the National System Operator projects a comfortable situation in terms of supply to the power market over the next 5 years, from May 2009 until December 2013, based on the probability analyses used in this kind of study. The criteria for guarantee of supply established by the National Power Policy Council (CNPE) (risk of power deficit below 5%) is easily met in all regions of Brazil during this five-year period<sup>(1)</sup>.

<sup>(1)</sup> Information unaudited by the independent auditors.

#### **6) Risk of non-renewal of concessions**

COPEL holds concessions for power generation, transmission, and distribution services, with the expectation that they will be renewed by the Ministry of Mining and Energy (MME) with the support of ANEEL. If the extension of these concessions is not approved by the regulatory authority or even if it occurs at additional costs to the Company ("costly concession"), current profitability and activity levels may be affected.

#### **7) Financial Instruments - Derivatives**

Pursuant to CVM Ruling no. 550, dated October 17, 2008, COPEL reviewed its transactions and did not identify any derivative instruments.

#### **8) Risk of failure to observe the construction schedule under Concession Contract no. 001/2007 – MME – Mauá Power Plant**

In the event of failure to observe the construction schedule for the Mauá Power Plant, the members of Consórcio Energético Cruzeiro do Sul are subject to the penalties established in the applicable legislation, particularly those established under ANEEL resolutions. In addition to penalties, the members of the consortium are liable to fulfill the power sale agreements signed in the regulated environment (CCEARs), pursuant to ANEEL regulation.

Delays in the delivery of power from the Mauá Power Plant will need to be attributable to court orders which prevented the beginning of construction or interrupted it, i.e., an obligation affected by the acts of third-parties, particularly those of the government, or to an act of God or *force majeure*.

In these circumstances, the concession contract itself provides for the waiver of liability of the concession holders.

**c) Sensitivity Analysis**

COPEL conducted a sensitivity analysis for the financial instruments above, in compliance with CVM Instruction no. 575, dated December 17, 2008, which requires the presentation of two additional risk scenarios with 25% and 50% deterioration of each risk variable. These scenarios may have impacts on the future income and/or cash flows of the Company, as shown below:

**Assumptions:**

- 1) **Baseline:** maintenance of rates at the same levels observed in the average market expectations for 2010, according to the Focus Report issued the Brazilian Central Bank as of December 31, 2009;
- 2) **Adverse Scenario:** deterioration of 25% compared to the baseline in the main risk factor for each financial instrument;
- 3) **Remote Scenario:** deterioration of 50% compared to the baseline in the main risk factor for each financial instrument.

Operation	Basis 31.12.2009	Baseline	Adverse Scenario	Remote Scenario
<b>Financial Assets</b>				
Financial Investments	1,616,535	1,779,161	1,738,505	1,697,849
CRC transferred to State Government	1,254,574	1,311,031	1,296,917	1,282,803
	<b>2,871,109</b>	<b>3,090,192</b>	<b>3,035,422</b>	<b>2,980,652</b>
<b>Financial Liabilities</b>				
Loans and financing				
Foreign currency	92,643	93,111	116,389	139,667
National currency	773,199	819,635	831,243	842,852
Debentures	807,579	885,351	904,795	924,238
	<b>1,673,421</b>	<b>1,798,097</b>	<b>1,852,427</b>	<b>1,906,757</b>

This sensitivity analysis aims to measure the impact of changes in the market variables on each financial instrument used by the Company. The balances as of December 31, 2009 have been used as the basis for the projection of future balances as of December 31, 2010. The actual behavior of each debt balance will follow the respective contracts, and the balance of financial investments may fluctuate as the need or availability of cash is affected by the Company's regular operations and the operations of its subsidiaries and investees. Nevertheless, the settlement of transactions involving these estimates may result in different amounts than those estimated due to the inherent subjectivity of the process of preparation of sensitivity analyses.

## 35 RELATED-PARTY TRANSACTIONS

### a) Parent Company

Related party / Nature of operation	Parent Company					
	Assets	Liabilities	Income	Assets	Liabilities	Income
			2009			2008
<b>Controlling Shareholders</b>						
<b>Government of the State of Paraná</b>						
Dividends payable	-	73,958	-	-	77,635	-
<b>BNDSPAR</b>						
Dividends payable	-	51,193	-	-	54,218	-
<b>Senior management</b>						
Wages, social charges, and others (Note 31.c)	-	-	(7,083)	-	-	(5,965)
Pension and healthcare contributions (Note 23.c)	-	-	(222)	-	-	(140)

The main balances of transactions between the Parent Company and its subsidiaries and investees are shown in Note 15, Receivables from Related Parties, and 16, Investments.

The Parent Company became in 2002 guarantor of the loans signed by its investee Dona Francisca Energética S.A. with the National Economic and Social Development Bank (BNDES) (joint debtor), and with Bradesco (joint debtor). As of December 31, 2009, the outstanding debt was R\$ 32,697 and R\$ 19,816, respectively.

### b) Consolidated

Related party / Nature of operation	Consolidated					
	Assets	Liabilities	Income	Assets	Liabilities	Income
	2009			2008		
<b>Controlling Shareholders</b>						
<b>Government of the State of Paraná</b>						
Supply to final customers (1)	57,137	-	79,088	74,150	-	95,461
Power bill installments (2)	35,267	-	3,959	50,712	-	7,024
Telecommunications services (1)	6,292	-	9,618	7,731	-	6,000
Telecom bill installments (2)	4,113	-	560	6,231	-	1,018
CRC (Note 7)	1,254,574	-	65,638	1,319,903	-	189,589
ICMS (VAT) (Note 8)	113,825	164,756	-	89,331	132,998	-
Wages and social charges of transferred employees (3)	2,155	-	-	2,185	-	-
Dividends payable	-	73,958	-	-	77,635	-
<b>BNDES (4)</b>						
Financing for investments in gas pipelines	-	-	-	-	-	-
Financing for investments in gas pipelines (N. 19.f)	-	12,743	(1,073)	-	19,637	(2,781)
Financing for the Mauá HPP and its Associated Transmission System (Note 19.h)	-	-	(3,769)	-	-	-
<b>BNDESPAR (4)</b>						
Debentures (Note 20.b)	-	190,341	(21,133)	-	227,883	(26,862)
Dividends payable	-	51,193	-	-	54,218	-
<b>Investees</b>						
<b>Dona Francisca Energética</b>						
Purchase of power (5)	-	5,100	(60,303)	-	5,128	(55,496)
<b>Sanepar</b>						
Dividends receivable from Dominó Holdings	5,135	-	-	5,247	-	-
<b>Senior management</b>						
Wages, social charges, and others (Note 31.c)	-	-	(10,267)	-	-	(9,421)
Pension and healthcare contributions (Note 23.c)	-	-	(222)	-	-	(140)
<b>Other related parties</b>						
<b>Petrobras</b>						
Lease of Araucária TPP (Note 1.g)	550	-	40,583	7,474	-	45,246
Supply and transport of gas (6)	188	-	11,422	949	-	11,302
Purchase of gas for resale (6)	-	23,166	(135,256)	-	36,775	(163,748)
Advance payment to suppliers (6)	8,290	-	-	3,196	-	-
<b>Fundação Copel</b>						
Rent of facilities (Note 31.g.2)	-	-	(8,300)	-	-	(6,847)
Pension and healthcare plans (Note 23)	-	375,481	14,177	-	447,945	30,016
<b>Instit. de Tecnol. p/ o Desenvolvimento - Lactec (7)</b>						
Services rendered and R&D	23,419	211	(7,643)	11,509	16	(13,325)

- 1) The amounts resulting from the operating activities of COPEL Distribuição involving other related parties are billed at the rates approved by ANEEL, and those of COPEL Telecomunicações are accounted for according to terms and conditions similar to those in effect in transactions with independent parties.
- 2) Agreement for renegotiation of power bills and *Luz Fraterna* Program bills with COPEL Distribuição, in the original amount of R\$ 84,883, and agreement for renegotiation of the bills for internet connection at public schools with COPEL Telecomunicações, in the amount of R\$ 12,000. These agreements were signed on April 20, 2007, for payment in 45 monthly installments, restated according to the SELIC interest rate, generating the financial revenues shown in the table above.



