Earnings Release 2019

GRUPO energisa

115 ANOS

Message from the CEO

We celebrated 115 years of existence in 2020, and we are extremely proud of that history. We are the 5th largest electricity distribution group in Brazil, present in all regions and 11 states, supplying energy to some 7.8 million clients, embracing approximately 20 million Brazilians.

We believe that our excellent service quality is due to our commitment to an efficient and sustainable management model, dedicated personnel and ongoing investments.

We are driven to create economic and financial, ethical, social and environmental value for all our stakeholders. Energisa Group is today an electric sector services platform, with a footprint across the energy chain and completely committed to the pursuit of clean and renewable energy sources.

I would like to share some of our achievements in 2019 with you.

We began integrating the distribution companies in the states of Acre and Rondônia, that we acquired in the last months of 2018. This task has been fraught with challenges, but promises to be transformational for Energisa Group and the economy in the states. To illustrate this, in Rondônia alone we found an unmet demand of around 72 MW, equal to a town of 50 thousand people. Most of this demand comes from companies, i.e. energy that creates jobs, income and development, which for us justifies the R$ 834 million invested in the two states by the end of 2019 and the investment of R$ 832 million forecasted for 2020. In only 2 years, considering the investments performed in 2019 and projected for 2020 of R$ 1.6 billion, our investments would surpass the total amount invested in the last six years in which these companies were state-owned.

Progress has been made in leaps and bounds on the construction of the Energisa Goiás Transmissora I and Energisa Pará Transmissora I transmission lines, which were adjudicated at the auction in April 2017 and will come into operation ahead of schedule, before the end of 2020.

We received important recognition for our distribution companies. Six of our companies were ranked in the top ten in Aneel's 2019 quality performance ranking (with more than 400 thousand consumers).

We also excelled in the prestigious Abradee 2019 Awards. Our companies received 6 awards, with Energisa Tocantins and Energisa Nova Friburgo (RJ) standing out and elected as the best companies in the North/Midwest region and the best companies in Brazil in the category of companies with less than 400 thousand consumers respectively.

Providing excellent services to clients and compliance with government requirements enabled Energisa Tocantins to have its concession renewed for 30 years, from January 01, 2020 to December 31, 2049.

Following the expansion of our businesses, in 2019 our headcount was 20.5 thousand, including company and outsourced staff. We remain focused on our training initiatives, insourcing of services, career opportunities and leader training. Our initiatives led to Energisa Tocantins entering the Great Place to Work (GPTW) ranking. This award testifies to our investments to build a consistent team and initiatives that value and bring teams together, nurturing a relationship of trust and respect amongst all.

In occupational safety, a core value for our companies, we continued our Safe Operations project, which seeks to bring about cultural transformation focusing on recognizing risk, identifying behavioral barriers and opportunities for operational improvements which guarantee safe operations.

Our concession areas achieved growth in distributed energy volume (Captive Sales + invoiced TUSD) of 4.2%, 2.8 p.p. greater than the average for Brazil of 1.4%. Our net revenue in 2019 was R$ 19.9 billion, 26.0% above that recorded in 2018. EBITDA amounted to R$ 3.5 billion for the year, growth of 31.9% on 2018, disregarding the effects of the ERO and EAC business combination in 4Q18.

In the last five years Energisa has invested more than 11 billion reais in modernizing and expanding the electric sector. We allocated R$ 3.2 billion to all our activities in 2019, and will allocate a further R$ 3.0 billion in 2020.

We continue to view the sector's future with excitement and optimism regarding the huge challenges of the energy transition, which is requiring electricity utilities to rethink the way they operate. Electrification is being used as a solution for challenges posed by the climate crisis, with initiatives fostering energy efficiency, affordable rates and prioritizing renewable energy sources. As part of this trend, we will shut down 17 high cost thermal power plants running on oil derivatives in Acre and Rondônia, providing savings of roughly R$ 400 million/year in fuel costs for the country, cutting CO2 emissions by an average 59,876 tonnes/year, when this project is completed in 2023.

We are also trialing the use of smart grids and microgrids powered by solar energy, batteries and biodiesel generation in the islanded systems of the Amazon and Pantanal swamplands in South Mato Grosso state. We aim to take these groundbreaking solutions to areas not covered by the electricity grid. We have also invested in distributed generation through the subsidiary Alsol, with innovative renewable energy supply models integrated into distribution networks, enabling a more efficient management of energy resources with numerous benefits for clients and society in this energy transition.

In recent years we have sought to streamline our practices by investing in innovation on all business fronts, from administrative activities to fieldwork. Agile methods have been integrated into the Company's reality and we are focusing on facilitating the day-to-day lives of our clients and personnel through digital transformation incorporated into our daily routines. We are therefore preparing for a future of monumental possibilities.

We are renowned for our bold, but sure and certain, steps, because we are building on a bedrock of solid values that have been evolving over time. Our culture is driven by entrepreneurialism and our commitment to supply quality energy to our clients wherever they may be. Our businesses are currently geared towards sustainable growth, with an eye on achievements for our future generations.

Ricardo Botelho

Energisa Group CEO

Cataguases, March 12, 2020.

2019 Results

Cataguases, March 12, 2020 - The Management of Energisa S/A ("Energisa" or "Company") hereby presents its results for the fourth quarter (4Q19) and 2019 (12M19).

Following the recent acquisitions made in the last quarter of 2018 and in order to facilitate a comparative analysis against past performance, this report will present the information from two perspectives:

i) Official (audited): including the accounting consolidation of Energisa Rondônia - Distribuidora de Energia S/A ("Energisa Rondônia" or "ERO") and Energisa Acre - Distribuidora de Energia S/A ("Energisa Acre" or "EAC"), from 10/30/2018 and 12/6/2018, dates on which control of these companies was acquired respectively; and

ii) Pro forma (unaudited): only containing the original companies of Energisa Group, carving out the acquisitions of ERO and EAC.

Over the course of this document tables shall be labeled as either "*pro forma*" or "official".

Quick Facts

Energisa Group's total invoiced sales rose by 4.2% in 2019, an increase of 2.8 p.p. more than domestic consumption, with all the Group's distribution companies turning in a profit.

- ✓ **Consolidated net income** of R$ 353.3 million in 4Q19, a decrease of 47.6% over 4Q18. Consolidated net income amounted to R$ 527.2 million in 2019, a decrease of 55.3% on 2018. However, net income disregarding the business combination in 4Q18 would have risen by 82.7% in 2019.
- ✓ **Consolidated adjusted EBITDA** amounted to R$ 1,056.1 million in 4Q19, a decrease of 44.2% on 4Q18. In 2019, the Adjusted EBITDA amounted to R$ 3,839.9 million, a decrease of 6.2% on the amount recorded in 2018. If we disregard the effect of the business combination taking place in 4Q18, the Adjusted EBITDA for the year would have risen by 31.4%.
- ✓ **Consolidated cash, cash equivalents, short-term investments and sector credits** stood at R$ 4,494.4 million in December 2019, compared with R$ 6,242.1 million in December 2018;
- ✓ **Consolidated net debt** amounted to R$ 13,677.6 million in December 2019, compared with R$ 10,845.7 million in December 2018. This resulted in a ratio between net debt and Adjusted EBITDA of 3.6;
- ✓ **Consolidated investments** amount to R$ 997.8 million in 4Q19. In 2019, the investments amounted to R$ 3,167.1 million.

Description *(official)*	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
Financial indicators - R$ million						
Gross Operating Revenue	7,683.2	6,404.0	+ 20.0	29,277.7	23,684.7	+ 23.6
Net Operating Revenue, without construction revenue	4,452.1	3,610.9	+ 23.3	16,923.2	14,274.6	+ 18.6
Manageable costs and expenses	866.0	793.4	+ 9.2	2,931.0	2,328.2	+ 25.9
EBITDA	968.1	1,807.3	- 46.4	3,499.9	3,817.6	- 8.3
Adjusted EBITDA	1,056.1	1,892.1	- 44.2	3,839.9	4,092.3	- 6.2
Net Income	353.3	674.5	- 47.6	527.2	1,179.7	- 55.3
Net Indebtedness (1)	13,677.6	10,845.7	+ 26.1	13,677.6	10,845.7	+ 26.1
Investments	997.8	704.2	+ 41.7	3,167.1	1,980.8	+ 59.9
Consolidated Operating Indicators						
Total Number of Consumers	7,823,128	7,675,322	+ 1.9	7,823,128	7,675,322	+ 1.9
Number of Own Staff	14,596.0	14,054.0	+ 3.9	14,596.0	14,054.0	+ 3.9
Work Force (own + outsourced staff) (2)	20,529.0	19,599.0	+ 4.7	20,529.0	19,599.0	+ 4.7

(1) Includes sector credits (CDE, CCC, CVA); (2) Excludes outsourced construction workers and outsourced workers of the distribution companies registered as company staff at the Group's service providers;

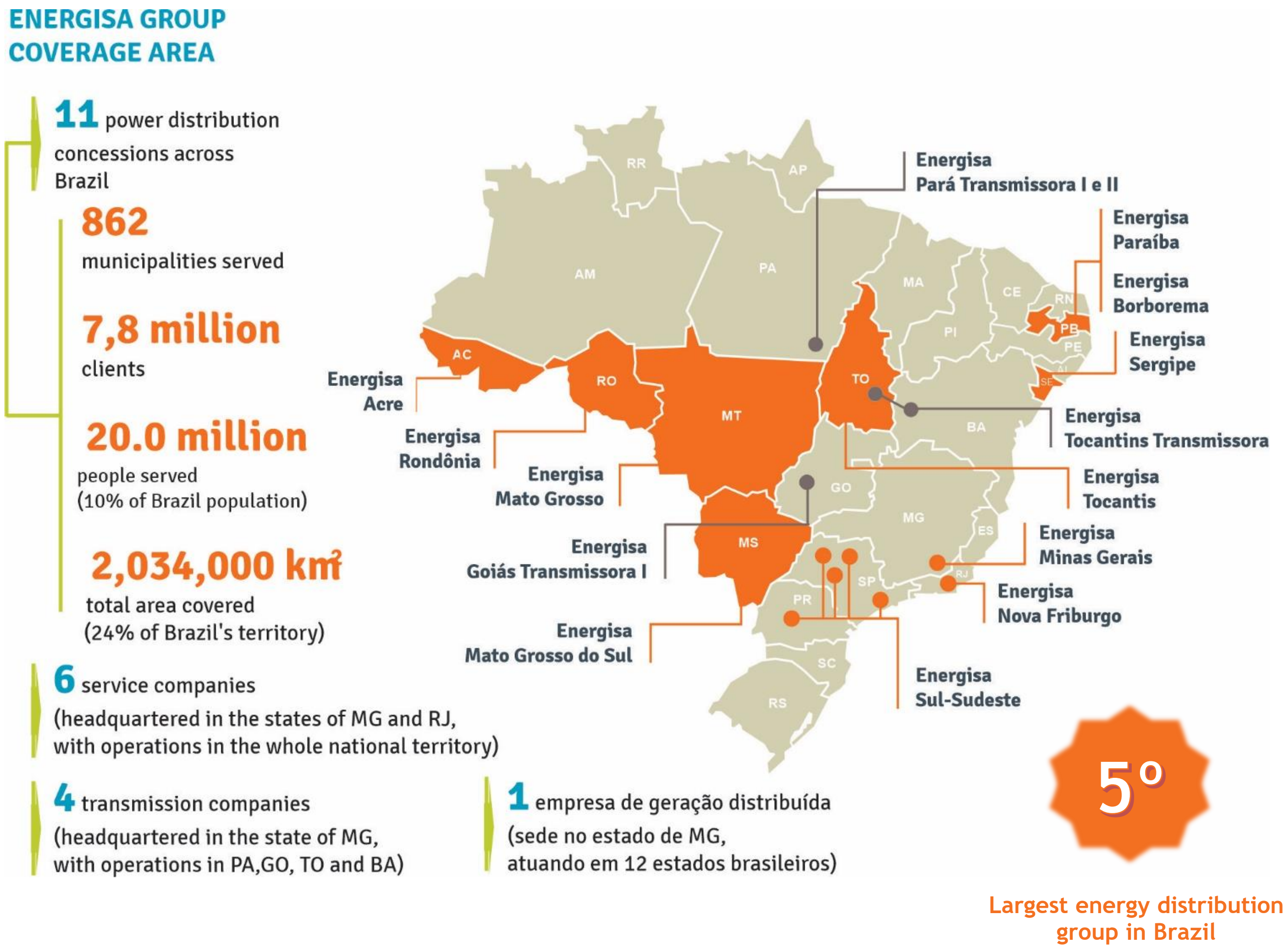
1. Corporate structure and profile

Energisa Group completed 115 years of history on February 26, 2020 and is the fifth largest energy distribution group in Brazil in terms of energy distribution. In our segment we serve approximately 7.8 million consumers in eleven Brazilian states, equal to 10% of Brazil's population.

The Company currently controls 11 distribution companies located in the states of Minas Gerais, Sergipe, Paraíba, Rio de Janeiro, Mato Grosso, Mato Grosso do Sul, Tocantins, São Paulo, Paraná, Acre and Rondônia, with a concession area embracing 2,034 thousand Km^2, equal to 24% of Brazil's landmass.

Energisa Group's activities also include energy transmission assets resulting from the auctions successfully bid for 2017 and 2018, including: Energisa Goiás Transmissora I and Energisa Pará Transmissora I, both scheduled to come into operation in 2020, Energisa Para Transmissora II and Energisa Tocantins Transmissora.

Energisa S.A. completed the acquisition of Alsol Energias Renováveis on June 17, 2019, operating in the distributed generation segment, with an interest in Alsol of 89.7%.

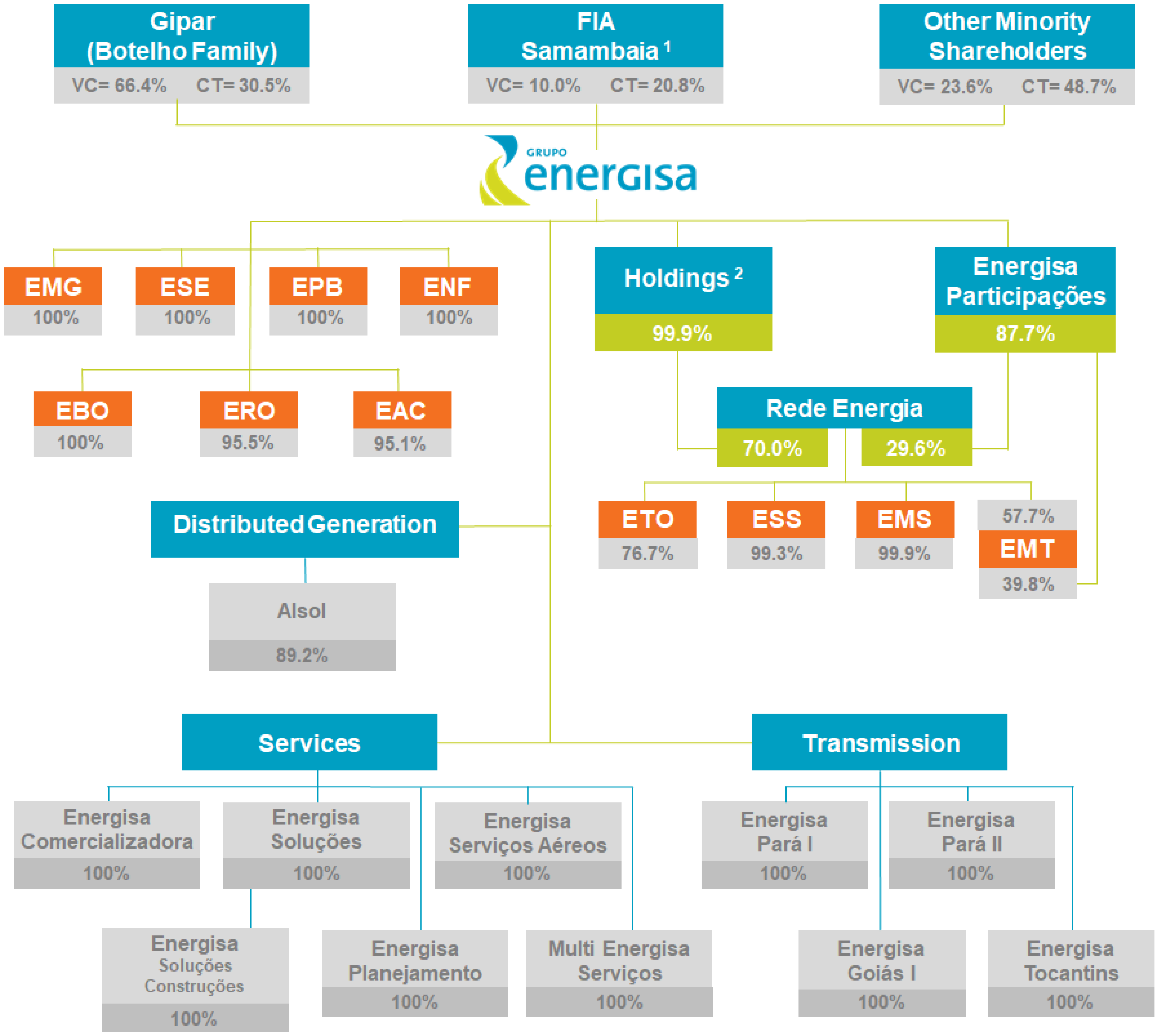


1.1 Corporate Structure of Energisa Group

Energisa Group's share control is exercised by Gipar S.A., controlled by the Botelho Family. The Company is listed in Level 2 Corporate Governance of B3 and the most liquid shares are traded under the symbol ENGI11 (Units, certificates comprising one common share and four preferred shares). In addition to these securities, it has shares traded under the symbols ENGI3 (common shares) and ENGI4 (preferred shares).

On April 30, 2019 and May 30, 2019 the Company received correspondence from Eletrobrás informing its decision not to exercise the option to increase its interest in the capital of ERO and EAC, acquired on August 30, 2018, as stated in the terms of Auction Notice 2/2018-PPI/PND. As Eletrobras did not exercise this option, on June 18, 2019 the Company revoked the ERO and EAC Shareholders' Agreement entered into by the Company and Eletrobras.

See below the simplified ownership structure of Energisa Group:



CV - Voting Capital | CT - Total Capital(1) Shareholding held directly and indirectly through investment vehicles.
(2) Directly and by way of holding companies, Energisa directly and indirectly owns 95.9% of Rede Energia.

2 Operating performance

2.1 Electricity sales

Acquiring Energisa Rondônia and Energisa Acre boosted Energisa's consolidated annual sales by 4,319 GWh in 2019, an increase of 13.6% on the Group's overall sales.

In the fourth quarter of 2019 (4Q19), Energisa Group's total (free and captive) electricity consumption in the concession areas of Energisa Group's 11 distribution companies was 9,391.8 GWh, an increase of 4.1% over the same period last year. If unbilled sales are included, the consumption changes to 9,487.3 GWh, an increase of 3.3% in the same period.

Performance in the quarter primarily reflects higher electricity consumption in the residential (+6.7% or 219.3 GWh) and commercial (+4.2% or 75.7 GWh) sectors—both helped by higher than historical average temperatures—and in the rural sector (+8.5% or 73.1 GWh), where low rainfall led to an increased demand for irrigation.

In 2019, in turn, total energy consumption in Energisa Group's concession areas rose by 4.2%, a result primarily influenced by the residential, commercial and rural sectors whose consumption rose by 6.4% (801.5 GWh), 4.7% (321.7 GWh) and 4.4% (148.4 GWh), respectively. In terms of concessions, we draw your attention to the total consumption in the areas of the following distribution companies: EMT (+6.8% or 589.9 GWh), EMS (+6.3% or 338.8 GWh), both recording their best performance since 2014, due to hotter weather and low rainfall, driving growth across the residential, commercial and rural segments. In the industrial segment, the increases in the nonmetallic mineral segment; livestock slaughtering, a sector enjoying record exports; timber and grain processing contributed with a positive impact. ESS (+4.7% or 200.0 GWh), which benefited from the performance of the industrial segment (+4.5% or 13.8 GWh), due to the growth of the alcoholic beverage and food sector production, which fueled energy consumption in 2019.

Energy sales of distribution companies

Description (Amounts in GWh)	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
✓ Billed Sales to the Captive Market	7,870.0	7,576.6	+ 3.9	30,245.0	29,121.8	+ 3.9
✓ Energy transportation to free clients (TUSD)	1,521.8	1,441.3	+ 5.6	5,873.7	5,554.9	+ 5.7
Subtotal (Captive Sales + Invoiced TUSD)	**9,391.8**	**9,017.8**	**+ 4.1**	**36,118.7**	**34,676.7**	**+ 4.2**
Subtotal (Captive Sales + TUSD), exc. ERO and EAC	**8,271.7**	**7,916.3**	**+ 4.5**	**31,799.5**	**30,496.4**	**+ 4.3**
✓ Unbilled consumption	95.6	163.9	- 41.7	106.2	69.1	+ 53.8
Subtotal (Captive Sales + Unbilled TUSD)	**9,487.3**	**9,181.7**	**+ 3.3**	**36,224.9**	**34,745.8**	**+ 4.3**

Note: For the purpose of calculating sales growth we used the energy sales of the ERO and EAC companies as if they were subsidiaries of Energisa in 2018.

3 Financial performance

3.1 Gross and net operating revenue

In 4Q19, consolidated net operating revenue (official) excluding construction revenue, amounted to R$ 4,452.1 million, an increase of 23.3% on 4Q18. If we disregard the acquisition of ERO and EAC, consolidated net operating revenue (pro forma) excluding construction revenue, amounted to R$ 4,013.1 million, an increase of 18.3% on 4Q18.

In the YTD 2019, net operating revenue minus construction revenue was R$ 16,923.2 million, an increase of 18.6%, on the amount determined in 2018.

See below the net operating revenue by segment:

Operating revenue by segment Description (R$ million)	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
(+) Electricity revenue (captive market)	**5,033.4**	**+ 10.4**	**18,601.0**	**+ 12.0**	**5,752.7**	**+ 17.9**	**21,427.0**	**+ 26.6**
Residential	2,435.2	+ 12.9	8,873.1	+ 15.1	2,800.4	+ 21.0	10,246.6	+ 30.3
Industrial	368.6	- 0.2	1,445.6	- 0.3	423.3	+ 6.5	1,664.6	+ 12.7
Commercial	1,150.6	+ 7.7	4,334.8	+ 10.4	1,291.9	+ 13.1	4,973.3	+ 24.3
Rural	468.5	+ 19.9	1,704.5	+ 14.5	523.6	+ 25.8	1,916.4	+ 26.5
Other sectors	610.4	+ 6.9	2,243.1	+ 10.5	713.6	+ 17.2	2,626.0	+ 27.0
(+) Electricity sales to distributors	97.0	+ 30.2	893.8	+ 13.7	136.8	+ 68.3	1,054.8	+ 33.1
(+) Net Unbilled Sales	64.1	- 54.2	206.1	- 6.2	36.5	- 75.5	204.5	- 10.5
(+) Sales by trading company	256.8	- 2.5	902.0	- 12.4	256.8	- 2.5	902.0	- 12.4
(+) Electricity network usage charges (TUSD)	380.7	+ 48.9	1,382.4	+ 27.0	420.7	+ 50.6	1,423.3	+ 28.0
(+) Construction revenue	711.6	+ 43.7	2,360.7	+ 58.2	913.6	+ 77.1	2,979.9	+ 97.0
(+) Creation and amortization - CVA	(285.8)	+ 116.8	(195.7)	-	(396.1)	+ 190.7	(525.7)	-
(+) Subsidies for services awarded under concession	290.0	+ 2.3	1,151.7	+ 4.2	322.5	+ 9.5	1,277.2	+ 14.4
(+) Restatement of the concession financial asset (VNR)	88.4	+ 268.3	225.9	- 24.7	89.1	+ 369.0	232.7	- 21.2
(+) Other revenue	131.2	+ 164.8	281.6	+ 80.4	150.5	+ 152.8	302.0	+ 82.1
Gross Revenue	**6,767.4**	**+ 12.6**	**25,809.4**	**+ 10.8**	**7,683.2**	**+ 20.0**	**29,277.7**	**+ 23.6**
(-) Sales taxes	1,740.0	+ 7.7	6,666.1	+ 11.7	1,964.6	+ 14.4	7,509.9	+ 23.7
(-) Rate flag deductions	(0.4)	-	(5.0)	-	(4.8)	-	(17.7)	-
(-) Sector charges	303.1	- 37.6	1,598.7	- 5.0	357.8	- 33.6	1,882.4	+ 8.5
(=) Net revenue	**4,724.6**	**+ 21.6**	**17,549.6**	**+ 12.9**	**5,365.7**	**+ 30.0**	**19,903.1**	**+ 26.1**
(-) Construction revenue	711.6	+ 43.7	2,360.7	+ 58.2	913.6	+ 77.1	2,979.9	+ 97.0
(=) Net revenue, without construction revenue	**4,013.1**	**+ 18.3**	**15,188.9**	**+ 8.1**	**4,452.1**	**+ 23.3**	**16,923.2**	**+ 18.6**

See below the net operating revenue by company:

Net revenue by segment Amounts in R$ million	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
I - Distribution of electricity	**4,161.1**	**17.9**	**15,936.1**	**+ 10.3**	**4,820.6**	**+ 19.5**	**18,328.9**	**+ 22.6**
✓ EMG	181.1	+ 10.8	730.9	+ 6.0	181.1	+ 10.8	730.9	+ 6.0
✓ ENF	43.1	+ 4.2	171.4	+ 10.9	43.1	+ 4.2	171.4	+ 10.9
✓ ESE	347.4	+ 10.8	1,408.2	+ 9.0	347.4	+ 10.8	1,408.2	+ 9.0
✓ EBO	70.7	+ 9.1	283.5	+ 7.4	70.7	+ 9.1	283.5	+ 7.4
✓ EPB	561.1	+ 13.3	2,143.8	+ 8.7	561.1	+ 13.3	2,143.8	+ 8.7
✓ EMT	1,306.9	+ 24.2	4,933.0	+ 12.8	1,306.9	+ 24.2	4,933.0	+ 12.8
✓ EMS	750.9	+ 17.0	2,819.6	+ 10.9	750.9	+ 17.0	2,819.6	+ 10.9
✓ ETO	440.0	+ 23.9	1,696.3	+ 10.8	440.0	+ 23.9	1,696.3	+ 10.8
✓ ESS	459.9	+ 14.1	1,749.6	+ 7.7	459.9	+ 14.1	1,749.6	+ 7.7
✓ ERO	-	-	-	-	449.9	+ 1.1	1,666.9	+ 274.7
✓ EAC	-	-	-	-	209.6	+ 263.9	726.0	+ 1,160.4
II - Electricity sales and services	**702.0**	**+ 52.9**	**2,009.3**	**+ 35.0**	**702.0**	**+ 52.9**	**2,009.3**	**+ 35.0**
✓ Energisa Comercializadora (ECOM)	233.2	- 2.6	819.8	- 12.4	233.2	- 2.6	819.8	- 12.4
✓ Energisa Soluções Consolidated (ESOL Consol.)	77.2	+ 57.3	226.8	+ 38.2	77.2	+ 57.3	226.8	+ 38.2
✓ Energisa S/A (ESA)	55.0	+ 19.6	212.1	+ 26.5	55.0	+ 19.6	212.1	+ 26.5
✓ Multi Energisa	11.2	+ 31.8	39.4	+ 21.3	11.2	+ 31.8	39.4	+ 21.3
✓ Energisa Goiás Transmissora I (EGO I)	95.2	+ 51.6	255.7	+ 170.3	95.2	+ 51.6	255.7	+ 170.3
✓ Energisa Pará Transmissora I (EPA I)	107.5	+ 118.1	273.6	+ 220.8	107.5	+ 118.1	273.6	+ 220.8
✓ Energisa Pará Transmissora II (EPA II)	42.0	+ 1,346.9	88.6	+ 2,955.0	42.0	+ 1,346.9	88.6	+ 2,955.0
✓ Energisa Tocantins Transmissora (ETT)	18.5	+ 0.0	23.8	+ 0.0	18.5	+ 0.0	23.8	+ 0.0
✓ Other (*)	62.2	+ 5,081.6	69.3	+ 1,313.6	62.2	+ 5,081.6	69.3	+ 1,313.6
(=) Total (I+II)	**4,863.2**	**+ 21.9**	**17,945.3**	**+ 12.6**	**5,522.6**	**+ 23.0**	**20,338.2**	**+ 23.7**
Intercompany eliminations	***(138.5)***	***+ 35.3***	***(395.7)***	***+ 2.8***	***(156.9)***	***+ 53.3***	***(435.1)***	***+ 13.0***
(=) Energisa Consolidated	**4,724.6**	**+ 21.6**	**17,549.6**	**+ 12.9**	**5,365.7**	**+ 30.0**	**19,903.1**	**+ 26.1**
(-) Construction revenue	711.6	+ 43.7	2,360.7	+ 58.2	913.6	+ 77.1	2,979.9	+ 97.0
(=) Energisa Consol. without construction revenue	**4,013.1**	**+ 18.3**	**15,188.9**	**+ 8.1**	**4,452.1**	**+ 23.3**	**16,923.2**	**+ 18.6**

(*) Energisa Planejamento e Corretagem de Seguros Ltda., Energisa Serviços Aéreos de Aeroinspeção S/A and Alsol.
Note: Net revenue by consumption sector and distribution company can be seen in Appendix I.

3.2 Operating costs and expenses

Consolidated operating costs and expenses (official), excluding construction costs, amounted to R$ 3,874.4 million in 4Q19, an increase of 80.7% (R$ 1,730.0 million) on 4Q18, and R$ 14,957.4 million in 2019, an increase of 31.0% (R$ 3,535.3 million) on 2018.

If we disregard ERO and EAC, consolidated operating expenses and costs (pro forma), excluding construction costs, amounted to R$ 3,307.5 million in 4Q19 and R$ 12,707.7 million in 2019, increases of 10.0% (R$ 301.1 million) and 3.4% (R$ 423.4 million) compared with 4Q18 and 2018 respectively.

Consolidated operating costs and expenses break down as follows:

Breakdown of operating expenses and costs Amounts in R$ million	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
1 Non Manageable costs and expenses	**2,415.4**	**+ 14.5**	**9,527.0**	**+ 4.1**	**2,782.2**	**+ 26.2**	**10,889.9**	**+ 17.8**
1.1 Energy purchased	2,125.0	+ 14.5	8,435.2	+ 4.1	2,476.0	+ 29.6	9,753.4	+ 19.5
1.2 Transmission of electricity	290.5	+ 14.1	1,091.8	+ 4.5	306.1	+ 4.3	1,136.5	+ 4.9
2 - Manageable costs and expenses	**741.4**	**+ 7.4**	**2,349.0**	**+ 5.6**	**866.0**	**+ 9.2**	**2,931.0**	**+ 25.9**
2.1 PMSO	**727.8**	**+ 6.8**	**2,233.8**	**+ 2.1**	**926.6**	**+ 43.1**	**2,906.8**	**+ 35.0**
2.2 Provisions/Reversals	13.6	+ 53.1	115.2	+ 206.2	(60.6)	-	24.2	- 86.2
2.2.1 Contingencies	(19.5)	+ 63.4	(65.2)	- 17.3	(86.2)	-	(188.3)	-
2.2.2 Doubtful accounts	33.0	+ 59.0	180.4	+ 54.9	25.6	- 56.6	212.5	+ 37.3
3 Other revenue/expenses	**150.7**	**- 26.9**	**831.8**	**- 8.7**	**226.3**	**-**	**1,136.6**	**-**
3.1 Depreciation and amortization	208.0	- 3.7	852.5	+ 2.1	284.0	- 14.1	1,157.9	+ 21.9
3.2 Other revenue/expenses	(57.2)	+ 482.9	(20.8)	-	(57.7)	- 95.1	(21.3)	- 98.1
Total (1+2+3, exc. construction)	**3,307.5**	**+ 10.0**	**12,707.7**	**+ 3.4**	**3,874.4**	**+ 80.7**	**14,957.4**	**+ 31.0**
Construction cost	616.1	+ 27.0	1,995.4	+ 35.1	807.2	+ 59.5	2,603.7	+ 73.9
Total (1+2+3, inc. construction)	**3,923.6**	**+ 12.4**	**14,703.1**	**+ 6.8**	**4,681.6**	**+ 76.6**	**17,561.1**	**+ 35.9**

Note: Operating costs and expenses by distribution company can be seen in Appendix I.
Pro forma disregards the acquisition of ERO and EAC, while official includes the consolidation of ERO and EAC from 10/30/2018 and 12/6/2018 respectively.

3.3 Net Income

The consolidated net income (official) in 4Q19 was R$ 353.3 million, 47.6% (R$ 321.2 million) less than in 4Q18, as a result of recording the business combination for the distribution companies acquired with the positive impact in 4Q18. In 2019 this amount was R$ 527.2 million, 55.3% (R$ 652.5 million) less than 2018, also impacted by the aforesaid effect.

If we factor out the acquisition of ERO and EAC, the (pro forma) net income would be R$ 466.2 million in 4Q19, an increase of 638.9% (R$ 403.1 million) compared with 4Q18.

In addition to the effects on EBITDA, net income was influenced negatively by recording the mark-to-market of the subscription bonus underlying Energisa S/A's 7th issuance of R$ 144.2 million. If the aforesaid extraordinary effects were excluded, as per the table below, the net income (pro forma) in 4Q19 would be R$ 384.6 million, 73.2% (R$ 162.5 million) more than in 4Q18.

Consolidated net income (*pro forma*) amounted to R$ 1,176.5 million in the year, an increase of 107.1% (R$ 608.3 million) on 2018. If the nonrecurrent/noncash effects mentioned above were excluded, the net income would be R$ 1,423.7 million, 95.2% (R$ 694.2 million) more than in 2018.

See below nonrecurrent effects net of tax:

Description (R$ thousand)	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
(=) Pro forma net income (exc. ERO and EAC)	**466.2**	**63.1**	**+ 638.9**	**1,176.5**	**568.2**	**+ 107.1**
(+) Rescission Costs	3.1	5.8	- 46.4	18.0	18.7	- 3.9
(+) Mark-to-market of 7th issuance debentures	144.2	165.0	- 12.6	627.8	272.4	+ 130.5
(+) Mark-to-market of the trading company (CPC 48)	(48.4)	-	-	(43.3)	-	-
(+) Provision for success fees (EMT)	-	-	-	-	14.5	
(-) Re-recording of CVA (EMT and EMS)	-	-	-	-	40.0	-
(-) Reversal of the provision for concession financial assets (EMT, EMS and ESE)	-	-	-	-	92.5	-
(-) Reversing the provision to adjust to present value credits receivable from Tocantins state	-	-	-	26.4	-	-
(-) Over-purchased electricity	-	-	-	5.9	-	-
(-) Adoption of IFRS 15 for transmission segment	180.4	-	-	269.4	-	-
(-) Retrospective adoption of IFRS 15 for transmission segment	-	-	-	49.4	-	-
(-) Reversal of Tax Contingency (ETO)	-	-	-	4.3	-	-
(-) Pension fund migration (ESE)	-	11.8	-	-	11.8	-
(=) Net income with noncash / nonrecurrent adjustments (exc. ERO and EAC)	**384.6**	**222.1**	**+ 73.2**	**1,423.7**	**729.5**	**+ 95.2**

See below the consolidated net income of Energisa and its subsidiaries by segment:

Net income by Company Amounts in R$ million	Pro forma (exc. ERO and EAC)				Official (including ERO and EAC)			
	4Q19	Change %	2019	Change %	4Q19	Change %	2019	Change %
Electricity distribution	**482.8**	**+ 53.9**	**1,770.5**	**+ 45.7**	**383.7**	**+ 862.3**	**1,204.8**	**+ 28.0**
EMG	7.4	- 14.1	38.0	+ 4.8	7.4	- 14.1	38.0	+ 4.8
ENF	2.7	+ 36.2	12.8	+ 36.8	2.7	+ 36.2	12.8	+ 36.8
ESE	39.5	+ 10.4	147.1	+ 59.0	39.5	+ 10.4	147.1	+ 59.0
EBO	9.0	+ 25.4	36.7	+ 18.5	9.0	+ 25.4	36.7	+ 18.5
EPB	85.3	+ 77.6	314.2	+ 31.9	85.3	+ 77.6	314.2	+ 31.9
EMT	171.0	+ 59.8	594.2	+ 39.2	171.0	+ 59.8	594.2	+ 39.2
EMS	101.4	+ 83.9	333.2	+ 95.3	101.4	+ 83.9	333.2	+ 95.3
ETO	32.5	+ 27.9	178.4	+ 80.4	32.5	+ 27.9	178.4	+ 80.4
ESS	33.9	+ 37.9	116.1	+ 4.4	33.9	+ 37.9	116.1	+ 4.4
ERO	-	+ 0.0	-	+ 0.0	(97.3)	- 63.4	(516.0)	+ 94.0
EAC	-	+ 0.0	-	+ 0.0	(1.9)	- 76.4	(49.7)	+ 529.0
Sales, energy services and other	**240.4**	**-**	**321.9**	**-**	**240.4**	**-**	**321.9**	**-**
ECOM	41.8	+ 318.3	36.1	+ 101.7	41.8	+ 318.3	36.1	+ 101.7
ESOL Consol.	10.2	-	16.1	-	10.2	-	16.1	-
MULTI	2.2	+ 59.5	7.8	+ 69.4	2.2	+ 59.5	7.8	+ 69.4
EGO	87.4	+ 12,390.7	131.5	+ 8,115.7	87.4	+ 12,390.7	131.5	+ 8,115.7
EPAI	82.2	+ 10,179.3	120.7	+ 4,063.5	82.2	+ 10,179.3	120.7	+ 4,063.5
EPAII	6.7	-	12.1	-	6.7	-	12.1	-
ETT	4.1	-	5.1	-	4.1	-	5.1	
Others	5.7	-	(7.5)	- 74.7	5.7	-	(7.5)	- 74.7
Holding companies (without equity income)	**(146.9)**	**-**	**(777.2)**	**-**	**(146.9)**	**-**	**(777.2)**	**-**
ESA Parent company	(3.4)	-	(607.3)	-	(3.4)	-	(607.3)	-
Rede parent company	(137.6)	+ 3,830.9	(142.4)	+ 414.2	(137.6)	+ 3,830.9	(142.4)	+ 414.2
Denerge	(9.0)	- 8.6	(38.0)	- 1.3	(9.0)	- 8.6	(38.0)	- 1.3
Other holding companies	3.0	-	10.5	-	3.0	-	10.5	-
Business combination - Pro forma adjustments	(110.2)	- 47.3	(138.8)	- 57.9	(123.9)	-	(222.4)	-
Energisa - Consolidated	**466.2**	**+ 638.9**	**1,176.5**	**+ 107.1**	**353.3**	**- 47.6**	**527.2**	**- 55.3**

Reconciliation of net income and EBITDA and Re-presentations

Reconciliation of net income and EBITDA Amounts in R$ million	Quarter			Year		
	4Q19	4Q18	Change %	2019	2018	Change %
(=) Consolidated net income	**353.3**	**674.5**	**- 47.6**	**527.2**	**1,179.7**	**- 55.3**
(-) Income and social contribution taxes	(99.4)	(496.8)	- 80.0	(454.5)	(737.7)	- 38.4
(-) Financial income/expenses	(231.4)	(305.4)	- 24.2	(1,360.4)	(950.5)	+ 43.1
(-) Depreciation and amortization	(284.0)	(330.6)	- 14.1	(1,157.9)	(949.7)	+ 21.9
(=) EBITDA	**968.1**	**1,807.3**	**- 46.4**	**3,499.9**	**3,817.6**	**- 8.3**
(+) Revenue from interest on overdue energy bills	88.0	84.8	+ 3.8	340.0	274.7	+ 23.8
(=) Adjusted EBITDA	**1,056.1**	**1,892.1**	**- 44.2**	**3,839.9**	**4,092.3**	**- 6.2**
EBITDA Margin (%)	18.0	43.8	- 25.8 p.p.	17.6	24.2	- 6.6 p.p.
Adjusted EBITDA Margin (%)	19.7	45.8	- 26.2 p.p.	19.3	25.9	- 6.6 p.p.