- 3) Reimbursement of wages and social charges for employees transferred to the Paraná State Government. The Company set aside a provision in the amount of R\$ 2,036 in connection with the 2008 and 2009 balances.
- 4) BNDESPAR holds 26.41% of the Company's common shares and has the right, under a shareholders' agreement, to appoint two members of the Board of Directors. BNDESPAR is a wholly-owned subsidiary of BNDES, with which the Company has financing agreements, described in Note 19, and a debenture issue agreement (ELEJOR debentures), described in Note 20.b.
- 5) Power purchase agreement signed by Dona Francisca Energética and COPEL Geração e Transmissão, expiring on October 6, 2015.
- 6) These balances refer to transactions with Petrobras, which holds a 24.5% interest in Compagas, and with its subsidiaries, Petrobras Distribuidora S.A. - BR and Petrobras Gás SA – Gaspetro. The supply and transport of piped gas and the purchase of gas for resale are conducted at market prices and conditions. Advance payments to suppliers refer to the gas purchase contract covering guaranteed volumes and transport capacity, higher than those actually consumed and used, which contains a future compensation clause. Compagas has the right to receive unused gas in subsequent months, and it may offset amounts under contract but not consumed over a period of up to 10 years. In light of the prospects of increased consumption by the market, Company management believes it will consume the accumulated gas volumes as of December 31, 2009 in the next fiscal years.
- 7) The Institute of Technology for Development (LACTEC) was constituted on February 6, 1997 as a nonprofit organization whose goal is to promote economic, scientific, technological, and social development and the sustainable conservation of the environment. In 2000, it was qualified by the Ministry of Justice, based on Law no. 9,970, as a Public Interest Civil Society Organization (OSCIP), which allows it, among other things, to enter partnerships with government agencies with no need for competitive bidding. Its members are: COPEL, the Federal University of Paraná (UFPR), the Engineering Institute of Paraná (IEP), the Paraná Federation of Industries (FIEP), and the Commercial Association of Paraná (ACP). LACTEC has service and R&D contracts with COPEL Geração e Transmissão and COPEL Distribuição, which are subject to prior or later control and approval by ANEEL. The asset balances refer to Energy Efficiency and R&D programs, recorded under current assets, in service in progress, until the respective projects are concluded, pursuant to ANEEL.

## 36 INSURANCE

The types of risk coverage and the term of the Company's main insurance policies are shown below.

<b>Policy</b>	<b>Expiration date</b>	<b>Consolidated Amount insured</b>
Specified risks (a)	8/24/2010	1,834,870
Fire - Company-owned and rented facilities (b)	8/24/2010	368,907
Civil liability - COPEL (c)	8/24/2010	6,000
Civil liability - Compagas (c)	8/30/2010	4,200
Engineering risks - COPEL (d)	8/24/2010	dependent on each event
Domestic and international transport - export and import (e)	8/24/2010	dependent on each event
Multi-risk - Compagas (f)	8/10/2010	5,767
Multi-risk - Compagas (f)	9/20/2010	720
Multi-risk - Elejor (f)	6/5/2010	1,961
Vehicles (g)	5/20/2010	market value
Miscellaneous risks (h)	8/24/2010	717
Operational risks - Elejor (i)	9/25/2010	612,000
Operational risks - UEG Araucária (j)	5/31/2010	469,966
Court guarantee (k)	2/5/2012	33,223

### a) Insurance against specified risks

This policy covers substations and power plants, listing their main equipment and respective insured amounts. It provides basic coverage against fire, lightning strikes, explosions of any kind, and additional coverage against potential electrical damage, miscellaneous risks, and risk to electronics and computers.

### b) Fire insurance

This policy covers both Company-owned and rented facilities and part of their contents. It ensures payment of reparations to the insurance holder or property owner for the damages resulting from basic fire hazards, lightning strikes, and explosions of any kind, plus additional coverage against windstorms.

### c) Civil liability insurance

This insurance provides coverage against liability for involuntary damages, bodily and/or material and/or moral, caused to third-parties as a result of the Company's commercial and/or industrial operations.

### d) Insurance against engineering risks - COPEL

This insurance provides coverage against risks of installation, assembly, disassembly, and testing of new equipment, particularly at substations and power plants. Policies are purchased before each risk event, according to the occurrence and need for coverage against risks of carrying out engineering services.

### e) Transportation insurance

This insurance provides coverage against losses and damages caused to products transported by any appropriate means within both the domestic and foreign marketplace and during import and export operations to and from foreign markets. Policies are purchased before each risk event, and are basically used to cover the transport of electrical, electronic, and telecommunications equipment.

**f) Multi-risk insurance**

This policy comprises the assets of the Company and provides coverage against potential damages caused by fire, lightning strikes, explosions, electrical malfunctions, risks to electronic equipment, recovery of records and documents, windstorms, smoke, and theft or aggravated larceny.

**g) Vehicle insurance**

This insurance covers the payment of reparations of damage suffered and expenses incurred as a result of risks to which Compagas' 15 insured vehicles are subject. It provides basic coverage for the vehicles and additional and optional civil liability coverage against material, bodily, and moral damages caused to third-parties. Coverage limits for damages to third-parties are R\$ 150 for material damages and R\$ 300 for bodily damages, for each vehicle.

**h) Insurance for miscellaneous risks - COPEL**

This insurance covers losses and material damage caused to the assets listed in the policy by any accidents with an external cause, including transport risks.

This type of insurance covers mobile and/or stationary electric equipment, computers, and electronics, whether in use at the Company's facilities or leased or loaned to third-parties.

**i) Insurance for operational risks - Elejor**

This insurance covers sudden, unforeseen, and accidental losses and material damage to ELEJOR buildings, merchandise, raw materials, unfinished and finished products, packages, machinery, tools, furniture, and other devices and facilities which are part of the insured establishment, in addition to loss of profits.

**j) Insurance against operational risks – UEG Araucária**

This policy provides coverage against all risks (all legally insurable risks), including machinery failure, for all the facilities of the Araucária Thermal Power Plant.

**k) Court guarantee**

This insurance covers the settlement of final rulings in lawsuits against Compagas. It has the same standing as a judicial bond, replacing judicial deposits in cash, attachment of assets, and bank guarantees.

This performance bond is aimed at companies which, being under contract, are bound to guarantee

to its customers that such contracts, as far as pricing, deadlines and other specifications, will be performed in full. Public agencies within the direct or indirect public administration may also, pursuant to Law no. 8,666/93 and to Law no. 8,883/94, receive insurance policies as guarantee from its suppliers of goods and services, contractors, and public tender participants.

This type of insurance is designed to guarantee full performance of a contract. It does not cover damages but rather liabilities for breach of contract, and it is a form of contractual guarantee provided for by Brazilian law, which may replace bank guarantees, cash bonds, or government bonds.