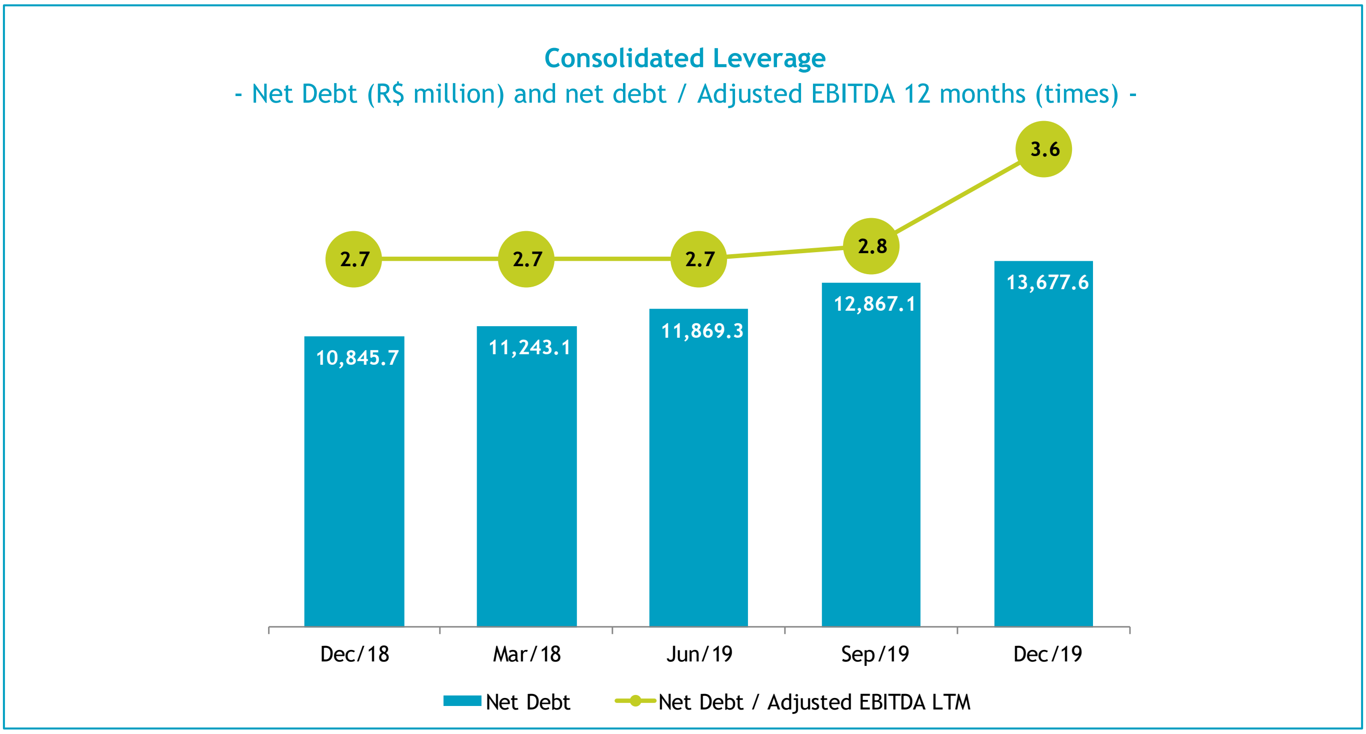
4 Capital structure

4.1 Financial operations in 2019

Energisa Group took out financing of R$ 3,915 million in 2019, at an average cost of 112.3 % of the CDI rate and an average term of 4.7 years.

Company	Issue type	Total Amount (R$ thousand)	Average Cost (p.a.)	Average Term (years)
ESOL, ECOM, EMS, ESS, EAC, EMT, ERO, EBO, ENF and ESA	Law 4,131	960	115.8 % CDI	2.8
EMT, ESE AND ESA	Promissory Notes ICVM 476	720	109.9 % CDI	2.5
EMG, EMT, EMS EPB, ESS, ETO and Alsol	ICVM 476 Debentures	1,740	113.5% CDI	6.0
ESA	ICVM 476 Debentures - Infrastructure	496	105.0 % CDI	6.9
Total		**3,915.9**	**112.3%**	**4.7**

4.2 Cash and debt

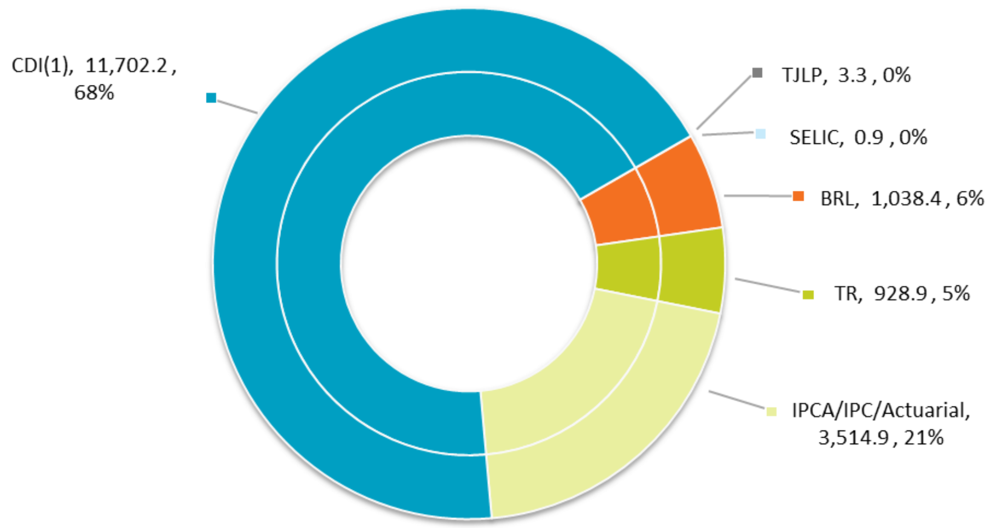


4.3 Cost and average debt tenor

The average gross debt tenor fell to 4.8 years at the end of December 2019 (against 5.1 years in September 2019) and the average cost of the gross debt fell 0.78 percentage points, closing the year at 6.36% (144.55% of the CDI rate) against 7.14% (125.09% of the CDI rate) in September 2019..

The average net debt tenor fell to 5.7 years at the end of December 2019 (against 5.9 years in September 2019) and the average cost of the net debt fell 0.71 percentage points, closing the year at 6.60% (150.02% of the CDI rate) against 7.31% (128.04% of the CDI rate) in September 2019.

Bank Debt and Issuances Consolidated by Index (R$ million)



Nb: The foreign currency debt is subject to swaps for the CDI rate and other currency hedge instruments. This balance was a net liability of R$ 181.7 million in December 2019.
(1) Dollar and Euro debt converted to CDI, without a hedge cap.

5 Investments

In 2019 Energisa and its subsidiaries made investments of R$ 3,167.1 million, 59.9% more than in 2018 (R$ 1,980.8 million). If we consider the distribution companies only, this amount was R$ 2,713.8 million, an increase of 52.4%.

The following investments were made:

Investment Amounts in R$ million	Electric Assets			Special Obligations			Non-electric assets			Total Investment		
	4Q19	4Q18	Change %	4Q19	4Q18	Change %	4Q19	4Q18	Change %	4Q19	4Q18	Change %
EMG	9.7	9.3	+ 4.3	0.0	1.7	-	2.2	5.3	- 59.3	11.9	16.3	- 27.0
ENF	2.1	2.4	- 12.5	(0.3)	(0.1)	+ 200.0	0.5	0.1	+ 400.0	2.3	2.4	- 4.2
ESE	19.7	20.8	- 5.3	0.8	1.4	- 42.9	7.8	3.4	+ 129.4	28.3	25.6	+ 10.5
EBO	4.3	1.7	+ 152.9	0.6	3.5	- 82.9	0.7	2.8	- 75.0	5.6	8.0	- 30.0
EPB	40.2	35.8	+ 12.3	3.0	3.1	- 3.2	9.8	3.3	+ 197.0	53.0	42.2	+ 25.6
EMT	159.3	167.1	- 4.7	5.6	63.4	- 91.2	11.4	10.4	+ 9.6	176.3	240.9	- 26.8
EMS	43.3	49.9	- 13.2	3.5	4.5	- 22.2	5.6	22.4	- 75.0	52.4	76.8	- 31.8
ETO	102.1	73.8	+ 38.3	9.5	4.4	+ 115.9	13.9	(4.3)	-	125.5	73.9	+ 69.8
ESS	29.0	44.4	- 34.7	5.8	3.6	+ 61.1	7.5	-	-	42.3	48.0	- 11.9
ERO	88.1	21.8	+ 304.1	130.3	22.2	+ 486.9	19.5	1.2	+ 1,525.0	237.9	45.2	+ 426.3
EAC	109.8	6.3	+ 1,642.9	(11.8)	2.1	-	(9.0)	-	-	89.0	8.4	+ 959.5
Total distribution companies	**607.6**	**433.3**	**+ 40.2**	**147.0**	**109.8**	**+ 33.9**	**69.9**	**44.6**	**+ 56.4**	**824.5**	**587.7**	**+ 40.3**
EPA I	44.8	47.5	- 5.7	-	-	-	0.60	-	-	45.4	47.5	- 4.4
EPA II	35.3	1.5	+ 2,253.3	-	-	-	-	-	-	35.3	1.5	+ 2,253.3
EGO I	31.1	61.0	- 49.0	-	-	-	0.70	-	-	31.8	61.0	- 47.9
ETT	12.1	-	-	-	-	-	-	-	-	12.1	-	-
ESOL Consolidated	2.5	-	-	-	-	-	-	2.3	-	2.5	2.3	+ 8.7
Others	18.80	-	-	-	-	-	27.4	4.2	+ 552.4	46.2	4.2	+ 1,000.0
Total	**752.2**	**543.3**	**+ 38.5**	**147.0**	**109.8**	**+ 33.9**	**98.6**	**51.1**	**+ 92.6**	**997.8**	**704.2**	**+ 41.7**

Investment Amounts in R$ million	Electric Assets			Special Obligations			Non-electric assets			Total Investment		
	2019	2018	Change %	2019	2018	Change %	2019	2018	Change %	2019	2018	Change %
EMG	51.4	34.4	+ 49.4	8.7	17.0	- 48.8	14.8	26.4	- 43.9	74.9	77.8	- 3.7
ENF	9.7	6.8	+ 42.6	(0.1)	0.2	-	1.1	1.1	-	10.7	8.1	+ 32.1
ESE	70.6	57.0	+ 23.9	4.8	11.5	- 58.3	14.0	13.5	+ 3.7	89.4	82.0	+ 9.0
EBO	14.3	9.3	+ 53.8	1.7	5.0	- 66.0	2.8	5.2	- 46.2	18.8	19.5	- 3.6
EPB	163.5	123.8	+ 32.1	13.8	8.4	+ 64.3	15.2	24.2	- 37.2	192.5	156.4	+ 23.1
EMT	701.3	538.4	+ 30.3	10.6	139.3	- 92.4	31.4	22.6	+ 38.9	743.3	700.3	+ 6.1
EMS	204.7	179.1	+ 14.3	15.4	25.1	- 38.6	18.2	48.4	- 62.4	238.3	252.6	- 5.7
ETO	339.6	284.0	+ 19.6	(13.0)	(1.5)	+ 766.7	25.1	8.7	+ 188.5	351.7	291.2	+ 20.8
ESS	125.6	114.0	+ 10.2	16.5	12.8	+ 28.9	17.0	12.2	+ 39.3	159.1	139.0	+ 14.5
ERO	425.5	21.8	+ 1,851.8	153.2	22.2	+ 590.1	43.3	1.2	+ 3,508.3	622.0	45.2	+ 1,276.1
ACRE	216.6	6.3	+ 3,338.1	(0.2)	2.1	-	(4.1)	-	-	212.3	8.4	+ 2,427.4
Total distribution companies	**2,322.8**	**1,374.9**	**+ 68.9**	**211.4**	**242.1**	**- 12.7**	**178.8**	**163.5**	**+ 9.4**	**2,713.0**	**1,780.5**	**+ 52.4**
EPA I	151.4	79.7	+ 90.0	-	-	-	0.6	-	-	152.0	79.7	+ 90.7
EPA II	73.6	2.9	+ 2,437.9	-	-	-	-	-	-	73.6	2.9	+ 2,437.9
EGO I	123.3	90.5	+ 36.2	-	-	-	0.8	-	-	124.1	90.5	+ 37.1
ETT	15.9	-	-	-	-	-	-	-	-	15.9	-	-
ESOL Consolidated	7.3	-	-	-	-	-	4.1	12.1	- 66.1	11.4	12.1	- 5.8
Others	26.8	-	-	-	-	-	50.3	15.1	+ 233.1	77.1	15.1	+ 410.6
Total	**2,721.1**	**1,548.0**	**+ 75.8**	**211.4**	**242.1**	**- 12.7**	**234.6**	**190.7**	**+ 23.0**	**3,167.1**	**1,980.8**	**+ 59.9**

Note: The investment data of ERO and EAC reflects the period after the acquisition by Energisa, from 10/30/2018 and 12/6/2018 respectively.

6 Capital market

6.1 Stock performance

Traded on B3, the Energisa shares with the greatest liquidity ENGI11 – Units (consisting of 1 common share and 4 preferred shares) appreciated by 47.2% in 2019, and closed the year quoted at R$ 53.53 per Unit. Over the same period, the main stock exchange index, Ibovespa, gained 31.6%, while the IEE index gained 55.5%. Since the public issuance in the re-IPO in July 2016, ENGI11 stock has appreciated by 81 percentage points over and above the Ibovespa index, which rose by 108% in the same period. See below the market indicators of Energisa's shares at the end of the year:

	2019	2018	Change %
Market indexes			
Enterprise value (EV - R$ million) [1]	33,104.3	24,309.7	+ 36.2
Market value at the end of the year (R$ million)	19,426.70	13,464.0	+ 44.3
Average daily volume traded in the year - Units (R$ million)	62.5	29.9	+ 109.9
Share prices			
ENGI11 (Unit) closing price at the end of the year (R$ /Unit)	53.5	37.1	+ 44.3
ENGI3 (ON) closing price at the end of the year (R$ /share)	13.6	8.1	+ 68.1
ENGI4 (PN) closing price at the end of the year (R$ /share)	10.2	7.3	+ 38.7
Relative indicators			
Dividends paid in the year (R$ / Unit)	0.54	0.93	-42.4
Dividend yield of ENGI11 (Units) - % [3]	1.1	2.9	-62.1 p.p
Total return to Units shareholder (TSR) - %	47.2	38.8	+8.4 p.p
Market Value / Shareholders' Equity (times)	3.4	2.5	+ 36.4

(1) EV = Market value (R$/share vs. number of shares) + consolidated net debt.
(2) Price plus proceeds; and
(3) Dividends paid out in the last four quarters / closing price of the Units.

6.2 Distribution of dividends

Based on the results achieved in 2019, Energisa management allocated R$ 194.5 million for payment of dividends (R$ 0.1072 per common and preferred share or R$ 0.536 per Unit) from the account for the year. The amount of R$ 78.4 million (R$ 0.0432 per share or R$ 0.216 per Unit) had been paid by August 23, 2019.
The supplementary dividend approved by the Board of Directors' meeting held February 17, 2020 in the amount of R$ 116,1 million (R$ 0.064 per common and preferred share or R$ 0.32 per Unit) will be paid on April 3, 2020, based on the share position at February 27, 2020 (ex-dividends date: 2/28/2020). The total dividends for the financial year represent 44.4% of the Parent Company's net income, adjusted for the legal reserve.

	2019	2018	Change %
Dividends for the year (R$ million)	194.5	387.2	- 49.8
Dividends / Adjusted Net Income of Energisa Parent Company - %	44.4	35.5	+ 8.9

7 Corporate Governance

In financial year 2019 the Board of Directors approved a set of policies designed to provide greater clarity in our communications with the market, including an Earnings Distribution Policy and a Management Nomination and Compensation Policy, which sets out rules on the composition, appointment and compensation of members of the Board of Directors, the Executive Board and the committees under them. Aggregate annual management compensation of R$ 9.38 million was approved during the period.

On an annual basis, we publish information on our implementation of the 54 practices listed in the Brazilian Corporate Governance Code, and the reasons any of those practices have not been implemented by the Company. Energisa has also been a signatory of the ABRASCA Self-Regulation Code and Good Practices for Listed Companies since 2012.

As a highlight in 2019, Energisa Day events were held in Rio de Janeiro (RJ) and Porto Velho (RO), with an attendance of respectively 70 and 26 analysts. During the events, we discussed the challenges and opportunities presented by our recently acquired concession in Rondônia. We additionally held 167 meetings and earnings calls, and four public conference calls in 2019. During the year, Company representatives attended capital market events — 12 in Brazil and 5 in other countries — with a total of 91 individual meetings held during those events.

In 2019 a Shareholders' Agreement was concluded between Energisa, Algar S.A. Empreendimentos e Participações and Gustavo Malagoli Buiatti in connection with the acquisition of Alsol Energias Renováveis. On April 30, 2019 the deadline expired for Eletrobras to increase its equity interest in Energisa Rondônia by up to 30% under the Centrais Energisa Rondônia Shareholders' Agreement concluded between the Company and Eletrobras on October 30, 2018. Eletrobras has not exercised its subscription rights under the agreement.

Risk Management

Our Risk Management and Financial Market Risk Management policies were revised in 2019 to reflect internationally recognized best practices and our strategic objectives, enhancing the Company's guidelines on mitigating, remediating and monitoring risks and assuring or optimizing internal controls.

In line with the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), our risk management process consists of identifying and measuring risks and their likelihood of occurrence; reviewing and developing appropriate policies; and addressing, monitoring and controlling identified risks. Audits are conducted in accordance with ISO 31.000 – Risk Management and cover all critical organizational processes.

Ethics and Integrity

Ethics is held as an essential value in our business conduct and relations with stakeholders. The principles and rules applying to employees, managers and suppliers and third-party employees are formally documented in our Code of Ethics and Conduct. All employees receive a copy of the Code at the time they are hired, as well as periodic training on the Code during their employment.

An Ethics Committee is responsible for ensuring compliance with and for perfecting our Code of Ethics and Conduct, reporting directly to the CEO. The Committee reviews reports received through our different reporting channels and determines what action is to be taken based on Group standards. Ethics and integrity concerns are also addressed by the Audit & Risk Committee.

8 Human Resources

With the expansion of the business, including the Energisa Rondônia and Energisa Acre acquisitions and our new transmission and distributed generation business, Energisa's workforce grew to 20,500 employees at year-end 2019, including direct employees, interns and third-party employees.

Our goal of being ranked among the best workplaces in Brazil was achieved in 2019 by three of our distribution companies: Energisa Tocantins ranked 65th in a survey by Great Place to Work (GPTW), Energisa Mato Grosso do Sul ranked among the best in the Midwest and Energisa Paraíba was among the top-ranked companies in its state.

As part of our efforts to build a strong reputation as an employer that has high-performance, sustainable management practices and is among the best places to work, in 2019 we created a People and Management

Department under a vice president to provide strategic guidance in our expansion and to standardize processes. Within this department is a Sustainability function that will play a key role in embedding sustainability in the business. The Department also includes a Performance and Transformation function responsible for Group-wide strategic planning.

The number of employees receiving training increased in 2019, especially as part of programs implemented at Energisa Acre and Energisa Rondônia. During the period, R$ 6.5 million was invested in a total of 16,246 training attendances, or an average of 60.47 hours of training per employee. Employees in management positions attend our Leadership Academy — an accelerated training program — while our Succession Program trains leaders to hold key positions.

During the year we created an Online Education Program to instill a self-development mindset among employees. The program has a chatbot solution, called 'Edu', that answers questions about training pathways, content and learning methods.

Energisa's School of Engineering, a partnership with the National Industrial Training Service (SENAI), has 21 units in the states of Paraíba, Tocantins, Mato Grosso, Mato Grosso do Sul, Acre and Rondônia, where 865 people received training in the year. Our Operator Training Center expanded its presence from Cataguases (MG) to include Mato Grosso, Mato Grosso do Sul, Tocantins and the South-Southeast.

The Energisa Trainee Program, an important gateway for new talent at Energisa, received 7,500 applications, or 470 candidates per vacancy in the year. The Group has hired a total of 127 trainees since 2010. With a 56% retention rate, 49% of active trainees are in leadership positions.

Health and Safety

Energisa strives to implement best practices in preventing workplace injuries as part of our ambition to be an industry leader in occupational health and safety. We regularly revisit our processes and invest in training and disseminating a safety culture in all our operations, ensuring they are compliant with the performance requirements outlined by the Eloy Chaves Medal program, which recognizes companies in the electric power sector that demonstrate best practices and the lowest occupational injury rates. In 2019 our distribution companies in Minas Gerais and Mato Grosso received Gold Medals, while our distribution utilities in Sergipe and Nova Friburgo received Bronze Medals.

To further enhance and achieve greater control in safety management, in 2019 we implemented an online Integrated Management System for monitoring indicators and managing training and toolbox talks (employee discussions on safety before each work shift),

Reflecting initiatives implemented in recent years, in 2019 the number of injuries declined 45% compared to 2018, and 73% compared to 2017. Lost time injuries decreased from 193 cases in 2016 to 47 in 2019. There were no fatalities involving direct employees during the period.

Another highlight in 2019 was the creation of our Viva Energia program, which works across three key pillars: occupational health, including workplace exercise and health campaigns; health care (benefits for pregnant employees and employees with chronic diseases and cancer), and quality of life (fitness activities supported by a partnership with Gympass).

Energy efficiency

Our distribution companies invested R$ 114.1 million within our energy efficiency program in 2019 to promote safe and responsible consumption of electricity. During the period, 104,268 consumer units were benefited, with aggregate electricity savings of 49,147 MWh/year — enough to supply 12 months of electricity to 27,301 homes consuming an average of 150 KWh/month. In 2019 we installed more than 20 photovoltaic systems with a total installed capacity of 938.95 KWp.

Energisa's flagship energy efficiency initiative, Nossa Energia, promotes responsible and efficient electricity consumption in low-income communities through educational activities designed to raise awareness about preventing waste and changing habits. As part of the initiative, incandescent lamps are replaced with compact or LED lamps, and old refrigerators are replaced with new and more efficient models. The program also features workshops, drama performances and interactive sessions hosted at 13 Touring Energy Efficiency Units — laboratories equipped with high-tech equipment to demonstrate how to use electricity efficiently. In 2019 the program recorded 106,294 workshop attendances, benefited 73,978 customers and replaced 286,405 lamps and 2,053 refrigerators.

9 Environmental initiatives

Supported by a Health, Safety and Environment Policy that was revised and integrated in 2019, Energisa seeks to ensure responsible interaction with the environment surrounding our operations, efficient use of natural resources, and continual improvement in environmental performance. Our processes are standardized by an Integrated Health, Safety, Environment and Social Management System (SGMASS) conforming to ISO 14001 (environment) and OSHAS 18001 (health and safety). In 2019 Energisa Sul-Sudeste began taking steps toward implementing ISO 14001.

Our operations work to minimize waste generation and ensure proper waste disposal, and run internal campaigns based around the 3Rs (Reduce, Reutilize and Recycle). Used insulating oil is regenerated and used lubricants are recovered for reuse. To mitigate greenhouse gas emissions, Energisa has implemented fleet management measures that include prioritizing the use of biofuels, preferably ethanol. In diesel vehicles, our use of S10 diesel reduces white smoke and protects the engine from wear and fouling.

Internal campaigns help to reduce consumption of water and electricity. To reduce impacts on biodiversity, siting studies are conducted to optimally locate power line expansions in areas with dense vegetation or protected areas. In urban areas, compact insulated power lines are used.

Our sustainable buildings, such as the Energisa Minas Gerais headquarters building, have high-efficiency bathroom and kitchen fixtures equipped with timers. In 2019 an organic photovoltaic system was installed with a special technology that uses polymers to generate electricity. Energisa Paraíba is using the same green standards in the construction of its regional headquarters building in Sousa, with features that help to reduce electricity and water usage. Energisa Acre initiated a retrofit project at its headquarters building that is replacing fluorescent lamps with new LED models.

In 2019, Energisa Minas Gerais and Energisa Nova Friburgo worked on remediating protected areas and degraded areas with native Atlantic Forest species, in partnership with landowners and municipal governments. Energisa Tocantins has supported state government initiatives to discourage stubble burning and prevent forest fires through drama performances, radio podcasts, vehicle PA systems and lectures at schools. Energisa Sergipe sponsors a Falcon Park that provides a habitat to restore populations and supports the breeding of falcons in captivity. Energisa Paraíba and Energisa Borborema have worked to minimize environmental impact in protected areas, working with the Department of Environmental Management (SUDEMA) and the Chico Mendes Institute for Preservation of Biodiversity (ICMBio).

Energisa Sul-Sudeste runs a Spring Protection Program that helps to ensure water security by preserving biological diversity. Energisa Acre and Energisa Rondônia developed action plans for the period 2019-2020 for hazard reduction clearing, dispersing and rescuing wild animals, remediating degraded areas and repopulating forests.

Energisa Mato Grosso is a partner of Projeto Verde Novo, a program created by the Justice Department of Mato Grosso to engage communities in tree planting and maintenance in the state capital. In 2019, nearly 70,000 saplings of native and fruit tree species were planted in 271 awareness initiatives organized in more than 80 districts, developing a culture of volunteering in benefited communities.

Energisa Mato Grosso do Sul supported Cidade das Árvores, an initiative in Campo Grande to raise community awareness about the importance of preserving and planting trees suited for urban areas.

10 Subsequent Event

10.1 Rate adjustments

On January 28, 2020 ANEEL Resolution 2.665/2020 and Technical Note 07/2020-SGT/ANEEL ratified the rate adjustment of the direct subsidiary Energisa Borborema which came into force on February 4, 2020. The effective rate impact felt by consumers was an average decrease of (1.78%).

Voltage Level	Average Effect on EBO Consumers
Low Voltage	**(1.63%)**
High and Medium Voltage	**(2.17%)**
Total	**(1.78%)**

10.2 Payment of interim dividends

At the meeting held February 17, 2020, the Board of Directors approved the payment of the supplementary dividend in the amount of R$ 116.1 million, as described above, in item 7.2.

10.3 2020 Business Plan

On February 7, 2020 the Company issued a press release about its 2020 Business Plan, updated in item 10.8 of the Reference Form. The projected investment announced for the current year is R$ 3.0 billion.

11 Services rendered by the independent auditor

The total compensation paid to the auditors Ernst & Young Auditores Independentes for the accounting review of the Company's and its subsidiaries' financial statements in 2019 was R$ 9.7 million, comprising R$ 9.3 million for revising the financial statements of the Company and its subsidiaries and R$ 0.4 million for consultancy services.

The Company's engagement policy complies with the principles that sustain the auditor's independence, in accordance with existing standards, which mainly determine that the auditor should not audit its own work, perform managerial duties for its client or pursue its interests.

Management.

Financial Statements

1. Statement of Financial Position - Assets

STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2019
(In thousands of reais)

	Note	Parent Company 2019	Parent Company 2018	Consolidated 2019	Consolidated 2018
Assets					
Current					
Cash and cash equivalents	6.1	68,423	313,687	663,103	706,738
Money market and secured funds	6.2	710,030	1,182,802	2,016,399	3,538,730
Clients, consumers and concessionaires	7	40,640	34,842	3,783,469	3,041,247
Credit receivables	8	76	144	16,116	20,031
Inventory		183	104	122,975	70,749
Recoverable taxes	10	99,837	88,855	1,021,209	925,676
Dividends receivable	9	10,614	101,938	-	-
Derivative financial instruments	38	15,756	2,286	186,303	49,171
Sector financial assets	12	-	-	1,175,623	1,763,567
Other accounts receivable	13	39,673	25,049	873,156	921,242
Total current		**985,232**	**1,749,707**	**9,858,353**	**11,037,151**
Non-current					
Noncurrent assets					
Money market and secured funds	6.2	1,776,332	1,248,900	356,795	105,242
Clients, consumers and concessionaires	7	-	-	1,050,572	948,933
Credit receivables	8	-	78	10,457	15,106
Sector financial assets	12	-	-	913,347	1,064,247
Related-party credits	14	668,380	186,396	-	-
Recoverable taxes	10	35,427	20,185	1,022,230	267,447
Tax credits	15	-	-	1,449,351	1,374,384
Restricted deposits and escrows	27	382	179	576,694	495,947
Derivative financial instruments	38	19,481	26,970	1,004,467	518,518
Concession financial asset	16.1	-	-	5,130,960	5,301,409
Public service concession- contract asset	16.2	-	-	957,074	213,866
Other accounts receivable	13	62,020	171,623	308,380	244,343
		2,562,022	**1,654,331**	**12,780,327**	**10,549,442**
Investments	17	8,134,958	7,095,503	86,730	52,184
Property, plant and equipment	18	63,922	51,068	284,567	209,612
Intangible assets	19	26,010	13,687	14,840,924	13,232,308
Contractual Asset - Infrastructure under construction	19	-	-	1,468,913	1,337,311
Total noncurrent		**10,786,912**	**8,814,589**	**29,461,461**	**25,380,857**
Total assets		**11,772,144**	**10,564,296**	**39,319,814**	**36,418,008**

See the accompanying notes to the financial statements.

2. Statement of Financial Position - Liabilities

ENERGISA S/A
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019 (In thousands of reais)

	Note	Parent Company		Consolidated	
		2019	2018	2019	2018
Liabilities					
Current					
Trade payables	20	17,462	2,962	1,988,149	1,653,312
Debt charges	21	12,232	2,331	70,813	89,057
Loans and financing	21	162,958	155,677	1,342,978	1,560,366
Debentures	22	969,384	492,103	1,167,067	526,593
Taxes and social contributions	24	13,021	6,965	640,023	546,841
Tax financing	25	-	-	17,555	31,881
Dividends payable		78,839	288,540	127,582	294,605
Estimated obligations		9,949	7,080	106,114	95,755
Public lighting fee		-	-	105,010	106,475
Post-employment benefits	39	2,127	1,845	72,416	63,190
Sector charges	26	-	-	245,903	292,898
Sector financial liabilities	12	-	-	659,380	871,502
Regulatory fees	28	-	-	-	39,494
Derivative financial instruments	38	350,243	1,480	466,128	691,352
Incorporation of grids	29	-	-	48,239	93,708
Operating leases	23	112	-	22,407	-
Other liabilities	30	76,739	235,573	454,613	580,805
Total current		**1,693,066**	**1,194,556**	**7,534,377**	**7,537,834**
Non-current					
Trade accounts payable	20	-	265	100,025	75,302
Loans and financing	21	613,133	311,354	6,836,190	6,611,201
Debentures	22	2,565,631	2,886,169	7,771,559	7,000,681
Derivative financial instruments	38	701,541	422,906	906,341	428,333
Taxes and social contributions	24	564	115	472,923	400,123
Deferred income and social contribution taxes	15	318,635	277,778	4,463,107	4,358,684
Tax financing	25	-	-	33,412	44,956
Debts to related parties	14	-	68,926	-	-
Provision for labor, civil, tax and regulatory risks	27	3,164	1,286	2,169,725	2,393,125
Post-employment benefits	39	8,686	8,038	678,297	490,258
Sector financial liabilities	12	-	-	360,048	366,928
Sector charges	26	-	-	240,741	272,675
Incorporation of grids	29	-	-	150,283	166,437
Operating leases	23	607	-	30,061	-
Effects of reducing ICMS on the PIS and Cofins calculation base	30	-	-	658,796	-
Other liabilities	30	168,859	4,762	451,709	223,943
Total noncurrent		**4,380,820**	**3,981,599**	**25,323,217**	**22,832,646**
Equity					
Capital	31.1	3,363,685	3,363,685	3,363,685	3,363,685
Stock issuance cost	31.1	(65,723)	(65,723)	(65,723)	(65,723)
Capital reserve	31.2	413,246	260,452	413,246	260,452
Profit reserves	31.3 to 31.5	2,290,754	2,047,953	2,290,754	2,047,953
Additional dividends proposed	31.6	41,298	5,346	41,298	5,346
Other comprehensive income	31.8	(345,002)	(223,572)	(345,002)	(223,572)
		5,698,258	**5,388,141**	**5,698,258**	**5,388,141**
Minority interest	31.9	-	-	763,962	659,387
Total shareholders' equity		**5,698,258**	**5,388,141**	**6,462,220**	**6,047,528**
Total liabilities and shareholders' equity		**11,772,144**	**10,564,296**	**39,319,814**	**36,418,008**

See the accompanying notes to the financial statements.

3. Statements of Income

ENERGISA S/A
STATEMENT OF INCOME
FINANCIAL YEAR ENDED DECEMBER 31, 2019
(In thousands of reais, except for net income per share)

	Note	Parent Company		Consolidated	
		2019	2018	2019	2018
Continued operations					
Net operating revenue	32	212,135	167,678	19,903,135	15,787,581
Cost of the electricity service	33	-	-	(10,889,857)	(9,241,819)
Costs of operations and services provided to third parties	33	(83,509)	(74,921)	(5,761,884)	(4,040,884)
Gross profit		**128,626**	**92,757**	**3,251,394**	**2,504,878**
General and administrative expenses	33	(108,865)	(96,983)	(930,617)	(734,548)
Other revenue	35	4,151	1,171,354	179,900	1,288,500
Other expenses	35	(126)	-	(158,633)	(190,949)
Equity in net income of subsidiaries	17	1,062,655	807,768	-	-
Net income before financial revenue (expenses)		**1,086,441**	**1,974,896**	**2,342,044**	**2,867,881**
Finance revenue	36	409,475	312,584	910,603	534,999
Financial expenses	36	(1,034,632)	(665,687)	(2,271,009)	(1,485,495)
Net finance costs		**(625,157)**	**(353,103)**	**(1,360,406)**	**(950,496)**
Earnings before tax on net income		**461,284**	**1,621,793**	**981,638**	**1,917,385**
Current income and social contribution taxes	15	(11,171)	-	(357,709)	1,795,900
Deferred income and social contribution taxes	15	5,260	(473,359)	(96,771)	(2,533,613)
Earnings from continued operations		**455,373**	**1,148,434**	**527,158**	**1,179,672**
Net income for the year	31.6	**455,373**	**1,148,434**	**527,158**	**1,179,672**
Net income attributable to:					
Shareholders of parent entity		455,373	1,148,434	455,373	1,148,434
Noncontrolling shareholders		-	-	71,785	31,238
Basic and diluted net income per common and preferred share - R$	43	250.9548	661.2074	250.9548	661.2074
Basic and diluted net income per common and preferred share from continued operations - R$	43	-	-	-	-

See the accompanying notes to the financial statements.

4. Statement of Comprehensive Income

ENERGISA S/A
COMPREHENSIVE STATEMENT OF INCOME
FINANCIAL YEAR ENDED DECEMBER 31, 2019
(In thousands of reais)

	Note	Parent Company		Consolidated	
		2019	2018	2019	2018
Net income for the year		455,373	1,148,434	527,158	1,179,672
Items that will not be reclassified to the income statement					
Other comprehensive income	31.8	(121,430)	(44,787)	(130,994)	(49,906)
Items that might be reclassified to the income statement					
Other comprehensive income	31.8	-	-	-	-
Total comprehensive income for the year, net of tax		333,943	**1,103,647**	396,164	**1,129,766**
Attributable to:					
Owners of the Company		333,943	1,109,265	324,379	1,098,528
Noncontrolling shareholders		-	-	71,785	31,238

See the accompanying notes to the financial statements.

5. Statement of Cash Flows

ENERGISA S/A
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019 (In thousands of Reais)

	Note	Parent Company 2019	Parent Company 2018	Consolidated 2019	Consolidated 2018
Operating activities					
Net income for the year from continued operations		455,373	1,148,434	527,158	1,179,672
Current and deferred income and social contribution taxes	15	5,911	473,359	454,480	737,713
Gain made on business combination		-	(1,169,562)	-	(1,169,562)
Expenses on interest and monetary and exchange variance - net		(10,813)	81,231	1,128,860	1,128,706
Provision for adjustments to realizable value of credits receivable		-	-	(40,000)	-
Adjustment to fair value of concession financial asset	16	-	-	(232,689)	(295,119)
Depreciation and amortization	32	9,735	8,875	1,157,872	949,710
Allowance for doubtful accounts	32	-	-	212,491	154,736
Provision for labor, civil, tax and regulatory risks	32	2,286	(20)	(19,285)	165,277
(Gain) loss on the sale of PP&E and intangible assets	33	(241)	(39)	56,706	76,293
Compensation of contract asset				(361,353)	
Mark-to-market of traded energy purchase/sale contracts		-	-	(64,384)	-
Equity in net income of subsidiaries	17	(1,062,655)	(807,768)	-	-
Mark-to-market of debt securities	34	2,004	1,840	191,200	108,369
Mark-to-market of derivatives	34	624,877	271,505	435,138	179,376
Derivative financial instruments	34	(12,844)	(28,126)	(115,784)	(316,174)
Variable compensation program - ILP		1,148	-	3,740	1,502
Changes in current and noncurrent assets					
(Increase) in consumers and concessionaires		(5,798)	(562)	(1,029,825)	(578,645)
Decrease (increase) in credit receivables		146	2,826	4,783	(59,152)
(Increase) decrease in inventories		(79)	(10)	(47,523)	4,360
(Increase) in recoverable taxes		(22,442)	(36,668)	(183,214)	(297,728)
(Increase) decrease in escrow deposits		(192)	183	(56,341)	(12,978)
Decrease (increase) in financial sector assets	12	-	-	726,282	(418,313)
Decrease (increase) in other accounts receivable		11,968	5,461	(175,494)	(231,891)
Changes in current and noncurrent liabilities					
Increase (decrease) in trade payables		14,235	(3,842)	391,468	(1,783,171)
(Decrease) increase in taxes and social contributions		(1,140)	-	102,372	87,084
Income and social contribution taxes paid		-	234	(263,656)	(321,457)
Increase (decrease) in estimated obligations		2,869	1,325	10,359	(25,820)
Decrease (increase) in financial sector liabilities	12	-	-	(142,193)	14,039
Tax, civil, labor and regulatory proceedings paid		(451)	(245)	(216,812)	(145,586)
Increase (decrease) in other accounts payable		5,519	33,452	122,955	(99,519)
Net cash produced by (used by) operating activities		**19,416**	**(18,117)**	**2,577,312**	**(968,278)**
Investment activities					
Capital increase and acquisition of shares in subsidiaries and other investments		(669,608)	(654,014)	-	-
Short-term investments and secured funds		108,914	(373,735)	1,448,204	(1,550,229)
Investment		-	-	-	-
Investments in PP&E, intangible assets and contractual asset - Infrastructure under construction	18, 19 and 41	(34,303)	(13,297)	(2,507,098)	(1,526,338)
Applications to electricity transmission lines		-	-	(422,125)	(188,862)
Cash and cash equivalents acquired under the business combination		-	-	11,739	26,714
Related parties		(44)	243,702	-	-
Payments under business combination		-	(91)	(11,758)	(91)
Sale of PP&E and intangible assets	16,18,19 and 41	186	-	84,229	7,618
Receipt of dividends		990,617	640,166	-	-
Net cash produced by (used in) investment activities		**395,762**	**(157,269)**	**(1,396,809)**	**(3,231,188)**
Financing activities					
New loans, financing and debentures	21 and 22	949,408	1,133,731	3,272,111	7,482,460
Loans and debentures payments - principal	21 and 22	(590,971)	(245,867)	(2,370,770)	(2,884,959)
Loans and financing payments - interest	21 and 22	(291,729)	(256,682)	(969,920)	(658,669)
Related parties		(280,735)	-	-	-
Settlement of derivative financial instruments		8,328	(7,429)	(18,389)	35,558
Payment of dividends		(391,495)	(269,390)	(454,877)	(288,238)
Capital increase through share subscription		-	567,722	260,000	1,222,639
Acquisition of additional NCI		(63,099)	(567,418)	(63,099)	(567,418)
Payment of grid acquisition	28	-	-	(102,541)	(158,134)
Payment of financed payables	20	-	-	(80,131)	(127,181)
Payment of financing of sector charges	27	-	-	(38,282)	(61,741)
Payment under Financial Lease		(149)	-	(18,074)	-
Payment of tax financing		-	-	(25,870)	(9,594)
Settlement of share put option (Rede Energia Participações)		-	-	(614,296)	-
Net cash (used by) generated in financing activities		**(660,442)**	**354,667**	**(1,224,138)**	**3,984,723**
Net cash variation		**(245,264)**	**179,281**	**(43,635)**	**(214,743)**
Opening cash and cash equivalents	6	313,687	134,406	706,738	921,481
Closing cash and cash equivalents	6	68,423	313,687	663,103	706,738
Net cash variation		**(245,264)**	**179,281**	**(43,635)**	**(214,743)**

See the accompanying notes to the financial statements.

6. Statement of Added Value - DVA

ENERGISA S/A
STATEMENT OF ADDED VALUE - DVA
FINANCIAL YEAR ENDED DECEMBER 31, 2019
(In thousands of reais)

	Note	Parent Company		Consolidated	
		2019	2018	2019	2018
Generation of added value:					
Revenue					
Revenue from energy sales and services	31	240,426	189,863	26,315,451	22,079,574
Other revenue	35	4,151	1,171,354	179,900	1,288,500
Revenue relating to construction of company assets	31 and 34	-	-	2,976,627	1,506,401
Allowance for doubtful accounts	32	-	-	(212,492)	(154,736)
(-) Consumables acquired from third parties					
Cost of electricity sold		-	-	11,941,028	10,128,705
Materials and outsourced services		54,392	68,373	1,086,168	868,975
Other operating costs		3,708	1,890	2,842,302	1,773,526
		58,100	70,263	15,869,498	12,771,206
Gross value added		186,477	1,290,954	13,389,988	11,948,533
Depreciation, amortization and realization of goodwill	32	9,735	8,875	1,157,866	949,710
Net added value		176,742	1,282,079	12,232,122	10,998,823
Transferred added value					
Equity in net income of subsidiaries	17	1,062,655	807,768	-	-
Financial revenue	36	420,473	322,909	966,930	573,887
Total value added to distribute		**1,659,870**	**2,412,756**	**13,199,052**	**11,572,710**
Distribution of added value:					
Personnel					
Direct compensation		83,281	60,895	949,576	779,386
Benefits		18,051	13,674	279,652	234,206
Government Severance Indemnity Fund for Employees (FGTS)		5,140	4,267	116,855	56,858
Taxes, charges and contributions					
Federal		54,745	514,084	2,097,341	2,066,332
State		205	-	5,023,856	3,999,625
Municipal		6,002	4,446	26,256	19,573
Intrasector Obligations		-	-	1,882,368	1,735,351
Return on debt capital					
Interest	34	1,034,632	665,687	2,278,707	1,478,882
Rents		2,441	1,269	17,282	22,825
Interest on equity					
Dividends	31.6	148,048	381,854	148,048	381,854
Additional dividends proposed	31.6	41,298	5,346	41,298	5,346
Legal reserve	31.6	22,769	57,422	22,769	57,422
Retained earnings		243,258	703,812	243,258	703,812
Minority interests in profits			-	71,786	31,238
		1,659,870	**2,412,756**	**13,199,052**	**11,572,710**

See the accompanying notes to the financial statements.

7. Statements of Changes in Shareholders' Equity

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019 (In thousands of reais)

	Note	Capital	Stock issuance cost	Other capital reserves	Profit reserves			Additional dividends proposed	Retained earnings (accumulated losses)	Other comprehensive income	Total attributed to controlling shareholders	NCI	Consolidated total
					Legal reserve	Profit retention	Retention of retained earnings due to a change in the accounting practices						
Balances at January 1, 2018		**2,795,963**	**(65,723)**	**(78,835)**	**149,420**	**1,074,760**	**62,539**	**84,114**	**-**	**(178,785)**	**3,843,453**	**941,069**	**4,784,522**
Capital increase as per minutes from the Board Meeting held 12/17/2018		**567,722**	-	-	-	-	-	-	-	-	567,722	654,917	1,222,639
Payment of additional dividends		-	-	-	-	-	-	**(84,114)**	-	-	(84,114)	(41,395)	(125,509)
New acquisition of subsidiary shares		-	-	391,957	-	-	-	-	-	-	391,957	(921,299)	(529,342)
Capital transactions - MTM financial instrument - reflection		-	-	(59,069)	-	-	-	-	-	-	(59,069)	(24)	(59,093)
Tax Incentive Reserves-Reinvestment	31.2	-	-	4,991	-	-	-	-	-	-	4,991	-	4,991
Net income for the year	31.2	-	-	-	-	-	-	-	1,148,434	-	1,148,434	31,238	1,179,672
Proposed allocation of net income:													
. Legal Reserve	31.3	-	-	-	57,422	-	-	-	(57,422)	-	-	-	-
. Dividends	31.3	-	-	-	-	-	-		(381,854)	-	(381,854)	-	(381,854)
. Additional dividends proposed	31.6	-	-	-	-	-	-	5,346	(5,346)	-	-	-	-
. Profit retention	31.6	-	-	-	-	703,812	-	-	(703,812)	-	-	-	-
Variable compensation program (ILP)	31.4		-	1,408	-	-	-	-	-	-	1,408	-	1,408
Other comprehensive income, net of tax	31.8	-	-	-	-	-	-	-	-	(44,787)	(44,787)	(5,119)	**(49,906)**
Balances at December 31, 2018		**3,363,685**	**(65,723)**	**260,452**	**206,842**	**1,778,572**	**62,539**	**5,346**	**-**	**(223,572)**	**5,388,141**	**659,387**	**6,047,528**
Payment of dividends using reserves		-	-	-	-	(23,226)	-	-	-	-	(23,226)	-	(23,226)
Payment of additional dividends		-	-	-	-	-	-	(5,346)	-	-	(5,346)	-	(5,346)
Expired dividends from subsidiaries		-	-	-	-	-	-	-	1,092	-	1,092	-	1,092
Adjustment made by subsidiaries, net of tax		-	-	-	-	-	-	-	4,082	-	4,082	-	4,082
New acquisition of subsidiary shares	31.2	-	-	89,975	-	-	-	-	-	-	89,975	-	89,975
PUT investment		-	-	62,576	-	-	-	-	-	-	62,576	184,893	247,469
Capital transactions - MTM financial instrument - reflection	31.2	-	-	(6,362)	-	-	-	-	-	-	(6,362)	(2)	(6,364)
Tax Incentive Reserves - Reinvestments	31.2	-	-	3,051	-	-	-	-	-	-	3,051	-	3,051
Net income for the year	31.6	-	-	-	-	-	-	-	455,373	-	455,373	71,785	527,158
Proposed allocation of net income:													
. Legal Reserve	31.3	-	-	-	22,769	-	-	-	(22,769)	-	-	-	-
. Dividends		-	-	-	-	-	-	-	(153,222)	-	(153,222)	(142,723)	(295,945)
. Additional dividends proposed	31.6	-	-	-	-	-	-	41,298	(41,298)	-	-	-	-
. Profit retention	31.4	-	-	-	-	243,258	-	-	(243,258)	-	-	-	-
Variable compensation program (ILP)	31.2	-	-	3,554	-	-	-	-	-	-	3,554	186	3,740
Other comprehensive income, net of tax	31.8	-	-	-	-	-	-	-	-	(121,430)	(121,430)	(9,564)	(130,994)
Balances at December 31, 2019		**3,363,685**	**(65,723)**	**413,246**	**229,611**	**1,998,604**	**62,539**	**41,298**	**0**	**(345,002)**	**5,698,258**	**763,962**	**6,462,220**

See the accompanying notes to the financial statements.

8. Social Balance Sheet

CONSOLIDATED ANNUAL SOCIAL BALANCE SHEET - 2019
(In thousands of reais)

1 - Calculation Base	2019			2018		
Net revenue (RL)			19,903,135			15,787,581
Operating income (RO)			981,638			1,917,385
Gross payroll (FPB)			1,131,765			969,324
2 - Internal Social Indicators	**Amount**	**% of FPB**	**% over RL**	**Amount**	**% of FPB**	**% over RL**
Food and Beverages	154,733	13.67%	0.78%	138,630	14.30%	0.88%
Compulsory social charges	269,248	23.79%	1.35%	217,684	22.46%	1.38%
Private pensions	58,803	5.20%	0.30%	74,636	7.70%	0.47%
Health	91,212	8.06%	0.46%	82,631	8.52%	0.52%
Occupational health and safety	34,616	3.06%	0.17%	31,926	3.29%	0.20%
Education	1,203	0.11%	0.01%	3,120	0.32%	0.02%
Training and professional development	7,776	0.69%	0.04%	9,707	1.00%	0.06%
Day care and day care allowance	4,365	0.39%	0.02%	3,144	0.32%	0.02%
Profit sharing	100,461	8.88%	0.50%	101,441	10.47%	0.64%
Other	34,294	3.03%	0.17%	16,163	1.67%	0.10%
Total - Internal social metrics	**756,711**	**66.88%**	**3.80%**	**679,082**	**70.05%**	**4.29%**
3 - External Social Indicators	**756711**	**0.6688**	**0.038**	**Amount**	**% over RO**	**% over RL**
Education	8,885	0.91%	0.04%	6,346	0.33%	0.04%
Culture	9,624	0.98%	0.05%	8,592	0.45%	0.05%
Sports	1,386	0.14%	0.01%	776	0.04%	0.00%
Other	4,731	0.48%	0.02%	3,664	0.19%	0.02%
Total contributions to society	**24,626**	**2.51%**	**0.12%**	**19,378**	**1.01%**	**0.11%**
Taxes (not including social charges)	6,847,272	697.54%	34.40%	6,102,431	318.27%	38.65%
Total - External social metrics	**6,871,898**	**700.05%**	**34.52%**	**6,121,809**	**319.28%**	**38.76%**
4 - Environmental Metrics	**Amount**	**% over RO**	**% over RL**	**Amount**	**% over RO**	**% over RL**
Investments related to company production / operation	273,348	27.85%	1.37%	174,519	9.10%	1.11%
Investments in external programs and/or projects	13,478	1.37%	0.07%	2,922	0.15%	0.02%
Total environmental investment	**286,826**	**29.22%**	**1.44%**	**177,441**	**9.25%**	**1.13%**
Regarding the establishment of annual targets to minimize waste and overall consumption in production/operations and improve resource usage efficiency, the company	( ) has no targets ( ) performs 51 to 75% ( ) performs 0 to 50% (X) performs 76 to 100%			( ) has no targets ( ) performs 51 to 75% ( ) performs 0 to 50% (X) performs 76 to 100%		
5 - Functional Staff Indicators	**2019**			**2018**		
Number of employees at period-end	14,672			14,054		
Number of new hires in the period	2,710			1,812		
Number of outsourced employees	5,939			5,545		
Number of trainees	270			366		
Number of employees over 45	1,715			2,037		
Number of women working at the company	2,825			2,598		
% management positions held by women	32.20%			14.26%		
Number of black people working at the company	7,199			6,492		
% management positions held by black employees	21.01%			24.62%		
No of workers with handicaps or special needs	492			421		
6 - Material information regarding corporate citizenship	**2019**			**2020 Targets**		
Ratio between the lowest and highest earners at the company	56.47			56.47		
Total number of occupational injuries	58			51		
The social and environmental projects implemented by the company were defined by:	(x) directors	( ) directors and managers	( ) all employees	(x) directors	( ) directors and managers	( ) all employees
The occupational health and safety standards were defined by:	(x) directors and managers	( ) all employees	( ) all + Cipa	(x) directors and managers	( ) all employees	( ) all + Cipa
In respect of trade union freedom, the right to collective bargaining and internal representation of workers, the company:	( ) does not get involved	(x) follows the OIT rules	( ) promotes and follows OIT	( ) does not get involved	(x) follows the OIT rules	( ) promotes and follows OIT
The private pension plan covers:	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees
Profit-sharing embraces:	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees
When selecting suppliers the same ethical, social responsibility and environmental standards adopted by the company:	( ) are not considered	( ) are suggested	(x) are demanded	( ) are not considered	( ) are suggested	(x) are demanded
In respect of employee participation in voluntary programs, the company:	( ) does not get involved	( ) gives support	(x) offers organization and incentives	( ) does not get involved	( ) gives support	(x) offers organization and incentives
Total number of consumer complaints and criticism:	by the company 2,681,139	at Procon 21,290	to the Courts 41,792	to the company 2,292,139	to Procon 20,610	to the Courts 42,724
% complaints and criticism handled or resolved:	at the company 99%	at Procon 97%	at the Courts 26%	at the company 100%	at Procon 98%	at the Courts 28%
Total added value to be distributed (in R$ thousand):	**In 2019:**	**13,199,052**		**In 2018:**	**11,572,710**	
Distribution of Added Value (DVA):	68% government 10% employees 2% shareholders 17% third parties 3% withheld			75% government 10% employees 1% shareholders 14% third parties 0% withheld		
7 - Further Information	**2019**			**2018**		
7) Social investments						
7.1 - The Light for All Program						
7.1.1 - Government Investment	116,556			104,352		
7.1.2 - State Investment	-			-		
7.1.3 - Municipal Investment	-			-		
7.1.4 - Concession Operator Investment	62,016			65,146		
Total - Light for All program (7.1.1 to 7.1.4)	**178,572**			**169,498**		
7.2 - Energy efficiency program	114,057			57,973		
7.3 - Research and development program	67,039			30,820		
Total social investment (7.1 to 7.3)	**359,668**			**258,291**		

Notes

Energisa S/A
Notes to the financial statements for the financial year ended December 31, 2019
(In thousands of reais, unless stated otherwise).

1. Reporting entity

Energisa S/A ("Energisa" or "Company") is a publicly traded company with the core activity of being a holding company. Its head office is in Cataguases, Minas Gerais state and it also provides administrative services to its electricity distribution subsidiaries, transmission companies and other direct and indirect subsidiaries.

Energisa is indirectly entitled to operate electricity distribution, transmission, generation and sale concessions and/or authorizations. Its main contracts are:

Electricity distribution	Site	Concession date	Date of maturity
Energisa Minas Gerais - Distribuidora de Energia S/A ("EMG")	Cataguases (MG)	7/7/2015	7/7/2045
Energisa Nova Friburgo - Distribuidora de Energia S/A ("ENF")	Nova Friburgo (RJ)	7/7/2015	7/7/2045
Energisa Sul Sudeste - Distribuidora de Energia S/A ("ESS")	Presidente Prudente (SP)	7/7/2015	7/7/2045
Energisa Tocantins - Distribuidora de Energia S/A ("ETO") (*)	Palmas (TO)	1/1/2020	12/31/2049
Energisa Sergipe Distribuidora de Energia S/A ("ESE")	Aracaju (SE)	12/23/1997	12/23/2027
Energisa Mato Grosso - Distribuidora de Energia ("EMT")	Cuiabá (MT)	12/11/1997	12/11/2027
Energisa Mato Grosso do Sul - Distribuidora de Energia S/A ("EMS")	Campo Grande (MS)	12/4/1997	12/4/2027
Energisa Borborema - Distribuidora de Energia S/A ("EBO")	Campina Grande (PB)	2/4/2000	2/4/2030
Energisa Paraíba - Distribuidora de Energia S/A ("EPB")	João Pessoa (PB)	3/21/2001	3/21/2031
Energisa Rondônia - Distribuidora de Energia S/A ("ERO") (formerly Centrais Elétricas de Rondônia S/A ("ERO"))	Porto Velho (RO)	10/30/2018	10/29/2048
Energisa Acre - Distribuidora de Energia S/A ("EAC") (formerly Companhia de Eletricidade do Acre("EAC"))	Rio Brando (AC)	12/7/2018	12/6/2048

(*) **Concession Renewal: -** By way of process 48500.000556/2017-48 and the Sixth Amendment to Concession Agreement 52/1999-ANEEL, the subsidiary ETO managed to have Public Electricity Distribution Concession Agreement 52/1999-ANEEL extended, effective from January 01, 2020 to December 31, 2049, pursuant to the Order issued by the Ministry of Mines and Energy on October 23, 2019.

The direct and indirect distribution companies are privately and publicly held companies, without shares traded on the stock exchange, with the core activities of operating and maintaining facilities in order to ensure the continuity and efficiency of the electricity distribution services through distribution lines and grids in the aforesaid states.

The information regarding adjustments, rate reviews and other regulatory matters, sector financial assets and liabilities, concession financial asset, concession assets and building revenue and other regulatory matters can be seen in notes 11, 12, 16, 19 and 32 respectively.

Electricity transmission (preoperating phase)	Description	Site	Concession date	Date of maturity
Energisa Goías Transmissora de Energia I S/A	230 kV Rio Verde Norte - Jataí transmission line, with 136 kilometers in a dual electricity circuit, and the Rio Verde Norte substation.	Goiás	8/11/2017	8/11/2047
Energisa Pará Transmissora de Energia I S/A	230 kV Xinguara II - Santana do Araguaia transmission line, with 296 kilometers in a dual electricity circuit, and the Santana do Araguaia substation.	Pará	8/11/2017	8/11/2047
Energisa Pará Transmissora de Energia II S/A	500 kV, 66.5 km Serra Pelada Transmission Line in a dual electricity circuit, the 230 kV, 72.3 km Integradora Sossego - Xinguara II Transmission Line, and the Serra Pelada and Integradora Sossego substations.	Pará	9/21/2018	9/21/2048
Energisa Tocantins Transmissora de Energia S/A	255-km, 230-kV Dianápolis II - Barreiras II Transmission Line; 256-Km, 230-kV Dianápolis II - Gurupi Transmission Line and 261-km, 230-kV Dianápolis II - Palmas Transmission Line.	Bahia and Tocantins	3/22/2019	3/22/2049

The indirect transmission subsidiaries are privately held companies, not listed on stock exchanges, with the core activity of building, implementing, operating and maintaining electricity transmission facilities.

Electricity generation	Description	Activity	Site
Hydraulic Generation:			
Energisa Geração Usina Mauricio S/A			
CGH Usina Hans	Subsidiary has installed capacity of 298 KW and an average physical guarantee of 0.264 MW.	Hydraulic generation	Nova Friburgo (RJ)
CGH Rio Vermelho	The subsidiary has installed capacity of 2,560 KW.	Hydraulic generation	Vilhena (RO)
Usina Mauricio	The subsidiary has installed capacity of 1,280 KW.	Hydraulic generation	Leopoldina (MG)
Generation Distributed:			
Alsol Energias Renováveis S.A. ("Alsol")	Photovoltaic systems of around 29 MWp in operation and a further 32 MWp being implemented. Also providing consultancy services and studies for installing distributed energy equipment and ventures.	Distributed generation	Uberlândia (MG)
Wind Generation Project:			
Complexo Parque Eólico Sobradinho:			
EOL Alecrim	A nonoperational wholly-owned subsidiary with the core activity of wind farm installation projects.	Wind Farms	Sobradinho (BA)
EOL Umbuzeiro Muquim	A nonoperational wholly-owned subsidiary with the core activity of wind farm installation projects.	Wind Farms	Sobradinho (BA)
EOL Mandacaru	A nonoperational wholly-owned subsidiary with the core activity of wind farm installation projects.	Wind Farms	Sobradinho (BA)
EOL Boa Esperança	A nonoperational wholly-owned subsidiary with the core activity of wind farm installation projects.	Wind Farms	Sobradinho (BA)

The direct generation companies are privately held companies, without shares traded on the stock exchange, with the core activities of producing and selling electricity and implementing and maintaining ventures and equipment associated with energy efficiency and generation distributed via photovoltaic systems, and energy storage.

The subsidiary EMT has Generation Concession Agreement 04/1997 for 1 thermal power plant, with the respective associated substations, expiring on December 10, 2027. Although as it has 1 thermoelectric plant in the insulated system, the subsidiary EMT's core activity is the distribution of electricity. The subsidiary EMT's management therefore considers its minor generation activity to be an integral part of its core activity, which required the segregation of the concession's assets into financial assets and intangible assets.

By way of the asset purchase and sale agreement, on 5/5/2019 ERO sold the Small Hydroelectric Power Station it owned called Rio Vermelho SHP, located in the municipality of Vilhena – RO, at KM 27, with a capacity of 2,600 kW, to Energisa Geração Usina Mauricio S/A.

Electricity trading	Description	Site	Authorization date
Energisa Comercializadora de Energia Ltda ("ECOM")	A wholly-owned subsidiary that trades electricity in the free negotiation market and intermediates in energy transactions.	Rio de Janeiro (RJ)	3/21/2006

Other Services	Nature
Energisa Soluções S/A ("ESOL")	Operating and maintenance services and services related to electricity distribution generation, commission, preparation, remote and local operation and electrical and mechanical maintenance of plants, substations, transmission lines and facilities.
Energisa Soluções Construções e Serviços em Linhas e Redes S/A	To Building, operations, maintenance and services related to the generation and distribution of electricity.
Multi Energisa Serviços S/A ("MULTI")	To Building, operation, maintenance and services related to electricity distribution and generation, tele-services and personal services for electricity consumers.
Energisa Serviços Aéreos de Aeroinspeção S/A ("ESER")	Aerial surveying services (SAE), mainly supporting companies operating high-voltage lines, oil pipelines and reforestation engineering works.

Judicial Reorganization of subsidiaries:

On November 26, 2012 the subsidiary Rede Energia S/A ("REDE") announced it had filed for Judicial Reorganization ("RJ"). On the same date applications for judicial reorganization were submitted by Companhia Técnica de

Comercialização de Energia (“CTCE”), QMRA Participações S/A. (“QMRA”), Empresa de Eletricidade Vale Paranapanema S/A. (“EEVP”) and Denerge Desenvolvimento Energético S/A. (“Denerge”).

In February 2016 the trustee filed a petition stating that the reorganization plan was being duly performed, requesting the termination of the Judicial Reorganization. In August 2016, the trustee’s opinion was accepted, and a decision delivered declaring the judicial reorganization over, as all of the obligations established in the Judicial Reorganization Plan had been performed within the required period and creditors submitted motions for clarification against this decision, which were duly rejected by the reorganization court. One of the creditors subsequently filed an appeal against the termination decision. Despite the appeal, the reorganization court authorized the term “under judicial reorganization” be removed from the name of the companies under judicial organization, a change which was registered at the respective board of trade. In a judgment on 7/29/2019, the São Paulo Court of Appeal denied the Appeal, upholding the closing award. The creditor filed a Special Appeal, which is pending judgment by the Superior Court of Justice.

The position as of December 31, 2019 of the remaining balance of the debts qualified under the Judicial Reorganization is R$ 548,901, where R$ 435,793 consists of Loans, R$ 61,354 of Debentures and R$ 51,754 of Trade payables and Other Accounts Payable as follows:

Description	Rede Energia	Denerge	CTCE	Total
Balances in 2017	**180,239**	**272,451**	**54,267**	**506,957**
(+) Restatement (1)	11,480	29,492	3,499	44,471
Reversal of the provision for net present value (2)	16,273	5,673	4,970	26,916
(-) Settlement/Assignment of Credits	(4,456)	(29,492)	(961)	(34,909)
Balances in 2018	**203,536**	**278,124**	**61,775**	**543,435**
(+) Restatement (1)	10,321	29,491	3,118	42,930
Reversal of the provision for net present value (2)	22,468	5,858	5,114	33,440
(-) Settlement/Assignment of Credits	(27,611)	(29,491)	(13,802)	(70,904)
Balances in 2019	**208,714**	**283,982**	**56,205**	**548,901**

(1) Adjustments made to other finance revenue in the statement of income of REDE, Denerge and CTCE. At Energisa these amounts were recorded in finance income in profit or loss for the year.

(2) Net Present Value: recorded by the subsidiaries Rede Energia, Denerge and CTCE, for the credits of the creditors who chose to receive their credits in accordance with options A and B in the Judicial Reorganization Plan. A rate of 15.19% p.a. was used to discount the amount to present value, which the Company believes is an adequate rate of return for realizing the credits. This rate is compatible with the nature, tenor and risk for similar transactions on market conditions in the current situation. Company Management believes this discount rate adequately denotes the capital cost at the companies’ acquisition date.

Acquisition of share control:

i) Distribution companies - Energisa Rondônia e Energisa Acre

After the conditions set out in notice 2/2018-PPI/PND had been performed or waived, on October 30 and December 6, 2018 Energisa officially transferred the equity interests guaranteeing the share control of Centrais Elétricas de Rondônia (“ERO”) and Companhia de Eletricidade do Acre (“EAC”), respectively, in accordance with CVM Directive 358/02. The acquisition took place by officially transferring 90.00% of ERO's capital and 87.61% of EAC's capital to Energisa.

On these dates these General Meetings the place of ERO and EAC to elect the new management members nominated by Energisa as the new parent company, in addition to approving the capital contributions made by Energisa at ERO of R$ 282,049 and EAC of R$ 274,374, with all the suspensive conditions established in the Notice having been performed and/or waived.

ii) Distributed Generation - Alsol Energias Renováveis S.A. (“Alsol”)

Having performed or waived the usual suspensive conditions for transactions of this nature such as approval from the Administrative Council for Economic Defense – CADE, amongst others, on June 17, 2019 Energisa completed the acquisition of shares accounting for 87.01% of the total and voting share capital of Alsol Energias Renováveis S.A. (“Alsol”) for the price of R$ 11,546 for the Alsol shares, in accordance with CVM Directive 358/02 and subsequent amendments. Alsol holds 99.9% of Larolsol, meaning Energisa acquired the indirect control of Larolsol.

The Alsol Shareholders' Agreement was also signed today between Energisa, Algar S.A. Empreendimentos e Participações and Gustavo Malagoli Buiatti. Following the completion of the Acquisition and the approval of the capital increase of R$ 40,000, new shares of Alsol have also been issued today, all subscribed and paid in by

Energisa and Algar. The funds will primarily be used to bolster working capital and to finance investment in new ventures.

The effect of the business combinations can be seen in note 17.

Current Capital – parent company:

As of December 31, 2019 the Company had a working capital deficiency of R$ 707,834 at the parent company. Management believes that the flow of dividends from the subsidiaries' earnings and the process of refinancing and substituting short-term debts in progress will generate sufficient funds to honor the remaining financial commitments and restore the balance of the net working capital, all achievable and readily deliverable.

2. Presentation of the financial statements

2.1. Statement of compliance

The individual and consolidated financial statements have been prepared and are being presented in accordance with the accounting practices adopted in Brazil, which include the provisions of Law 6404/76 as amended by Law 11638/07 and Law 11941/09, and the pronouncements, instructions and interpretations issued by the Accounting Pronouncement Committee ("CPC") approved by the Brazilian Securities Commission ("CVM") and the International Financial Reporting Standards ("IFRS") issued by the Accounting Standards Board (IASB), and when applicable the regulations of the regulatory agency, the National Electricity Regulatory Agency - ANEEL.

Management also took into account the guidelines issued in OCPC Technical Guidance 07 by the CPC in November 2014 when preparing its financial statements, so that all material information related to the financial statements is being disclosed, which corresponds to that used by it in its management.

They were authorized for issue by the Board of Directors on March 12, 2020.

2.2. Functional currency and basis of measurement

These individual and consolidated financial statements are being presented in Brazilian reais, which is the Company and its subsidiaries' functional currency.

Foreign-currency transactions were translated to the functional currency at the exchange rates on the dates of each transaction. Monetary assets and liabilities in foreign currencies are translated into the functional currency of the Company and its subsidiaries at the exchange rate on the reporting date. Foreign exchange gains and losses resulting from the restatement of these assets and liabilities are recognized as finance income and costs in profit or loss.

The financial statements have been prepared based on the historic cost basis, except for certain financial instruments measured at fair value when required in the standards, as detailed in note 38.

2.3. Judgment, estimates and assumptions

The preparation of the financial statements in conformity with the accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRS") issued by the Accounting Standards Board - IASB, requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. The results of such transactions when actually realized in subsequent years may differ from these estimates. Revisions to accounting estimates are recognized in the period in which they are revised and in future periods affected.

The main estimates and judgments related to the financial statements refer to the recording of effects deriving from:

- **I.** Note 7 - Clients, consumers and concessionaires (unbilled electricity sales to consumers) and the allowance for expected credit losses;
- **II.** Note 12 - Sector financial assets and liabilities;
- **III.** Note 15 – Tax credits;
- **IV.** Note 16 - Concession financial asset and public service concession (contract asset);
- **V.** Note 18 – Property, plant and equipment;

VI. Note 19 – Intangible assets;
VII. Note 23 – Operating leases;
VIII. Note 27 - Provisions for labor, civil, tax and regulatory risks;
IX. Note 34 - Cost of energy purchased for resale - consolidated
X. Note 38 - Financial instruments and risk management, and
XI. Note 39 - Post-employment benefits.

3. Significant accounting policies

The main accounting policies have been applied consistently to all the years presented in these individual and consolidated financial statements.

3.1. Main changes in accounting policies

3.1.1. CPC 06 (R2) Leases//IFRS 16-Leases:

CPC 06 (R2) establishes principles for the recognition, measurement, presentation and disclosure of leases, requiring lessees to all leases in a single accounting model in the statement of financial position, substantially unchanged from its predecessor, CPC 06 (R1). There are two recognition exemptions for short-term leases (i.e. lease term of 12 months or less) and leases of low-value items (for example, PCs). At the start date of a lease contract, the lessee recognizes a liability relating to the lease payments (i.e. a lease liability) and an asset representing the right to use the underlying asset during the lease term (right-of-use assets). Lessees are obliged to separately recognize the interest expense on the lease liability and the depreciation expense on right-of-use assets. Lessees should also revalue the lease liability in the case of certain events, for example, a change to the lease term, a change to future payments deriving from the lease as a result of changing an index or rate already used to determine such payments. The lessee will generally recognize the increase in the revalued lease liability and charge it as an adjustment to the right-of-use assets.

The Company and its subsidiaries are lessees in contracts for non-residential properties for the installation of customer service branches, establishments to carry out commercial activities and distribution centers.

There is no substantial change to lessor accounting under CPC 06 (R2) compared with the previous accounting model under CPC 06 (R1). Lessors continued classifying all leases in accordance with the same classification of CPC 06 (R1), distinguishing between two types of lease: operating and financial.

Effective for annual periods beginning on or after January 01, 2019, CPC 06 (R2) requires lessees and lessors to make further disclosures in relation to CPC 06 (R1).

The Company and its subsidiaries applied CPC 06(R2) initially on January 01, 2019, using the modified retrospective approach, therefore, the cumulative effect of adopting CPC 06 (R2) will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

Adopting CPC 06 (R2) has not impacted the ability of the Company and its subsidiaries to comply with the revised maximum leverage threshold loan covenants described in notes 21 and 22.

The initial adoption of CPC 06 (R2) had the following effects on the Company and its subsidiaries:

	Parent company		Consolidated	
Impact on the statement of financial position on January 1, 2019	Assets	Liabilities	Assets	Liabilities
Intangible assets - Right-of-use - Properties	777	-	39,692	-
Operating leases	-	777	-	39,692

As of December 31, 2019, the effects of CPC 06 (R2) are as follows:

Statement of financial position	Parent company			Consolidated		
	Balance 2019	Effects CPC 06 (R2)	Balance without effects in 2019	Balance 2019	Effects CPC 06 (R2)	Balance without effects in 2019
Assets						
Current assets	985,232	-	985,232	9,858,353	-	9,858,353
Non-current assets	2,562,022	-	2,562,022	12,780,327	-	12,780,327
Investments	8,134,958	-	8,134,958	86,730	-	86,730
Property, plant and equipment	63,922	-	63,922	284,567	-	284,567
Intangible assets	26,010	(694)	25,316	16,309,837	(50,812)	16,259,025
Right-of-use property	694	(694)	-	50,812	(50,812)	-
Total Assets	**11,772,144**	**(694)**	**11,771,450**	**39,319,814**	**(50,812)**	**39,269,002**
Liabilities						
Current liabilities	1,693,066	(103)	1,692,963	7,534,377	(21,844)	7,512,536
Taxes and social contributions	13,021	9	13,030	640,023	563	640,586
Operating leases	112	(112)	-	22,407	(22,407)	-
Non-current liabilities	4,380,820	(607)	4,380,213	25,323,217	(30,061)	25,293,156
Operating leases	607	(607)	-	30,061	(30,061)	-
Equity	5,698,258	16	5,698,274	6,462,220	1,093	6,463,313
Total Liabilities	**11,772,144**	**(694)**	**11,771,450**	**39,319,814**	**(50,812)**	**39,269,002**

Statement of Income	Parent company			Consolidated		
	Balances in 2019	Effects CPC 06 (R2)	Balance without effects in 2019	Balance in 2019	Effects CPC 06 (R2)	Balance without effects in 2019
Revenue from goods sold and services provided	212,135	-	212,135	19,903,135	-	19,903,135
Cost of goods sold and/or services sold	(83,509)	(48)	(83,557)	(16,651,741)	(2,298)	(16,654,039)
Amortization and depreciation	(9,735)	101	(9,634)	(1,157,868)	15,776	(1,142,092)
Others	(4,567)	(149)	(4,716)	(330,793)	(18,074)	(348,867)
Gross income	**128,626**	**(48)**	**128,578**	**3,251,394**	**(2,298)**	**3,249,096**
Operating Income/Expenses	957,815	-	957,815	(909,350)	-	(909,350)
Net income before net financial revenue (expenses)	**1,086,441**	**(48)**	**1,086,393**	**2,342,044**	**(2,298)**	**2,339,746**
Financial income	(625,157)	73	(625,084)	(1,360,406)	3,954	(1,356,452)
Other financial expenses	(366)	73	(293)	(54,435)	3,954	(50,481)
Income before tax on net income	**461,284**	**25**	**461,309**	**981,638**	**1,656**	**983,294**
Current and deferred income and social contribution taxes	(5,911)	(9)	(5,920)	(454,480)	(563)	(455,043)
Net income for the year	**455,373**	**16**	**455,389**	**527,158**	**1,093**	**528,251**

3.1.2. ICPC 22 - Uncertainty over Income Tax Treatments

ICPC 22 was issued in December 2018, related to IFRIC 23 - Uncertainty over Income Tax Treatments, which clarifies how to apply the recognition and measurement requisites of CPC 32 when there is uncertainty over income tax treatments. This interpretation states that the entity should recognize and measure its current deferred tax asset or liability, applying the requisites of CPC 32 based on taxable earnings (tax loss), tax bases, unused tax losses, unused tax credits and the determined tax rates.

Management of the Company and its subsidiaries do not believe that this interpretation has significant impacts on their financial statements, as all the procedures used to calculate and pay income taxes are based on the legislation, the opinions of in-house and independent advisers and precedent of administrative and judicial courts.

3.1.3. Reclassification - consolidated

Pursuant to CPC 47/IFRS15, the electricity transmission assets were measured as contract assets and the balances initially recognized as financial assets began to be stated as contract assets.

Consolidated assets	Disclosed 2018	Reclassification	Reclassified balance 2018
Concession financial asset	5,515,275	(213,866)	5,301,409
Public service concession- contract asset	-	213,866	213,866
Noncurrent assets			
Total noncurrent	10,549,442	-	10,549,442
Total assets	36,418,008	-	36,418,008

3.2. Significant accounting policies

a. Cash and cash equivalents - Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. The Group considers cash equivalents to be a short-term investment readily convertible into a known amount of cash and subject to an insignificant risk of impairment. Therefore, an investment normally qualifies as a cash equivalent when it has a short maturity of, for example, three months or less from the date of acquisition.

b. Financial instruments and hedge operations

1. Financial instruments

CPC 48 simplified the current measurement model for financial assets and established three measurement categories: (i) at amortized cost; (ii) at fair value through profit or loss (“FVTPL”); at (iii) fair value through other comprehensive income (“FVOCI”), depending on the business model and its cash flow features. As regards the recognition and measurement of financial liabilities, the standard largely retains the existing requirements, except for recognition of changes in the own credit risk in other comprehensive income for those liabilities stated at fair value through profit and loss.

Financial assets:

Initial recognition and measurement- classified upon initial recognition as subsequently measured at amortized cost at fair value through other comprehensive income or at fair value through profit or loss plus transaction costs, in the case of a financial asset not measured at fair value through profit or loss.

Financial instruments are classified upon initial recognition depending on the features of the financial asset’s contractual cash flows and the business model for managing these financial assets.

In order to be classified and measured at amortized cost or at fair value through other comprehensive income, a financial asset must generate the cash flows that solely constitute payments of principal and interest on the outstanding principal. This assessment is executed at each instrument level.

Acquisitions or sale of financial assets that require the delivery of assets within a term established by regulations or market convention are recognized at the trade data, i.e. the date on which the Company and the subsidiaries undertake to buy or sell the asset.

A financial asset is derecognized when the contractual rights to the asset's cash flows expire or when the Company transfers the rights to receive the contractual cash flows of a financial asset in a transaction where essentially all the risks and rewards of ownership of financial assets are transferred to the buyer.

Subsequent measurement - for the purpose of subsequent measurement, financial assets are classified as financial assets at amortized cost (debt instruments); financial assets at fair value through other comprehensive income with reclassification of accumulated gains and losses (debt instruments); financial assets at fair value through other comprehensive income without reclassification of accumulated gains and losses upon derecognition (equity instruments); and financial assets at fair value through profit or loss.

The Company and its subsidiaries measure the financial assets at amortized cost if the financial asset is maintained within a business model with the objective of maintaining financial assets in order to receive contractual cash flows, and the contractual terms of the financial asset generated the cash flows on specified dates that solely constitute payments of principal and interest on the outstanding principal.

The financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is written off, modified or incurs impairment.

The Company and its subsidiaries value their debt instruments at fair value through other comprehensive income if the financial asset is maintained within a business model with the objective of maintaining financial assets in order to receive contractual cash flows, and whether the contractual terms of the financial asset generated the cash flows on specified dates that solely constitute payments of principal and interest on the outstanding principal.

For debt instruments at fair value through other comprehensive income, interest revenue, foreign exchange revaluation and impairment losses or reversals are recognized in profit or loss and calculated in the same way as financial assets measured at amortized cost. Other changes in fair value are recognized in other comprehensive income.

Upon derecognition, the accumulated change in fair value recognized in other comprehensive income is reclassified to profit or loss.

See below the classification and measurement – CPC 48/IFRS 9:

Classification and Measurement - CPC 48/IFRS 9	
Financial assets at amortized cost	These assets are measured at the amortized cost using the effective interest rate method. The amortized cost is reduced for impairment. Revenue from interest, exchange variance gains and losses and impairment is recognized in profit or loss. Any gain or loss resulting from derecognition is recorded in profit or loss.
Financial assets stated at FVTPL	These assets are stated at fair value. The net income including interest or dividend revenue is recognized in profit or loss.
Debt instruments at FVOCI	These assets are stated at fair value. Interest yields calculated by the effective interest rate, exchange variance gains and losses and impairment are recognized in profit and loss. Other net income is recognized in OCI. Upon initial recognition of an investment in an equity instrument that is not held for trading, the company can elect to make irrevocable subsequent changes to the fair value of the investment in OCI. This choice is made for each investment. Upon derecognition, the gain or loss accumulated in OCI is reclassified to profit or loss.
Equity instruments at FVOCI	These assets are stated at fair value. The dividends are recognized as a gain in profit and loss, unless the dividend clearly represents a recovery of part of the investment cost. Other net income in recognized in OCI and never reclassified to net income.