### 37 WHOLLY-OWNED SUBSIDIARIES

Shown below are the financial statements, reclassified for purposes of standardization of the chart of accounts, as of December 31, 2009 and 2008, of the following subsidiaries of COPEL: Copel Geração e Transmissão (GET), Copel Distribuição (DIS), Copel Telecomunicações (TEL), Compagas (COM), Elejor (ELE), UEG Araucária (UEG), Copel Participações (PAR), Copel Empreendimentos (CEM), Centrais Eólicas (CEO), and Dominó Holdings (DOM). In order to allow the analysis of the statement of operations according to the nature of the expenses, the operating costs and expenses are presented in aggregate form.

ASSETS	GET	DIS	TEL	COM	ELE	UEG	CEM	CEO	DOM
<b>2009</b>									
<b>TOTAL ASSETS</b>	<b>5,384,160</b>	<b>5,929,073</b>	<b>256,770</b>	<b>263,264</b>	<b>610,415</b>	<b>658,550</b>	<b>399,106</b>	<b>9,490</b>	<b>307,547</b>
<b>CURRENT ASSETS</b>	<b>1,145,067</b>	<b>1,708,450</b>	<b>56,063</b>	<b>64,047</b>	<b>58,016</b>	<b>145,581</b>	<b>8,347</b>	<b>7,993</b>	<b>6,384</b>
Cash and cash equivalents	784,032	192,468	31,889	41,177	19,581	131,257	8,043	7,849	812
Customers and distributors	235,752	835,788	-	19,993	16,326	-	-	83	-
Telecommunications services	-	-	12,079	-	-	-	-	-	-
Dividends receivable	3,931	-	-	-	-	-	-	-	5,135
Services in progress	18,497	73,975	-	-	-	-	-	-	-
CRC transferred to the State Government	-	49,549	-	-	-	-	-	-	-
Recoverable taxes	9,479	202,283	4,113	556	-	13,645	304	54	437
Deferred regulatory assets - CVA	-	218,500	-	-	-	-	-	-	-
Other regulatory assets	-	17,526	-	-	-	-	-	-	-
Collaterals and escrow deposits	72,061	19,626	-	195	21,631	27	-	-	-
Other receivables	11,632	22,565	816	955	478	652	-	7	-
Inventories	9,683	76,170	7,166	1,171	-	-	-	-	-
<b>NONCURRENT ASSETS</b>	<b>4,239,093</b>	<b>4,220,623</b>	<b>200,707</b>	<b>199,217</b>	<b>552,399</b>	<b>512,969</b>	<b>390,759</b>	<b>1,497</b>	<b>301,163</b>
<b>Long-term receivables</b>	<b>137,614</b>	<b>1,701,435</b>	<b>11,063</b>	<b>30,474</b>	<b>240</b>	<b>245</b>	<b>-</b>	<b>-</b>	<b>91</b>
Customers and distributors, net	-	51,377	-	21,067	-	-	-	-	-
Telecommunications services	-	-	1,011	-	-	-	-	-	-
CRC transferred to the State Government	-	1,205,025	-	-	-	-	-	-	-
Recoverable taxes	86,747	279,166	10,020	524	-	-	-	-	-
Deferred regulatory assets - CVA	-	98,963	-	-	-	-	-	-	-
Bonds and securities	40,103	-	-	-	-	-	-	-	-
Collaterals and escrow deposits	-	24,195	-	-	-	-	-	-	-
Judicial deposits	8,883	38,098	32	185	240	245	-	-	91
Advance payments to suppliers	-	-	-	8,290	-	-	-	-	-
Other receivables	1,881	4,611	-	408	-	-	-	-	-
<b>Investments</b>	<b>403,750</b>	<b>4,250</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>390,759</b>	<b>-</b>	<b>298,153</b>
<b>Property, Plant, and Equipment</b>	<b>3,632,010</b>	<b>2,474,528</b>	<b>188,586</b>	<b>167,072</b>	<b>552,031</b>	<b>512,707</b>	<b>-</b>	<b>1,497</b>	<b>1</b>
<b>Intangible Assets</b>	<b>65,719</b>	<b>40,410</b>	<b>1,058</b>	<b>1,669</b>	<b>128</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>2,918</b>

LIABILITIES	GET	DIS	TEL	COM	ELE	UEG	CEM	CEO	DOM
<b>2009</b>									
<b>TOTAL LIABILITIES</b>	<b>5,384,160</b>	<b>5,929,073</b>	<b>256,770</b>	<b>263,264</b>	<b>610,415</b>	<b>658,550</b>	<b>399,106</b>	<b>9,490</b>	<b>307,547</b>
<b>CURRENT LIABILITIES</b>	<b>893,028</b>	<b>1,299,058</b>	<b>20,920</b>	<b>56,800</b>	<b>89,770</b>	<b>3,685</b>	-	<b>5,645</b>	<b>4,959</b>
Loans and financing	52,616	12,490	-	6,349	-	-	-	-	-
Debentures	-	-	-	-	36,957	-	-	-	-
Suppliers	121,657	433,800	5,158	24,275	3,337	2,604	-	2	7
Taxes and social contributions	133,505	282,590	2,706	11,848	2,734	367	-	27	300
Dividends due	473,108	206,481	1,156	8,228	7,150	-	-	5,616	4,647
Payroll and labor provisions	54,006	139,562	10,730	2,240	111	32	-	-	5
Post-employment benefits	5,969	15,501	990	-	-	-	-	-	-
Deferred regulatory liabilities - CVA	-	25,020	-	-	-	-	-	-	-
Other regulatory liabilities	-	8,315	-	-	-	-	-	-	-
Customer charges due	3,791	25,732	-	-	-	-	-	-	-
R&D and EEP	11,741	106,761	-	-	1,830	673	-	-	-
Concession charge - ANEEL grant	-	-	-	-	36,576	-	-	-	-
Other accounts payable	36,635	42,806	180	3,860	1,075	9	-	-	-
<b>NONCURRENT LIABILITIES</b>	<b>829,432</b>	<b>1,454,348</b>	<b>16,394</b>	<b>17,030</b>	<b>419,109</b>	<b>3,600</b>	-	-	<b>4</b>
Loans and financing	300,809	147,224	-	6,394	117	-	-	-	-
Debentures	-	-	-	-	153,384	-	-	-	-
Provisions for contingencies	213,223	229,129	1,983	320	190	3,053	-	-	4
Intercompany loans	-	658,724	-	-	265,418	-	-	-	-
Suppliers	196,863	-	-	-	-	-	-	-	-
Taxes and social contributions	-	82,114	-	8,953	-	547	-	-	-
Post-employment benefits	96,013	241,546	14,411	1,006	-	-	-	-	-
Deferred regulatory liabilities - CVA	-	25,020	-	-	-	-	-	-	-
Other regulatory liabilities	-	26	-	-	-	-	-	-	-
R&D and EEP	19,928	70,565	-	-	-	-	-	-	-
Other accounts payable	2,596	-	-	357	-	-	-	-	-
<b>SHAREHOLDERS' EQUITY</b>	<b>3,661,700</b>	<b>3,175,667</b>	<b>219,456</b>	<b>189,434</b>	<b>101,536</b>	<b>651,265</b>	<b>399,106</b>	<b>3,845</b>	<b>302,584</b>
Stock capital	3,505,994	2,624,841	194,755	111,140	69,450	707,440	397,983	3,061	113,368
Capital reserves	-	-	-	-	-	1,322	39,618	-	-
Profit reserves	155,706	550,826	24,701	78,294	30,764	-	-	784	189,216
Accumulated losses	-	-	-	-	-	(56,175)	(38,495)	-	-