Assessment of the business model:

The Company assesses the objective of the business model in which a financial asset is maintained in the portfolio as it better reflects how the business is managed and the information is provided to Management. The information considered includes (i) the policies and objectives stipulated for the portfolio and the practical functioning of these policies, including the question of ascertaining whether the Management strategy is focused on obtaining contractual interest revenue, maintaining a given interest rate profile, the correspondence between the duration of financial assets and the duration of related liabilities or expected cash flows, or the realization of cash flows through the sale of assets; (ii) how the portfolio's performance is assessed and reported to Company Management; (iii) the risks affecting the performance of the business model (and the financial asset maintained in said business model) and how such risks are managed; (iv) how business managers are compensated - for example, if the compensation is based on the fair value of the assets managed or the contractual cash loans obtained; and (v) the frequency, volume and timing of the financial asset sales in previous periods, the reasons for these sales and expectations for future sales.

The transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, in a way consistent with the ongoing recognition of the Company and its subsidiaries' assets.

Financial assets held-for-trading or managed with performance assessed based on fair value are measured at fair value through profit or loss.

Assessment as to whether the contractual cash flows are merely payments of principal and interest:

For the purpose of assessing cash flows, the principal is defined as the cost value of the financial asset upon initial recognition. The interest is defined as a payment for the value of the money over time and the credit risk posed by the outstanding principal over a given period of time and the other underlying loan costs and risks (for example liquidity risk and administrative cost), in addition to a spread.

The Company and its subsidiaries examine the instrument's contractual terms to determine whether the contractual cash flows only entail payments of the principal and interest. This includes assessing whether the financial asset contains a contractual term that could change the timing or value of the contractual cash flows so that it would no longer meet this condition. When making this assessment the Company takes into account the contingent events modifying the value or timing of the cash flows; the terms that could adjust the contractual rate, including variable fees; prepayment and extending the term; and the terms limiting the Company's access to specific cash flows from specific assets based on an asset's performance.

Financial liabilities:

Measured at the amortized cost using the effective interest rate method. As of December 31, 2019, they consist of loans and financing, debentures and operational leases, trade payables and other accounts payable.

Initial recognition and measurement - financial liabilities are classified upon initial recognition as financial liabilities at fair value through profit or loss, financial liabilities at amortized cost or as derivatives designated as hedging instruments, as appropriate.
All financial assets are recognized initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs directly attributable to the financial liability's issuance.

Subsequent measurement - financial liabilities are measured as follows:

Financial liabilities at fair value through profit or loss - financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities initially recognized at fair value through profit or loss. Financial liabilities are classified as held for trading if they are undertaken for the purpose of buyback in the near term. This category also includes derivative financial instruments taken out by not designated as hedge instruments in the hedge relations established by CPC 48. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of income. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial recognition date, if and only if the criteria of CPC 48 has been met. The Company did not designate any financial liability at fair value through profit and loss.

Financial liabilities at amortized cost - after initial recognition, debentures issued and interest-bearing loans and financing are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit or loss when the liabilities are written off, and the process of amortization of the effective interest rate. The amortized cost is calculated by taking into account any negative goodwill or goodwill and rates or costs that are an integral part of the effective interest rate. Amortization by the effective interest method is included in finance costs in the statement of income. This category generally applies to loans and borrowings awarded and taken out, that incur interest.

Derecognition:

A financial liability is derecognized when the obligation under the liability no longer exists, i.e. when the contractual obligation is discharged, canceled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments:

Financial assets and liabilities are offset and the net amount recorded in the statement of financial position when there is a legal right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Derivative financial instruments:

The Company and its subsidiaries' derivative financial instruments consist of swaps, solely aiming to hedge foreign-exchange risks associated with positions in the statement of financial position, acquisition of goods for intangible assets and property, plant and equipment, in addition to cash flows from capital contributions at the subsidiaries projected in foreign currency.

Measured at fair value, with changes recorded in profit or loss for the year, except when designated as a hedging cash flow, whose fair value changes are recognized in other comprehensive income in shareholders' equity.

The fair value of derivative financial instruments is calculated by an independent company specialized in cash and debt risk management, which means that the main macroeconomic metrics and their impact on results are monitored on a daily basis, in particular derivative transactions.

2. Derivative financial instruments and hedge accounting

The Company and its subsidiaries classify certain hedge instruments related to exchange variance risk and interest rate risk posed by loans as fair value hedge. At the start of the hedge, the Company and its subsidiaries document the relationship between the hedge instrument and the hedge item, according to financial strategy and risk management goals. At the start of the hedge and on an ongoing basis, the Company and its subsidiaries document whether the hedge instrument used is highly effective in offsetting the changes in fair value or cash flow of the hedged item, attributable to the hedged risk. Note 38 provides more information about the fair value of the derivative instruments used for hedge purposes.

This documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio). A hedge relationship qualifies for hedge accounting if it meets all the following effectiveness requisites:

• There is an economic relationship between the hedged item and the hedge instrument.

• The credit risk effect does not influence the changes in value resulting from this economic relationship.

• The hedge index of the hedge relationship is the same as that resulting from the number of items hedged that the entity effectively hedges and the number of hedge instruments the entity effectively uses to hedge this amount of hedged items.

The hedges meeting all the hedge accounting qualification criteria are recorded as described below:

Fair value hedges: the change in fair value of a hedge instrument is recognized in the income statement as other expenses. The change in fair value of the item subject to a hedge attributable to the covered risk is recorded as part of the carrying amount of the hedged item and is also recognized in profit or loss as other expenses.

For fair value hedges related to items measured at amortized cost, any adjustment to the carrying amount is amortized through profit and loss during the remaining hedge term, using the effective interest rate method. Amortization of the effective interest rate can commence as soon as there is an adjustment and at the latest when the hedged item is no longer adjusted for changes to fair value attributable to the hedged risk.

If the hedged item is derecognized, the fair value not amortized is immediately recognized in profit or loss.

When an unrecognized firm commitment is designated as a hedged item, the accumulated subsequent change in fair value of the firm commitment attributable to the hedged risk is recognized as an asset or liability and the corresponding gain or loss is recognized in profit and loss.

c. **Clients, consumers and concessionaires** - primarily embrace electricity sales to consumers billed and unbilled electricity, the latter determined by estimate, services provided, interest on energy bills, and others recognized on the accrual basis of accounting, up to closure of the financial statements;

The allowance for expected credit losses is made based on expected losses, using a simplified recognition approach, historic loss rates, future delinquency probability and management's best expectations.

d. Inventory - valued at the average acquisition cost not in excess of market value or acquisition cost.

e. Electricity distribution and transmission concession arrangement- denotes the public electricity transmission and distribution concession agreements between the Concession Authority and the direct and indirect subsidiaries. These agreements establish and determine for the electricity distribution segment that the estimated portion of capital invested in public service infrastructure not completely amortized by the end of the concession will be an unconditional right to receive money or other financial asset from the concession authority, as compensation for the infrastructure investment.

The concession arrangement characteristics lead Management to believe that the conditions have been met to apply ICPC Technical Interpretation ICPC 01 (IFRIC 12) – Concession Arrangements and CPC Technical Pronouncement 47 - Revenue from Contracts with Customers to the distribution and transmission companies, in order to reflect the energy distribution and transmission business.

- **Electricity distribution:**

The electricity distribution companies' concession agreements state that at the end of the concession the infrastructure assets will return to the Concession Authority in exchange for compensation, that the price practiced is regulated by a rate mechanism in accordance with parametric formulas for parcels A and B and the periodical rate reviews to cover costs, amortize investments and remunerate the invested capital. Estimated portion of the investments made and not amortized or depreciated by the end of the concession, classified as financial assets due to being an unconditional right to receive cash or another financial asset directly from the Concession Authority.

The financial assets related to the distribution concession agreement are classified and measured as at fair value through profit or loss, were valued based on BRR – Regulatory Remuneration Base, the replacement value concept, which is the criteria used by ANEEL to determine the distribution companies' electricity rates. The compensation is also recognized of the portion of assets comprising the compensation base, including the portion not yet ratified by ANEEL, where the latter is calculated based on estimates, taking into account expected disallowance is based on Management's experience and the history of disallowances in previous ratifications, in addition to the IPCA price index, which presents the best estimate of the asset's fair value.

The Company records the restatement of the concession financial asset of the concession under operating revenue as it better reflects its energy distribution and transmission business model and its financial and equity position, corroborating paragraph 23 of OCPC 05 – Concession Agreements. These assets are detailed in note 16.

- **Electricity transmission:**

As stated in the concession agreement, an energy transmission firm is responsible for transporting energy from the generation plants to the distribution points. To perform this responsibility, the transmission company has two distinct performance obligations: (i) to build and (ii) maintain and operate transmission infrastructure.

Upon performing these two performance obligations, the energy transmission company maintains its transmission infrastructure available for users in exchange receives Annual Permitted Revenue (RAP) throughout the term of the concession arrangement. These receipts amortize investments made in this transmission infrastructure. Any investments not amortized create an entitlement to compensation from the concession authority, which receives the entire transmission infrastructure at the end of the concession agreement.

In the electricity transmission agreements through December 31, 2017, the transmission infrastructure was measured from the start of the concession at fair value and then maintained at amortized cost. Construction and operating revenue used to be recorded with a margin of zero, in addition to revenue compensating the concession infrastructure based on each project's TIR revenue, along with the change in the IPCA price index. At the start of each concession, the Company estimates the Financial Asset Remuneration Rate - TRAF using internal and external market components, and is used to compensate the financial asset of said concession during the construction period.

Following the adoption of CPC 47 / IFRS 15 on January 1, 2018 the right to a payment for goods and services was conditional on the Company performing its obligations, which began complying with the prerogatives of the new standard that required it to recognize the payments as a "Contract Asset", with revenue relating to the transmission infrastructure being recognized based on the RAP amount allocated to asset investment, which considers the construction margin according to the project's initial projections. The construction margin is received over the course of the works and changes in construction costs are immediately allocated to profit or loss, when incurred. To estimate the Construction Revenue, the Company used a model that determines the cost of financing the client (in this case, the Concession Authority. The rate applied to the present net value of the construction (and operation) margin is defined at the start of the project and is not subsequently changed. It is determined according to the client's credit risk and financing terms, in addition to recognition of the operating and maintenance revenue resulting from the necessary costs incurred to perform the operating and maintenance performance obligations established in the concession agreement, after the end of the construction stage, recognizing remuneration revenue on the recognized contractual asset. Financial remuneration revenue was also recognized under contractual asset remuneration, at the discount rate defined at the start of each project.

f. **Financial sector assets and liabilities** - denote assets and liabilities dating from temporary differences between the ratified costs of the A Parcel and other financial components, which are included in the rate at the start of the rate period and those which are effectively incurred throughout the period the rate is in force. This difference constitutes a receivable from subsidiaries whenever the ratified costs included in the rate are lower than the costs effectively incurred, or an obligation under the ratified costs is greater than the costs incurred. These amounts are effectively settled during the coming rate periods, or in the event the concession is terminated with balances that have not been recovered, they will be included in the compensation base that exists in the case of termination for any reason of the concession;

g. **Investments** - investments in subsidiaries are recorded at the value established by the equity method of accounting in the individual financial statements, based on these investees' shareholders' equities at the reporting date. The other investments are recorded at acquisition cost less a provision for devaluation, when applicable.

h. **Business combinations** - are recorded based on the acquisition method. The cost of an acquisition is measured as the sum of the consideration transferred, which is valued based on fair value at the acquisition date and the value of any noncontrolling interests in the acquiree. For each business combination, the acquirer measures the noncontrolling interests in the acquiree at fair value or based on a proportionate share of the acquiree's net assets. Costs directly attributable to the acquisition are expensed when incurred. When acquiring a business, the Company values the financial assets acquired and the liabilities assumed in order to classify and allocate them pursuant to the terms of the agreements, economic circumstances and the conditions prevailing at the acquisition date, which includes segregation by the acquired company of any embedded derivatives existing in host agreements in the acquired company.

   Any contingent consideration to be transferred by the acquiring company is recognized at fair value on the date of acquisition. Subsequent changes in the fair value of the contingent consideration considered as an asset or liability should be recognized in accordance with CPC 48 in the income statement.

   Goodwill is initially measured as the excess of the consideration paid over the fair value of the net assets acquired (identified assets and liabilities assumed). If the consideration is lower than the fair value of the net assets acquired, the difference is recognized as a gain in profit or loss.

   After initial recognition, the goodwill is measured at cost, less any accumulated impairment losses. For the purposes of impairment testing, the goodwill resulting from a business combination is allocated to each one of the Group's cash generating units expected to benefit from the combined synergies, regardless of other assets or liabilities of the acquired company being attributed to these units.

   When goodwill comprises a cash generating unit and a portion of this unit is sold, the goodwill associated with the sold portion shall be included in the operation's cost if a gain or loss is determined on the sale. The goodwill sold in these circumstances is determined based on the proportional values of the portion sold in relation to the cash generating unit maintained.

   Equity interests acquired are valued at fair value of the assets and liabilities held by the entities subject to the transaction and differences from the amount paid are classified as: (i) intangible assets (goodwill) when the amount paid exceeds the fair value of the assets and liabilities; (ii) net income for the year (favorable acquisition) when the amount paid is lower than the fair value of the assets and liabilities. The goodwill referring to entities subject to an economic exploration arrangement and/or concession for a fixed term are amortized over the exploration term.

i. **Property, Plant and Equipment** - Items of property, plant and equipment are measured at the historic cost of acquisition or construction, minus accumulated depreciation and impairment, when applicable.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- The cost of materials and direct labor.
- Any other costs to bring the asset to its location and condition necessary so it can be fully operated.
- The disassembly costs, and the restoration of the site where these assets are located, and
- Loan costs on qualifiable assets.

When parts of an item of property, plant and equipment have different useful lives, these items are recorded as separate items (principal constituents) of property, plant and equipment.

The gains and losses deriving from the sale of property, plant and equipment (determined by comparing the funds obtained through the sale against the book value of the property, plant and equipment), are recorded net amongst other revenue/expense figures in the income statement for the year.

Depreciation:
Items of property, plant and equipment are depreciated by the straight-line method in the income statement for the year, based on the estimated useful economic life of each component and/or according to the term of the concession/arrangement.

j. **Intangible assets** – primarily comprise assets related to the public service concession arrangements, CPC 06 (R2) rights-of-use and software. These are stated at the total cost of acquisition, less accumulated amortization. these are based on the consumption pattern of the benefits expected during the arrangement term, minus accumulated impairment losses, when applicable.

The concession usage right entails amounts paid on acquisitions of the share control of the distribution subsidiaries. The amortization is taking place over the concession term of the subsidiaries ESE, EPB, EBO, EMT, EMS, ETO, ERO and EAC, as cited in notes 1 and 19. The appreciation of tangible assets (companies acquired on April 11, 2014, October 30 and December 6, 2018) is amortized over the asset's useful life, limited to the concession term;

k. **Contractual asset - Infrastructure under construction -** The contractual asset is the right to payment in exchange for goods or services transferred to the client. As determined by CPC 47 - Revenue from contracts with customers, assets related to the concession under construction recorded in accordance with the scope of ICPC 01 (R1) - Concession Agreements (“ICPC 01”), should be classified as contractual assets because the Company is entitled to charge for the services provided to the public service consumers or to receive money or other financial assets for investing in the public service infrastructure, only after the assets under construction (contractual asset) have been transferred to concession intangible assets, with the nature of the remuneration paid by the concession authority to the concession operator is determined according to the terms of the concession agreement.

l. **Interest and financial charges** - works in progress are capitalized at the effective average borrowing rate, limited to the regulatory WACC according to the capitalization procedure established in the accounting standard (CPC 20);

m. **Decrease in recoverable value**

Nonfinancial assets:

Company and its subsidiaries' management review the net carrying amounts of their tangible and intangible assets in order to evaluate events or changes in operational and technological economic circumstances to determine whether such assets have incurred impairment. If there are signs of impairment, the asset's recoverable value is estimated in order to measure the impairment.

When an asset's recoverable value cannot be estimated individually, the Company and its subsidiaries calculate the recoverable value of the cash generating unit the asset belongs to. When a reasonable and consistent allocation basis can be identified, the corporate assets are also allocated to the individual cash generating units or the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

For the purpose of assessing impairment via value in use, assets are allocated to the smallest asset group for which there are separately identifiable cash flows (cash generating units - CGUs). Impairment is recognized in profit or loss at the amount by which the carrying amount of the asset exceeds its recoverable value.

An impairment loss previously recognized is reversed in the event of a change in the assumptions made to determine the recoverable value of the asset or CGUs, since the last impairment loss was recognized. The reversal is limited, so that the carrying amount of the asset does not exceed its recoverable value, nor the carrying amount determined, net of depreciation, if no impairment had been recognized for the asset in previous years. This reversal is recognized in profit and loss, when applicable.

The following criteria are used to assess the recoverable value of the following assets:

. **Goodwill:** goodwill is tested for impairment annually at the end of the year or before this if circumstances indicate impairment has arisen . An impairment loss is recognized when the recoverable value is less than the carrying amount. Goodwill impairment losses cannot be reversed in future years.

. **Intangible assets:** Indefinite-lived intangible assets are tested annually for impairment at the end of the year, either individually or at cash generating unit level, as the case may be , or when circumstances indicate impairment.

. **Value-in-use assessment**: the main assumptions used in value-in-use estimation are:

(i) **Revenue** - revenue is projected based on the growth in customer base, historical revenues for a market and the company and its subsidiaries' share of that market;

(ii) **Operating costs and expenses** - variable costs and expenses are projected based on customer base dynamics, and fixed costs are projected to reflect the historical performance of the Company and its subsidiaries, and historical revenue growth; and

(iii) **Capital expenditure** - capital expenditure is estimated based on the infrastructure required to deliver power supply and services.

Key assumptions are based on market projections, the historical performance of the Company and its subsidiaries, and macroeconomic assumptions that have been documented and approved by the Management of the Company and its subsidiaries.

Impairment tests performed on the property, plant and equipment and intangible assets of the Company and its subsidiaries did not reveal the need to recognize impairment for the financial years 2019 and 2018, as recoverable amounts exceed the relevant carrying amounts on the valuation date.

n. Loans, financing and debentures - stated net of transaction costs incurred, and subsequently stated at the amortized cost using the effective interest rate method.

Foreign-currency loans and financing subject to swaps is recognized at fair value through profit and loss for the year.

o. Derivatives – the Company and its subsidiaries have financial derivatives to hedge against foreign currency (subsidiaries) and interest rate (Company and subsidiaries) risks. Derivative financial instruments are recognized initially at fair value; any attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, the derivatives are measured at fair value and any changes therein are recorded in profit or loss. Details can be seen in note 38.

p. Income tax and social contribution expense comprises current and deferred income tax and social contribution. Current taxes are measured at the expected amount to be paid to the tax authorities at the applicable rates while deferred tax is recorded in profit or loss unless it is related to items recorded in other comprehensive income in equity. The deferred tax is recognized in relation to temporary differences between the values of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes.

Income tax was calculated at the rate of 15% over the taxable income, plus the surcharge of 10% over taxable income in excess of R$ 240 thousand. The social contribution was calculated at the rate of 9%. Although current tax assets and liabilities are recognized and measured separately, the offsetting thereof in the balance sheet is subject to similar criteria to those established the financial instruments. The entity is legally entitled to offset the current tax asset against a current tax liability when they are related to income taxes charged by the same tax authority and the tax legislation permits the entity to make or receive a single net payment.

The income and social contribution taxes were calculated on the presumed profit basis for the generation and transmission subsidies. The income tax is calculated at the rate of 15%, plus a surcharge of 10% on the calculation base at a rate of 8%. The social contribution was calculated at the rate of 9% on the calculation base, calculated at a rate of 12%.
The deferred income and social contribution taxes (“deferred taxes”) are recognized on temporary differences at the reporting date between the balances of assets and liabilities.

q. **SUDENE/SUDAM tax incentives** - as the terms established will almost certainly be met by the subsidiaries, these incentives received by the subsidiaries in the north, north-east and central western region of Brazil have been recognized in profit or loss for the year and allocated to a specific profit reserve, where they are held until capitalization.

r. **Provisions** - a provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded using best estimates of the risk involved. Liabilities related to court cases are provisioned for to amounts deemed adequate by the legal advisors and directors to cover unfavorable outcomes.

s. **Restatement** - certain receivables have been restated based on specific interest rates, which reflect the nature of these assets in terms of term, risk, currency and receipt terms at the dates of the respective transactions.

t. **Dividends** - Dividends declared in excess of the minimum mandatory dividend after the accounting period reported on by the financial statements are recorded separately in the shareholders’ equity, as they do not constitute a present obligation, and the respective liability is not recorded until it has been approved.

u. **Operating revenue** - an entity should recognize revenue that represents the transfer (or promise) of goods or services to customers when it reflects the amount it expects to be able to secure for such goods or services.

IFRS 15 / CPC 47 provide a five-step model to recognize revenue: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the company satisfies a performance obligation.
It therefore recognizes revenue only when (or if) the performance obligation is realized, i.e. when the control of the goods and services in a given transaction is effectively transferred to the client.

Distribution segment revenue:

Operating revenue consists of billed and unbilled electricity sales to consumers, construction revenue, revenue from the use of electric distribution systems (TUSD), energy sales at CCEE, CVA revenue and other revenue related to services provided. Electricity distribution revenue is recognized when the energy is supplied on a monthly basis when the electricity bills are issued, in accordance with the measurement calendar. Unbilled revenue is determined by estimate through the reporting date, recognized on the accrual basis, based on individual average daily consumption between the latest reading date and the close of the month.

Construction revenue consists of revenue and costs during the construction period of the infrastructure used to provide the electricity distribution service. The works are outsourced and Management accordingly believes that this activity generates a minimal margin.

Revenue from the use of electric power distribution systems (TUSD) received by the Company from other concession operators and free consumers using its distribution grid is recorded in the month when the grid services are provided.

Electricity purchases and sales at the CCEE are recognized on the accrual basis based on information disclosed by that entity or by Management estimate. CVM revenue and other components are recognized in profit and loss when the costs effectively incurred are different to those incorporated into the energy distribution rate.

Transmission segment revenue:

Revenue from transmission companies recognized as operating revenue consists of:
- Construction revenue: Services entailing the construction of electricity transmission facilities. They are recognized according to the stage of completion of the works.
- Compensation of contract asset: Interest recognized by the straight-line method at the rate best denoting the compensation of transmission infrastructure investments, as it factors in the specific

business risks and rewards. The rate seeks to price the financial component of the contractual asset determined at the start date of each concession agreement. The rate of return is applied to the amount receivable of the future cash flow.

Other income:

Revenue from the sale of energy generation is recorded based on the energy guaranteed and the rates specified in the supply contracts or market prices in force, as the case may be.
Energy trading revenue is recorded based on bilateral contracts with market agents and duly registered at CCEE - Brazilian Electricity Trading Chamber.
The revenue from the provision of services is recorded when the performance obligation is fulfilled, subject to the service provision agreement between the parties.
Revenue from construction contract is recognized as performance obligations are satisfied over time, considering compliance with one of the criteria below:

(a) The customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
(b) The entity's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced;
(c) The entity's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

v. **Post-employment benefits** - retirement and pension supplementation plan and other post-employment benefits. The Company and its subsidiaries sponsor post-employment pension funds, retirement supplementation plans and medical assistance plans. The net obligation of the Company and its subsidiaries under defined-benefit (BD) and Defined-Contribution (CD) pension plans is calculated for each plan by estimating the future benefit the employees are entitled to in return for their work in the current year and previous years, discounted to present value. Any unrecognized past service costs and the fair values of any of the plan's assets are deducted. The discount rate is the yield at the reporting date for securities which mature on dates near the obligations of the Company and its subsidiaries denominated in the same currency in which the benefits are expected to be paid. Calculation is made annually by a qualified actuary using the projected units credit method. When the calculation produces a benefit, the asset to be recognized is limited to the total of any past service costs not recognized and the present value of economic benefits available in the form of future reimbursements under the plan or decrease in the plan's future contributions. To calculate the present value of the economic benefits, any minimum costing requirements applying to any plan are taken into account. An economic benefit is available if it can be realized within the plan's life or upon settlement of the plan's liabilities.

The Company and its subsidiaries sponsor a medical assistance plan for retirees and former employers who contribute a fixed sum to the plan, in compliance with Law 9656/98 (that provides on private health insurance plans). Pursuant to the Law's articles 30 and 31, the right is assured of extending the medical assistance plan to which participants are entitled while actively employed.

Actuarial gains and losses are directly recognized in other comprehensive income in shareholders' equity.

w. **Energy purchase and sales transactions - trader -** the core activity of the subsidiary ECOM is the purchase and sale of energy in the free contracts system (ACL), also engaged in the representation and management of free energy consumers. It accordingly undertakes commitments to short and long-term bilateral contracts in its portfolio. As a result of operational mismatches, the subsidiary assumes energy surpluses and deficits which are measured on a forward market price curve. The subsidiary has the flexibility to manage the contracts in these portfolios in order to obtain gains through market price changes, in line with its risk limits and policies. The aim is to make a profit on short-term price changes or gains on margins in long-term operations. These energy purchase and sale operations take place in an active market and are defined as financial instruments, because they are settled in energy and readily convertible into cash. These contracts are recorded as derivatives in accordance with IFRS 9/CPC 48 and are recognized in the financial statements at fair value, on the date in which the derivative is made, and are revalued at fair value at the reporting date. Derivatives' fair value is estimated using level 2 methodology and price quotes published in active markets which consider: (i) prices established in recent purchase and sale operations; (ii) risk margin in supply; and (iii) projected market price in the provision period. Whenever the fair value on initial recognition for these contracts differs from the transaction price, a gain or loss is recognized. The Company and its subsidiaries did not make any speculative investments in derivative instruments in the financial year.

x. **Other (current and non-current) assets and liabilities** - other assets and liabilities are stated at known or calculable values, plus the corresponding earnings/charges incurred up to the reporting date, when applicable; and

y. **Statement of added value** - prepared relying on information obtained from the accounting records, in accordance with technical pronouncement NBC TG 09/CPC 09 – Statement of Added Value. This shows the wealth created by the Company and the distribution thereof in a given period, and is being presented in accordance with Brazilian corporate legislation, for listed Companies, as part of its financial statements.

3.3. New pronouncements issued by the CPC- Accounting Pronouncements Committee and IASB - International Accounting Standards Board

(i) New revised standards and interpretations issued by the CPC but not yet adopted by the Company:

Standards	Description	Mandatory application: Annual periods beginning on or after
IFRS 17	Insurance contracts	January 01, 2021
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associated company or joint venture	Postponed indefinitely

(ii) Other new standards or revised standards applied for the first time in 2019, which did not impact the individual and consolidated financial statements:

- Annual Improvements to IFRSs 2015-2017 Cycle
- CPC 48 - Early payment funds with negative offsetting
- CPC 33 (R1) – Plan changes, reductions or settlement
- CPC 18 (R2) - Investments in associates, subsidiaries and joint ventures
- CPC 19 (R2) - Joint arrangements
- CPC 32 – Income taxes
- CPC 20 (R1) – Borrowing costs.

4. Consolidated financial statements

The consolidated financial statements include the financial statements of Energisa and its subsidiaries as of December 31, 2019. Control is obtained when Energisa is exposed to or entitled to variable returns resulting from its involvement with the investee and has the ability to affect those returns through its power over the investees.

The Group controls an investee if and only if it has:
• Power over the investee (i.e., existing rights guaranteeing it the current capacity to manage the investor's respective activities).
• The exposure to or right to variable returns deriving from its involvement in the investee.
• The capacity to use the power over the investee to affect the value of its returns.

Holding a majority of voting rights is generally presumed to result in control. To support this assumption and when Energisa Group has less than the majority of an investee's voting rights, the Group considers all pertinent facts and circumstances when assessing whether it has power over an investee, including:
• The contractual agreement between the investor and other holders of voting rights.
• Rights deriving from other contractual agreements.
• The voting rights and potential voting rights of the Group (investor).

The Company assesses whether or not it exercises the control of an investee if facts and circumstances indicate changes in one or more of three of the control elements mentioned above. A subsidiary is consolidated when the company obtains control over it and ends when the Group no longer exercises this control. Assets, liabilities and income of a subsidiary acquired or sold during the year are included in the consolidated financial statements as from the date on which the Group exercises control until the date the Company no longer exercises control over the subsidiary.

The result and each component of other comprehensive income is attributed to the controlling shareholders and noncontrolling shareholders of the Group, even if this results in a loss for the noncontrolling shareholders. When necessary, adjustments are made to the subsidiaries' financial statements to align their accounting policies with the Group's accounting policies. All assets and liabilities, results, revenue, expenses and cash flows of the same group related to transactions between Group members, are completely eliminated upon consolidation.

The change in the subsidiary's equity interest that does not result in control being lost is recorded as an equity transaction.

If the company loses the control exercised over a subsidiary, the subsidiary's corresponding assets (including any goodwill) and liabilities are written off at their carrying amount on the date control is lost and the carrying amount is written out of any noncontrolling interest on the date controller is lost (including any components of other comprehensive income attributed to them). Any difference resulting in a gain or loss is recorded in profit or loss. Any investment retained is recognized at fair value on the date control is lost.

The consolidated financial information includes the financial information of Energisa and the subsidiaries.

	Line of business	% interest	
		2019	2018
Direct subsidiaries			
Energisa Sergipe - Distribuidora de Energia S/A (ESE) (1)	Electricity distribution	100	100
Energisa Borborema - Distribuidora de Energia S/A (EBO)	Electricity distribution	100	100
Energisa Paraíba - Distribuidora de Energia S/A (EPB) (1)	Electricity distribution	100	100
Energisa Minas Gerais - Distribuidora de Energia S/A (EMG) (1)	Electricity distribution	100	100
Energisa Nova Friburgo Distribuidora de Energia S/A (ENF)	Electricity distribution	100	100
Centrais Elétricas de Rondônia S/A (formerly Energisa Rondônia - Distribuidora de Energia S/A (ERO)) (2)	Electricity distribution	95.52	90
Companhia de Eletricidade do Acre (formerly Energisa Acre - Distribuidora de Energia S/A (EAC)) (2)	Electricity distribution	95.09	87.61
Energisa Soluções S/A (ESO)	Energy distribution and generation services	100	100
Energisa Serviços Aéreos de Aeroinspeção S/A (ESER)	Aerial thermographic inspections	100	100
Energisa Planejamento e Corretagem de Seguros Ltda. (EPLA)	Insurance brokerage	58.26	58.26
Energisa Comercializadora de Energia Ltda (ECOM)	Electricity trading	100	100
Parque Eólico Sobradinho Ltda (3)	Wind energy generation	100	100
Energisa Geração Usina Maurício S/A (GUM)	Electricity generation	100	100
Energisa Geração Central Solar Coremas S/A (3)	Solar energy generation	100	100
Energisa Geração Eólica Boa Esperança S/A (3)	Wind energy generation	100	100
Energisa Geração Eólica Mandacaru S/A (3)	Wind energy generation	100	100
Energisa Central Eólica Alecrim S/A (3)	Wind energy generation	100	100
Energisa Geração Central Eólica Umbuzeiro -Muquim S/A (3)	Wind energy generation	100	100
Energisa Participações Minoritárias S/A (b)	Holding Company	85.31	87.7
FIM Zona da Mata	Exclusive investment fund	100	100
Caixa FI Energisa	Exclusive investment fund	100	100
Dinâmica Credit Receivables	Securitization of credits	100	100
Denerge Desenvolvimento Energético S/A	Holding Company	99.97	99.97
Energisa Transmissão de Energia S/A (the new company name of Energisa Empreendimentos de Energia II S/A) (1) (a)	Holding Company	100	100
Energisa Geração Central Solar Rio do Peixe I S/A (c)	Wind energy generation	100	-
Energisa Geração Central Solar Rio do Peixe II S/A (c)	Wind energy generation	100	-
Energisa Transmissora de Energia I S/A (3) (d)	Electricity transmission	100	-
Energisa Transmissora de Energia II S/A (3) (d)	Electricity transmission	100	-
Energisa Transmissora de Energia III S/A (3) (d)	Electricity transmission	100	-
Alsol Energias Renováveis S/A	Distributed energy generation	89.21	-
Indirect subsidiaries			
Empresa Energética Vale Paranapanema S/A - EEVP	Holding Company	-	99.99
Rede Energia Participações S.A (1)	Holding Company	95.21	92.62
Rede Power do Brasil S/A	Holding Company	95.2	92.62
QMRA Participações S/A	Holding Company	95.2	92.62
Energisa Mato Grosso Distribuidora de Energia S/A (1)	Electricity distribution	74.33	73.38
Energisa Mato Grosso do Sul Distribuidora de Energia S/A (1) (4)	Electricity distribution	95.14	92.58
Energisa Tocantins Distribuidora de Energia S/A	Electricity distribution	72.99	77.07
Multi Energisa Serviços S/A	Services	95.21	92.66
Energisa Sul - Sudeste - Distribuidora de Energia S/A (1)	Electricity distribution	94.49	92.12
Energisa Soluções Construções e Serviços em linhas e Redes S/A	Energy distribution and generation services	100	100
Energisa Para Transmissora de Energia I S/A	Electricity transmission	100	99.99
Energisa Goias Transmissora de Energia I S/A	Electricity transmission	100	99.99

	Line of business	% interest	
		2019	2018
Energisa Para Transmissora de Energia II S/A	Electricity transmission	99.90	99.99
Energisa Tocantins Transmissora de Energia S/A	Electricity transmission	100	100
Laralsol Empreendimentos Energéticos Ltda	Distributed energy generation	99.90	-

(a) The Extraordinary General Meeting held July 18, 2018 approved the change to the Company's name.
(b) The Extraordinary General Meeting held December 27, 2018 approved the change to the company's name from Companhia de Energisa Geração de Energia S/A to Energisa Participações Minoritárias S/A.
(c) The general meeting that incorporated Energisa Geração took place on January 10, 2019 and approved the incorporation of Energisa Geração Central Solar Rio do Peixe I S/A and Energisa Geração Central Solar Rio do Peixe II S/A, respectively.
(d) The public deed of incorporation states that the companies Energisa Transmissora de Energia I S/A; Energisa Transmissora de Energia II S/A and Energisa Transmissora de Energia III S/A were incorporated on May 20, 2019, respectively.

(1) Publicly held companies

(2) The share surpluses of ERO and EAC not acquired by the employees and retirees, consisting of 128,665,217 common shares in ERO and 10,088,904,771 common shares and 3,768,032,911 preferred shares of EAC, were paid in by the Company on March 01, 2019, which now has the new equity interests of 95.43% and 93.58% respectively.

(3) Preoperational.

(4) Rede Power do Brasil S/A is controlled by Rede Energia Participações S.A. and has an interest of 35.92% in EMS.

Description of main consolidation procedures:

(1) Elimination of inter-company asset and liability account balances

(2) Elimination of the balances of investments and corresponding interests in the capital and earnings of subsidiaries; and

(3) Elimination of inter-company income and expense balances arising from inter-company transactions.

5. Segment reporting - consolidated

The Company and its subsidiaries operate in energy distribution and sale and the provision of maintenance and operation of services for electricity distribution generation ventures. Summary segment reporting follows:

a) Segment reporting

	2019					
	Distribution	Generation	Transmission	Sales	Services	Total
External Revenue	18,386,714	302	641,798	819,814	54,507	19,903,135
Intersegment Revenue	17,071	-	74,804	-	453,314	545,189
Total	**18,403,785**	**302**	**716,602**	**819,814**	**507,821**	**20,448,324**
Financial Revenue	829,473	2	6,347	3,000	495,807	1,334,629
Financial Expenses	(1,339,338)	(10)	(19,925)	(4,342)	(1,331,420)	(2,695,035)
Total	**(509,865)**	**(8)**	**(13,578)**	**(1,342)**	**(835,613)**	**(1,360,406)**
Amortization and depreciation	**1,114,950**	**118**	**32**	**44**	**42,724**	**1,157,868**
Reportable net income by segment before income and social contribution taxes	**1,376,268**	**(691)**	**258,962**	**54,819**	**(707,720)**	**981,638**

	2018					
	Distribution	Generation	Transmission	Sales	Services	Total
External Revenue	14,649,800	255	182,864	935,839	18,823	15,787,581
Intersegment Revenue	101,424	-	-	-	314,769	416,193
Total	**14,751,224**	**255**	**182,864**	**935,839**	**333,592**	**16,203,774**
Financial Revenue	472,700	7	153	4,005	333,398	810,263
Financial Expenses	(879,410)	(8)	(1,791)	(7,071)	(872,479)	(1,760,759)
Total	**(406,710)**	**(1)**	**(1,638)**	**(3,066)**	**(539,081)**	**(950,496)**
Amortization and depreciation	**912,107**	**50**	**22**	**35**	**37,497**	**949,711**
Reportable net income by segment before income and social contribution taxes	**1,291,145**	**(172)**	**5,997**	**27,235**	**593,180**	**1,917,385**

	Distribution	Generation	Transmission	Sales	Services	2019	2018
Assets by reportable segment	**35,529,753**	**11,471**	**422,118**	**524,383**	**4,736,446**	**41,224,171**	**37,882,471**
Current assets	8,274,726	300	27,938	263,117	1,674,166	10,240,247	11,252,719
Noncurrent assets	27,255,027	11,171	394,180	261,266	3,062,280	30,983,924	26,629,752
Liabilities by reportable segment	**27,257,696**	**514**	**682,545**	**492,111**	**6,329,085**	**34,761,951**	**31,834,941**
Current liabilities	5,763,708	438	48,285	229,134	1,874,711	7,916,276	7,753,395
Non-current liabilities	21,493,988	76	634,260	262,977	4,454,374	26,845,675	24,081,546

b) Reconciliation of segment revenue, profits, assets and liabilities

	2019	2018
Revenue		
Total net revenue of reportable segments	20,448,324	16,203,774
Elimination of intersegment revenue	(545,189)	(416,193)
Consolidated net revenue	**19,903,135**	**15,787,581**
Amortization and depreciation		
Total amortization and depreciation of reportable segments	1,157,868	949,711
Consolidated amortization and depreciation	**1,157,868**	**949,711**
Financial revenue		
Total financial revenue of reportable segments	1,334,629	810,263
Elimination of intersegment revenue	(424,026)	(275,264)
Consolidated financial revenue	**910,603**	**534,999**
Financial expense		
Total financial expense of reportable segments	(2,695,035)	(1,760,759)
Elimination of intersegment expense	424,026	275,264
Consolidated financial expense	**(2,271,009)**	**(1,485,495)**
Total earnings of reportable segments	981,638	1,917,385
Income before tax on net income	**981,638**	**1,917,385**

	2019	2018
Assets		
Total reportable segment assets	41,224,171	37,882,471
Other unallocated amounts	(1,904,357)	(1,464,463)
Total consolidated assets	**39,319,814**	**36,418,008**
Liabilities		
Total reportable segment liabilities	34,761,951	31,834,941
Other unallocated amounts	(1,904,357)	(1,464,463)
Total consolidated liabilities	**32,857,594**	**30,370,478**

6. Cash and cash equivalents, short-term investments in the money market and secured funds

6.1. Cash and cash equivalents

The portfolio of short-term investments consists of Bank Deposit Certificates (CDBs) and Securities subject to repurchase agreements. Weighted average interest on the portfolio in the year ended December 31, 2019 was 101.9% of the CDI rate (96.0 % of the CDI rate in 2018).

Description	Parent company		Consolidated	
	2019	2018	2019	2018
Cash and sight deposits	**6,345**	**2,930**	**255,955**	**173,785**
Liquid financial investments:	**62,078**	**310,757**	**407,148**	**532,953**
Bank Deposit Certificate (CDBs)	-	178,789	-	184,590
Repurchase	62,078	131,968	407,148	348,363
Total cash and cash equivalents - Current	**68,423**	**313,687**	**663,103**	**706,738**

6.2. Money market and secured funds (stated at fair value through profit and loss)

The investment portfolio consists largely of Closed-End Investment Funds investing in assets selected to improve returns with minimal risk, including fixed-income securities, government bonds, repurchase agreements, debentures and CDBs. Weighted average interest on the portfolio at December 31, 2019 was 106.6% of the CDI rate (100.0% of the CDI in 2018).

Description	Parent company		Consolidated	
	2019	2018	2019	2018
1) At fair value through profit or loss	**2,486,362**	**2,431,702**	**2,373,194**	**3,643,972**
Bank Deposit Certificate (CDBs)	14,022	13,597	36,277	33,064
Bank Deposit Certificates Commercial Guarantees (CDB) (1)	-	-	15,046	8,454
Securities held under repurchase agreements (2)	-	-	18,891	342
Debentures (3)	1,811,399	1,272,160	-	-
Investment Funds (4)	26	14,310	54,408	723,726
Exclusive Investment Funds (5)	**660,915**	**1,131,635**	**2,137,703**	**2,778,399**
Bank Deposit Certificate (CDBs)	22,795	8,816	50,311	16,238
Bank Credit Note (CCB)	2,560	2,991	5,652	5,508
Securities held under repurchase agreements	112,459	238,504	248,215	439,285
Government securities	27,990	408	418,379	443,894
Fixed-Income Fund	235,183	620,420	468,521	1,142,711
Financial Treasury Bills (LFT)	255,993	210,690	892,115	541,796
Financial bill (LF)	338	9,969	746	64,626
Financial bill (LTN)	1,086	8,089	16,226	29,627
National treasury notes (NTNB)	2,511	31,748	37,538	94,714
CCBs bills (6)	74,591	74,711	74,591	74,711
(-) Provision for losses on CCB bills (7)	(74,591)	(74,711)	(74,591)	(74,711)
Other instruments	-	-	252	252
Credit receivables investment funds (7)	-	-	110,617	99,735
Total balance of money market and secured funds (8)	**2,486,362**	**2,431,702**	**2,373,194**	**3,643,972**
Current	710,030	1,182,802	2,016,399	3,538,730
Noncurrent	1,776,332	1,248,900	356,795	105,242

(1) Bank Deposit Certificate (CDB) - Commercial Guarantees - These investments denote funds underlying commercial client guarantees, pursuant to the energy sale contract. Funds in this amount were credited to current liabilities, yielding 90.0% to 100.0% (99.0% to 100.0% in 2018) and a weighted average of 98.1% (99.9% in 2018) of the CDI rate;

(2) Debentures held under repurchase agreements - Sales of securities subject to a repurchase agreement undertaken by the seller, alongside the resale commitment undertaken by the buyer. They yield 65.0% to 80.0% (65.0% to 90.0% in 2018) and the weighted average of 65.5% (85.1% in 2018) of the CDI rate and underlie debentures;

(3) Private debentures issued by the group's distribution companies;

(4) Investment Funds - Includes funds classified as Fixed Income and yield 34.4% to 114.3% (35.4% to 117.6% in 2018) and a weighted average of 103.5% (105.2% in 2018) of the CDI rate.

(5) Exclusive investment fund, includes investments in CDB, CCB, Securities subject to a repurchase agreements, Fixed-Income Funds, Government Bonds, LFT, LF, LTN and NTNB bills and yield 105.2% (105.2% in 2018) of CDI Fundo FI Energisa, 109.7% (105.2% in 2018) of CDI Fundo Cataguases and 115.7% (101.3% in 2018) of CDI Fundo Zona da Mata.

(6) Bank Credit Note - CCBs.

(7) Fundo de investimento em direitos creditórios não padronizados: FIDC IV Energisa Centro Oeste maturing on 10/1/2034 and FIDC III Energisa 2008 maturing on 12/29/2020.

(8) Includes R$ 15,118 (R$ 14,185 in 2018) parent company and R$ 236,734 (R$ 233,821 in 2018) consolidated related to restricted funds, as follows:

Secured funds	Parent company		Consolidated	
	2019	2018	2019	2018
Judicial bond creditors	15,093	14,094	15,093	14,094
Frozen by court order	25	-	5,563	-
Credit receivables investment funds - FIDC	-	-	110,617	99,735
Light for All Program	-	-	62,853	100,492
Guarantee with energy sales	-	-	15,046	8,454
Consumer council	-	-	4,301	-
Other	-	91	23,261	11,046
Total	**15,118**	**14,185**	**236,734**	**233,821**

7. Clients, consumers and concessionaires

At the parent company this mainly includes specialist services provided to the subsidiaries, as detailed in note 14 - related-party transactions and the consolidated statement mainly includes billed and unbilled electricity sales to consumers, the latter determined by estimate recognized on the accrual basis, based on individual average daily consumption between the latest reading date and the close of the financial statements.

	Parent company		Consolidated								
			Outstanding balances		Overdue balances				PPECLD (7)	Total	
	2019	2018	Up to 60 days	Over 60 days	Up to 90 days	91 to 180 days	181 to 360 days	Over 360 days		2019	2018
Current amounts: (1)											
Residential	-	-	423,970	-	439,754	68,112	44,675	20,725	(137,516)	859,720	738,142
Industrial	-	-	184,610	-	38,825	8,162	9,028	36,783	(43,497)	233,911	215,549
Commercial	-	-	306,966	-	110,021	18,510	21,176	32,803	(54,644)	434,832	382,440
Rural	-	-	115,408	-	63,617	15,321	7,746	6,011	(13,943)	194,160	167,188
Public authorities	-	-	113,191	-	20,289	2,227	1,350	8,079	(10,981)	134,155	120,799
Public lighting	-	-	46,169	-	8,019	1,974	2,852	9,746	(9,202)	59,558	70,471
Public utility	-	-	58,486	-	8,597	4,498	9,389	66,436	(82,799)	64,607	62,583
Taxed service	-	-	3,264	-	-	-	-	-	-	3,264	4,323
Unbilled sales	-	-	958,987	-	-	-	-	-	-	958,987	754,443
Injunction supply	-	-	1,649	-	-	-	-	-	-	1,649	-
Collection Classification Process	-	-	(10,859)	-	-	-	-	-	-	(10,859)	92,269
Renegotiated amounts:											
Residential	-	-	33,444	124,818	21,678	8,552	11,801	47,644	(82,212)	165,725	97,206
Industrial	-	-	7,727	20,575	3,160	1,733	2,146	22,591	(32,521)	25,411	26,755
Commercial	-	-	15,085	99,948	5,453	2,560	4,006	18,926	(41,072)	104,906	82,830
Rural	-	-	7,355	25,785	3,341	1,555	1,445	4,547	(16,184)	27,844	22,498
Government (2)	-	-	25,800	346,286	38,244	769	285	7,452	(17,940)	400,896	390,717
Public lighting			4,591	44,479	511	182	-	22	(1,822)	47,963	22,295
Public utility	-	-	915	14,059	79	57	3,116	340	(3,865)	14,701	17,679
(-) Adjusted to present value (3)	-	-	(718)	(117,734)	-	-	-	-	-	(118,452)	(111,618)
Subtotal - receivables	**-**	**-**	**2,296,040**	**558,216**	**761,588**	**134,212**	**119,015**	**282,105**	**(548,198)**	**3,602,978**	**3,156,569**
Sales to concession operators - local currency (4)	-	-	328,033	-	-	-	-	34,589	(3,268)	359,354	75,568
Charge for using transmission and distribution system	-	-	4,635	-	258	-	-	9,716	(10,125)	4,484	1,655
Specialized Services	40,640	34,842	45,237	-	950	-	-	-	(2,259)	43,928	14,770
Decrease in use of the distribution system (5)	-	-	-	-	-	-	-	12,201	-	12,201	12,201
Energy sold to free clients	-	-	98,671	-	-	-	-	-	-	98,671	90,352
Others (6)	-	-	67,695	66,939	219,251	27,178	2,248	352,388	(23,274)	712,425	639,065
Total	**40,640**	**34,842**	**2,840,311**	**625,155**	**982,047**	**161,390**	**121,263**	**690,999**	**(587,124)**	**4,834,041**	**3,990,180**
Current	40,640	34,842								3,783,469	3,041,247
Noncurrent	-	-								1,050,572	948,933

(1) Maturities are scheduled for the 5th working day after the bills are delivered, except for government consumers who have 10 working days to pay.

(2) Adjustment recognized to present value on the debt of R$ 4,175 (R$ 12,926 in 2018), recorded in profit or loss for the period under other consolidated finance expenses, calculated by applying the annual CDI rate of 4.60% p.a. (6.60% p.a. In 2018).

(3) Net present value: calculated for renegotiated contracts without interest and/or those with an interest-rate of IPCA or IGPM. The annual average rate of CDI of 4.6% p.a. was used for discounting to present value (6.40% p.a. in 2018).

(4) Includes energy sold at the Electricity Commercialization Chamber - CCEE.

Breakdown of CCEE credits	Consolidated	
	2019	2018
Outstanding balances	328,033	43,963
Credits linked to court injunctions [a]	34,589	34,589
Sub-total credits CCEE [*]	**362,622**	**78,552**
(-) Energy acquisitions at CCEE	(456,126)	(157,619)
(-) System service charges	(3,257)	(31,628)
Total CCEE credits	**(96,761)**	**(110,695)**

(*) The sub-total of R$ 362,622 (R$ 78,552 in 2018) does not include the expected allowance for expected credit losses of R$ 3,264 (R$ 2,913 in 2018).

(a) Amounts linked to court injunctions that can be subject to change, depending on the outcome of the legal proceedings in progress. The subsidiaries ESE, EMG, ENF and ESS did not make a provision for expected possible loan losses referring to the balances bound to these injunctions, as they hold that the amounts will be received in full either from the borrowers judicially contesting the loans or from other companies which the CCEE specifies in the future.

(5) The amounts intended to restore the subsidiary EMT's revenue for providing the distribution grid to free consumers, generators and incentivized sources. For the remaining balance of R$ 12,201 (R$ 12,201 in 2018), recorded under noncurrent assets, suspended by injunction, the same amount is recorded against other accounts payable in the consolidated noncurrent liabilities.

(6) The item other includes ICMS on the use of the distribution system by free consumers of R$ 372,803 (R$ 260,330 in 2018), on energy demand recorded in noncurrent assets and which has been suspended under injunctions. The amounts have been charged to value-added tax on goods and Services - ICMS in taxes and social contributions (note 24), in consolidated non-current liabilities and includes service fees and other consumer receivables.

(7) The allowance for expected credit losses is made based on expected losses, using a simplified recognition approach, historic loss rates, future delinquency probability and management's best expectations. Except when the amounts are included in the provision for expected losses, Management does not envisage risks on realizing these credits.

See below the change in provisions:

Changes in provisions	2019	2018
Opening balance - current - 2018 and 2017	**605,063**	**388,025**
Balance of acquisition of the new business combination	220	170,936
Provisions recorded in the year	212,491	154,736
Write-off of electricity bills - uncollectible	(113,815)	(108,634)
Closing balance - current - 2019 and 2018	**703,949**	**605,063**
Allocation:		
Clients, consumers and concessionaires	587,124	493,192
Credit receivables (note 8)	75,220	71,175
Other receivables (note 13)	41,605	40,696
Closing balance	**703,949**	**605,063**

8. Credit receivables

	Parent company		Consolidated	
	2019	2018	2019	2018
Enforcement of PM securities of Cuiabá (1)	-	-	10,943	16,590
Municipality Securities (1)	-	-	67,780	65,763
Credit receivables (1.2 and 3)	76	222	45,972	47,125
Allowance for expected credit losses (1.2 and 3)	-	-	(75,220)	(71,175)
Adjusted present value (1.2 and 3)	-	-	(22,902)	(23,166)
Total	**76**	**222**	**26,573**	**35,137**
Current	76	144	16,116	20,031
Non-current	-	78	10,457	15,106

In 2019 the credits mature as follows:

	Parent company	Consolidated (*)
Invoice due dates	2019	2019
Overdue	-	6,982
2020	76	7,994
2021	-	8,038
2022	-	862
2023 onwards	-	77,917
Total	**76**	**101,793**

(*) Presented net of the net present value.

(1) Indirect subsidiary EMT

Enforcement of PM securities of Cuiabá – R$ 10,943 (R$ 16,590 in 2018):

(i) Government securities under proceeding (383/2001 - 3rd Lower Treasury Court – Cuiabá), filed against the municipality of Cuiabá, which resulted in order 13.699/2004/TJMT. The receivables of R$ 10,943 (R$ 16,590 in 2018) are in the process of receipt, and 42 installments have been received, there remaining 24 fixed installments of R$ 500, restated at the rate of 0.5% per month, and the last installment, no. 67, of R$ 183. Subsidiary management constituted the present value of R$ 11 (R$ 78 in 2018) at the average annual interest rate of CDI 4.60% p.a. (6.40% p.a. in 2018).

Other Municipal Government Securities:

Municipal Governments	2019	2018
Municipal Government of Alta Floresta (*)	3,042	1,025
Municipal Government of Cáceres	4,021	4,021
Municipal Government of Juscimeira	4,127	4,127
Water and sewage department of Várzea Grande - DAE VG	56,590	56,590
Total	**67,780**	**65,763**

(*) Includes net present value of R$ 16 for the tax credit right of Alta Floresta.

(ii) Consists of municipal government securities, where the securities were issued after the final legal conviction of the debtors, in accordance with the court order, in addition to payment requisitions to demand the municipalities pay debts related to electricity bill debits for the period July 1998 to June 2014 in the amount of R$ 67,780 (R$ 65,763 in 2018), payable from July 27, 1998. The amount was transferred from clients, consumers and concession operators and the evidentiary stages in all cases have finished, and all cases are final and unappealable. R$ 64,738 (R$ 65,763 in 2018) of this amount has been provisioned for.

(2) Credit receivables:

Indirect subsidiary EMT

Acquisition of carbon credits on July 16, 2008 from Companhia Técnica de Comercialização de Energia, with a balance in December 2019 of R$ 1,625 (R$ 1,625 in 2018), which have been completely provisioned for.

Indirect subsidiary ESS:

(i) In 2003 the subsidiary ESS acquired R$ 44,034 (R$ 44,034 in 2018) non-tax credits arising from an award against the Federal Government in proceedings seeking a right to offset federal taxes and contributions recognized under a *res judicata* court decision. These credits are under dispute in proceedings brought by the party holding credit rights against the Federal Government. The indirect subsidiary brought these proceedings with an claim for assistance which was rejected by the first instance court for purely procedural reasons. An appeal was brought against the decision which is pending adjudication by the Federal Court of the 1st Region. Following their accession to the Special Tax Financing Program (PAEX) on 12/15/2006 under Provisional Measure 303/2006, the subsidiary ESS withdrew from their claim to offset those credits but remain party to the proceedings to seek recognition of their credit rights. The realization of these credits depends on a successful outcome from the proceedings, the probability of which has been rated as "possible" by the Company's legal advisers. Management recognized a provision for impairment losses of this asset, recorded as a deduction to consolidated credits receivable of R$ 21,400 (R$ 21,400 in 2018) and R$ 22,633 (R$ 22,633 in 2018) in the item adjusted to present value.
(ii) Includes the collection arrangement, mutual use of poles and other items amounting to R$ 3,231 (R$ 8,299 in 2018). The subsidiary has a mutual pole use recoverable loss of R$ 762 (R$ 762 in 2018).
(iii) Consists of municipal government securities of R$ 852 (R$ 684 in 2018), which were issued after the debtors had been convicted by the highest courts. The subsidiary recorded an impairment loss for government securities of R$ 290 (R$ 290 in 2018).

Indirect subsidiary ETO:

The indirect subsidiary ETO recorded the amount of R$ 11,466 (R$ 12,496 in 2018) as follows:

(i) R$ 8,088 (R$ 9,135 in 2018) denotes municipal government securities, which after the final legal conviction of the debtors the securities were issued, in accordance with the court order, in addition to payment requisitions to demand the municipalities pay debts related to electricity bill debits.

All the cases have had the evidentiary stages completed, and are final and unappealable, as a consequence the municipal securities were formed as follows:

Municipal Governments	12/31/2019	12/31/2018
Paraíso	1,527	2,358
Taguatinga	3,945	4,601
Divinópolis	258	442
Miranorte	386	699
Porto Nacional	651	651
Sitio Novo	771	-
Santa Fé do Araguaia	260	-
Others	290	384
Total	**8,088**	**9,135**

The subsidiary recorded an impairment loss for R$ 2,227 (R$ 1,283 in 2018).

(ii) Includes R$ 3,029 (R$ 3,126 in 2018) includes overdue unpaid electricity bill credits resulting from the collection proceeding filed against the debtor Itafós Mineração S/A, accepted by the courts and made final and unappealable, where the credits were fully qualified in the case records of the Extrajudicial Reorganization Proceeding of the debtor 0000459-40.2016.827.2709, ratified on August 29, 2016, and in progress before the 1st Civil Court of Arraias – TO and the amount of R$ 349 (R$ 235 in 2018) for other receivables.

Management of the subsidiary ETO made a provision for impairment of R$ 13 and provision for adjusted to present value of receivable credit securities in the amount of R$ 137 (R$ 455 in 2018) recorded under other financial expenses in the consolidated income statement for the year.

(3) Parent Company and other subsidiaries:

(i) At the parent company the amount of R$ 76 and (R$ 222 in 2018) denotes receivables from Raizen do Brasil and R$ 6,088 (R$ 1,665 in 2018) denotes other receivables from third parties of the subsidiaries CTCE, EPB, EMG, ESE, Dinâmica and ERO.
(ii) In the year the subsidiary EMG recorded an impairment loss for Manhuaçu municipal government securities of R$ 746 (R$ 748 in 2018).
(iii) In the period the subsidiary ERO recorded an impairment loss of R$ 4,819 and net present value of R$ 105.

9. Dividends receivable

Subsidiaries	Parent company	
	2019	2018
Energisa Mato Grosso - Distribuidora de Energia S/A	-	42,445
Denerge Desenvolvimento Energético S/A	-	53,486
Energisa Nova Friburgo Distribuidora de Energia S/A	1,289	1,289
Energisa Comercializadora de Energia Ltda.	9,025	4,471
Energisa Borborema Distribuidora de Energia S/A	-	247
Energisa Planejamento e Corretagem de Seguros Ltda	274	-
Dinâmica Direitos de Créditos S/A	26	-
Total Current Assets	**10,614**	**101,938**

10. Recoverable taxes

	Parent company		Consolidated	
	2019	2018	2019	2018
Value Added Tax on Sales and Services - ICMS	-	-	306,481	270,539
Corporate Income Tax – IRPJ	129,283	100,897	695,985	606,324
Social Contribution on Net Income -CSLL	4,221	6,663	167,575	162,289
PIS and COFINS Contributions	1,567	1,309	152,300	111,555
Effects of reducing ICMS on the PIS and Cofins calculation base (*)	-	-	665,780	-
Other	193	171	55,318	42,416
	135.264	**109,040**	**2,043,439**	**1,193,123**
Current	99,837	88,855	1,021,209	925,676
Non-current	35,427	20,185	1,022,230	267,447

(*) In the year the subsidiaries EPB, EBO and ETO recorded recoverable PIS and COFINS credits of R$ 665,780, with R$ 389,900, R$ 63,176 and R$ 212,704 respectively as a result of ICMS being removed from the calculation base after their legal cases were made final and unappealable, calculated based on Management's best estimate. The amounts have been duly restated according to the variance of the Selic interest rate. The subsidiaries will establish tax credit recovery procedures in accordance with the legal regulations as soon as their calculations are complete, as per note 30.

The other items denote tax credits on negative balances of income and social contribution taxes, ICMS on the acquisition of intangible assets/property, plant and equipment and overpayments of taxes and contributions, which will be recovered or offset against taxes in future periods, in due accordance with the applicable existing tax legislation.

11. Readjustments, Rate Reviews and other regulatory matters - consolidated

11.1. Rate adjustments:

The rates are adjusted annually and the concession operator's revenue is divided into two portions: Parcel A (consisting of non-manageable expenses) and Parcel B Portion (efficient operating costs and capital costs). The annual rate adjustment aims to pass through uncontrollable costs and to monetarily restate controllable costs.

The subsidiaries' rates have been readjusted as follows:

Distribution company	Ratifying Resolution	Average effect to be faced by (%)	Valid from
ESS	Resolution 2,570, issued 7/9/2019	1.30%	7/12/2019
EMG	Resolution 2,561, issued 6/18/2019	6.73%	6/22/2019
EBO	Resolution 2,512, issued 1/29/2019	4.36%	2/4/2019
ENF	Resolution 2,560, issued 6/18/2019	9.26%	6/22/2019
EPB	Resolution 2,596, issued 8/20/2019	4.27%	8/28/2019
ETO	Resolution 2,567, issued 7/2/2019	-0.33%	7/4/2019
ESE	Resolution 2,531, issued 4/16/2019	2.80%	4/22/2019
EMT	Resolution 2,527, issued 4/2/2019	11.29%	4/8/2019
EMS	Resolution 2,525, issued 4/2/2019	12.39%	4/8/2019
ERO (*)	Resolution 2,648, issued 12/10/2019	0.11%	12/13/2019
EAC (*)	Resolution 2,649, issued 12/10/2019	-4.24%	12/13/2019

(*) As stated in the notice of auction 02/2018, at which ERO and EAC were acquired ERO and EAC, Energisa Group requested ANEEL provide the Extraordinary Rate Review for these distribution companies. However, this request was denied by the Regulatory Agency, and only the Annual Rate Adjustment was ratified. Management of the subsidiaries filed an application to have Aneel's position changed.

11.2. Rate reviews:

The subsidiaries' periodic rate reviews take place: (i) every four years at EBO, EPB and ETO, and (ii) every five years at ESE, EMT, EMS, EMG, ENF, ESS(*), ERO and EAC.

In this process ANEEL recalculated the rates according to the changes in the structure of the concession operators' costs and sales, in order to foster the efficiency and affordability of the rates. The adjustments and reviews are rate restatement mechanisms, both stipulated in the concession agreement. The concession operators may also request an extraordinary review whenever an event causes a significant economic and financial imbalance in the concession.

The rate adjustments in force have been summarized below:

Distribution company	ANEEL Ruling	Average effect on consumers (%)	Valid from
ESS (*)	Resolution 2,071, issued 5/3/2016	-0.94%	5/10/2016
CFLO (*)	Resolution 2,095, issued 6/21/2016	-16.48%	6/29/2016
CNEE (*)	Resolution 2,073, issued 5/3/2016	-0.37%	5/10/2016
EBO	Resolution 2,200, issued 1/31/2017	0.43%	2/4/2017
EDEVP (*)	Resolution 2,072, issued 5/3/2016	1.69%	5/10/2016
EEB (*)	Resolution 2,074, issued 5/3/2016	1.84%	5/10/2016
EMG	Resolution 2,092, issued 6/21/2016	2.16%	6/22/2016
EMS	Resolution 2,380, issued 4/3/2018	9.87%	4/8/2018
EMT	Resolution 2,379, issued 4/3/2018	11.53%	4/8/2018
ENF	Resolution 2,091, issued 6/21/2016	8.86%	6/22/2016
EPB	Resolution 2,291, issued 8/22/2017	14.55%	8/28/2017
ESE	Resolution 2,387, issued 4/17/2018	11.30%	4/22/2018
ETO	Resolution 2,105, issued 6/28/2016	12.81%	7/4/2016
ERO (**)	Resolution 1,657, issued 11/26/2013	13.17%	11/30/2013
EAC (**)	Resolution 1,655, issued 11/26/2013	10.73%	11/30/2013

(*) As of June 30, 2017 ESS, took over CFLO, CNEE, EDEVP and EEB. By way of Authorizing Resolution 6318 and Ratifying Resolution 2271 issued June 11, 2017, ANEEL approved the first rate adjustment index of Energisa Sul Sudeste, which had a single rate. As the distribution companies used to have different rates, the average increase felt by consumers in the new concession grouped in this first year was differentiated.

(**) The Extraordinary General Meeting held October 31, 2019 approved the changes to the names of Centrais Elétricas de Rondônia S/A (CERON) and Companhia de Eletricidade do Acre (ACRE) to the following: Energisa Rondônia – Distribuidora de Energia S/A (ERO) and Energisa Acre – Distribuidora de Energia S/A (EAC), respectively.

11.3. Extraordinary Rate Review

On March 26, 2019 ANEEL Resolution 2523 approved the extraordinary review that affected the direct subsidiaries EBO, ERO and EAC, due to early termination of the payment of the CDE ACR account quota. The new amounts are effective from April 01, 2019, thereby affecting the sector financial assets and liabilities of the direct subsidiaries.

Distribution company	ANEEL Ruling	Average effect on consumers (%)	Valid from
ERO [(1)]	Resolution 2,524, issued 3/26/2019	17.87%	4/1/2019
EBO [(2)]	Resolution 2,523, issued 3/26/2019	1.75%	4/1/2019
EAC [(2)]	Resolution 2,523, issued 3/26/2019	18.13%	4/1/2019

[(1)] On 3/26/2019 the subsidiary ERO suffered an average decrease of 7.4% in its electricity rates, resulting in a decrease in the average readjustment rate (approved in December 2018) from 25.34% to 17.87%.

[(2)] On 3/26/2019 the subsidiaries EBO and EAC experienced an average reduction of 2.5% and 2.6%, respectively, in their electricity rates, due to the deduction of the portion of the loan from the ACR account, in the Energy Development Account – CDE and adjustments to the portions of other CDE items (CDE USO and CDE Decree), resulting in a decrease to the average readjustment rate at EBO of 4.36%, approved in January 2019, to 1.75% and 21.29% at EAC, approved in December 2018, to 18.13%.
Pursuant to the Concession Agreements of Energisa Rondônia and Energisa Acre, the Companies submitted an application 12 months in advance for an Extraordinary Rate Review in replacement of the annual adjustment which was to take place on December 13, 2019. The Aneel Collegiate Board denied the application on October 15, 2019. Aneel is currently analyzing the administrative claims to have this decision reviewed.

11.4. Rate flags:

From 2015 energy bills will start using the Rate Flag System.

The rate flags are used to inform consumers of the electricity generation conditions in the National Interconnected Grid - SIN by including a surcharge in the Energy Rate - TE.

The rate flag system consists of:
Green rate flag
Yellow rate flag
Red rate flag, segregated into Tiers 1 and 2

The green rate flag signals favorable energy generation conditions, with no surcharge.

The Yellow Rate Flag signals less favorable generation conditions. The rate rises R$ 1.00 for each 100 kilowatt-hours (kWh) consumed in the month. From June 2019 the rate increase changed to R$ 1.50 for every 100 kilowatt-hours (kWh). In November 2019 it changed to R$ 1.34 for each 100 kilowatt-hour (kWh).

The Red Rate Flag signals costlier energy generation conditions. This flag is split into the following two tiers:

Tier 1: a rate of R$ 3.00 for each 100 kilowatt-hours (kWh) consumed in the month; From June 2019 the rate increase changed to R$ 4.00 for every 100 kilowatt-hours (kWh). In November 2019 it changed to R$ 4.16 for each 100 kilowatt-hour (kWh).

Tier 2: a rate of R$ 5.00 for each 100 kilowatt-hours (kWh) consumed in the month. From June 2019 the rate increase changed to R$ 6.00 for every 100 kilowatt-hours (kWh). In November 2019 it changed to R$ 6.24 for each 100 kilowatt-hour (kWh).

By way of Ratifying Resolution 2551, effective from June/2019, on May 21, 2019 ANEEL approved the change to the values of the Yellow and Red Rate Flags - Level 1 and Level 2, as mentioned above.

By way of Ratifying Resolution 2,628, effective from October 22, 2019, ANEEL changed the values of the Yellow and Red Rate Flags - Level 1 and Level 2, from November, as mentioned above.

In 2019 and 2018, the rate flags were in force as follows:

	2019	2018
January	Green	Green
February	Green	Green
March	Green	Green
April	Green	Green
May	Yellow	Yellow
June	Green	Red Level 2
July	Yellow	Red Level 2
August	Red Level 1	Red Level 2
September	Red Level 1	Red Level 2
October	Yellow	Red Level 2
November	Red Level 1	Yellow
December	Yellow	Green

11.5. Other regulatory issues - overpurchasing:

Overpurchasing by the Energisa Group distribution companies is primarily due to the obligation imposed on electricity concession operators to acquire energy at the 2015 A-1 auction in 2015 and the migration of special clients to the Free Contracts System (ACL).

Regardless of their requirement, electricity distribution companies in Brazil are subject to the mandatory acquisition of at least 96% of their Replacement Amounts in the last auction of 2015, where failure to comply with this rule will constitute risks outside the agents' management, including the imposition of losses on the subsidiaries, electricity distribution companies due to an activity that does not compensate (energy acquisition).

Due to the worsening economic recession and falling income levels and consequently the demand met by distribution agents, the Concession Authority issue Decree 8828/16, changing the obligation to acquire the minimum mandatory amount for future auctions, when not necessary. In respect of the past, the matter continues to be discussed and analyzed with the agents.

Similarly, in relation to the migration of special clients from the captive market to the free market ANEEL changed the regulations permitting the returning to them of the corresponding energy as from the A-1 auction in 2016. As it is not possible to reduce the existing contracts as this possibility was not clear for the winner in the notice of the previous auctions, these surpluses have to be recognized as involuntary.

Energisa Group accordingly appealed to ANEEL to have this overcontracting recognized as involuntary, thereby countering the losses of the electricity distribution subsidiaries. At an Executive Board meeting held April 25, 2017, ANEEL determined that each distribution company's involuntary contracting be assessed individually, considering the maximum effort to achieve the contractual coverage level, as established in Normative Resolution 453/2011. Note that the administrative proceedings opened by the electricity companies have not been resolved by ANEEL.

The Group's gain amounts to R$ 4,495 (R$ 4,495 in 2018) which will be offset.

In recent years, Energisa Group made every effort and used the available mechanisms, such as participating in the Monthly Surplus and Deficit Offsetting Mechanism (MCSD) and Energia Nova, and the performing of bilateral agreements with generators to keep within the regulatory limit (between 100% and 105%) during the year.

12. Consolidated sector financial assets and liabilities

Denote assets and liabilities dating from temporary differences between the ratified costs of the A Parcel and other financial components, which are included in the rate at the start of the rate period and those which are effectively incurred throughout the period the rate is in force. The amounts are realized when other rate periods come into force or the concession is terminated with calculated unrecovered balances, which will be included in the compensation base.

The recognized amounts of sector financial regulatory assets and liabilities were charged to revenue from the sale of goods and services.

The contractual amendments issued by ANEEL guarantee that the CVA amounts and other financial item shall be incorporated into the compensation calculation upon termination of the concession.

The electricity distribution subsidiaries recorded the changes in these costs as sector financial assets and liabilities, as shown below:

Financial sector assets	Balance in 2018	Operating Revenue		Financial Income/ Loss		Balance in 2019	Amounts undergoing amortization	Amounts being recorded	Current	Noncurrent
		Addition	Amortization	Yield	Transfer					
Items of A Parcel (1)										
Electricity purchased for resale	1,575,318	309,793	(1,299,824)	30,428	(29,728)	585,987	340,506	245,481	492,061	93,926
Transportation of electricity to national grid	53,496	109,660	(48,353)	1,568	(2,722)	113,649	23,704	89,945	78,163	35,486
Alternative Energy Sources Incentive Program - PROINFA	3,900	22,138	(12,974)	492	-	13,556	13,093	463	13,426	130
Transportation of electric power - Itaipu	10,116	10,946	(8,499)	327	(15)	12,875	3,665	9,210	9,915	2,960
System Service Charges - ESS (2)	-	(2,500)	-	(150)	2,650	-	-	-	-	-
Energy Development Account - CDE	118,223	105,765	(104,736)	5,093	(8,354)	115,991	49,490	66,501	94,250	21,741
Financial components										
Neutrality of A Parcel (3)	14,884	13,764	(2,749)	358	(20,403)	5,854	1,485	4,369	3,745	2,109
Over-purchased electricity (4)	176,995	35,091	(173,368)	744	(26,056)	13,406	4,515	8,891	5,927	7,479
CUSD	8,965	(2,921)	(7,637)	(163)	2,325	569	425	144	546	23
Financial guarantees (8)	4,614	4,577	(4,188)	152	(506)	4,649	1,563	3,086	3,497	1,152
Submarket exposure (6)	150,923	346,114	(180,617)	11,484	30	327,934	154,183	173,751	276,937	50,997
Recoverable Balance (9)	25,978	26,236	(17,832)	(4,622)	(24,184)	5,576	2,435	3,141	4,150	1,426
Designated RGRs (7)	672,776	(5,501)	-	28,294	-	695,569	-	695,569	-	695,569
Other financial items (10)	11,626	177,940	(16,607)	10,862	9,534	193,355	192,679	676	193,006	349
Total Assets	**2,827,814**	**1,151,102**	**(1,877,384)**	**84,867**	**(97,429)**	**2,088,970**	**787,743**	**1,301,227**	**1,175,623**	**913,347**

Financial sector liabilities	Balance in 2018	Operating Revenue		Financial Income/ Loss		Balance in 2019	Amounts undergoing amortization	Amounts being recorded	Current	Noncurrent
		Addition	Amortization	Yield	Transfer					
Items of A Parcel (1)										
Electricity purchased for resale	13,048	19,212	-	474	(29,728)	3,006	-	3,006	154	2,852
Transportation of electricity to national grid	7,240	3,714	(6,870)	149	(2,722)	1,511	1,511	-	1,511	-
Transportation of electric power - Itaipu	195	-	(180)	-	(15)	-	-	-	-	-
System Service Charges - ESS (2)	632,275	253,735	(544,937)	11,469	2,650	355,192	171,818	183,374	288,601	66,591
Energy Development Account - CDE	18,229	25,336	(16,630)	(475)	(8,354)	18,106	11	18,095	1,554	16,552
Financial components										
Neutrality of parcel A (3)	63,443	108,654	(81,277)	2,465	(20,403)	72,882	29,566	43,316	56,737	16,145
Over-purchased electricity (4)	295,880	252,100	(222,490)	9,316	(26,056)	308,750	206,696	102,054	267,220	41,530
Rate Returns (5)	139,662	108,418	(25,180)	8,660	-	231,560	19,418	212,142	19,418	212,142
CUSD	89	815	(1,200)	38	2,325	2,067	1,960	107	2,016	51
Submarket exposure (6)	3	(10)	-	(1)	30	22	-	22	-	22
Security	-	490	-	16	(506)	-	-	-	-	-
Recoverable Balance (9)	30,959	50,024	(19,115)	(11,485)	(24,184)	26,199	14,703	11,496	22,036	4,163
Other financial items (10)	37,407	2,419	(49,221)	(6)	9,534	133	133	-	133	-
Total Liabilities	**1,238,430**	**824,907**	**(967,100)**	**20,620**	**(97,429)**	**1,019,428**	**445,816**	**573,612**	**659,380**	**360,048**
Net balance	**1,589,384**	**326,195**	**(910,284)**	**64,247**	**-**	**1,069,542**	**341,927**	**727,615**	**516,243**	**553,299**

(1) **Recoverable non-manageable rates of the Parcel A - (CVA)**: Interministerial Ordinance 25, issued January 24, 2002 by the Ministries of State Finance and Mines and Energy, established the Compensation Account for Parcel A Variation - CVA", as the account for recording negative or positive changes in costs occurring in the period between annual rate adjustments, relating to the items established in the electricity distribution concession agreements. These changes are determined as the difference between the expense effectively incurred and the expenses estimated when the rate is established in the annual rate adjustments. The amounts included in the CVA are restated monetarily based on the Selic base interest rate. Includes R$ 55,916 consisting of the returned remaining balance of the ACR account, which will be returned in the next rate adjustment to the end consumer.

(2) **System Service Charges - ESS**: denotes a charge intended to cover the system service costs, which includes auxiliary services provided by users of the National Interconnected Grid - SIN.

(3) **Neutrality of the "A" Parcel**: denotes the neutrality of sector charges in the rate, determining the monthly differences between the amounts billed and the amounts included in the rates.

(4) **Pass-through of energy overcontracting (surplus energy)**: by way of the regulated energy contracts, distribution companies should ensure the entire market demand is met. Purchases greater than or lower than this parameter will result in ANEEL applying the rate of review and adjustment processes to determine the cost of passing through the acquisition of the excess amount contracted, limited to 5% in relation to the annual regulatory supply charge of the distribution company and the energy cost regarding exposure to the spot market.

(5) **Rate returns:** denotes revenue from surplus demand and surplus reactive energy revenue earned as from the 4th Cycle of the Periodical Rate Reviews (4CRTP), from November 2017, appropriated in sector financial liabilities and restated monthly by applying the variance of the SELIC and to be amortized as from commencement of the 5th periodical rate review cycle (5CRTP).

(6) **Submarket exposure:** denotes the financial gain deriving from differences between the Difference Settlement Price (PLD) as a result of energy transfers between submarkets.

(7) **Designated RGR –** in July 2016, the 165th Extraordinary General Meeting – AGE of Eletrobrás, resolved not to extend the public electricity distribution concessions held by the Company. In light of this, the Ministry of Mines and Energy - MME published Ordinance 388/2016, which defined the terms and conditions for providing the temporary public service and designated the Company as a temporary public distribution service provider, entitling it to RGR funds to operate, incurring interest at the rate of 111% of SELIC. By way of official notice 242 issued in June 2018, ANEEL determined that the new concession operator is entitled to receive RGR contribution funds via rates, subject to the regulatory agency's approval. The Company created a Regulatory Asset to the same amount of the payments received by November 2018. Signed on December 6, 2018, concession agreement 003/2018 states that RGR funds received will be paid monthly, in equal payments, between the month following the month of the first ordinary review and the completion of the concession agreement.

The Company bid 21% for ERO and 31% for EAC, with a discount on the debit balance of the RGR loans of R$ 169,205, with R$ 101,038 and R$ 52,454, respectively secured by 2018 as per the auction notice.

(8) **Financial Guarantees:** pass-through of costs deriving from the settlement and custody of financial guarantees established in the contracts addressed in article 15 (generation distributed by public order), art. 27 (CCEAR of new and existing energy auctions) and art. 32 (adjustment auctions) of Decree 5163/2004.

(9) **Balance offsettable of the CVA of the previous cycle:** pursuant to article 3 (4) of Interministerial Ordinance MME/MF 25/2002, we found that the balance of the CVA being process included in the rate process was effectively offset, taking into account the changes occurring between the electricity market used to define this rate process and the market verified in the 12 months of the offsetting, in addition to the difference between the projected interest rate and the actual Selic base interest rate.

(10) **Other financial items:** this includes the other nonrecurrent specific financial items of the distribution companies, such as Reversal of the financial RTE2015, Eletronuclear Differential, DIC/FIC Offsetting Pass-through. In March 2019 the Company recognized under Other Financial Items the amount of R$ 2,435 included in the column "addition", denoting the reimbursement of funds paid by the public electricity distribution service concession operators (Law 12111 issued December 9, 2009) as stated in Official Circular 210/2018-SFF/ANEEL.