STATEMENT OF INCOME	GET	DIS	TEL	COM	ELE	UEG	CEM	CEO	DOM
<b>2009</b>									
<b>OPERATING REVENUES</b>	<b>1,894,220</b>	<b>6,702,849</b>	<b>142,366</b>	<b>269,049</b>	<b>181,637</b>	<b>40,583</b>	-	<b>1,088</b>	-
Electricity sales to final customers	161,174	3,096,604	-	-	-	-	-	-	-
Electricity sales to distributors	1,445,063	63,841	-	-	181,637	-	-	1,088	-
Use of main transmission grid	251,797	3,471,023	-	-	-	-	-	-	-
Telecommunications revenues	-	-	142,072	-	-	-	-	-	-
Distribution of piped gas	-	-	-	264,009	-	-	-	-	-
Leases and rents	1,136	57,178	-	-	-	40,583	-	-	-
Other operating revenues	35,050	14,203	294	5,040	-	-	-	-	-
<b>DEDUCTIONS FROM OPERATING REVENUE</b>	<b>(273,075)</b>	<b>(2,812,768)</b>	<b>(24,582)</b>	<b>(56,167)</b>	<b>(8,669)</b>	<b>(3,754)</b>	-	<b>(350)</b>	-
<b>NET OPERATING REVENUES</b>	<b>1,621,145</b>	<b>3,890,081</b>	<b>117,784</b>	<b>212,882</b>	<b>172,968</b>	<b>36,829</b>	-	<b>738</b>	-
<b>OPERATING COSTS AND EXPENSES</b>	<b>(806,827)</b>	<b>(3,613,317)</b>	<b>(89,324)</b>	<b>(163,287)</b>	<b>(81,862)</b>	<b>(59,795)</b>	<b>(35)</b>	<b>(458)</b>	<b>(2,173)</b>
Energy purchased for resale	(73,679)	(1,902,998)	-	-	(2,022)	-	-	-	-
Use of main transmission grid	(181,159)	(490,646)	-	-	(10,674)	(14,021)	-	-	-
Personnel and management	(195,554)	(549,050)	(38,822)	(9,867)	(1,767)	(380)	-	-	(27)
Pension and healthcare plans	13,356	(24,993)	(1,165)	(1,153)	-	-	-	-	-
Materials and supplies	(12,268)	(52,841)	(1,294)	(645)	(576)	(66)	-	(227)	(1)
Raw materials and supplies for electricity generation	(21,979)	-	-	-	-	(1,936)	-	-	-
Natural gas and supplies for gas business	-	-	-	(135,353)	-	-	-	-	-
Third-party services	(62,230)	(250,563)	(11,429)	(4,567)	(8,599)	(10,551)	(1)	(56)	(1,332)
Depreciation and amortization	(136,274)	(165,185)	(31,111)	(9,003)	(16,387)	(31,896)	-	(208)	(730)
Provisions and reversals	(31,352)	(102,886)	(1,564)	(32)	(190)	-	-	-	-
Concession charge - ANEEL grant	-	-	-	-	(35,905)	-	-	-	-
Other operating costs and expenses	(105,688)	(74,155)	(3,939)	(2,667)	(5,742)	(945)	(34)	33	(83)
<b>OPERATING INCOME BEFORE FINANCIAL RESULTS AND EQUITY IN RESULTS OF INVESTEEES</b>	<b>814,318</b>	<b>276,764</b>	<b>28,460</b>	<b>49,595</b>	<b>91,106</b>	<b>(22,966)</b>	<b>(35)</b>	<b>280</b>	<b>(2,173)</b>
Interest income (expenses)	68,019	100,246	4,228	2,604	(45,756)	13,105	741	730	(428)
Result of equity in investees	(4,806)	-	-	-	-	-	(5,917)	-	22,670
<b>OPERATING INCOME (EXPENSES)</b>	<b>877,531</b>	<b>377,010</b>	<b>32,688</b>	<b>52,199</b>	<b>45,350</b>	<b>(9,861)</b>	<b>(5,211)</b>	<b>1,010</b>	<b>20,069</b>
Provision for income tax and s. contribution	(220,340)	(27,270)	(7,645)	(16,733)	(15,244)	-	(144)	(226)	-
Deferred income tax and social contribution	(2,405)	(30,027)	(151)	(822)	-	-	-	-	-
<b>INCOME (EXPENSES) FOR THE PERIOD</b>	<b>654,786</b>	<b>319,713</b>	<b>24,892</b>	<b>34,644</b>	<b>30,106</b>	<b>(9,861)</b>	<b>(5,355)</b>	<b>784</b>	<b>20,069</b>



ASSETS	GET	DIS	TEL	COM	ELE	UEG	PAR	CEM	CEO	DOM
<b>2008</b>										
<b>TOTAL ASSETS</b>	<b>5,380,379</b>	<b>5,483,670</b>	<b>243,934</b>	<b>260,485</b>	<b>620,177</b>	<b>670,698</b>	-	<b>404,461</b>	<b>9,905</b>	<b>292,375</b>
<b>CURRENT ASSETS</b>	<b>1,261,255</b>	<b>1,603,722</b>	<b>48,259</b>	<b>80,942</b>	<b>51,478</b>	<b>136,090</b>	-	<b>7,785</b>	<b>8,200</b>	<b>7,199</b>
Cash and cash equivalents	920,861	354,286	29,638	55,892	136	117,189	-	7,598	8,097	1,424
Customers and distributors	220,963	759,209	-	22,450	15,300	-	-	-	96	-
Telecommunications services, net	-	-	10,837	-	-	-	-	-	-	-
Dividends receivable	-	-	-	-	-	-	-	-	-	5,247
Services in progress	10,541	54,224	-	-	-	-	-	-	-	-
CRC transferred to the State Government	-	47,133	-	-	-	-	-	-	-	-
Recoverable taxes	7,530	141,399	2,076	556	1,634	9,420	-	187	-	528
Deferred regulatory assets - CVA	-	111,098	-	-	-	-	-	-	-	-
Other regulatory assets	-	31,511	-	-	-	-	-	-	-	-
Collaterals and escrow deposits	79,079	37,208	-	-	34,042	29	-	-	-	-
Other receivables	11,858	19,504	557	1,508	366	9,452	-	-	7	-
Inventories	10,423	48,150	5,151	536	-	-	-	-	-	-
<b>NONCURRENT ASSETS</b>	<b>4,119,124</b>	<b>3,879,948</b>	<b>195,675</b>	<b>179,543</b>	<b>568,699</b>	<b>534,608</b>	-	<b>396,676</b>	<b>1,705</b>	<b>285,176</b>
<b>Long-term receivables</b>	<b>113,219</b>	<b>1,768,466</b>	<b>12,980</b>	<b>26,691</b>	<b>231</b>	-	-	-	-	<b>3</b>
Customers and distributors, net	75	81,855	-	23,650	-	-	-	-	-	-
Telecommunications services	-	-	3,211	-	-	-	-	-	-	-
CRC transferred to the State Government	-	1,272,770	-	-	-	-	-	-	-	-
Recoverable taxes	89,433	241,987	9,417	434	-	-	-	-	-	-
Deferred regulatory assets - CVA	-	53,494	-	-	-	-	-	-	-	-
Other regulatory assets	-	11,085	-	-	-	-	-	-	-	-
Collaterals and escrow deposits	-	37,868	-	-	-	-	-	-	-	-
Judicial deposits	21,830	64,698	352	115	231	-	-	-	-	3
Advance payments to suppliers	-	-	-	2,435	-	-	-	-	-	-
Other receivables	1,881	4,709	-	57	-	-	-	-	-	-
<b>Investments</b>	<b>412,646</b>	<b>2,474</b>	-	<b>2</b>	-	-	-	<b>396,676</b>	-	<b>281,524</b>
<b>Property, Plant, and Equipment</b>	<b>3,530,039</b>	<b>2,081,585</b>	<b>181,587</b>	<b>150,833</b>	<b>568,340</b>	<b>534,585</b>	-	-	<b>1,705</b>	<b>1</b>
<b>Intangible Assets</b>	<b>63,220</b>	<b>27,423</b>	<b>1,108</b>	<b>2,017</b>	<b>128</b>	<b>23</b>	-	-	-	<b>3,648</b>

LIABILITIES	GET	DIS	TEL	COM	ELE	UEG	PAR	CEM	CEO	DOM
<b>2008</b>										
<b>TOTAL LIABILITIES</b>	<b>5,380,379</b>	<b>5,483,670</b>	<b>243,934</b>	<b>260,485</b>	<b>620,177</b>	<b>670,698</b>	-	<b>404,461</b>	<b>9,905</b>	<b>292,375</b>
<b>CURRENT LIABILITIES</b>	<b>942,890</b>	<b>1,124,075</b>	<b>21,960</b>	<b>66,455</b>	<b>75,516</b>	<b>5,901</b>	-	-	<b>1,228</b>	<b>5,626</b>
Loans and financing	61,373	14,313	-	6,526	-	-	-	-	-	-
Debentures	-	-	-	-	25,767	-	-	-	-	-
Suppliers	68,791	415,006	5,287	38,769	4,597	3,501	-	-	2	4
Taxes and social contributions	128,827	206,295	1,922	8,842	1,209	375	-	-	1,226	383
Dividends due	562,618	141,100	3,655	10,814	1,538	-	-	-	-	5,237
Payroll and labor provisions	39,664	109,161	8,737	1,421	119	41	-	-	-	2
Post-employment benefits	5,908	15,106	1,018	-	-	-	-	-	-	-
Deferred regulatory liabilities - CVA	-	28,327	-	-	-	-	-	-	-	-
Other regulatory liabilities	11,680	14,512	-	-	-	-	-	-	-	-
Customer charges due	3,548	39,575	-	-	-	-	-	-	-	-
R&D and EEP	28,352	93,506	-	-	2,652	1,974	-	-	-	-
Concession charge - ANEEL grant	-	-	-	-	38,649	-	-	-	-	-
Other accounts payable	32,129	47,174	1,341	83	985	10	-	-	-	-
<b>NONCURRENT LIABILITIES</b>	<b>808,528</b>	<b>1,317,310</b>	<b>18,050</b>	<b>23,828</b>	<b>466,875</b>	<b>3,671</b>	-	-	-	<b>4</b>
Loans and financing	246,927	153,326	-	13,111	26,092	-	-	-	-	-
Debentures	-	-	-	-	202,116	-	-	-	-	-
Provisions for contingencies	183,421	191,483	958	284	-	3,053	-	-	-	4
Intercompany loans	-	597,227	-	-	238,060	-	-	-	-	-
Suppliers	237,807	-	-	-	-	-	-	-	-	-
Taxes and social contributions	-	20,869	-	8,041	-	618	-	-	-	-
Post-employment benefits	130,054	278,005	17,092	728	-	-	-	-	-	-
Deferred regulatory liabilities - CVA	-	2,373	-	-	-	-	-	-	-	-
Other regulatory liabilities	-	7,257	-	-	-	-	-	-	-	-
R&D and EEP	5,324	66,755	-	-	-	-	-	-	-	-
Other accounts payable	4,995	15	-	1,664	607	-	-	-	-	-
<b>SHAREHOLDERS' EQUITY</b>	<b>3,628,961</b>	<b>3,042,285</b>	<b>203,924</b>	<b>170,202</b>	<b>77,786</b>	<b>661,126</b>	-	<b>404,461</b>	<b>8,677</b>	<b>286,745</b>
Stock capital	3,400,378	2,171,928	194,755	85,143	69,848	707,440	-	397,983	3,061	113,368
Capital reserves	-	-	-	-	1,134	-	-	39,618	-	-
Profit reserves	228,583	870,357	9,169	85,059	6,804	-	-	-	5,616	173,377
Accumulated losses	-	-	-	-	-	(46,314)	-	(33,140)	-	-

STATEMENT OF INCOME	GET	DIS	TEL	COM	ELE	UEG	PAR	CEM	CEO	DOM
<b>2008</b>										
<b>OPERATING REVENUES</b>	<b>1,804,035</b>	<b>6,264,057</b>	<b>113,734</b>	<b>289,839</b>	<b>172,127</b>	<b>45,247</b>	-	-	<b>1,070</b>	-
Electricity sales to final customers	165,006	2,804,767	-	-	2,538	-	-	-	-	-
Electricity sales to distributors	1,385,477	60,722	-	-	169,589	-	-	-	1,070	-
Use of main transmission grid	228,129	3,330,176	-	-	-	-	-	-	-	-
Telecommunications revenues	-	-	113,734	-	-	-	-	-	-	-
Distribution of piped gas	-	-	-	286,120	-	-	-	-	-	-
Leases and rents	891	50,245	-	-	-	45,247	-	-	-	-
Other operating revenues	24,532	18,147	-	3,719	-	-	-	-	-	-
<b>DEDUCTIONS FROM OPERATING REVENUE:</b>	<b>(259,947)</b>	<b>(2,498,139)</b>	<b>(19,435)</b>	<b>(56,103)</b>	<b>(8,602)</b>	<b>(4,185)</b>	-	-	<b>(206)</b>	-
<b>NET OPERATING REVENUES</b>	<b>1,544,088</b>	<b>3,765,918</b>	<b>94,299</b>	<b>233,736</b>	<b>163,525</b>	<b>41,062</b>	-	-	<b>864</b>	-
<b>OPERATING COSTS AND EXPENSES</b>	<b>(739,606)</b>	<b>(3,180,801)</b>	<b>(77,098)</b>	<b>(190,328)</b>	<b>(93,464)</b>	<b>(54,327)</b>	<b>(7,632)</b>	-	<b>1,701</b>	<b>(2,149)</b>
Energy purchased for resale	(70,065)	(1,789,931)	-	-	(815)	-	-	-	-	-
Use of main transmission grid	(163,618)	(366,561)	-	-	(14,599)	(7,081)	-	-	-	-
Personnel and management	(160,350)	(462,382)	(32,570)	(7,641)	(1,574)	(402)	(2,927)	-	-	(16)
Pension and healthcare plans	(415)	(27,464)	(1,627)	37	-	-	(407)	-	-	-
Materials and supplies	(10,281)	(44,466)	(1,659)	(542)	(215)	(67)	(1)	-	(228)	(1)
Raw materials and supplies for generation	(19,577)	-	-	-	-	(2,230)	-	-	-	-
Natural gas and supplies for gas business	-	-	-	(163,846)	-	-	-	-	-	-
Third-party services	(59,533)	(207,434)	(12,295)	(4,454)	(7,573)	(13,159)	(262)	-	(478)	(1,373)
Depreciation and amortization	(135,704)	(176,081)	(29,731)	(9,364)	(16,483)	(31,722)	(4,656)	-	(209)	(730)
Provisions and reversals	(20,919)	(75,316)	3,081	(116)	-	-	-	-	2,625	(3)
Concession charge - ANEEL grant	-	-	-	-	(45,710)	-	-	-	-	-
Other operating costs and expenses	(99,144)	(31,166)	(2,297)	(4,402)	(6,495)	334	621	-	(9)	(26)
<b>OPERATING INCOME BEFORE FINANCIAL RESULTS AND EQUITY IN RESULTS OF INVESTEEES</b>	<b>804,482</b>	<b>585,117</b>	<b>17,201</b>	<b>43,408</b>	<b>70,061</b>	<b>(13,265)</b>	<b>(7,632)</b>	-	<b>2,565</b>	<b>(2,149)</b>
Interest income (expenses)	23,956	146,909	3,603	5,924	(60,464)	12,471	23,680	816	3,110	(359)
Result of equity in investees	5,759	-	-	-	-	-	26,872	(655)	-	23,158
<b>OPERATING INCOME (EXPENSES)</b>	<b>834,197</b>	<b>732,026</b>	<b>20,804</b>	<b>49,332</b>	<b>9,597</b>	<b>(794)</b>	<b>42,920</b>	<b>161</b>	<b>5,675</b>	<b>20,650</b>
Provision for income tax and s. contribution	(205,537)	(100,483)	(5,237)	(15,791)	(3,121)	-	(2,230)	(170)	(1,117)	(6)
Deferred income tax and social contribution	(5,483)	(87,169)	(1,723)	(1,234)	-	-	1,522	-	-	-
<b>INCOME (EXPENSES) FOR THE PERIOD</b>	<b>623,177</b>	<b>544,374</b>	<b>13,844</b>	<b>32,307</b>	<b>6,476</b>	<b>(794)</b>	<b>42,212</b>	<b>(9)</b>	<b>4,558</b>	<b>20,644</b>