13. Other accounts receivable

	Parent company		Consolidated	
	2019	2018	2019	2018
Low-income Subsidy [1]	-	-	72,740	68,727
Service orders in progress - PEE and R&D	-	-	204,134	147,378
Service orders in progress - other	-	-	20,759	15,218
Deactivation orders in progress	-	-	6,336	6,507
Expenses to be reimbursed - ODR	-	-	1,377	1,512
Advances to suppliers and employees	866	610	78,767	46,593
CDE subsidy - rate discount [2]	-	-	136,688	178,121
Banco Daycoval [3]	-	-	176,791	176,791
Provision for losses Banco Daycoval [3]	-	-	(176,791)	(176,791)
Other credits receivable - CELPA [4]	-	-	90,106	80,581
(-) Net present value - CELPA [4]	-	-	(29,635)	(27,808)
Subrogation of CCC [5]	-	-	19,909	24,316
Low income standard	-	-	3,260	3,264
Advance for post-employment benefits	-	-	8,704	8,704
Credits receivable Banco Pine	-	-	1,663	1,663
Prepaid expenses	12,705	8,257	65,771	61,325
Accounts receivable from sale of generation companies [6]	62,020	62,020	62,020	62,020
Credits receivable from third parties [7]	-	-	53,603	39,284
Credits receivable from Eletrobrás – LPT [8]	-	-	18,365	45,391
Provision for credits receivable from third parties	-	-	(13,138)	(11,719)
Credits receivable from Tocantins state [9]	-	-	-	50,343
(-) Provision for adjustment to realizable value of credits receivable [9]	-	-	-	(40,000)
Acquisition of fuel via CCC account [10]	-	-	99,069	55,162
Reinvestment deposit - tax incentives	-	-	8,539	8,049
Advances – Inergus [11]	-	-	68,914	58,089
CCC total generation cost – Law 12111/2009 [12]	-	-	66,310	244,971
Capitalization pass-through ERO and EAC [13]	-	109,604	-	-
CCC Credits – ICMS receivable EAC [14]	-	-	55,817	-
Other [*]	26,102	16,181	81,458	37,894
Total	**101,693**	**196,672**	**1,181,536**	**1,165,585**
Current	39,673	25,049	873,156	921,242
Non-current	62,020	171,623	308,380	244,343

(*) This includes R$ 674 (R$ 706 in 2018) at the parent company denoting related-party transactions for endorsement commission services provided and in the consolidated statement R$ 41,605 (R$ 40,696 in 2018) consisting of the allowance for expected credit losses.

(1) These low-income subsidy credits consist of the subsidy for the low-income residential sector with monthly consumption of under 220 kWh, subject to certain requirements being met. This revenue is paid for with funds from the RGR – Global Reversal Reserve and the CDE – Energy Development Account, both administrated by CCEE. The outstanding balances consist of provisions for November and December/2019, which management does not expect to incur losses on.

See the changes occurring in the year:

Low-income subsidy	EMG	ENF	ESE	EPB	EBO	EMT	ETO	EMS	ESS	ERO	EAC	Total
Consolidated balances in 2017	**4,310**	**299**	**11,346**	**10,964**	**2,326**	**12,524**	**6,831**	**5,973**	**4,084**	**-**	**-**	**58,657**
Acquisition balance	-	-	-	-	-	-	-	-	-	2,357	12,191	**14,548**
Low-income subsidy	16,837	1,679	47,563	88,655	9,270	43,306	36,796	36,340	18,808	2,181	2,309	**303,744**
Reimbursement realized via CCEE	(16,887)	(1,645)	(50,059)	(89,168)	(9,785)	(46,999)	(36,530)	(34,420)	(18,446)	(1,157)	(3,126)	**(308,222)**
Consolidated balances in 2018	**4,260**	**333**	**8,850**	**10,451**	**1,811**	**8,831**	**7,097**	**7,893**	**4,446**	**3,381**	**11,374**	**68,727**
Low-income subsidy	17,458	1,922	47,862	95,452	9,461	43,494	40,276	39,581	19,213	18,148	13,959	346,826
Reimbursement realized via CCEE	(17,236)	(1,915)	(48,256)	(89,768)	(9,532)	(44,018)	(40,399)	(39,865)	(19,327)	(18,329)	(14,168)	(342,813)
Consolidated balances in 2019	**4,482**	**340**	**8,456**	**16,135**	**1,740**	**8,307**	**6,974**	**7,609**	**4,332**	**3,200**	**11,165**	**72,740**

(2) The CDE subsidy balance - Rate Discount denotes funds transferred to the concession operators authorized by the federal government to cover the CDE subsidy for discounts to rates applicable to the users of the public electricity distribution service. The amounts are recognized monthly according to benefits passed through to consumers and charged to the statement of income for the year - operational revenue, while

CCEE reimbursements take place in monthly payments calculated at the start of each year. The balances denote subsidies incurred, less payments received. Differences are included in the annual calculations. After ANEEL validation, the balances presented will be reimbursed over the course of the following year.

See the changes occurring in the year:

CDE Subsidiary	EMG	ENF	ESE	EPB	EBO	EMT	ETO	EMS	ESS	ERO	EAC	Total
Consolidated balances in 2017	**16,203**	**747**	**3,466**	**19,155**	**3,998**	**74,710**	**11,797**	**27,836**	**21,339**	**-**	**-**	**179,251**
Acquisition balance	-	-	-	-	-	-	-	-	-	13,781	7,430	21,211
Rate discount due to Irrigation and Rural subsidy	59,336	2,622	44,205	88,923	9,746	283,836	65,480	153,120	98,685	12,973	(6,319)	812,607
Reimbursement realized via CCEE	(65,341)	(2,995)	(46,018)	(81,902)	(14,148)	(304,104)	(64,413)	(153,857)	(99,665)	(5,246)	2,741	(834,948)
Consolidated balances in 2018	**10,198**	**374**	**1,653**	**26,176**	**(404)**	**54,442**	**12,864**	**27,099**	**20,359**	**21,508**	**3,852**	**178,121**
Rate discount due to Irrigation and Rural subsidy	55,735	4,048	44,525	89,625	8,397	283,960	73,552	164,698	112,470	77,481	15,932	930,423
Reimbursement realized via CCEE	(58,053)	(3,831)	(44,223)	(98,714)	(8,061)	(298,746)	(71,898)	(171,548)	(102,908)	(94,677)	(19,199)	(971,857)
Consolidated balances in 2019	**7,880**	**591**	**1,955**	**17,087**	**(68)**	**39,656**	**14,518**	**20,249**	**29,921**	**4,312**	**585**	**136,688**

The subsidiaries EMG, ENF, ESS and EMS on September 2, 2015 claimed the right to monthly offset the CDE and low-income subsidies receivable against the CDE amounts payable to CCEE - Electricity Trading Chambers (the fund used to be managed by Eletrobrás). Through December 2018, R$ 92,119 was accordingly offset and reimbursed as the CDE subsidy and R$ 24,295 as the low-income subsidy. The offsetting was completed in December 2018.

(3) Banco Daycoval – denotes the amounts transferred by Banco Daycoval S.A. to the current account of Rede Energia Participações S.A on February 28, 2012 to settle outstanding debts, as justified by the Financial Institution. Management of the subsidiaries EMT, ESS and EMS consider these transfers improper and have filed suit to recover this amount. The balance has been provisioned for as this is a contingent asset, as its realization will only be confirmed as a result of uncertain future events occurring or not, which are not under the subsidiaries' management control.

(4) Credits receivable from Celpa are amounts that Rede Energia and the indirect subsidiaries EMT, ETO, EMS, ESS and Multi Energisa have receivable against Centrais Elétricas do Pará S.A. – CELPA, resulting from related-party transactions, up to the date of sale to Equatorial Energia S/A on September 25, 2012. The intercompany credits will be partially assumed by Rede Power do Brasil S/A, to the extent this is worthwhile, which will be liable to the related parties for the portion of the credit assumed and will be offset. Around 69% of the total balance was assumed by Rede Power do Brasil S/A and the remainder began to be paid in semi-annual payments on September 30, 2019, ending in September 2034.

(5) Subrogation to CCC - the subsidiary EMT was classified in the subrogation of the right to use the Fuel Consumption Account - CCC due to the implementation of electricity ventures that led to a decrease in the CCC expense, which helped secure rates for end consumers. The following ventures with outstanding receivables were approved to calculate the benefit:

Project	Status	Amount invested	Amount subrogated	Received	Receivable 2019	Receivable 2018
Sapezal / Comodoro Transmission System	in service	36,225	32,254	16,050	16,204	19,019
Rondolândia Transmission System	in service	10,203	4,613	4,574	39	1,154
Paranorte Transmission System	in service	6,697	4,915	1,248	3,666	4,143
Total		**53,125**	**41,782**	**21,872**	**19,909**	**24,316**
Current (Principal)					5,481	10,414
Noncurrent (Principal)					14,428	13,902

(6) Accounts receivable for generation company sales denotes the amount Energisa is entitled to receive R$ 113,500 from the selling of its electricity generation assets relating to additional price adjustments subject to other conditions precedent under the purchase and sale agreements signed with the buyer. Receipt of this amount is part of an arbitration proceeding filed by the Company against the buyer, in which the company understands its contractual rights will be upheld.

The Company has estimated the dispute to be worth R$ 51,480, an amount Energisa has charged to income from discontinued operations in the financial year ended December 31, 2016.

Receipt of this amount is part of an arbitration proceeding filed by the Company against the buyer, with a probable chance of realization.

(7) Denotes third-party credits for mutual use of a pole and sale of scrap.

(8) Credit receivable from Centrais Elétricas Brasileiras S/A:

a. In the financial year ended December 31, 2018 the subsidiary ETO recognized credits receivable of R$ 16,166, referring to the final releases of Tranches 4 and 5 of the economic subsidy under the Light for All Program established in Contract ECFS-343/2013 entered into on 12/19/2013 with Eletrobrás, given the completion of the account provision process, where the funds come from the Energy Development Account (CDE), and are intended for full application in the Program, charged to obligations related to the public electricity service concession and permission. In the financial year ended December 31, 2019 the subsidiary ETO wrote off the entire receivable against the item Obligations Related to the Concession.

b. The subsidiary EMT has credits receivable from Centrais Elétricas Brasileiras S/A – Eletrobrás, under Contract ECFS-348/2014, signed on August 7, 2014. The amount concerns the final releases of tranche 6 of the economic subsidy established by this instrument, where the funds come from the Energy Development Account (CDE), and are intended for full application in the Light for All Program, charged to Obligations related to the public electricity service concession and permission.

(9) Credits receivable from state of Tocantins for receivables the subsidiary ETO has against the Tocantins state government, as follows:

	2019	2018
Principal	95,561	95,561
Monetary restatement – IGPM	75,090	76,589
Amortization - Dividends	(124,315)	(88,744)
Amortization - Shares	(33,063)	(33,063)
Reversal of the amount against the item obligations related to the concession	(13,273)	-
Total	**-**	**50,343**
(-) Provision for adjustment to realizable value of credits receivable	-	(40,000)
Total noncurrent	**-**	**10,343**

- **Reluz Tocantins Program:** on June 24, 2010 the State Government entered into a financing agreement with the subsidiary ETO, as authorized by Law 2305 issued March 24, 2010. This contract entails financing of R$ 82,423 from the State government for ETO and the delivery by the subsidiary of the works and services necessary to implement the Reluz Tocantins Program. ETO delivered all the works and services under the Reluz Program and received the approval of the program's finalization by Eletrobrás via letter CTA-DF-5975/2013 dated September 11, 2013. The balance receivable under this contract was completely settled on October 4, 2019, and payments made by withholding dividends and the payment in kind by transferring 9% of the shares.

- **Arrangement 028/2008** - arrangement made to implement 125 km of transmission lines interconnecting Tocantinópolis and Xambioá. The accounting for completion of the works was submitted to the state government by way of correspondence CE – 003/2012-DFC, dated February 29, 2012. This balance was fully written off in 2019.

(10) Acquisition of CCC account fuel - the subsidiary EMT has balances receivable under the Fuel Consumption Account - CCC where by way of Technical Note 01/2018-SFF issued January 3, 2018 and 36/2019-SFF issued March 12, 2019 ANEEL detailed the methodology created for the monthly oversight and reprocessing of benefits for the period July 30, 2009 to April 30, 2017, demonstrated the technical analyses of the information collected on energy, power and fuel purchase contracts, electricity and fuel measurements and regulatory treatments given to the company’s statements, in order to determine any asset or liability of the beneficiary in accordance with Normative Resolution 427/2011. R$ 44,329 was recognized in the year, with: R$ 30,885 in the item operating service cost - other and R$ 13,444 recorded in finance income in other financial revenue.

(11) INERGUS advance denotes funds advanced by the subsidiary Energisa Sergipe to Instituto Energipe de Seguridade Social (“INERGUS”) to guarantee the liquidity and financial flow from the Defined-Benefit Plan (BD). The amounts transferred to the BD Plan comprise an advance for covering part of the technical deficit, which will be subject to a debt acknowledgment agreement to be entered into by the subsidiary ESE and INERGUS.

(12) The reimbursement rights corresponding to the energy costs in Islanded Systems and Bilateral Contracts, which are paid for by the CDE-CCC Fund are recorded under current and noncurrent assets. They are recognized based on Law 12111/2009,whose information is provided by the subsidiaries ERO and EAC at the Electricity Trading Chamber- CCEE, which manages the CDE Account. After being approved by the manager, these amounts are passed through to subsidiaries and used to settle amounts owed to the corresponding suppliers involved in the process. R$ 214,519 was received in June/19 by the subsidiary ERO for September to December/2018.

(13) This denotes the amount of surpluses subscribed in shares of ERO and EAC that were not acquired by employees and retirees, equal to 128,665,217 common shares of ERO and 10,088,904,771 common shares and 3,768,032,911 preferred shares of EAC (see note 2019). The Company acquired the surpluses on March 01, 2019. The amount of shares acquired was recognized as investments - interests in subsidiaries.

(14) This denotes CCC credits recognized by the subsidiary EAC for unrecovered ICMS on acquisitions of diesel oil consumed during the electricity generation process in islanded systems within Acre State for the period 2014 to October 2016. The figures at December 31, 2019 can be seen in note 24.

14. Related-party transactions

The Company is directly controlled by Gipar S/A (30.49% of the total capital), which in turn is controlled by Nova Gipar (83.35% of the total capital). The latter is controlled by Itacatu S/A (67.27% of the total capital) and by Multisetor S/A (32.73% of the total capital). Itacatu S/A is controlled by Multisetor S/A (72.15% of the total capital).

Multisetor is controlled by Mr. Ivan Muller Botelho (78.83% of the voting stock).

The related-party balances are as follows:

Parent company	2019		2018	
	Assets	Liabilities	Assets	Liabilities
Clients, consumers and concession operators specialized services	40,640	-	34,842	-
Other receivables - other - Endorsement commission	674	-	706	-
Money market and secured funds - Debentures	1,811,399	-	1,272,160	-
Loans (1):				
. Companhia Técnica de Comercialização de Energia S/A (1)	1,068	-	995	-
. Companhia Técnica de Comercialização de Energia S/A (2)	30,906	-	14,413	-
. Rede Energia Participações S/A (2) and (3)	66,876	-	95,434	5,827
. Energisa Acre – Distribuidora de Energia S/A (1)	99,654		75,554	-
. Energisa Rondônia – Distribuidora de Energia S/A (1)	321,836	-	-	-
. Energisa Goiás Transmissora de Energia I	92,515	-	-	-
. Energisa Para Transmissora de Energia I	1,708	-	-	-
. Energisa Para Transmissora de Energia II	39,712	-	-	-
. Energisa Tocantins Transmissora de Energia	14,093	-	-	-
. Energisa Participações Minoritárias	12	-	-	-
Others (*):				
. Energisa Acre – Distribuidora de Energia S/A	-	-	-	35,264
. Energisa Rondônia – Distribuidora de Energia S/A	-	-	-	27,835
Total Noncurrent	**668,380**	**-**	**186,396**	**68,926**
Investments - Funds allocated to future capital increase (4):				
. Energisa Geração Central Solar Coremas S/A	10	-	10	-
. Parque Eólico Sobradinho S/A	580	-	932	-
. Energisa Geração Usina Maurício S/A	3,915	-	41	-
. Energisa Geração Central Eólica Boa Esperança S/A	11	-	10	-
. Energisa Geração Central Eólica Mandacaru S/A	12	-	10	-
. Energisa Geração Central Eólica Alecrim S/A	11	-	11	-
. Energisa Geração Central Eólica Umbuzeiro Muquim S/A	12	-	11	-
. Energisa Participações Minoritárias S/A (**)	-	-	11	-
. Energisa Pará Transmissora de Energia I S/A	-	-	60,201	-
. Energisa Pará Transmissora de Energia II S/A	-	-	948	-
. Energisa Goiás Transmissora de Energia I S/A	-	-	52,771	-
. Energisa Soluções S/A	-	-	32,819	-
. Energisa Transmissora de Energia S/A	50	-	134	-
. Energisa Geração Central Solar Rio do Peixe I S/A	963	-	-	-
. Energisa Geração Central Solar Rio do Peixe II S/A	17	-	-	-
. Denerge Desenvolvimento Energético S/A	132,937	-	-	-
. Energisa Serviços Aéreos de Aeroinspeção S/A	350	-	-	-
. Energisa Transmissão de Energia I	10	-	-	-
. Energisa Transmissão de Energia II	10	-	-	-
. Energisa Transmissão de Energia III	10	-	-	-
	138,898	**-**	**147,909**	**-**
Total	**2,659,991**	**-**	**1,642,013**	**68,926**

(*) Parent company's commitment to subscribe the surplus shares allocated to employees and retirees.

(**) The Extraordinary General Meeting held December 27, 2018 approved the change to the company's name from Companhia de Energisa Geração de Energia S/A to Energisa Participações Minoritárias S/A.

(1) The loans have a term of 24 months under the contracts, and can be extended for equal and successive periods. The loans with related parties are charged interest at the average borrowing rate, which in the period was an average of the CDI rate + 0.6051 a p.a. (CDI + 0.6668 p.a. in 2018), and includes the private assignment and acquisition of credit receivables and other covenants entered by Energisa on December 31, 2016 with the subsidiaries Rede Energia and Rede Power.

(2) Acquisition of credits assigned under the judicial reorganization process of the indirect subsidiary.

(3) The credits receivable of Rede Energia Participações S/A, acquired from the creditors, will be paid initially by the company undergoing reorganization on the following conditions: (i) amount equal to 25% of the total credits assigned will be paid in a lump sum within up to 1 year of the date this assignment is paid, incurring interest of 12.5% p.a. as from the date the assignment is made; and (ii) remaining amount equal to 75% of the total credits assigned will be paid after 22 years in a lump sum with capitalized interest of 0.5% p.a. due as from the date the assignment is paid. In 2014 the parties agreed to extend the maturity of the single installment maturing in July 2015 by 10 years, corresponding to 25% of the total debt amount. However, the term is maintained of 22 years for payment of the remaining amount equal to 75% of the total debt with capitalized interest of 0.5% per annum, due as from the date of payment. At the end of the year the parties renegotiated the debt by applying interest equal to the CDI rate + 2% per annum with semiannual amortization payable on June and December 26 each year.

(4) The funds intended for future capital increase are not remunerated and are recorded under investments. EEVP used the R$ 614,296 advanced to the subsidiary Denerge to settle the PUT option exercised by BNDESPAR and settled on March 8, 2019. See note 35.

Contract conditions:

Subsidiaries	Rate	Maturity
. Rede Energia Participações S/A	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	7/3/2020
. Companhia Técnica de Comercialização de Energia S/A	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	9/12/2020
. Rede Energia Participações S/A (option “C” credits – RJ)	CDI + 2% p.a.	10/11/2036
. Energisa Rondônia – Distribuidora de Energia S/A	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	10/31/2021
. Energisa Acre – Distribuidora de Energia S/A	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	12/6/2021

Transactions conducted in the year by the Company and its subsidiaries:

Direct and indirect subsidiaries and their parent company	Administrative services provided (1)	Services contracted	Restatement of loans/commission endorsement and security yield (Financial revenue (expense)) (2 and 3)	Balance receivable (Receivables, consumers and concession operators)	Balance receivable (Endorsement commission and debentures (5)
. Energisa Minas Gerais - Distribuidora de Energia S/A	13,019	-	10,690	1,983	69,012
. Energisa Paraíba - Distribuidora de Energia S/A	33,791	-	20,635	6,737	195,649
. Energisa Sergipe - Distribuidora de Energia S/A	17,761	-	19,360	4,406	120,232
. Energisa Borborema - Distribuidora de Energia S/A	5,370	-	1,348	1,547	82
. Energisa Soluções S/A	2,620	107	-	427	-
. Energisa Nova Friburgo –Distribuidora de Energia S/A	2,450	-	1,308	361	45
. Energisa Mato Grosso - Distribuidora de Energia S/A (4)	55,140	-	25,360	8,685	322,582
. Energisa Mato Grosso do Sul – Distribuidora de Energia S/A	32,708	-	9,957	5,017	150,965
. Energisa Tocantins – Distribuidora de Energia S/A (4)	22,369	-	16,393	5,344	218,465
. Energisa Sul-Sudeste Distribuidora de Energia S.A	28,626	-	16,141	4,355	212,184
. Energisa Soluções Construções e Serv em Linhas e Rede S.A	1,252	-	-	209	
. Companhia Técnica de Comercialização de Energia	-	-	29,409	-	-
. Multi Energisa Serviços S/A	2,008	-	-	316	-
. Energisa Planejamento e Corretagem de Seguros Ltda	7	-	-	6	-
. Energisa Serviços Aéreos e Aero Inspeção S/A	5	-	-	1	-
. Energisa Comercializadora de Energia Ltda	814	-	40	165	-
. Energisa Geração Usina Mauricio S/A	2	-	-	1	-
. Gipar S/A (2)	-	-	(12,307)	-	-
. Rede Energia Participações S/A	-	-	180,262	-	-
. Energisa Rondônia – Distribuidora de Energia S/A	15,580	-	27,673	2,727	339,857
. Energisa Acre – Distribuidora de Energia S/A	6,903	-	10,511	1,124	183,000
. Energisa Para Transmissora de Energia I	-	-	359	-	-
2019	**240,425**	**107**	**357,139**	**43,411**	**1,812,073**
2018	**188,982**	**-**	**248,957**	**37,613**	**1,272,866**

(1) Consists of administrative services and sharing of human resources for delivering the portion of macro processes provided to its subsidiaries. The costs are benchmarked to the benchmark company model used by the ANEEL regulated department for rate purposes. The contracts have been approved by ANEEL. The sharing contracts were signed on March 1, 2017, with a term of validity of 60 months,

and can be extended via an amendment subject to approval by ANEEL;

(2) This consists of the endorsement commission on loans charging 1.5% p.a. for subsidiaries - electricity distribution companies and the parent company Gipar, with interest of 1% p.a.;

The endorsement commission referring to the contract with Gipar S/A yields interest of 1% p.a. and includes prepayments. In FY 2019, the amount of R$ 12,199 was paid and classified as a prepayment recorded under "prepaid expenses" and recognized in profit and loss at the rate of 1/12 per month. R$ 12,307 was recorded in the financial year ended December 31, 2019 (R$ 11,791 in 2018) recorded in other financial expenses - endorsement commission in profit and loss for the period. The unappropriated balance as of December 31, 2019 is R$ 8,348, which will be recognized by August 2020;

(3) This denotes the interest costs on loans entered into with the subsidiaries for the financial year ended December 31, 2019, comprising the respective balances of each loan.

(4) Includes the amount of R$ 814 as of December 31, 2018 which denotes the yields on short-term investments in the 33,540 debentures issued by the subsidiary EMT and bought back by the subsidiary on January 15, 2018 and R$ 11,942 as of December 31, 2017 of series 1 and 2 commercial papers issued by the subsidiary ETO – see note 6.2.

(5) In 2017 the Company acquired all of the incentivized series 1 and 2 debentures issued by the subsidiaries EMG, ESE, EPB, EMT, ESS, ETO and EMS, maturing on 6/15/2022 and yielding the IPCA price index plus 5.60% per annum for Series 1 and maturing on 6/15/2024 and yielding the IPCA price index plus 5.6601% per annum for Series 2. As of December 31, 2019 the restated value is R$ 1,811,399 (R$ 1,272,160 in 2018) for its direct subsidiaries EMG, ESE and EPB and for its indirect subsidiaries ESS, EMT, ETO and EMS, as follows: (i) EMG R$ 68,903; EPB – R$ 195,572; ESE – R$ 119,871; EMT – R$ 322,582; ETO - R$ 218,464, ESS – R$ 212,185, EMS R$ 150,965, EAC R$ 183,000 and ERO R$ 339,857 (EMG R$ 68,184; EPB – R$ 194,159; ESE – R$ 119,003; EMT – R$ 316,133; ETO - R$ 215,234, ESS – R$ 208,726 and EMS (R$ 150,721).

Cost of procuring endorsement and guarantee commission of the parent company for loans and financing agreements of the subsidiaries, at the rate of 1.5% p.a. The balance payable as of December 31, 2019 amounts to R$ 674 (R$ 706 in 2018).

D&O compensation

	Parent company		Consolidated	
	2019	2018	2019	2018
Annual compensation [(a)]	9,380	7,809	82,578	74,126
Compensation of the board of directors members	798	999	4,676	7,000
Executive Board compensation	4,758	5,093	40,192	43,194
Other Benefits [(b)]	1,684	739	15,793	12,035

(a) Overall limit on the annual compensation of directors and officers approved at the EGM/AGM held April 30, 2019. The limit for FY 2018 was approved at the EGM/AGM held April 25, 2018.
(b) It includes payroll charges and private pension, health care and life insurance benefits.

The highest and lowest compensation attributed to directors and officers for December 2019 was R$ 101 and R$ 1 for the parent company and R$ 199 and R$ 2 in the consolidated statement (R$ 121 and R$ 1 for the parent company and R$ 192 and R$ 2 in the consolidated statement in 2018) respectively. The average compensation in the year ended December 31, 2019 was R$ 13 at the parent company and R$ 46 in the consolidated statement (R$ 18 at the parent company and R$ 44 in the consolidated statement in 2018).

Variable Compensation Program (ILP)

The Company and its subsidiaries offer their executives a Long-Term Incentive Plan (ILP). This plan aims to (i) align the interests between shareholders and executives (ii) promote meritocracy (iii) retain highly performing executives (iv) encourage sustainable results and achieve corporate targets, while sharing value created. The benefit is aimed at Company executives and will be paid in Units of the parent company Energisa S/A up to the established limit of 0.5% of the Company's share capital, on the date the plan is approved, i.e. 1,729,827 units, based on a value defined for each level taking into account individual performance, to be established in the share grant agreement and each individual's performance, according to each executive's scope. The benefit aims to attract and retain key personnel and reward them for the performance, based on the Company's performance targets. This plan was approved at the Annual and Extraordinary General Meeting held April 25, 2018 and its regulations were approved on May 10, 2018.

The Subsidiaries currently have two stock option programs and two contractual grants in progress. The programs is subject to performance conditions (Relative Total Shareholder Return (TSR) and Free cash flow), which modify the target according to the ranges achieved.

The 1st program was approved on May 10, 2018 with a ceiling of 241,080 units and vesting period of 3 years as from the grant date of May 2, 2018. The 2nd program was approved on May 9, 2019 with a payment ceiling of 210,754 units and vesting period of 3 years as from the grant date of May 10, 2019. There are no exercisable or expired options as of December 31, 2019.

Pursuant to IFRS 2/CPC 10, the Company and its subsidiaries determine the fair value of restricted (units) subject to performance conditions (Performance Shares) awarded based on the Monte Carlo model to permit the grace period conditions be factored into the asset's fair value. The expense is recognized on a "pro rata temporis" basis, which begins at the grant date until the date of the beneficiary acquires the right to receive the shares.

Assumptions and calculating the fair value of shares granted:

The fair value was determined using the following assumptions:

	1st ILP program	2nd ILP program
Calculation Method	Monte Carlo	Monte Carlo
Total share options awarded [(a)]	241,080	210,754
Vesting period	3 years	3 years
Risk-free interest rate [(b)]	8.2%	7.7%
Volatility [(c)]	25.61%	23.98%
Fair value at grant date	R$ 27.68	R$ 34.07

(a) Includes a decrease of 11,983, due to the expiry of granted share options.
(b) For program 1 interest rate = 8.2% (projected DI for a maturity term equal to the end of the grace period of the Program - DI1J2021). For program 2 Interest rate = 7.7% (projected DI for a maturity term equal to the end of the grace period of the Program - DI1J2022).
(c) Volatility and correlation between the share prices (of Energisa S/A and competitors included in the IEE ("Electricity Index and its peers") for the Total Shareholder Return (TSR)) were calculated based on historic values one year prior to the program's grant date.

Due to the specific features of the Company's long-term incentive plan mentioned above, there is no strike price or exercise limit for associates.

In FY 2019, R$ 3,554 was recognized under the Share Option Grant Plan in the income statement for the year under operating costs and expenses, with R$ 1,149 denoting the parent company's costs and R$ 2,405 the subsidiaries' costs. The amount recognized as a capital reserve in equity as of December 31, 2019 was R$ 4,962 (R$ 1,408 in 2018).

15. Tax credits, deferred taxes and current income tax and social contribution expenses

The deferred IRPJ and CSLL are calculated on differences between the balances of assets and liabilities in the Financial Statements and the corresponding tax bases used in the current IRPJ and CSLL calculation. The probability of recovering these balances is reviewed at the end of each year, and when it is no longer probable that future taxable income will be available to enable the recovery of all or part of the taxes, the asset balance is reduced by the amount expected to be recovered.

The Company and its subsidiaries have tax losses and a negative basis of social contribution not recognized in the financial information of R$ 201,720 (R$ 205,019 in 2018) at the parent company and R$ 3,199,359 (R$ 3,117,573 in 2018) consolidated.

	Consolidated	
	2019	2018
Assets		
Tax loss carryforward	210,404	256,779
Negative basis of social contribution	77,870	94,733
Temporary differences	1,161,077	1,022,872
Total noncurrent assets	**1,449,351**	**1,374,384**

	Parent company		Consolidated	
	2019	2018	2019	2018
Liabilities				
Temporary Differences:				
Income Tax	234,290	204,249	3,281,696	3,204,915
Social Contributions	84,345	73,529	1,181,411	1,153,769
Total - noncurrent liabilities	**318,635**	**277,778**	**4,463,107**	**4,358,684**
Total net noncurrent assets and liabilities	**(318,635)**	**(277,778)**	**(3,013,756)**	**(2,984,300)**

Temporary differences are as follows:

	Parent company			
	2019		2018	
	Calculation basis (*)	IRPJ + CSLL	Calculation basis	IRPJ + CSLL
Assets/Liabilities				
Gain in the business combination	(818,693)	(278,356)	(818,693)	(278,356)
Gain/Loss on investments	(124,352)	(42,280)	-	-
Other exclusions/additions	5,885	2,001	1,700	578
Total - Noncurrent Liabilities	**(937,160)**	**(318,635)**	**(816,993)**	**(277,778)**

(*) calculation base less the tax limit of 30%.

	Consolidated			
	2019		2018	
	Calculation Base (*)	IRPJ + CSSL	Calculation Base	IRPJ + CSSL
Assets/Liabilities				
Tax loss carryforward	841,614	210,404	1,027,119	256,780
Negative basis of social contribution	865,225	77,870	1,052,590	94,733
Allowance for expected credit losses - (PPECLD and Daycoval)	658,950	224,043	629,406	213,998
Provisions for labor, civil, tax and regulatory risks	876,353	297,960	888,905	302,228
Tax credits - goodwill (1)	240,615	81,809	265,453	90,254
Provision for actuarial adjustment	807,132	274,425	570,949	194,123
Other provisions (PEE; R&D; Fees and Other)	534,695	181,796	453,810	154,295
Mark-to-market of debt securities	220,287	74,898	118,536	40,302
Other temporary additions	76,886	26,146	81,385	27,671
Intangible assets - appreciation (2)	(7,585,952)	(2,579,224)	(7,728,320)	(2,627,629)
Gain/loss in the business combination (*)	(1,007,100)	(342,414)	(1,007,100)	(342,414)
Portion of VNR - concession financial asset and restatement (3)	(1,115,840)	(379,386)	(918,172)	(312,178)
Adjustments to present value (4)	(2,367,238)	(804,861)	(2,575,562)	(875,691)
Mark-to-market - derivatives	(726,704)	(247,080)	(445,379)	(151,429)
Revaluation reserve charges	(110,657)	(37,623)	(137,959)	(46,906)
Compensation of contract asset	(88,941)	(30,239)	-	-
Gain/Loss on investments	(124,352)	(42,280)	-	-
Other temporary exclusions	-	-	(7,172)	(2,437)
Total	**(8,005,027)**	**(3,013,756)**	**(7,731,511)**	**(2,984,300)**
Total Noncurrent Assets	5,121,757	1,449,351	5,088,153	1,374,384
Total - Noncurrent Liabilities	(13,126,784)	(4,463,107)	(12,819,664)	(4,358,684)

(*) calculation base less the tax limit of 30%.

(1) The tax credits - goodwill of R$ 81,809 (R$ 90,254 in 2018) are being realized over the remaining term of the subsidiaries' concession term: EBO (12 years) and EPB (13 years) by the straight-line method.

(2) Includes R$ 1,876,717 (R$ 1,941,743 in 2018) of deferred income and social contribution taxes on the goodwill attributed to the concession value calculated in the business combination of ERO and EAC, less realized amortization in the year of R$ 65,027 (R$ 9,057 in 2018).

(3) This denotes income and social contribution taxes payable on the portion of the concession financial asset - VNR of the subsidiaries EMG, ENF and ESS, which as a result of having signed the new amendments to the concession agreement extending the concession term to 2045, transferred the balance of the concession financial asset determined up to the signature of these amendments to intangible assets to be amortized over the remaining useful life of the assets in accordance with the new concession term, which will result in the realization of the deferred credits to be realized under the amortization.

(4) Basically denotes the value recorded by the subsidiaries Rede Energia Participações and CTCE, for the credits of the creditors who chose options A and B in the Judicial Reorganization Plan.

The deferred tax credits were realized as follows:

Years	Consolidated
2020	101,408
2021	120,431
2022	114,583
2023	112,440
2024	105,618
2025 to 2026	235,538
2027 to 2029	659,333
Total	**1,449,351**

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

	Parent company	
	2019	2018
Income before tax on net income	461,284	1,621,793
Combined tax bracket	34%	34%
Income and social contribution taxes calculated at the total tax bracket	(156,837)	(551,410)
Adjustments:		
Permanent items:		
Equity in net income of subsidiaries	366,443	274,640
Tax credits written off - made in previous years	-	(195,205)
Tax credits not recorded in the year	(213,933)	(120,561)
Recognizing the tax limit of 30% on the gain/loss in the business combination	-	119,295
Other additions	(1,584)	(118)
Current and deferred income and social contribution taxes	**(5,911)**	**(473,359)**
Effective rate	1.28%	29.19%

	Consolidated	
	2019	2018
Income before tax on net income	981,638	1,917,385
Combined tax bracket	34%	34%
Income and social contribution taxes calculated at the total tax bracket	(333,757)	(651,911)
Adjustments:		
Permanent items:		
Decrease in income tax and surcharges (1)	249,203	160,586
Effects of tax losses not recorded in the year (2)	(436,451)	(124,849)
Tax credits written off - made in previous years (2)	-	(195,205)
Tax credits - prior-year IR and CS not recorded	14,483	-
Income and social contribution taxes	-	163
Recognizing the tax limit of 30% on the gain/loss made on business combination	-	119,295
Effects of taxable income versus presumed profit basis	86,523	-
Tax incentives and other permanent items	(34,481)	(45,792)
Income and social contribution taxes on profit	**(454,480)**	**(737,713)**
Effective rate	46.30%	37.43%

(1) In 2012 ESE, EPB and EBO obtained approval from the Superintendência do Desenvolvimento do Nordeste (Northeast Development Agency - SUDENE) of their tax incentive applications, thereby reducing the income tax and surcharges by 75% on exploration profit for the period 1/1/2012 to 12/31/2021. In December/2014 the Amazônia Development Agency - SUDAM approved the applications made by the subsidiaries ETO and EMT for reductions to their income tax and surcharges (75%) for the period 1/1/2014 to 12/31/2023.

The decreases to the income tax and surcharges obtained by the subsidiaries amount to R$ 254,321 (R$ 146,933 in 2018). These amounts were recorded directly in the income statement for the year under "current income and social contribution taxes", and will be allocated to the tax incentive reserve at the subsidiaries.

Supported by the existing legislation, in 2018 the subsidiary submitted a new application to obtain the tax incentive, in order to extend it for the period of 10 years as from approval.
The subsidiaries accordingly have processes being analyzed by the Northeast Development Agency (SUDENE).

The publication of Law 13799/2019 extended the term for approving and obtaining the incentive containing a 75% decrease in IRPJ and surcharges until 12/31/2023. The subsidiaries' projects are therefore expected to have the benefits guaranteed by SUDENE until 2028, after the issuance of Constitutive Reports, increasing the incentive term for a further 7 years.

(2) Despite making a tax loss of R$ 436,451 (R$ 124,849 in 2018), in FY 2019 the Company did not recognize it, and wrote off the balance of R$ 195,205 in 2018 as the projected future earnings did not demonstrate realization capacity, impacted by transfers of cash to the new acquisitions, a position which is different than in the previous year when the studies demonstrated there was capacity to recover the recorded asset.

16. Concession financial asset and public service concession (contract asset) - consolidated

16.1. Concession financial asset

The electricity distribution contracts of subsidiaries come within the criteria for applying Technical Interpretation ICPC 01 (IFRIC 12), addressing concession arrangements, and refer to the infrastructure investments to be compensated by the Concession Authority, during the period and at the end of the concessions, classified as financial assets and measured at fair value through profit or loss as established in the regulatory framework governing the segment and the concession agreement signed by the subsidiaries and Aneel.

The compensation on the concession financial asset was therefore recorded under operating revenue as a compensable financial asset of the concession amounting to R$ 232,689 (R$ 295,119 in 2018).

See the changes occurring in the year:

	Balances 2018	Additions (1)	Write-offs	Operating revenue - concession financial asset (2)	Transfer to intangible assets - concession agreement (3)	Balances 2019
Energisa Minas Gerais (EMG)	23,791	6,377	(11)	1,075	-	31,232
Energisa Paraíba (EPB)	548,227	69,134	(681)	24,296	-	640,976
Energisa Sergipe (ESE)	412,032	39,968	(647)	15,342	-	466,695
Energisa Nova Friburgo (ENF)	3,409	369	-	149	-	3,927
Energisa Borborema (EBO)	63,360	7,938	(66)	2,782	-	74,014
Energisa Mato Grosso (EMT)	2,118,843	483,455	(10,874)	98,012	-	2,689,436
Energisa Tocantins (ETO)	1,152,116	246,664	(21,990)	40,739	(1,389,232)	28,297
Energisa Mato Grosso do Sul (EMS)	915,844	141,274	(3,059)	41,388	-	1,095,447
Energisa Sul Sudeste (ESS)	45,348	14,700	(37)	2,069	-	62,080
Energisa Rondônia – Distribuidora de Energia S/A (ERO)	15,419	12,179	(23)	1,452	-	29,027
Energisa Acre – Distribuidora de Energia S/A (EAC)	3,020	1,424	-	5,385	-	9,829
Noncurrent Balance	**5,301,409**	**1,023,482**	**(37,388)**	**232,689**	**(1,389,232)**	**5,130,960**

(1) Transfer from intangible assets to concession financial asset.

(2) The financial assets are stated and classified at fair value through profit or loss, restated by the monthly variance of the IPCA price index, the index used by the regulatory agency in rate adjustment processes less Management's best expected percentage and historic disallowances in previous ratifications, reflecting Management's best estimate of the asset's fair value.

(3) The concession agreement in force of the subsidiary ETO as of December 31, 2019 expired on January 30, 2020. However, this agreement was renewed by way of the Sixth Amendment to the Concession Agreement, signed on December 6, 2019, awarding the Company a 30-year term extension to distribute electricity, until the new expiry date of December 31, 2049.