## 38 SEGMENT INFORMATION

In order to allow the analysis of the statement of income according to the nature of the expenses, the operating costs and expenses are presented in aggregate form. These statements feature the results of operations of 2009 and 2008, not taking into account the equity in the results of subsidiaries.

STATEMENT OF INCOME	GET	DIS	TEL	COM	ELE	UEG	Outras	COPEL	Subtractions and minority int.	Consolidated
<b>2009</b>										
<b>OPERATING REVENUES</b>	<b>1,894,220</b>	<b>6,702,849</b>	<b>142,366</b>	<b>269,049</b>	<b>181,637</b>	<b>40,583</b>	<b>1,088</b>	-	<b>(435,116)</b>	<b>8,796,676</b>
Electricity sales to final customers	161,174	3,096,604	-	-	-	-	-	-	(4,091)	3,253,687
Electricity sales to distributors	1,445,063	63,841	-	-	181,637	-	1,088	-	(296,823)	1,394,806
Charges for the use of the power grid	251,797	3,471,023	-	-	-	-	-	-	(86,851)	3,635,969
Telecommunications revenues	-	-	142,072	-	-	-	-	-	(37,228)	104,844
Distribution of piped gas	-	-	-	264,009	-	-	-	-	(2,684)	261,325
Leases and rents	1,136	57,178	-	-	-	40,583	-	-	(1,200)	97,697
Other operating revenues	35,050	14,203	294	5,040	-	-	-	-	(6,239)	48,348
<b>DEDUCTIONS FROM OPERATING REVENUE</b>	<b>(273,075)</b>	<b>(2,812,768)</b>	<b>(24,582)</b>	<b>(56,167)</b>	<b>(8,669)</b>	<b>(3,754)</b>	<b>(350)</b>	-	-	<b>(3,179,365)</b>
<b>NET OPERATING REVENUES</b>	<b>1,621,145</b>	<b>3,890,081</b>	<b>117,784</b>	<b>212,882</b>	<b>172,968</b>	<b>36,829</b>	<b>738</b>	-	<b>(435,116)</b>	<b>5,617,311</b>
<b>OPERATING COSTS AND EXPENSES</b>	<b>(806,827)</b>	<b>(3,613,317)</b>	<b>(89,324)</b>	<b>(163,287)</b>	<b>(81,862)</b>	<b>(59,795)</b>	<b>(2,666)</b>	<b>111,928</b>	<b>435,116</b>	<b>(4,270,034)</b>
Power purchased for resale	(73,679)	(1,902,998)	-	-	(2,022)	-	-	-	296,823	(1,681,876)
Charges for the use of the power grid	(181,159)	(490,646)	-	-	(10,674)	(14,021)	-	-	86,851	(609,649)
Personnel and management	(195,554)	(549,050)	(38,822)	(9,867)	(1,767)	(380)	(27)	(7,083)	-	(802,550)
Pension and healthcare plans	13,356	(24,993)	(1,165)	(1,153)	-	-	-	(222)	-	(14,177)
Materials and supplies	(12,268)	(52,841)	(1,294)	(645)	(576)	(66)	(228)	(13)	-	(67,931)
Raw materials and supplies - generation	(21,979)	-	-	-	-	(1,936)	-	-	-	2,684
Natural gas and supplies - gas business	-	-	-	(135,353)	-	-	-	-	-	(135,353)
Third-party services	(62,230)	(250,563)	(11,429)	(4,567)	(8,599)	(10,551)	(1,389)	(4,338)	47,558	(306,108)
Depreciation and amortization	(136,274)	(165,185)	(31,111)	(9,003)	(16,387)	(31,896)	(938)	(754)	-	(391,548)
Provisions and reversals	(31,352)	(102,886)	(1,564)	(32)	(190)	-	-	187,231	-	51,207
Concession charge - ANEEL grant	-	-	-	-	(35,905)	-	-	-	-	(35,905)
Compensation for use of water resources	(75,819)	-	-	-	(4,408)	-	-	-	-	(80,227)
Other operating costs and expenses	(29,869)	(74,155)	(3,939)	(2,667)	(1,334)	(945)	(84)	(62,893)	1,200	(174,686)
<b>RESULT OF OPERATIONS</b>	<b>814,318</b>	<b>276,764</b>	<b>28,460</b>	<b>49,595</b>	<b>91,106</b>	<b>(22,966)</b>	<b>(1,928)</b>	<b>111,928</b>	-	<b>1,347,277</b>
Financial income (losses)	68,019	100,246	4,228	2,604	(45,756)	13,105	1,043	(77,865)	-	65,624
Result of equity in investees	-	-	-	-	-	-	22,670	(8,343)	-	14,327
<b>OPERATING INCOME (LOSSES)</b>	<b>882,337</b>	<b>377,010</b>	<b>32,688</b>	<b>52,199</b>	<b>45,350</b>	<b>(9,861)</b>	<b>21,785</b>	<b>25,720</b>	-	<b>1,427,228</b>
Provision for income tax and s. contribution	(220,340)	(27,270)	(7,645)	(16,733)	(15,244)	-	(370)	-	-	(287,602)
Deferred income tax and social contribution	(2,405)	(30,027)	(151)	(822)	-	-	-	(56,319)	-	(89,724)
Minority interests	-	-	-	-	-	-	-	-	(23,469)	(23,469)
<b>INCOME (LOSSES) FOR THE PERIOD</b>	<b>659,592</b>	<b>319,713</b>	<b>24,892</b>	<b>34,644</b>	<b>30,106</b>	<b>(9,861)</b>	<b>21,415</b>	<b>(30,599)</b>	<b>(23,469)</b>	<b>1,026,433</b>