Under the renewed concession agreements, the subsidiary Energisa Tocantins recalculated its assets based on the new amortization terms, reclassifying R$ 1,389,232 from concession financial asset to intangible assets in service.

	Balances 2017	Acquisition balances	Additions (1)	Write-offs	Operating revenue - concession financial asset (2)	Transfers to contract assets	Balances 2018
Energisa Minas Gerais (EMG)	15,782	-	7,375	(12)	646	-	23,791
Energisa Paraíba (EPB)	464,587	-	67,143	(1,468)	17,965	-	548,227
Energisa Sergipe (ESE)	396,701	-	18,364	(3,550)	517	-	412,032
Energisa Nova Friburgo (ENF)	3,149	-	179	(36)	117	-	3,409
Energisa Borborema (EBO)	55,615	-	5,720	(62)	2,087	-	63,360
Energisa Mato Grosso (EMT)	1,827,340	-	165,025	(28,422)	154,900	-	2,118,843
Energisa Tocantins (ETO)	897,543	-	240,711	(19,237)	33,099	-	1,152,116
Energisa Mato Grosso do Sul (EMS)	704,613	-	140,188	(9,587)	80,630	-	915,844
Energisa Sul Sudeste (ESS)	38,984	-	4,882	(21)	1,503	-	45,348
Centrais Elétricas de Rondônia S/A (CERON)	-	15,700	1,320	-	(1,601)	-	15,419
Companhia de Eletricidade do Acre (ELETROACRE)	-	6,438		(22)	(3,396)	-	3,020
Energisa Pará Transmissora de Energia I S/A (1)	9,565	-	87,136	-	4,468	(101,169)	-
Energisa Goiás Transmissora de Energia I S/A (1)	6,787	-	98,564	-	4,158	(109,509)	-
Energisa Pará Transmissora de Energia II S/A (1)	-	-	3,162	-	26	(3,188)	-
Noncurrent Balance	**4,420,666**	**22,138**	**839,769**	**(62,417)**	**295,119**	**(213,866)**	**5,301,409**

(1) The additions, including PIS and COFINS, are related to the investment in the public electricity transmission service infrastructure, which we recovered via the cash flow to be received directly from users delegated by the concession authority, with the amount invested in the year amounting to R$ 188,862.

(2) The financial assets are stated and classified at fair value through profit or loss, restated by the monthly variance of the IPCA price index, the index used by the regulatory agency in rate adjustment processes and historic disallowances in previous ratifications, reflecting Management's best estimate of the asset's fair value. By way of technical notes 68/2018, 65/2018 and 86/2018 on March 29, 2018 and April 11, 2018 ANEEL approved the new compensation base of the subsidiaries for the 4th rate cycle which made it possible to fully recognize the fair value measurement of the VNR of the concession financial asset, generating an addition at the subsidiaries EMT of R$ 98,341, EMS of R$ 31,987 and a decrease at the subsidiary ESE of R$ 13,377, respectively.

16.2. Public service concession (contract asset)

The contract assets include receivables for the implementation of infrastructure and revenue from the compensation of concession assets, measured at the present value of the future cash flows based on the average financing rate of the project when the concession agreement was formally made, pursuant to CPC 47.

The Companies' transmissions concessions are without consideration and therefore there are no fixed financial obligations or payments to be made to the concession authority. At the end of the concession agreement all the assets and facilities return to the Government as its property.

The contractual assets are received by the subsidiaries by way of the Annual Permitted Revenue - RAP, consisting of the cash flows set out in the concession agreement.

Pursuant to CPC47/IFRS 15, the subsidiaries also assess a contract asset for impairment in accordance with CPC48/IFRS 9, where for the ended December 31, 2019 we did not identify the need to make a provision for contract asset impairment.

The rate used to compensate the balance of service concession receivables, including the indemnification balance, depicts the investor's opportunity cost when taking the decision to invest in the transmission assets, composed in accordance with the amount in force when the investment was made.

See below changes in the contract asset in the year:

Description	EPA I	EGO I	EPA II	ETT	Consolidated
Transmission Lines	230 kV Xinguara II - Santana do Araguaia C1 TL and C2, CD and SE 230/138 kV Santana do Araguaia.	230 kV Rio Verde Norte - Jataí TL, CD and expansion of SE Rio Verde Norte	230 kV Xinguara II - Santana do Araguaia C1 TL and C2, CD and SE 230/138 kV Santana do Araguaia	230 kV Dianópolis II - Barreiras II C1 TL, Gurupi C1, Palmas C1, SE 230/138-13.8Kv and SE 500/230kV Gurupi (new sector 230 kV).	-
Regulatory WACC	0.85%	0.85%	0.71%	0.71%	-
Balance as of December 31, 2017	-	-	-	-	-
Transfer of Concession financial asset (iv)	**101,169**	**109,509**	**3,188**	**-**	**213,866**
Impact of the CPC 47 initial adoption adjustment (iii)	35,378	45,029	587	-	80,994
Additions (i)	157,816	130,209	76,371	17,459	381,855
Compensation of contract asset (ii)	99,342	106,674	13,618	8,399	228,033
Monetary restatement	24,413	25,247	2,256	412	52,328
Balances at December 31, 2019	**418,118**	**416,666**	**96,020**	**26,270**	**957,074**

(i) Denotes the construction margin recognized during the works to compensate the balance of service concession receivables.
(ii) The additions, net of Pis and Cofins, are related to the investment in the public electricity transmission service infrastructure, which we recovered via the cash flow to be received directly from users delegated by the concession authority, with the amount invested in the year amounting to R$ 366,939 (R$ 173,086 in 2018).
(iii) Effect deriving from the initial adoption of CPC47/IFRS15 in the model used to calculate the contractual asset of the Transmission subsidiaries, construction revenue began to be recorded with the margin, compared with the financial asset's model.
(iv) Transfer between the concession financial asset and public service concession (contract asset) as a result of adopting CPC 47 / IFRS 15.

17. Investments

	Parent company		Consolidated	
	2019	2018	2019	2018
Interest in subsidiaries	8,061,348	7,085,524	-	-
Other	73,610	9,979	86,730	52,184
Total	**8,134,958**	**7,095,503**	**86,730**	**52,184**

Interest in subsidiaries:

2019									
Information about subsidiaries								Information about the parent company's investment	
Subsidiaries	%	No. shares/quotas held/thousand	Share capital	Assets	Liabilities	Equity	Profit or loss	Equity in net income of subsidiaries and associated companies	Investments
Electricity Distribution								**(59,706)**	**3,027,209**
Energisa Minas Gerais (EMG)	100	819	228,428	919,577	663,210	256,367	37,977	37,977	256,367
Energisa Sergipe (ESE)	100	196	417,604	1,975,317	1,619,945	355,372	147,099	147,099	355,372
Energisa Paraíba (EPB)	100	918	571,865	2,841,801	1,911,238	930,563	314,225	314,225	930,563
Energisa Borborema (EBO)	100	293	82,532	358,964	223,352	135,612	36,675	36,675	135,612
Energisa Nova Friburgo (ENF)	100	30	63,343	220,099	132,384	87,715	12,795	12,795	87,715
Energisa Acre (EAC) (formerly Companhia de Eletricidade do Acre (ACRE)) (1)	95.09	230,096,300	863,943	3,371,290	2,332,620	1,038,670	(80,792)	(74,467)	987,672
Energisa Rondônia (ERO) (formerly Centrais Elétricas de Rondônia S/A (CERON)) (1)	95.52	4,004,678	3,440,348	7,668,461	7,381,721	286,740	(568,548)	(534,010)	273,908
Electricity Generation								**3,566**	**52,719**
Parque Eólico Sobradinho	100	9,291	9,291	4,724	126	4,598	(148)	(148)	4,598
Energisa Geração Usina Maurício	100	1,789	1,789	5,124	355	4,769	(402)	(402)	4,769
Energisa Geração Solar Coremas	100	1,014	1,014	316	-	316	(12)	(12)	316
Energisa Geração Eólica Boa Esperança	100	68	59	1	-	1	(11)	(11)	1
Energisa Geração Eólica Mandacaru	100	69	60	1	-	1	(12)	(12)	1
Energisa Geração Eólica Alecrim	100	69	60	1	-	1	(12)	(11)	1
Energisa Geração Eólica Umbuzeiro - Muquim	100	68	59	1	-	1	(12)	(12)	1
Energisa Geração Central Solar Rio do Peixe I S/A	100	173	173	1,108	17	1,091	(45)	(45)	1,091
Energisa Geração Central Solar Rio do Peixe II S/A	100	173	173	165	16	149	(41)	(41)	149
Alsol Energias Renováveis S/A	89.21	16	50,634	220,222	173,374	46,847	4,775	4,260	41,792
Transmissora de Energia Elétrica								**(3)**	**30**
Energisa Tocantins Transmissora de Energia S/A	-	-	-	10	-	10	-	-	-
Energisa Transmissora de Energia I S/A	100	1	1	10	-	10	(1)	(1)	10
Energisa Transmissora de Energia II S/A	100	1	1	10	-	10	(1)	(1)	10
Energisa Transmissora de Energia III S/A	100	1	1	10	-	10	(1)	(1)	10
Electricity Trading								**36,100**	**32,272**
Energisa Comercializadora	100	5,119	5,119	524,383	492,111	32,272	36,100	36,100	32,272
Rendering of Services								**14,861**	**133,234**
Energisa Soluções	100	127,819	127,819	215,909	86,647	129,262	16,057	16,057	129,262
Energisa Serviços Aéreos de Aeroinspeção	100	6,313	6,313	1,760	1,000	760	(2,292)	(2,292)	760
Energisa Planejamento	58.26	1,686	4,109	7,145	1,632	5,513	1,881	1,096	3,212
Holding companies and other companies								**1,082,955**	**4,660,371**
Dinâmica Credit Receivables	100	1,955	1,877	1,982	27	1,955	181	181	1,955
Denerge S/A	99.97	726	1,930,538	2,206,610	423,868	1,782,743	402,313	402,216	1,782,341
Energisa Transmissora de Energia S/A	100	32,657	32,657	1,027,142	682,545	344,597	259,381	308,751	344,592
Energisa Participações Minoritárias S/A	85.31	427,958	5,009,167	3,018,686	51,437	2,967,249	424,468	371,807	2,531,482
Volt Capital S.A	99.90	1	1	-	-	-	-	-	1
Goodwill paid in the acquisition of subsidiaries								**(15,118)**	**155,513**
Total								**1,062,655**	**8,061,348**

(1) The percentage increase in the companies EAC and ERO was due to the company paying in share surpluses due to employees not exercising call options.

The Extraordinary General Meeting held October 31, 2019 approved the changes to the names of Companhia de Eletricidade do Acre (ACRE) and Centrais Elétricas de Rondônia S/A (CERON) to the following: Energisa Acre – Distribuidora de Energia S/A (EAC) and Energisa Rondônia – Distribuidora de Energia S/A (ERO), respectively.

2018									
Information about subsidiaries								Information about the parent company's investment	
Subsidiaries	%	No. shares/quotas held/thousand	Share capital	Assets	Liabilities	Equity	Profit or loss	Equity in net income of subsidiaries and associated companies	Investments
Distribution								**482,392**	**3,343,444**
Energisa Minas Gerais (EMG)	100	819	228,428	909,753	633,848	275,905	36,228	36,228	275,905
Energisa Sergipe (ESE)	100	196	417,227	1,843,730	1,497,379	346,351	92,535	92,535	346,353
Energisa Paraíba (EPB)	100	918	571,865	2,441,918	1,629,194	812,724	238,215	238,215	812,723
Energisa Borborema (EBO)	100	293	82,532	307,974	179,244	128,730	30,958	30,958	128,731
Energisa Nova Friburgo (ENF)	100	30	63,343	212,636	126,594	86,042	9,351	9,351	86,040
Energisa Mato Grosso (EMT)	-	-	-	-	-	-	-	152,465	-
Companhia de Eletricidade do Acre (ACRE)	87.61	117,540,239	828,374	3,281,883	2,198,142	1,083,741	53,151	46,566	949,463
Centrais Elétricas de Rondônia S/A (CERON)	90.00	3,773,054	3,412,143	7,372,163	6,545,242	826,921	(137,695)	(123,926)	744,229
Generation								**(179)**	**5,816**
Parque Eólico Sobradinho	100	8,359	8,359	4,280	42	4,238	(166)	(166)	4,238
Energisa Geração Usina Maurício	100	1,748	1,748	2,210	954	1,256	40	40	1,256
Energisa Geração Solar Coremas	100	1,004	1,004	318	-	318	(11)	(11)	318
Energisa Geração Eólica Boa Esperança	100	58	49	1	-	1	(10)	(10)	1
Energisa Geração Eólica Mandacaru	100	58	49	1	-	1	(10)	(10)	1
Energisa Geração Eólica Alecrim	100	58	49	1	-	1	(11)	(11)	1
Energisa Geração Eólica Umbuzeiro - Muquim	100	57	48	1	-	1	(11)	(11)	1
Transmission								**2,771**	**145,074**
Energisa Pará Transmissora de Energia I S/A	-	-	-	-	-	-	-	2,457	60,201
Energisa Goiás Transmissora de Energia I S/A	-	-	-	-	-	-	-	1,255	52,771
Energisa Pará Transmissora de Energia II S/A	-	-	-	-	-	-	-	(3)	948
Energisa Transmissão de Energia S/A S/A	100	31,993	31,993	473,424	328,348	145,076	(938)	(938)	31,154
Commercialization								**17,883**	**18,476**
Energisa Comercializadora de Energia Ltda	100	5,119	5,119	170,495	152,019	18,476	17,883	17,883	18,476
Rendering of Services								**(14,470)**	**118,589**
Energisa Soluções	100	95,000	95,000	176,933	64,327	112,606	(13,942)	(13,942)	112,604
Energisa Serviços Aéreos de Aeroinspeção	100	6,312	6,313	3,277	343	2,934	(1,515)	(1,515)	2,934
Energisa Planejamento	58.26	1,686	4,109	6,821	1,584	5,237	1,694	987	3,051
Holding companies and other companies								**334,489**	**3,293,248**
Dinâmica Credit Receivables	100	1,955	1,877	1,800	-	1,800	(77)	(77)	1,800
Denerge S/A	99.97	531	1,316,157	1,726,483	561,230	1,165,253	217,970	217,917	1,164,971
Rede Energia Participações S/A (new name of (Rede Energia S.A.)	-	-	-	-	-	-	-	134,113	-
Energisa Participações Minoritárias S/A (*)	87.70	427,958	4,879,167	2,451,804	27,196	2,424,608	(19,911)	(17,464)	2,126,477
Goodwill paid in the acquisition of subsidiaries								**(15,118)**	**160,877**
Total								**807,768**	**7,085,524**

(*) The Extraordinary General Meeting held December 27, 2018 approved the change to the company's name from Companhia de Energisa Geração de Energia S/A to Energisa Participações Minoritárias S/A.

Changes in 2019 investments:

Subsidiaries	Balance in 2018	Acquisition/ Advances for future capital increase (1)	Gain/Loss on share acquisition (2)	Capital transactions (3)	Dividends	Other Comprehensive Income (5)	Equity Income	Balance in 2019
Electricity Distribution	**3,343,444**	**100,983**	**79,171**	**-**	**(396,540)**	**(40,143)**	**(59,706)**	**3,027,209**
Energisa Minas Gerais (EMG)	275,905	-	158	-	(56,199)	(1,474)	37,977	256,367
Energisa Sergipe (ESE)	346,353	-	114	-	(108,635)	(29,559)	147,099	355,372
Energisa Paraíba (EPB)	812,723	-	3,404	-	(190,330)	(9,459)	314,225	930,563
Energisa Borborema (EBO)	128,731	-	69	-	(29,914)	51	36,675	135,612
Energisa Nova Friburgo (ENF)	86,040	-	44	-	(11,462)	298	12,795	87,715
Energisa Acre (EAC) (formerly Companhia de Eletricidade do (ACRE) (*)	949,463	64,693	47,983	-	-	-	(74,467)	987,672
Energisa Rondônia (ERO) (formerly Centrais Elétricas de Rondônia S/A (CERON) (*)	744,229	36,290	27,399	-	-	-	(534,010)	273,908
Electricity Generation	**5,816**	**43,204**	**205**	**-**	**-**	**(72)**	**3,566**	**52,719**
Parque Eólico Sobradinho	4,238	580	-	-	-	(72)	(148)	4,598
Energisa Geração Usina Maurício	1,256	3,915	-	-	-	-	(402)	4,769
Energisa Geração Solar Coremas	318	10	-	-	-	-	(12)	316
Energisa Geração Eólica Boa Esperança	1	11	-	-	-	-	(11)	1
Energisa Geração Eólica Mandacaru	1	12	-	-	-	-	(12)	1
Energisa Geração Eólica Alecrim	1	11	-	-	-	-	(11)	1
Energisa Geração Eólica Umbuzeiro - Muquim	1	12	-	-	-	-	(12)	1
Energisa Geração Central Solar Rio do Peixe I S/A	-	1,136	-	-	-	-	(45)	1,091
Energisa Geração Central Solar Rio do Peixe II S/A	-	190	-	-	-	-	(41)	149
Alsol Energias Renováveis (6)	-	37,327	205	-	-	-	4,260	41,792
Transmissora de Energia Elétrica	**113,920**	**(113,887)**	**-**	**-**	**-**	**-**	**(3)**	**30**
Energisa Pará Transmissora de Energia I S/a	60,201	(60,201)	-	-	-	-	-	-
Energisa Goias Transmissora de Energia I S/A	52,771	(52,771)	-	-	-	-	-	-
Energisa Pará Transmissora de Energia II S/a	948	(948)	-	-	-	-	-	-
Energisa Transmissora de Energia I S/A	-	11	-	-	-	-	(1)	10
Energisa Transmissora de Energia II S/A	-	11	-	-	-	-	(1)	10
Energisa Transmissora de Energia III S/A	-	11	-	-	-	-	(1)	10
Electricity Trading	**18,476**	**-**	**14**	**-**	**(22,437)**	**119**	**36,100**	**32,272**
Energisa Comercializadora	18,476	-	14	-	(22,437)	119	36,100	32,272
Rendering of Services	**118,589**	**351**	**161**	**-**	**(1,014)**	**286**	**14,861**	**133,234**
Energisa Soluções	112,604	-	161	-	-	440	16,057	129,262
Energisa Serviços Aéreos de Aeroinspeção	2,934	351	-	-	-	(233)	(2,292)	760
Energisa Planejamento	3,051	-	-	-	(1,014)	79	1,096	3,212
Holding companies and other companies	**3,324,402**	**747,803**	**73,580**	**(6,362)**	**(479,302)**	**(82,223)**	**1,082,955**	**4,660,371**
Dinâmica Credit Receivables	1,800	-	-		(26)	-	181	1,955
Denerge S/A	1,164,971	747,233	3,756	(6,362)	(479,276)	(50,197)	402,216	1,782,341
Energisa Transmissora de Energia S/A	31,154	579	4,150	-	-	(42)	308,751	344,592
Energisa Participações Minoritárias S/A (4)	2,126,477	(10)	65,192	-	-	(31,984)	371,807	2,531,482
Volt Capital S.A	-	1	-	-	-	-	-	1
Goodwill paid in the acquisition of subsidiaries	**160,877**	**9,754**	**-**	**-**	**-**	**-**	**(15,118)**	**155,513**
Total	**7,085,524**	**788,207**	**152,649**	**(6,362)**	**(899,293)**	**(122,033)**	**1,062,655**	**8,061,348**

(*) The Extraordinary General Meeting held October 31, 2019 approved the changes to the names of Companhia de Eletricidade do Acre (ACRE) and Centrais Elétricas de Rondônia S/A (CERON) to the following: Energisa Acre - Distribuidora de Energia S/A (EAC) and Energisa Rondônia - Distribuidora de Energia S/A (ERO), respectively.

(1) Refers to; (i) the acquisition of Alsol (R$ 37,327; (ii) capital increase at the direct subsidiary ERO and EAC R$ 100,983; (iii) transfer from AFAC to the loans of the indirect subsidiaries EPA I, EPA II and EGO I of R$ 113,920; (iv) capital increase at the direct subsidiary Denerge of R$ 747,233;

(2) Denotes (i) the gain made on the capital contribution of ERO of R$ 27,244, EAC of R$ 47,839 and Alsol of R$ 194; (ii) transactions between the partners of Energisa Transmissora de Energia recorded directly in equity - Impact of adopting CPC 47/IFRS15, net of taxes (resulting effect) of R$ 4,095, (iii) resulting tax incentive reserve of EPB of R$ 3,051, (iv) transactions between partners of Denerge and Energisa, resulting interests of R$ 3,075 (gain), R$ 64,745 (gain) and (v) R$ 2,407 for the implementation of the variable compensation program consisting of stock options, denominated Long Term Incentive (ILP) of the Group's companies.

(3) Includes a portion resulting from the percentage interest in the subsidiary EEVP, consisting of the derivative financial instrument of R$ 6,362, determined in the period January 01 to March 8, 2019 (see note 38), charged to equity.

(4) In November 2019, EPM received a primary contribution of R$ 260,000 under the subscription of preferred shares by a noncontrolling shareholder. Following the contribution, the interest changed to 85.31% (87.70% in 2018) in EPM's share capital. As a result of the operation the Company directly owned 95.21% (92.7% in 2018) of the total share capital of Rede Energia and 88.9% (88.4% in 2018) of the share capital of EMT. The percentage decrease resulted in the loss of the interest of R$ 65,747 recorded against transactions between partners, in equity.

From December 2018 the Company maintained a call option over all of the noncontrolling shareholders' preferred shares. If exercised by the Company, the purchase price is the value of the noncontrolling shareholder's contribution plus the variance (101% of the DI rate) less dividends distributed to noncontrolling shareholders. The noncontrolling shareholder does not have the put option, where the noncontrolling investment's equity risk is controlled by the Company as it can decide whether or not to exercise its call option.

(5) Consists of the effect of Other comprehensive income (ORA) recorded in the subsidiaries' equity;

(6) Business combination in 2019 - Alsol Energias Renováveis.

87.01% of the capital of Alsol Energias Renováveis S.A. was formally transferred to Energisa on June 17, 2019, with the usual suspensive conditions for transactions of this nature having been performed and/or waived.

Company Management is noticing significant growth in the distributed generation market, which is still fragmented and immature in Brazil, and given its highly successful track record in the sector it believes it can gain scale and expand the offer of new products and services in the distributed generation segment.

Measurement period of the Purchase Price Allocation (PPA):

The Company provisionally determined the values of the business combination in accordance with CPC 15 (R1) - Business Combination and IFRS 3 (R) - "Business Combination", which determines the business combination be initially recorded at the end of the reporting period in which the combination takes place, in its financial statements. The Company does not expect changes that could modify the position of results obtained in the business combination.

The fair values of the identifiable assets and liabilities acquired at the business combination date are as follows:

	Alsol
Fair value of assets acquired	2,058
% Shareholding	87%
Value of shareholding	1,792
Acquisition value	11,758
Goodwill determined	**9,966**

The acquisition made on June 17, 2019 was measured and recorded at fair value on the transaction date, in accordance with CPC 15 (R1) - Business Combinations and IFRS 3 (R) - Business Combinations.

The goodwill determined under the Company's acquisition stands at R$ 9,966 recognized in "investment" for the parent company and "intangible assets" in the consolidated statement. Goodwill determined on the business acquisition is due to the expected growth of the distributed energy segment in Brazil.

Provision for labor, civil, tax and regulatory risks

The Company recognized the amount of R$ 1,668 as a provision for labor, civil, tax and regulatory risks, rated as possible and remote chances of defeat. The contingent liabilities assumed on the initial recording of the business combination were recorded at fair value.

See the information in the financial statements of the acquired company Alsol as of May 31, 2019.

	Alsol
Cash and cash equivalents	11,739
Clients, consumers and concessionaires	28,407
Inventory	4,703
Other accounts receivable	8,932
Property, plant and equipment	5,622
Intangible assets	5,473
Trade accounts payable	12,100
Loans and financing	116
Operating leases	4,831
Taxes and social contributions	2,910
Deferred income and social contribution taxes	1,385
Provision for labor, civil, tax and regulatory risks	2,177
Other liabilities	39,299
NCI	266

The acquired companies contributed net revenue of R$ 64,307 and net income for the year of R$ 5,165 between the acquisition date and December 31, 2019 to the Company's consolidated net income.

Changes in 2018 investments:

Subsidiaries	Balances in 2017	Acquisition /Advances for future capital increase	Investments Acquired	Gain/Loss on share acquisition (1)	Capital transactions (2)	Merger	Dividends	OCI	Equity Income	Balances in 2018
Electricity Distribution	**1,900,672**	**1,060,068**	**1,333,257**	**78,546**	**-**	**(864,947)**	**(649,146)**	**2,602**	**482,392**	**3,343,444**
Energisa Minas Gerais (EMG)	273,489	-	-	76	-	-	(34,862)	974	36,228	275,905
Energisa Sergipe (ESE)	381,883	-	-	453	-	-	(126,646)	(1,872)	92,535	346,353
Energisa Paraíba (EPB)	832,027	-	-	1,299	-	-	(261,054)	2,236	238,215	812,723
Energisa Borborema (EBO)	126,504	-	-	42	-	-	(29,383)	610	30,958	128,731
Energisa Nova Friburgo (ENF)	86,868	-	-	19	-	-	(10,852)	654	9,351	86,040
Energisa Mato Grosso (EMT) (1)	199,901	567,418	-	131,512	-	(864,947)	(186,349)	-	152,465	-
Companhia de Eletricidade do Acre (ACRE) (7)	-	238,806	693,680	(29,589)	-	-	-	-	46,566	949,463
Centrais Elétricas de Rondônia S/A (CERON) (7)	-	253,844	639,577	(25,266)	-	-	-	-	(123,926)	744,229
Electricity Generation	**4,964**	**1,026**	**-**	**-**	**-**	**-**	**-**	**5**	**(179)**	**5,816**
Parque Eólico Sobradinho	3,466	933	-	-	-	-	-	5	(166)	4,238
Energisa Geração Usina Maurício	1,174	42	-	-	-	-	-	-	40	1,256
Energisa Geração Solar Coremas	320	9	-	-	-	-	-	-	(11)	318
Energisa Geração Eólica Boa Esperança	1	10	-	-	-	-	-	-	(10)	1
Energisa Geração Eólica Mandacaru	1	10	-	-	-	-	-	-	(10)	1
Energisa Geração Eólica Alecrim	1	11	-	-	-	-	-	-	(11)	1
Energisa Geração Eólica Umbuzeiro - Muquim	1	11	-	-	-	-	-	-	(11)	1
Transmissora de Energia Elétrica	**15,047**	**127,292**	**-**	**20**	**-**	**-**	**-**	**(56)**	**2,771**	**145,074**
Energisa Pará Transmissora de Energia I S/a	8,811	65,933	(17,000)	-	-	-	-	-	2,457	60,201
Energisa Goias Transmissora de Energia I S/A	6,236	58,280	(13,000)	-	-	-	-	-	1,255	52,771
Energisa Pará Transmissora de Energia II S/a	-	2,943	(1,992)	-	-	-	-	-	(3)	948
Energisa Transmissora de Energia S/A	-	136	31,992	20	-	-	-	(56)	(938)	31,154
Electricity Trading	**17,831**	**-**	**-**	**39**	**-**	**-**	**(17,180)**	**(97)**	**17,883**	**18,476**
Energisa Comercializadora	17,831	-	-	39	-	-	(17,180)	(97)	17,883	18,476
Rendering of Services	**101,507**	**32,819**	**-**	**81**	**-**	**-**	**(1,140)**	**(208)**	**(14,470)**	**118,589**
Energisa Soluções	93,766	32,819	-	81	-	-	-	(120)	(13,942)	112,604
Energisa Serviços Aéreos de Aeroinspeção	4,470	-	-	-	-	-	-	(21)	(1,515)	2,934
Energisa Planejamento	3,271	-	-	-	-	-	(1,140)	(67)	987	3,051
Holding companies and other companies	**1,978,275**	**326**	**-**	**272,843**	**(59,069)**	**864,947**	**(53,516)**	**(45,047)**	**334,489**	**3,293,248**
Dinâmica Credit Receivables	1,907	-	-	-	-	-	(30)		(77)	1,800
Denerge S/A	1,082,924	(3)	-	2,355	(59,069)	-	(53,486)	(25,667)	217,917	1,164,971
Rede Energia S.A.	893,442	318	-	693	-	(1,028,566)	-	-	134,113	-
Energisa Participações Minoritárias S/A (*) (4)	2	11	-	269,795	-	1,893,513	-	(19,380)	(17,464)	2,126,477
Goodwill paid in the acquisition of subsidiaries	**175,995**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(15,118)**	**160,877**
Total	**4,194,291**	**1,221,531**	**1,333,257**	**351,529**	**(59,069)**	**-**	**(720,982)**	**(42,801)**	**807,768**	**7,085,524**

(*) The Extraordinary General Meeting held December 27, 2018 approved the change to the company's name from Companhia de Energisa Geração de Energia S/A to Energisa Participações Minoritárias S/A.

(1) Denotes the gain made on the acquisition of the noncontrolling interest at the public share offering auction held on January 16 and February 2, 2018, at which 65,740,888 shares of the subsidiary EMT were acquired for R$ 567,418 (R$ 566,161 net of the applicable fees, charges and commission), resulting in a gain of R$ 131,513 charged directly to shareholders' equity under transactions with partners. Shares were also acquired of Denerge and Rede Energia in the amount of R$ 319, resulting in a loss of R$ 2,656 also directly recorded in Shareholders' Equity. R$ 377 and R$ 1,138 denotes the Tax Incentive Reserve – for the companies ESE and EPB.

(2) Includes a portion resulting from the percentage interest in the subsidiary EEVP, referring to the derivative financial instrument described in note 38, which in the financial year amounted to R$ 6,362 (R$ 43,873 in 2018), which was charged to equity.

(4) The subsidiary Energisa Participações Minoritárias S/A (EPM), the new name of Energisa Geração de Energia S/A, is a specific purpose company created to acquire capital in other companies at the instruction of the parent company Energisa S/A to enhance the group's corporate structure.

EPM currently holds an interest in the common shares of Rede Energia of 29.57% (twenty-nine point five seven percent) of the total share capital of Rede Energia ("Rede Energia Shares"); and common shares and preferred shares of EMT, accounting for 39.82% (thirty-nine point eight two percent) of EMT's total share capital ("EMT Shares").

On December 28, 2018 EPM received a primary contribution of R$ 600,000 for the subscription of preferred shares by a non-controlling shareholder, whose interest accounts for 12.3% of EPM's share capital.

As a result of the contribution the Company directly and indirectly owned 92.7% (previously 96.3%) of the total share capital of Rede Energia and 88.4% (previously 95.3%) of the total share capital of EMT.

Note that the rights and obligations of the Energisa Participações shareholders were set out in a shareholders' agreement between the parties.

Amongst other clauses usual in such documents, the shareholders' agreement guaranteed the Company a call option over all of the noncontrolling shareholder's preferred shares. There is no put option obliging the Company to acquire the noncontrolling interest in full or in part.

Under the capitalization in December 2018 which will yield dividends at 40% of the Company's net income based on the dividend flow.

In the event of the Company's liquidation, the preferred shares will have priority over common shares or other types or classes of shares existing now or in the future, plus a premium pursuant to article 17 (II) of Law 6.404/76, where the premium was calculated by a specialist firm, which found there were no earnings in the period to use.

(7) Business combination in 2018 - electricity distribution companies.

At an auction held August 30, 2018, and in accordance with the regulations of notice 2/2018-PPI/PND ("Notice"), Energisa acquired a 90% interest in Energisa Rondônia – Distribuidora de Energia S/A ("ERO") and 87.61% Energisa Acre – Distribuidora de Energia S/A ("EAC"), das from Elétricas Brasileiras S.A. ("Eletrobrás"). The negative goodwill offered by the Company for regulatory flexibilization and the concession was 21% for ERO and 31% for EAC.

Following the performance of all Notice terms and conditions, on October 30, 2018 the Company acquired 2,599,666,099 ERO common shares accounting for 90.0% of the latter's total share capital, pursuant to the Share Purchase and Sale Commitment and Other Covenants ("Agreement") between Energisa and Eletrobrás.

On the same date the Company signed the ERO Shareholders' Agreement with Eletrobrás and held an Extraordinary General Meeting which resolved a capital increase of R$ 282,049 (amount greater than the mandatory capital increase and established in the acquisition of R$ 253,844), at the price of R$ 0.21633448 per share, established in article 170 (1,I) of Brazilian Corporation Law. Energisa thereby subscribed and paid in the mandatory capital increase established. On March 01, 2019 the Company also subscribed and paid in surpluses of ERO in the amount of R$ 27,834, then holding 95.43% of ERO.

After all conditions had performed, on December 6, 2018 the Company concluded the acquisition of EAC by receiving 117,538,360,880 common shares in this distribution company (86,020,249,480 common shares and 31,518,111,400 preferred shares), accounting for 87.61% of its total share capital, pursuant to the Share Purchase and Sale Commitment ("Agreement") signed on that date by Energisa and Eletrobrás. On the same date the Company signed the EAC Shareholders' Agreement with Eletrobrás and approved a capital increase of R$ 274,374 (amount greater than the mandatory capital increase and established in the acquisition of R$ 238,806), at the price of R$ 0.00254489 per share, established in article 170 (1,I) of Brazilian Corporation Law. The Company thereby subscribed and paid in the mandatory capital increase. On March 01, 2019 the Company also subscribed and paid in surpluses of EAC in the amount of R$ 35,264, then holding 93.58% of EAC.

The Notice entitles Eletrobrás to make a capital increase within up to 6 months after settlement of the auction in order to increase its interest in the share capital of the two distribution companies by up to 30%.

The term ended on April 30, 2019 established in the Shareholders' Agreement of Energisa Rondônia – Distribuidora de Energia S/A. ("ERO") signed by the Company and Centrais Elétricas Brasileiras S.A. – Eletrobrás on October 30, 2018 2018 ("Shareholders' Agreement"), pursuant to Auction Notice 2/2018-PPI/PND, for exercising the option to increase Eletrobras' interest in ERO by up to 30% (thirty percent), without Eletrobrás having exercised this option in accordance with the Shareholders' Agreement. As Eletrobras did not exercise this option, on June 18, 2019 the Company revoked the ERO and EAC Shareholders' Agreement entered into by the Company and Eletrobras.

On October 30 and December 6, 2018 ERO and EAC respectively signed the public electricity distribution concession agreements with the government pursuant to Law 12783, enacted January 11, 2013.

After these acquisitions, Energisa held eleven electricity distribution concessions spanning five regions of the country. Company Management believes its successful track record of implementing operational and financial transformations will be essential to enhancing the quality, loss and delinquency metrics and the economic and financial equilibrium of the distribution companies, bringing benefits for consumers. The Company maintains its commitment to prudently allocate capital, seeking to create value for its shareholders and make its business sustainable.

Measurement period of the Purchase Price Allocation (PPA):

The Company determined the values of the business combination in accordance with topic 45 of CPC 15 (R1) - Business Combination and IFRS 3 (R) - "Business Combination", which determines the business combination be initially recorded at the end of the reporting period in which the combination takes place, in its financial statements.

During the measurement period, the Company shall retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. During the measurement period, it shall also recognize additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities. The measurement period ends when the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period shall not exceed one year from the acquisition date. During this period the Company did not measure the changes that modify the position of results obtained in the business combination.

The Company had incurred costs of R$ 9,620 on these acquisitions through December 31, 2018.

The fair values of the identifiable assets and liabilities acquired at the business combination date are as follows:

	ERO	EAC	Total
Fair value of assets acquired	710,640	791,782	1,502,422
% Shareholding	90.00%	87.61%	-
Value of shareholding	639,576	693,681	1,333,257
Acquisition price	137,548	26,147	163,695
Gain/loss in the business combination	**502,028**	**667,534**	**1,169,562**

Gain/loss in the business combination:

In the business combination acquisitions of ERO and EAC conducted by the Company in accordance with CPC 15 (R1) - Business Combination and IFRS 3 (R) - Business Combination, income was recorded of R$ 1,169,562 and recognized under “investments” at the parent company and “intangible assets” in the consolidated statement, charged to other operating revenue - income obtained on the business combination in the income statement for the year. The income made under the acquisition primarily derived from the prospects of earnings due to additional revenue resulting from growth in the region, which is still facing restrictions on energy provision, lower operating costs and the strategic investments to be made. During the measurement period, the Company made the effort necessary to obtain the results and there were no changes that could change the position determined in the business combination.

In addition to geographical synergy with the subsidiary Energisa Mato Grosso, the two distribution companies have many similarities with the group’s two other concession operators, such as client concentration by km of grid and then held the “Northeast corridor” which connects the bordering states and starts in Acre, running through Rondônia, Mato Grosso, Mato Grosso do Sul and Tocantins state.

Provision for labor, civil, tax and regulatory risks

The Company recognized the amount of R$ 467,403 at December 31, 2018 as a provision for labor, civil, tax and regulatory risks, rated as possible and remote chances of defeat. The contingent liabilities assumed on the initial recording of the business combination were recorded at fair value.

Determination of fair values

Goodwill of intangible assets

The acquisitions described in the above note were recorded in accordance with CPC 15 (R1) - Business Combination and IFRS 3 (R) - “Business Combination”. In accordance with accounting regulations that consider the economic essence of the operation, Energisa began evaluating the subsidies' assets at fair value, after acquiring the share control thereof. As a result and in accordance with the determinations of CPC 15 (R1) and IFRS 3 (R), the net assets and liabilities of the companies were valued at fair value according to the appraisal report prepared by a specialized firm, which resulted in the following appraisals: (a) intangible asset - concession right of R$ 5,737,649; (b) deferred income and social contribution taxes in noncurrent liabilities of R$ 1,950,801; and (c) other current liabilities of R$ 467,403 (provisions for labor, civil, tax and regulatory risks), amounting to R$ 3,319,445

The deferred taxes (liabilities) were created over the difference between the appreciation of identifiable assets acquired and the respective carrying amounts thereof, as their tax bases were not affected by the business combination, and consequently generated temporary differences. These deferred taxes were created at the rate of 34% over the appreciation of these assets. The deferred income tax will be realized in the accounts as the intangible asset is amortized or if the investment is sold by the parent company. The subsidiaries are also taxed on the taxable income basis, under which amortization of the intangible asset is not deductible. The tax realization at the parent companies therefore occurs on the sale of the property, plant and equipment at the subsidiary or sale of the investment by the parent company, which would lead to a tax rate of 34% for the parent company, as a result of recording the gain.

Subsidiaries	Cost of intangible assets and property, plant and equipment	Deemed cost of contingencies	Taxes	Effect on shareholders' equity
ERO	3,851,936	(437,451)	(1,309,659)	2,104,826
EAC	1,885,713	(29,952)	(641,142)	1,214,619
Total	**5,737,649**	**(467,403)**	**(1,950,801)**	**3,319,445**

See below the financial information of the acquired companies as of the acquisition dates (ERO on October 30, 2018 and EAC on December 6, 2018):

	ERO	EAC
Cash and cash equivalents	11,715	14,999
Money market and secured funds	33,554	8,520
Clients, consumers and concessionaires	522,083	226,731
Inventory	16,466	1,604
Recoverable taxes	79,016	17,129
Other current assets	193,668	72,668
Escrow and secured deposits	217,841	7,953
Accounts receivable from the concession	15,700	6,438
Sector financial assets	1,037,577	254,228
Intangible assets, PP&E and contractual assets - infrastructure under construction	5,101,109	2,421,759
Trade accounts payable	1,700,096	360,870
Loans, financing and debt charges	977,705	588,685
Provision for labor, civil, tax and regulatory risks	1,606,836	302,875
Sector financial liabilities	144,662	50,316
Deferred income and social contribution taxes	1,293,606	732,522
Other liabilities	795,184	204,979
NCI	71,064	98,101

The acquired companies contributed net revenue of R$ 240,038 and a loss for the period of R$ 119,268 between the acquisition date and December 31, 2018 to the Company's consolidated net income.