STATEMENT OF INCOME	GET	DIS	TEL	COM	ELE	UEG	Other	COPEL	Subtractions and minority int.	Consolidated
<b>2008</b>										
<b>OPERATING REVENUES</b>	<b>1,804,035</b>	<b>6,264,057</b>	<b>113,734</b>	<b>289,839</b>	<b>172,127</b>	<b>45,247</b>	<b>1,070</b>	-	<b>(384,714)</b>	<b>8,305,395</b>
Electricity sales to final customers	165,006	2,804,767	-	-	2,538	-	-	-	(3,431)	2,968,880
Electricity sales to distributors	1,385,477	60,722	-	-	169,589	-	1,070	-	(253,764)	1,363,094
Charges for the use of the power grid	228,129	3,330,176	-	-	-	-	-	-	(85,207)	3,473,098
Telecommunications revenues	-	-	113,734	-	-	-	-	-	(33,130)	80,604
Distribution of piped gas	-	-	-	286,120	-	-	-	-	(2,411)	283,709
Leases and rents	891	50,245	-	-	-	45,247	-	-	(1,067)	95,316
Other operating revenues	24,532	18,147	-	3,719	-	-	-	-	(5,704)	40,694
<b>DEDUCTIONS FROM OPERATING REVENUE</b>	<b>(259,947)</b>	<b>(2,498,139)</b>	<b>(19,435)</b>	<b>(56,103)</b>	<b>(8,602)</b>	<b>(4,185)</b>	<b>(206)</b>	-	-	<b>(2,846,617)</b>
<b>NET OPERATING REVENUES</b>	<b>1,544,088</b>	<b>3,765,918</b>	<b>94,299</b>	<b>233,736</b>	<b>163,525</b>	<b>41,062</b>	<b>864</b>	-	<b>(384,714)</b>	<b>5,458,778</b>
<b>OPERATING COSTS AND EXPENSES</b>	<b>(739,606)</b>	<b>(3,180,801)</b>	<b>(77,098)</b>	<b>(190,328)</b>	<b>(93,464)</b>	<b>(54,327)</b>	<b>(8,080)</b>	<b>(53,226)</b>	<b>384,792</b>	<b>(4,012,138)</b>
Power purchased for resale	(70,065)	(1,789,931)	-	-	(815)	-	-	-	245,725	(1,615,086)
Charges for the use of the power grid	(163,618)	(366,561)	-	-	(14,599)	(7,081)	-	-	85,207	(466,652)
Personnel and management	(160,350)	(462,382)	(32,570)	(7,641)	(1,574)	(402)	(2,943)	(5,965)	-	(673,827)
Pension and healthcare plans	(415)	(27,464)	(1,627)	37	-	-	(407)	(140)	-	(30,016)
Materials and supplies	(10,281)	(44,466)	(1,659)	(542)	(215)	(67)	(230)	(14)	-	(57,474)
Raw materials and supplies - generation	(19,577)	-	-	-	-	(2,230)	-	-	-	2,533
Natural gas and supplies - gas business	-	-	-	(163,846)	-	-	-	-	-	(163,846)
Third-party services	(59,533)	(207,434)	(12,295)	(4,454)	(7,573)	(13,159)	(2,113)	(3,909)	42,222	(268,248)
Depreciation and amortization	(135,704)	(176,081)	(29,731)	(9,364)	(16,483)	(31,722)	(5,595)	(63)	-	(404,743)
Provisions and reversals	(20,919)	(75,316)	3,081	(116)	-	-	2,622	(8,246)	-	(98,894)
Concession charge - ANEEL grant	-	-	-	-	(45,710)	-	-	-	-	(45,710)
Compensation for use of water resources	(81,493)	-	-	-	(5,020)	-	-	-	-	(86,513)
Other operating costs and expenses	(17,651)	(31,166)	(2,297)	(4,402)	(1,475)	334	586	(34,889)	9,105	(81,855)
<b>RESULT OF OPERATIONS</b>	<b>804,482</b>	<b>585,117</b>	<b>17,201</b>	<b>43,408</b>	<b>70,061</b>	<b>(13,265)</b>	<b>(7,216)</b>	<b>(53,226)</b>	<b>78</b>	<b>1,446,640</b>
Financial income (losses)	23,956	146,909	3,603	5,924	(60,464)	12,471	27,247	(65,205)	(78)	94,363
Result of equity in investees	-	-	-	-	-	-	12,687	1,269	-	13,956
<b>OPERATING INCOME (LOSSES)</b>	<b>828,438</b>	<b>732,026</b>	<b>20,804</b>	<b>49,332</b>	<b>9,597</b>	<b>(794)</b>	<b>32,718</b>	<b>(117,162)</b>	-	<b>1,554,959</b>
Provision for income tax and s. contribution	(205,537)	(100,483)	(5,237)	(15,791)	(3,121)	-	(3,523)	(18,372)	-	(352,064)
Deferred income tax and social contribution	(5,483)	(87,169)	(1,723)	(1,234)	-	-	1,522	(11,995)	-	(106,082)
Minority interests	-	-	-	-	-	-	-	-	(18,069)	(18,069)
<b>INCOME (LOSSES) FOR THE PERIOD</b>	<b>617,418</b>	<b>544,374</b>	<b>13,844</b>	<b>32,307</b>	<b>6,476</b>	<b>(794)</b>	<b>30,717</b>	<b>(147,529)</b>	<b>(18,069)</b>	<b>1,078,744</b>



### **39 SUBSEQUENT EVENT**

On March 5, 2010, COPEL provided R\$ 126,000 to investee ELEJOR, corresponding to its 70% interest in the company; Paineira, the other shareholder, also provided funds corresponding to its 30% interest. ELEJOR then made a payment of R\$ 179,647 to BNDESPAR to settle debentures issued by the company and held by BNDESPAR.

## REPORT BY THE INDEPENDENT AUDITORS

To the  
Shareholders, Directors, and Officers of  
Companhia Paranaense de Energia – COPEL  
Curitiba – PR

1. We have reviewed the balance sheets of Companhia Paranaense de Energia – COPEL (Parent Company and consolidated) and its subsidiaries as of December 31, 2009 and 2008 and the corresponding statements of income, of changes in shareholders' equity (Parent Company), of cash flows, and of added value for the fiscal years ended on those dates, prepared under the responsibility of the Company's senior management. Our duty is to issue an opinion about these financial statements.

2. Our reviews were carried out in compliance with the audit rules applicable in Brazil and comprised: (a) planning, considering the importance of balances, the volume of transactions, and the accounting and internal control systems of the Company and of its subsidiaries, (b) the verification, based on testing, of the evidence and of the records on which the disclosed accounting amounts and information are based, and (c) the evaluation of the most representative accounting practices and estimates adopted by the management of the Company and of its subsidiaries, as well as the presentation of the financial statements as a whole.

3. We believe the financial statements discussed in paragraph 1 adequately convey, in all material aspects, the balance sheet and financial position of Companhia Paranaense de Energia – COPEL (Parent Company and consolidated) and its subsidiaries as of December 31, 2009 and 2008, and the results of operations, the changes in shareholders' equity (Parent Company), the cash flows, and the added values in connection with the operations conducted in the fiscal years ended on those dates, in compliance with the accounting practices adopted in Brazil.

Curitiba, March 15, 2010.

DELOITTE TOUCHE TOHMATSU  
Independent Auditors  
CRC nº 2 SP 011609/O-8 F-PR

Iara Pasion  
Accountant  
CRC nº 1 SP 121517/O-3 S/PR

## SUMMARY OF THE ANNUAL REPORT BY THE AUDIT COMMITTEE

The Audit Committee of Companhia Paranaense de Energia – COPEL, pursuant to its annual schedule of meetings, previously discussed and approved by its members, held regular bimonthly meetings; quarterly meetings with the Fiscal Council, to review the Company's financial statements; and monthly meetings with the Company's executive officers, independent auditors, and the internal audit team in order to make inquiries and to review other matters within the scope of its powers.

In 2009, the Committee focused on evaluating the internal control and risk management systems; on evaluating the work of the external auditors (Deloitte Touche Tohmatsu) and its results as far as the Company's financial statements and reports; on analyzing the aspects concerning the preparation process for snapshot statements and balance sheets, notes, and financial reports published in conjunction with the consolidated financial statements; on reviewing the relevant practices used by COPEL for the preparation of its financial statements; and on analyzing and keeping track of the work done by the Internal Audit team, in order to improve its performance.

The regulatory duties of the Committee included, among other activities:

**a)** analysis and report on the balance sheet for 2008; **b)** evaluation and approval of the results and the financial information for the four quarters of 2009; **c)** monitoring of the progress of the Company's budget; **d)** review of the financial statements and how they are prepared and presented; **e)** monitoring and approval of the hiring of an independent auditing company; **f)** monitoring and supervision of the work conducted by the Company's Internal Audit Team; **g)** monitoring of the review of alternative accounting treatment methods for accounting and financial information; **h)** monitoring of the review of the Company's risk assessment and management policies; **i)** evaluation of the main activities by the Chief Executive Office, the Chief Management Office, the Chief Finance, Investor Relations, and Corporate Partnerships Office, and the Chief Power Distribution Office; **j)** analysis, approval, and monitoring of the Internal Audit Team's planning for 2009; **k)** monitoring of complaints submitted to the Company's Ombudsman's Office through the Confidential Communication Channel, as well as monitoring of the actions taken by the Ombudsman's Office as regards the automation and advertising of this channel; **l)** approval of the Company's 20-F Form; **m)** monitoring of the management of the companies in which COPEL holds interests; **n)** analysis and monitoring of the reports prepared by the Internal Audit Team; **o)** monitoring of the work conducted by the Independent Auditors; **p)** presentation of the Comment Letter by the Independent Auditors for 2007 and 2008; **q)** verification of the recommendations made by COPEL's internal audit, by the independent auditing company, and by the Audit Committee itself; **r)** monitoring of the main business risks; **s)** monitoring the results of the evaluations of the process to improve internal controls in compliance with the requirements of the

Sarbanes-Oxley Act, submitted by the Independent Auditors, and also through a self-evaluation questionnaire filled out by the members of the Audit Committee.

Based on the review by the Committee, the procedures and actions adopted to monitor the control and risk management systems, in all material aspects, are well established and properly organized, and no material exceptions that could affect their effectiveness were detected. The Committee only detected minor exceptions, which are being addressed, in order to improve the quality of the financial information, to eliminate risks, and to strengthen the internal control system as a whole.

Based on these reviews and on information provided by Deloitte itself, the Committee attests to the objectivity and independence of the Independent Auditors, since it has not detected any situations which might compromise them. COPEL's Internal Audit structure, the qualifications of its technical and managerial staff, and the results of their work have also been evaluated as adequate by the Committee.

There has been no record of any reports of violation of rules, lack of controls, actions or omissions by COPEL's senior management which indicated the existence or evidence of fraud, flaws, or errors which jeopardized the continuity of COPEL or the credibility of its financial statements.

In light of the existing internal control systems, of the range and effectiveness of the work conducted by the independent auditors, and of their opinion, the Audit Committee believes the financial statements as of December 31, 2009 adequately convey the balance sheet and financial position of Companhia Paranaense de Energia – COPEL, in compliance with the accounting practices adopted in Brazil, with the Brazilian Corporate Law, with the rules issued by the Brazilian Securities and Exchange Commission (*Comissão de Valores Mobiliários* or CVM), and with the regulations issued by the National Electric Energy Agency (*Agência Nacional de Energia Elétrica* or ANEEL) and by the National Telecommunications Agency (*Agência Nacional de Telecomunicações* or ANATEL), and recommends to the Board of Directors that these statements be approved.

Curitiba, March 16, 2010

Laurita Costa Rosa  
Chairwoman

Jorge Michel Lepeltier

Rogério de Paula Quadros

**REPORT BY THE FISCAL COUNCIL ON THE FINANCIAL STATEMENTS FOR  
THE YEAR ENDED ON DECEMBER 31, 2009**

The members of the Fiscal Council of COMPANHIA PARANAENSE DE ENERGIA - COPEL, undersigned herein, pursuant to their legal powers and duties, reviewed the Financial Statements, the Annual Management Report, and the Management's Proposal for Distribution of Net Income for the fiscal year ended on December 31, 2009, and, based on their analyses, on further clarifications by the senior management, and on the Report by the Independent Auditors, Deloitte Touche Tohmatsu, concluded that the reviewed documents are adequately presented, in all material aspects, so that they are favorable to the submission of these statements for review and approval at the General Shareholders' Meeting.

Curitiba, March 16, 2010.

OSMAR ALFREDO KOHLER  
Chairman

HERON ARZUA

CASSIO MARTINS CAMARGO PENTEADO JÚNIOR

MARCIO LUCIANO MANCINI

WILSON PORTES

## STATEMENT

The Chief Executive Officer and the other Chief Officers of Companhia Paranaense de Energia - COPEL, a mixed capital public corporation headquartered at Rua Coronel Dulcídio 800, Curitiba – PR, registered under Corporate Taxpayer (CNPJ) no. 76,483,817/0001-20, for the purposes of items V and VI of article 25 of CVM Instruction no. 480, dated December 7, 2009, hereby declare that:

(I) they have reviewed, discussed, and agreed with the opinions contained in the report by Deloitte Touche Tohmatsu Independent Auditors as regards COPEL's financial statements for the fiscal year ended on December 31, 2009; and

(II) they have reviewed, discussed, and agreed with the financial statements of COPEL for the fiscal year ended on December 31, 2009.

Curitiba, March 15, 2010.

RUBENS GHILARDI  
Chief Executive Officer and  
Chief Management Officer

ANTONIO RYCHETA ARTEN  
Chief Finance, Investor Relations, and  
Corporate Partnerships Officer and Chief Acting  
Legal Officer

RONALD THADEU RAVEDUTTI  
Chief Power Distribution Officer

LUIZ ANTONIO ROSSAFA  
Chief Engineering Officer

MARLENE ZANNIN  
Chief Environmental and Corporate Citizenship  
Officer

RAUL MUNHOZ NETO  
Chief Power Generation and Transmission and  
Telecommunications Officer

## EXPENDITURE BUDGET FOR 2010

In compliance with CVM Instruction no. 480, dated December 7, 2009 and in effect on January 1, 2010, the table below features the proposed capital expenditures for fiscal year 2010 by Companhia Paranaense de Energia - COPEL; its source of funds is tied to financing, generation of cash, and retained earnings, pursuant to article 196 of Law no. 6,404/76.

<b>EXPENDITURE PROGRAM</b>	<b>In millions of R\$</b>
<b>Generation and Transmission</b>	<b>499.7</b>
Mauá Hydroelectric Power Plant	323.3
Other	176.4
<b>Distribution</b>	<b>761.8</b>
<b>Telecommunications</b>	<b>81.4</b>
<b>TOTAL</b>	<b>1,342.90</b>