On October 31, 2019 the Extraordinary General Meeting approved the change to the names of Companhia de Eletricidade do Acre (ACRE) and Centrais Elétricas de Rondônia S/A (CERON) to Energisa Acre - Distribuidora de Energia S/A (EAC) and Energisa Rondônia - Distribuidora de Energia S/A (ERO).

Other investment information:

Appreciation of intangible assets and goodwill

The Company recognized amortization of intangible assets in the financial year ended December 31, 2019, which are recorded in the income statement under amortization and depreciation and income tax and social contribution originate as follows.

	EMT	ETO	EMS	ERO	EAC	Total	
						2019	2018
Amortization in the year	(63,867)	(63,634)	(71,409)	(128,398)	(62,857)	(390,165)	(225,548)
IR and CSSL	21,715	21,636	24,279	43,655	21,371	132,657	76,687
Amortization net of taxes	**(42,152)**	**(41,998)**	**(47,130)**	**(84,743)**	**(41,486)**	**(257,508)**	**(148,861)**

Indirect interests:

The Company holds indirect interests in the electricity distribution and services companies, directly controlled by Rede Energia S/A, as follows:

	2019				
Indirect subsidiaries	% indirect	Assets	Liabilities	Equity	Profit or loss
Electricity Distribution					
Energisa Tocantins	72.99	2,854,749	2,069,352	785,397	141,215
Energisa Mato Grosso	74.33	8,021,896	5,610,822	2,411,074	391,755
Energisa Mato Grosso do Sul	95.14	3,940,328	2,705,860	1,234,468	196,577
Energisa Sul-Sudeste - Distribuidora de Energia S/A	94.49	2,064,383	1,490,935	573,448	82,195
Multi Energisa Serviços S/A	95.21	29,562	14,619	14,943	5,558
QMRA Participações S.A.	95.20	2,359	264	2,095	(99)
Rede Power do Brasil S.A.	95.20	460,600	48,289	412,311	75,823
Companhia Técnica de Comercialização de Energia	95.21	17,952	202,967	(185,015)	(5,476)

2018					
Indirect subsidiaries	% indirect	Assets	Liabilities	Equity	Profit or loss
Electricity Distribution					
Energisa Tocantins	77.07	2,502,695	1,729,365	773,330	57,261
Energisa Mato Grosso	73.38	7,206,607	5,063,042	2,143,565	386,422
Energisa Mato Grosso do Sul	92.58	3,779,625	2,530,962	1,248,663	124,129
Energisa Sul-Sudeste - Distribuidora de Energia S/A	92.12	1,915,387	1,344,037	571,350	111,156
Multi Energisa Serviços S/A	92.66	24,875	16,050	8,825	4,590
QMRA Participações S.A.	92.62	2,350	156	2,194	(74,209)
Rede Power do Brasil S.A.	92.62	526,927	58,864	468,063	48,067
Companhia Técnica de Comercialização de Energia	92.66	18,289	197,828	(179,539)	(7,533)

18. Property, plant and equipment

Items of property, plant and equipment are recorded at the historic cost of acquisition or construction, minus accumulated depreciation and impairment, when applicable.

The consolidated property, plant and equipment breaks down as follows by nature:

	Parent company						
	Average depreciation rate (%)	Balances 2018	Addition	Transfers	Write-offs	Depreciation	Balances 2019
Property, plant and equipment in service							
Cost:							
Land	-	606	-	-	-	-	606
Buildings and improvements	3.39%	27,348	-	717	-	-	28,065
Machinery and equipment	14.22%	22,317	-	2,759	(4)	-	25,072
Vehicles	14.29%	17,116	-	247	(373)	-	16,990
Furniture and fixtures	7.41%	15,577	-	584	-	-	16,161
Total property, plant and equipment in service		**82,964**	**-**	**4,307**	**(377)**	**-**	**86,894**
Accumulated depreciation:							
Buildings and improvements		(2,885)	-	-	-	(922)	(3,807)
Machinery and equipment		(7,837)	-	-	-	(2,929)	(10,766)
Vehicles		(9,875)	-	-	191	(1,338)	(11,022)
Furniture and fixtures		(13,097)	-	-	-	(329)	(13,426)
Total accumulated depreciation		**(33,694)**	**-**	**-**	**191**	**(5,518)**	**(39,021)**
Subtotal Property, Plant and Equipment		**49,270**	**-**	**4,307**	**(186)**	**(5,518)**	**47,873**
Property, plant and equipment in progress		1,798	18,558	(4,307)	-	-	16,049
Total of Property, plant and equipment		**51,068**	**18,558**	**-**	**(186)**	**(5,518)**	**63,922**

	Parent company					
	Average depreciation rate (%)	Balances 2017	Addition	Transfers	Depreciation	Balances 2018
Property, plant and equipment in service						
Cost:						
Land	-	16	-	590	-	606
Buildings and improvements	3.39%	23,766	-	3,582	-	27,348
Machinery and equipment	14.50%	17,137	-	5,180	-	22,317
Vehicles	14.29%	16,396	-	720	-	17,116
Furniture and fixtures	7.97%	15,142	-	435	-	15,577
Total property, plant and equipment in service		**72,457**	**-**	**10,507**	**-**	**82,964**
Accumulated depreciation:						
Buildings and improvements		(1,661)	-	(387)	(837)	(2,885)
Machinery and equipment		(5,350)	-	-	(2,487)	(7,837)
Vehicles		(8,576)	-	-	(1,299)	(9,875)
Furniture and fixtures		(12,756)	-	-	(341)	(13,097)
Total accumulated depreciation		**(28,343)**	-	(387)	(4,964)	(33,694)
Subtotal Property, Plant and Equipment		**44,114**	**-**	**10,120**	**(4,964)**	**49,270**
Property, plant and equipment in progress		4,671	7,247	(10,120)	-	1,798
Total of Property, plant and equipment		**48,785**	**7,247**	**-**	**(4,964)**	**51,068**

	Consolidated							
	Average depreciation rate (%)	Balances 2018	Acquisition balance	Addition	Transfers (*)	Write-offs (**)	Depreciation	Balances 2019
Property, plant and equipment in service								
Cost:								
Land	-	2,550	-	-	1,412	-	-	3,962
Reservoirs, Dams and Power Tunnels	2.68%	2,774	-	-	1,778	-	-	4,552
Buildings and improvements	2.92%	58,821	19	-	7,420	-	-	66,260
Machinery and equipment	13.19%	279,268	5,656	1,245	(20,579)	(605)	-	264,985
Vehicles	14.26%	74,275	242	-	4,011	(971)	-	77,557
Furniture and fixtures	6.31%	83,721	188	-	7,034	(22)	-	90,921
Total property, plant and equipment in service		**501,409**	**6,105**	**1,245**	**1,076**	**(1,598)**	**-**	**508,237**
Accumulated depreciation:								-
Reservoirs, Dams and Power Tunnels		(824)	-	-	7	2	(66)	(881)
Buildings and improvements		(21,972)	(5)	-	(4,470)	10	1,476	(24,961)
Machinery and equipment		(175,061)	(414)	-	41,725	229	(33,349)	(166,870)
Vehicles		(43,704)	(835)	-	1,880	754	(7,127)	(49,032)
Furniture and fixtures		(58,279)	(55)	-	(1,834)	2	(3,056)	(63,222)
Total accumulated depreciation		**(299,840)**	**(1,309)**	**-**	**37,308**	**997**	**(42,122)**	**(304,966)**
Subtotal Property, Plant and Equipment		**201,569**	**4,796**	**1,245**	**38,384**	**(601)**	**(42,122)**	**203,271**
Property, plant and equipment in progress		8,043	826	107,715	(35,288)	-	-	81,296
Total of Property, plant and equipment		**209,612**	**5,622**	**108,960**	**3,096**	**(601)**	**(42,122)**	**284,567**

(*) The amount of R$ 3,096 denotes reclassifications between property, plant and equipment and intangible assets of the subsidiaries EAC and ERO, after analyzing the items comprising the subsidiaries' electric assets

(*) The amount of R$ 601 denotes write-offs in the year, initially recorded in Deactivation orders - ODD and at the end of the process the amounts are transferred to profit or loss for the year in other operating income (expenses).

	Consolidated							
	Average depreciation rate (%)	Balance 2017	Acquisition balance	Addition	Transfers	Write-offs (*)	Depreciation	Balance 2018
Property, plant and equipment in service								
Cost:								
Land	-	1,448	512	-	590	-	-	2,550
Reservoirs, Dams and Power Tunnels	3.05%	2,792	-	-	-	(18)	-	2,774
Buildings and improvements	3.27%	35,905	18,850	-	4,141	(75)	-	58,821
Machinery and equipment	13.72%	176,775	31,431	-	71,783	(721)	-	279,268
Vehicles	14.26%	64,341	6,013	-	4,362	(441)	-	74,275
Furniture and fixtures	7.54%	65,193	7,515	443	10,571	(1)	-	83,721
Total property, plant and equipment in service		**346,454**	**64,321**	**443**	**91,447**	**(1,256)**	**-**	**501,409**
Accumulated depreciation:								
Reservoirs, Dams and Power Tunnels		(818)	-	-	-	18	(24)	(824)
Buildings and improvements		(5,806)	(14,567)	-	(375)	26	(1,250)	(21,972)
Machinery and equipment		(99,578)	(21,748)	-	(31,138)	209	(22,806)	(175,061)
Vehicles		(30,943)	(5,475)	-	42	420	(7,748)	(43,704)
Furniture and fixtures		(45,977)	(5,385)	-	(4,462)	1	(2,456)	(58,279)
Total accumulated depreciation		**(183,122)**	**(47,175)**	**-**	**(35,933)**	**674**	**(34,284)**	**(299,840)**
Subtotal Property, Plant and Equipment		**163,332**	**17,146**	**443**	**55,514**	**(582)**	**(34,284)**	**201,569**
Property, plant and equipment in progress		14,804	-	48,753	(55,514)	-	-	8,043
Total of Property, plant and equipment		**178,136**	**17,146**	**49,196**	**-**	**(582)**	**(34,284)**	**209,612**

(*) The amount of R$ 582 denotes write-offs in the year, initially recorded in Deactivation orders - ODD and at the end of the process the amounts are transferred to profit or loss for the year in other operating income (expenses).

19. Intangible assets

	Parent company		Consolidated	
	2019	2018	2019	2018
Intangible assets - concession agreement	-	-	14,420,747	12,844,706
Contractual asset - infrastructure under construction	-	-	1,468,913	1,337,311
Intangible assets - Other	25,316	13,687	35,319	23,564
Right-of-use	694	-	50,812	-
Concession right	-	-	334,046	364,038
Total	**26,010**	**13,687**	**16,309,837**	**14,569,619**

19.1. Intangible assets - parent company

	Parent company						
	Average amortization rate (%)	Balances 2018	Initial Adoption CPC 06 (R2)	Additions	Transfers	Amortization	Balances 2019
Cost of software							
In service	20.00%	27,376	-	-	9,607	-	36,983
Accumulated Amortization		(14,030)	-	-	-	(4,116)	(18,146)
In Progress		341	-	15,745	(9,607)	-	6,479
Subtotal		**13,687**	**-**	**15,745**	**-**	**(4,116)**	**25,316**
Property usage rights (*)							
Cost		-	777	18	-	-	795
Accumulated Amortization		-	-	-	-	(101)	(101)
Subtotal		**-**	**777**	**18**	**-**	**(101)**	**694**
Grand Total		**13,687**	**777**	**15,763**	**-**	**(4,217)**	**26,010**

(*) Denotes the right to use properties originated by applying accounting standards CPC 06 (R2), which are amortized over the useful life defined in each contract.

	Parent company					
	Average amortization rate (%)	Balances 2017	Additions	Transfers	Amortization	Balances 2018
In Service						
Cost of software	20.00%	17,147	-	10,229	-	27,376
Accumulated Amortization		(10,118)	-	-	(3,912)	(14,030)
Subtotal		**7,029**	**-**	**10,229**	**(3,912)**	**13,346**
In Progress		4,520	6,050	(10,229)	-	341
Grand Total		**11,549**	**6,050**	**-**	**(3,912)**	**13,687**

19.2. Intangible assets - Other - Consolidated

	Average amortization rate (%)	Balances 2018	Acquisition balance	Initial Adoption CPC 06 (R2)	Addition	Transfers	Write-offs	Amortization (1)	Balances 2019
Intangible assets									
In service:	20.00%	45,304	992	-	-	11,851	-	-	58,147
Accumulated Amortization		(26,093)	(274)	-	-	-	(1)	(6,920)	(33,288)
In progress		4,353	-	-	17,814	(11,707)	-	-	10,460
Subtotal		23,564	718	-	17,814	144	(1)	(6,920)	35,319
Property usage rights (2)									
Cost		-	4,829	39,693	24,196	-	(2,130)	-	66,588
Accumulated Amortization		-	(74)	-	-	-	-	(15,702)	(15,776)
Subtotal		-	4,755	39,693	24,196	-	(2,130)	(15,702)	50,812
Total Intangible Assets		23,564	5,473	39,693	42,010	144	(2,131)	(22,622)	86,131

(1) In the year the company recorded PIS and COFINS credits on the amortization of assets and equipment in the amount of R$ 82 (R$ 76 in 2018).

R$ 15,702 of the total depreciation of R$ 22,622 consists of the amortization of the right of use relating to the adoption of CPC 06 (R2) on January 1, 2019.

(2) Denotes the right to use properties originated by applying accounting standards CPC 06 (R2), which are amortized over the useful life defined in each contract.

	Average amortization rate (%)	Balances 2017	Addition	Transfers	Write-offs	Amortization (1)	Balances 2018
Intangible assets							
In service:	20.00%	37,508	-	12,272	(4,476)	-	45,304
Accumulated Amortization		(22,026)	-	-	2,789	(6,856)	(26,093)
In progress		8,127	8,498	(12,272)	-	-	4,353
Total intangible assets		23,609	8,498	-	(1,687)	(6,856)	23,564

(1) In the year the company recorded PIS and COFINS credits on the amortization of assets and equipment in the amount of R$ 76 (R$ 63 in 2018).

19.3. Intangible assets - concession agreement and contractual asset - Infrastructure under construction - Consolidated

	Average amortization rate (%)	Balances 2018	Addition	Addition - Concession financial asset (1)	Transfers	Write-offs (2)	Amortization (3)	Balances 2019
Intangible assets								
In service:	10.36%	25,079,398	-	2,323,350	1,637,677	(217,232)	-	28,823,193
Accumulated Amortization		(10,006,175)	-	-	(99,879)	170,986	(1,328,052)	(11,263,120)
Total Intangible Assets		**15,073,223**	**-**	**2,323,350**	**1,537,798**	**(46,246)**	**(1,328,052)**	**17,560,073**
(-) Obligations linked to the concession								
In Service								
Cost	3.79%	4,606,612	-	934,118	232,323	-	-	5,773,053
Accumulated Amortization		(2,378,095)	(16,408)	-	(1,135)	-	(238,089)	(2,633,727)
Total obligations linked to the Concession		2,228,517	(16,408)	934,118	231,188	-	(238,089)	3,139,326
Subtotal of Intangible Assets		**12,844,706**	**16,408**	**1,389,232**	**1,306,610**	**(46,246)**	**(1,089,963)**	**14,420,747**
Contractual asset - infrastructure under construction (5)								
Under construction		1,651,479	2,676,043	-	(1,534,832)	(1,091,065)	-	1,701,625
(-) Obligations linked to the concession								
Under construction		314,168	211,109	-	(224,982)	(67,583)	-	232,712
Total contractual assets - infrastructure under construction		**1,337,311**	**2,464,934**	**-**	**(1,309,850)**	**(1,023,482)**	**-**	**1,468,913**
Total Intangible Assets		**14,182,017**	**2,481,342**	**1,389,232**	**(3,240)**	**(1,069,728)**	**(1,089,963)**	**15,889,660**

(1) Addition – Concession financial asset - these are concession financial assets transferred to intangible assets (R$ 2,323,350) and concession liabilities (R$ 934,118) deriving from the renewal of the concession agreements as detailed in note 16.

(2) R$ 1,023,482 of the write-offs of R$ 1,069,728 denotes the transfer of intangible assets net of special obligations to the concession financial asset, and R$ 46,246 consists of write-offs in the year. They are initially recorded in Deactivation orders - ODD and at the end of the process the amounts are transferred to profit or loss for the year in other operating income (expenses) and R$ 4 is write-offs of rights-of-use.

"The amount transferred from the contractual asset of infrastructure, net of special obligations to the concession financial asset of R$ 1,023,482 (R$ 650,907 in 2018), denotes the bifurcated portion of the intangible asset to be compensated at the end of the concession by the concession authority, as per the electricity distribution concession agreement classified under the technical interpretation of ICPC 01 (IFRIC 12)."

(3) In the year the company recorded PIS and COFINS credits on the amortization of assets and equipment in the amount of R$ 36,499 (R$ 35,478 in 2018).

(4) Denotes the right to use properties originated by applying accounting standards CPC 06 (R2), which are amortized over the useful life defined in each contract.

(5) The contractual asset records expenses directly attributable to the acquisition and construction of the assets, such as: (i) the cost of materials and direct labor; (ii) any other costs to bring the asset to its location and condition necessary so it can be fully operated, and (iii) the interest incurred on loans, financing at the infrastructure construction cost, appropriated based on the established criteria for capitalization, such as applying the average weighted rate and specific contract interest in accordance with CPC 20.

	Average amortization rate (%)	Balances 2017	Acquisition on balance	Addition	Transfers	Write-offs (1)	Amortization (2)	Balances 2018
Intangible assets in service								
Cost:	10.86%	16,042,157	8,147,850	38,243	1,056,285	(205,137)	-	25,079,398
Accumulated Amortization		(8,275,432)	(763,061)	-	(75,402)	304,721	(1,197,001)	(10,006,175)
Total Intangible Assets		7,766,725	7,384,789	38,243	980,883	99,584	(1,197,001)	15,073,223
(-) Obligations linked to the concession								
In Service								
Cost	3.80%	3,722,038	476,086	-	408,488	-	-	4,606,612
Accumulated Amortization		(2,028,539)	(77,911)	1,079	(110,565)	42,516	(204,675)	(2,378,095)
Total obligations linked to the Concession		1,693,499	398,175	1,079	297,923	42,516	(204,675)	2,228,517
Subtotal of Intangible Assets		**6,073,226**	**6,986,614**	**37,164**	**682,960**	**57,068**	**(992,326)**	**12,844,706**
Contractual asset - infrastructure under construction (3)								
Under construction		840,185	536,753	1,750,344	(678,631)	(797,172)	-	1,651,479
(-) Obligations linked to the concession								
Under construction		197,120	17,645	241,339	4,329	(146,265)	-	314,168
Total contractual assets - infrastructure under construction		**643,065**	**519,108**	**1,509,005**	**(682,960)**	**(650,907)**	**-**	**1,337,311**
Total Intangible Assets		**6,716,291**	**7,505,722**	**1,546,169**	**-**	**(593,839)**	**(992,326)**	**14,182,017**

(1) R$ 650,907 of the write-offs of R$ 593,839 denotes the transfer of intangible assets net of special obligations to the concession financial asset, and R$ 99,584 consists of write-offs in the year. They are initially recorded in Deactivation orders - ODD and at the end of the process the amounts are transferred to profit or loss for the year in other operating income (expenses), R$ 42,516 denotes the amortization of the provision for incorporating the grid of the indirect subsidiary Centrais Elétricas de Rondônia S/A.

"The amount transferred from the contractual asset of infrastructure, net of special obligations to the concession financial asset of R$ 650,907 (R$ 765,493 in 2017), denotes the bifurcated portion of the intangible asset to be compensated at the end of the concession by the concession authority, as per the electricity distribution concession agreement classified under the technical interpretation of ICPC 01 (IFRIC 12)."

(2) In the year the company recorded PIS and COFINS credits on the amortization of assets and equipment in the amount of R$ 35,478 (R$ 36,055 in 2017) and R$ 24 for depreciation of the future use assets of the direct subsidiary EMS.

(3) The contractual asset records expenses directly attributable to the acquisition and construction of the assets, such as: (i). The cost of materials and direct labor; (ii). Any other costs to bring the asset to its location and condition necessary so it can be fully operated, and (iii). The interest incurred on loans, financing at the infrastructure construction cost, appropriated based on the established criteria for capitalization, such as applying the average weighted rate and specific contract interest in accordance with CPC 20.

19.4. Intangible assets - Concession Agreement - consolidated

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

The assets used by the subsidiaries in their operations are tied to public energy distribution services, and may not be removed, sold, transferred or pledged under mortgage guarantee without the prior, express consent of the Regulatory Authority. ANEEL Normative Resolution 691/2015 issued December 8, 2015 regulates the freeing up of the public electricity service concessions' infrastructure, awarding preliminary authorization for the release for the purpose of disposal. It also determines the proceedings of the disposal be deposited into a specific bank account and the funds reinvested into the concession's assets.

Amortization of intangible assets reflects the way by which the future benefits from using the assets are expected to be consumed by the Company or limited to the concession term based on the economic benefits generated annually. The consumption of these assets is related to the estimated useful life of each item comprising the set of tangible assets contained in the distribution infrastructure. The average weighted amortization rate used is 10.36% (10.86% in 2018).

The balance of intangible assets and concession financial asset of the concession is reduced by obligations linked to the concession, consisting of:

Obligations linked to the concession:	2019	2018
Consumer contributions (1)	4,415,160	3,855,868
Government Subsidy – CDE funds (2)	1,926,170	1,661,740
State Government Subsidy (2)	336,031	571,959
Reversal reserve (3)	8,442	9,206
Revenue from surplus demand and Surplus Reactive Energy	329,713	310,467
(-) Accumulated amortization	(2,633,727)	(2,378,095)
Total	**4,381,789**	**4,031,145**
Allocation:		
Concession financial asset	1,009,751	1,488,460
Infrastructure - Intangible assets in service	3,139,326	2,228,517
Contractual asset - infrastructure under construction and Intangible assets in progress	232,712	300,166
Excess Power Revenue	-	14,002
Total	**4,381,789**	**4,031,145**

(1) Consumer contributions refer to third-party participation in construction work to supply electricity to areas not embraced by the electricity concessionaires' expansion projects.

(2) Government subsidies (funds from the Energy Development Account - CDE) and state government funds are allocated to the Light for All program. The balance includes the effect of returning Tranch 4 of the subsidiary EAC in December/2019.

(3) The reversal reserve, constituted up until December 31, 1971, represents the amount of proceeds deriving from the reversal fund, which have been invested in the Company's expansion project, charged interest of 5 % per annum paid monthly.

19.5. Concession right - consolidated

	Consolidated	
	2019	2018
Recognized by subsidiaries (1)	538,012	538,012
Recognized by parent company (2)	298,589	298,589
Acquisition of interest (3)	77,112	67,358
Accumulated amortization	(579,667)	(539,921)
Subtotal	**334,046**	**364,038**

The change is as follows:

	Consolidated	
	2019	2018
Opening balance	**364,038**	**403,781**
Acquisition of equity interest	9,754	-
Amortization in the year	(39,746)	(39,743)
Closing balance	**334,046**	**364,038**

(1) Intangible assets recognized by the subsidiary:

Refers to the concession right incorporated by the subsidiary ESE which is being amortized from April 1998 and will continue to be amortized until the end of the electricity distribution concession (December 2027).

The amortization will reduce the income and social contribution taxes by 34%. As of December 31, 2019 the balance to be amortized by the subsidiary is R$ 178,533 (R$ 203,159 in 2018).

(2) Intangible assets recognized by parent company:

Donates the concession rights for equity interests in the subsidiaries EBO, ESE and EPB, in the amount of R$ 106,071 (R$ 115,931 in 2018). In accordance with IAS 16, since January 1, 2017 the Company has been recording amortization of concession goodwill over the remaining period of the respective concession exploration licenses, by the straight line method.

The Company holds the share control of the specific purpose entity Parque Eólico Sobradinho, located in the municipality Sobradinho – BA, which owns windfarm ventures amounting to R$ 7,022 (R$ 7,022 in 2018). The amounts paid to acquire the wind farm have been recorded under concession arrangements, to be amortized over 35 years as from start-up.

(3) Business combinations - Acquisition of equity interest

The equity interests assuring the share control of the companies comprising Rede Group were officially transferred to Energisa on April 11, 2014, pursuant to the Investment and Share Purchase and Sale Commitment and Other Covenants.

The goodwill determined under the acquisition of the Companies stands at R$ 165,552 and was recognized in "investment" for the parent company and "intangible assets" in the consolidated statement. The symbolic acquisition price of R$ 1.00 (one real) was based on the market value valuation of the equity of the companies acquired. The goodwill determined on the acquisition is primarily due to the fact the PPA calculations did not include the renewal of the electricity distribution concessions introduced by Law 12783/2013, which despite the issuance of Decree 8461/2015, which regulated the extension of the electricity distribution concession agreements, suspended by the Federal Audit Court, which meant it was not possible to sign the new concession agreement, and the variance between the average used to determine the price and the best estimate of the shareholders' equity at fair value at the effective acquisition date.

Capital gains on the greater interest in the capital increases via capital contributions made at the subsidiaries JQMJ, BBPM, Denerge and Rede Energia amounting to R$ 96,345 was deducted from the goodwill (R$ 165,552), amounting to R$ 69,207. Given the sale of the assets of the indirect subsidiary Tangará S/A, R$ 6,361 was transferred to assets held for sale in May 2015. R$ 34,692 had been amortized as of December 31, 2019.

On May 14, 2015 the Company acquired the share control of the subsidiary Dinâmica Direitos Creditórios, recording goodwill of R$ 4,512.

The transfer was formalized to Energisa of 87.01% of the capital of Alsol Energias Renováveis S.A. on June 17, 2019, with goodwill being determined of R$ 9,754.

The amortization of these concession rights and reduction to the income and social contribution taxes has been projected as follows:

Amortization period	Consolidated	Reduction in income and social contribution taxes
2020 and 2021	34,605	8,373
2022 and 2023	74,289	16,745
2024 and 2025	74,289	16,745
2026 and 2027	74,289	16,745
2028 and 2029	30,412	2,093
2030 and 2031	22,402	-
2032 onwards	23,760	-
Total	**334,046**	**60,701**

20. Trade accounts payable

	Parent company		Consolidated	
	2019	2018	2019	2018
Ampla – CUSD	-	-	3,805	3,653
CCEE (1 and 2)	-	-	456,126	157,619
Bilateral Contracts (2)	-	-	1,088,994	873,274
Use of the high-voltage national grid (2)	-	-	73,548	59,801
Connection to the grid (2)	-	-	17,352	19,008
Service charges in the system (4)	-	-	3,257	31,628
Use of the distribution system (CUSD) (2)	-	-	22,013	16,043
Petrobras (2)	-	-	-	55,397
Materials, services and other (3)	17,462	3,227	423,079	512,191
Total	**17,462**	**3,227**	**2,088,174**	**1,728,614**
Current	17,462	2,962	1,988,149	1,653,312
Noncurrent	-	265	100,025	75,302

(1) In 2019 the item CCEE was adversely impacted by the hydrological conditions in the National Interconnected Grid (SIN). In November and December 2019 the generation of hydroelectric plants was below average and the distribution companies were obliged to assume a greater cost as a result of the hydrological risk and high PLD (Difference Settlement Price). Despite the higher cost in 2019, Law 12.783/2013 states that expenses related to the hydrological risk are covered by the distribution companies which can pass through these costs to consumers via rate adjustments.
In addition to the hydrological risk, the company experienced an increase in spot market (MCP) costs, due to higher consumption in November and December/2019 and the high PLD in the period.

(2) (i) includes R$ 78,031 as of December 31, 2018 referring to the financing of debts with Eletrobrás for Itaipu pass-throughs, consolidated in August 2014 into 60 instalments, incurring interest of 115% of CDI. The first 24 instalments only amortized the interest on the principal and the final 36 will amortize the principal itself. On September 30, 2016 the Company began paying down the principal, with the balance being settled in its entirety in August 2019.

(ii) the remaining debt owed to Petrobras relating to the debt acknowledgement agreements - CCD with Petrobras as being: CCD1 signed on December 31, 2014 deriving from the acquisition of fuel to produce electricity for the islanded system in the period September 2011 to June 2015, in the amount of R$ 247,526 financed over 120 payments; CCD2: contract signed in May 2018 for the same purpose as the first contract, related to fuel supplies in the period November 2014 to June 2015. The debt amount restated through November 30, 2018 was R$ 426,034, when pursuant to the auction's modeling Eletrobrás will assume the debt of R$ 370,995. The debit balance of R$ 55,038 will be assumed by EAC. The debt was settled in the first quarter of 2019.

(3) Acquisitions of materials, services and other items required to implement, conserve and maintain the electricity generation, sale and distribution services, with an average settlement of 40 days.

(4) The changes in System Services Charges reflect reduced dispatching of thermal power stations due to operating restrictions. Operating Restriction Charges are paid when generation assets are dispatched out of merit order, i.e. when power stations which would not ordinarily be dispatched on merit order are dispatched due to operating restrictions, such as downed transmission lines.

See below the changes in the amounts:

Financing of Itaipu pass-through	2019	2018
Financing	78,031	195,078
Interest	2,100	10,134
Amortization	(80,131)	(127,181)
Total - current	**-**	**78,031**

21. Loans, financing and debt charges

Summary changes in loans and financing are as follows:

	Parent company							
	Balances in 2018	Funding	Principal payment	Interest payment	Charges, monetary and exchange restatement and costs	Costs appropriated	Mark-to-market of debt	Balances in 2019
Measured at cost								
Local currency								
CDI	-	450,000	-	-	10,574	-	-	460,574
Funding costs	-	-	-	-	168	(592)	-	(424)
Total cost	**-**	**450,000**	**-**	**-**	**10,742**	**(592)**	**-**	**460,150**
Fair value measurement								
Foreign currency								
US dollar	467,308	-	(162,052)	(19,761)	38,620	-	-	324,115
Mark-to-market	2,054	-	-	-	-	-	2,004	4,058
Total fair value	**469,362**	**-**	**(162,052)**	**(19,761)**	**38,620**	**-**	**2,004**	**328,173**
Total	**469,362**	**450,000**	**(162,052)**	**(19,761)**	**49,362**	**(592)**	**2,004**	**788,323**
Current	158,008							175,190
Noncurrent	311,354							613,133

	Consolidated								
	Balances in 2018	Acquisition	Funding	Principal payment	Interest payment	Charges, monetary and exchange restatement and costs	Costs appropriated	Mark-to-market of debt	Balances in 2019
Measured at cost									
Local currency									
Fixed	1,249,918	116	-	(358,091)	(9,152)	49,953	-	-	932,744
Floating									
TJLP and TLP	8,283	-	-	(4,541)	(531)	52	-	-	3,263
Selic	22,793	-	-	(19,112)	(3,220)	429	-	-	890
CDI	2,337,094	-	1,034,900	(972,831)	(174,407)	159,581	-	-	2,384,337
TR	922,846	-	-	-	(72,667)	78,697	-	-	928,876
Funding costs	(984)	-	-	-	-	1,348	(3,388)	-	(3,024)
Basket of Currencies	762	-	-	(375)	(54)	72	-	-	405
Other	232,786	-	132,488	(108,332)	(12,553)	14,653	-	-	259,042
Total cost	**4,773,498**	**116**	**1,167,388**	**(1,463,282)**	**(272,584)**	**304,785**	**(3,388)**	**-**	**4,506,533**
Fair value measurement									
Foreign currency									
US dollar	3,117,921	-	385,000	(508,874)	(137,753)	262,727	-	-	3,119,021
Euro	351,794	-	240,000	(3,028)	(3,771)	13,591	-	-	598,586
Funding costs	(2,606)	-	-	-	-	756	-	-	(1,850)
Mark-to-market	20,017	-	-	-	-	-	-	7,674	27,691
Total fair value	**3,487,126**	**-**	**625,000**	**(511,902)**	**(141,524)**	**277,074**	**-**	**7,674**	**3,743,448**
Total	**8,260,624**	**116**	**1,792,388**	**(1,975,184)**	**(414,108)**	**581,859**	**(3,388)**	**7,674**	**8,249,981**
Current	1,649,423								1,413,791
Noncurrent	6,611,201								6,836,190

	Parent company						
	Balances in 2017	Funding	Principal payment	Interest payment	Charges, monetary and exchange restatement and costs	Costs appropriated	Balances in 2018
Fair value measurement							
Foreign currency							
US dollar	83,263	436,800	(87,443)	(12,705)	47,393	-	467,308
Mark-to-market	214	-	-	-	-	1,840	2,054
Total fair value	**83,477**	**436,800**	**(87,443)**	**(12,705)**	**47,393**	**1,840**	**469,362**
Total	**83,477**	**436,800**	**(87,443)**	**(12,705)**	**47,393**	**1,840**	**469,362**
Current	83,477						158,008
Noncurrent	-						311,354

	Consolidated								
	Balances in 2017	Acquisition	Funding	Principal payment	Interest payment	Charges, monetary and exchange restatement and costs	Appropriated costs	Mark-to-market of debt	Balances in 2018
Measured at cost									
Local currency									
Fixed	104,790	1,178,336	-	(40,173)	(22,315)	29,280	-	-	1,249,918
TJLP and TLP	571,647	-	-	(563,550)	(15,430)	15,616	-	-	8,283
Selic	398,320	-	-	(383,955)	(5,635)	14,063	-	-	22,793
CDI	1,844,809	301,541	655,000	(487,314)	(134,125)	157,183	-	-	2,337,094
TR	918,111	-	-	-	(72,667)	77,402	-	-	922,846
Basket of currencies	3,881	-	-	(3,170)	(110)	161	-	-	762
Funding costs	(7,865)	-	-	-	-	9,106	(2,225)	-	(984)
Other	17,376	86,513	127,118	(671)	(1,201)	3,651	-	-	232,786
Total cost	**3,851,069**	**1,566,390**	**782,118**	**(1,478,833)**	**(251,483)**	**306,462**	**(2,225)**	**-**	**4,773,498**
Fair value measurement									
Foreign currency									
US dollar	1,739,081	-	1,994,814	(990,537)	(108,043)	482,606	-	-	3,117,921
Euro	-	-	350,000	-	-	1,794	-	-	351,794
Funding costs	(3,663)	-	-	-	-	1,057	-	-	(2,606)
Mark-to-market	11,457	-	-	-	-	-	-	8,560	20,017
Total fair value	**1,746,875**	**-**	**2,344,814**	**(990,537)**	**(108,043)**	**485,457**	**-**	**8,560**	**3,487,126**
Total	**5,597,944**	**-**	**3,126,932**	**(2,469,370)**	**(359,526)**	**791,919**	**(2,225)**	**8,560**	**8,260,624**
Current	1,673,496								1,649,423
Noncurrent	3,924,448								6,611,201

The composition of the loans and financing portfolio, and significant terms and conditions, are detailed below:

Company / Operation	Total		Charges financial charges	Maturity	Amortization of principal	(Effective interest rate) (3)
	2019	2018				
Energisa S/A						
Commercial paper 4th issuance (1)	310,043	-	CDI + 0.55% p.a	Jun/21	Final	6.51%
FRN Santander - 4130335	70,447	-	CDI + +0.8948% p.a	Nov/22	Final	6.85%
FRN Santander - 4132130 (1)	80,084	-	CDI + +0.90% p.a	Nov/24	Semiannual as from Nov/21	6.86%
Borrowing cost incurred on acquisition	(424)	-				
Total local currency	460,150	-				
Resolution 4131 - Itaú (1)	324,115	467,308	4.0375% p.a.	May/21	Annual	8.06%
Mark-to-market of debt (2)	4,058	2,054	-	-	-	
Total foreign currency	328,173	469,362				
Total Energisa S/A	788,323	469,362				
Energisa Sergipe						
FIDC Energisa Group III	5,794	10,802	CDI + 0.70% p.a	Dec/20	Monthly	6.66%
BNDES pass-through I - ABC	-	2,759	TJLP + 3.10% to 4.10% p.a. (fixed)	May/19	Monthly	9.27% to 10.27%
BNDES pass-through II - ABC	-	271	TJLP + 3.10% to 4.10% p.a. (fixed)	May/19	Monthly	9.27% to 10.27%
Finame - Itaú BBA	8,243	10,926	2.50% to 8.70% p.a (Fixed)	Jan/25	Monthly	2.50% to 8.70%
INERGUS Portion	12,520	12,864	IPC + 5.5% p.a.	Dec/39	Monthly	9.88%
INERGUS financing - Migration	110,200	127,118	IPCA + 5.78% p.a.	Jun/26	Monthly	10.09%
Safra Commercial Paper – Series 2 (1)	-	94,196	CDI + 1.65%	Apr/19	Final	7.61%
Commercial paper issuance 6 (1)	147,034	-	CDI + 0.80%	Mar/22	Final	6.76%
Borrowing cost incurred on acquisition	(333)	(122)	-	-	-	-
Total local currency	283,458	258,814				
Resolution 4131 - Citibank (1)	286,476	326,955	Libor + 0.72% to 0.73% p.a	Apr/21	Final	7.07% to 7.08%
Resolution 4131 - Bank of America ML (1)	139,230	134,004	Libor + 1.20% p.a.	Jan/21	Final	7.55%
Resolution 4131 - Citibank (1)	44,849	43,146	Libor + 0.82% p.a.	Sep/21	Final	7.17%
Resolution 4131 - JL Morgan (1)	14,587	14,031	Libor + 1.30% p.a.	Sep/21	Final	7.65%
Mark-to-market of debt (2)	489	467	-	-	-	-
Total foreign currency	485,631	518,603				
Total Energisa Sergipe	769,089	777,417				
Energisa Paraíba						
FIDC Energisa Group III	23,564	43,927	CDI + 0.70% p.a	Dec/20	Monthly	6.66%
Finame - Itaú	15,125	20,163	2.50% to 10.0% p.a (Fixed)	Jan/25	Monthly	2.50% to 10.00%
FUNASA financing	3,492	3,843	IPCA + 5.94%	Dec/29	Monthly	10.25%
Safra Commercial Paper – SERIES 2 (1)	-	68,030	CDI + 1.65%	Apr/19	Final	7.61%
Borrowing cost incurred on acquisition	(97)	(240)	-	-	-	-
Total local currency	42,084	135,723				
Resolution 4131 - Itaú BBA (1)	102,803	98,814	3.7995%p.a. (Fixed)	Jun/20	Final	7.82%
Resolution 4131 - Citibank (1)	75,242	126,393	Libor + 0.73% p.a.	Jan/21	Final	7.08%
Resolution 4131 - Bank of America ML (1)	-	121,966	Libor + 2.25% p.a.	Sep/19	Final	8.60%
Mark-to-market of debt (2)	208	968	-	-	-	-
Total foreign currency	178,253	348,141				
Total Energisa Paraíba	220,337	483,864				

Company / Operation	Total 2019	Total 2018	Charges financial charges	Maturity	Amortization of principal	(Effective interest rate) (3)		
Energisa Minas Gerais								
FIDC Energisa Group III	5,791	10,798	CDI + 0.70% p.a	Dec/20	Monthly		6.66%	
Luz para Todos - Eletrobrás	-	1,446	6.00% p.a. (Fixed)	Dec/19	Monthly		6.00%	
BNDES pass-through I - Itaú BBA	510	978	TJLP + 4.75% p.a.	Jan/21	Monthly		10.92%	
BNDES pass-through II - Itaú BBA	296	551	UMBND + 3.75% p.a. (*)	Jan/21	Monthly		3.83%	
BNDES pass-through III - Itaú BBA	213	408	TJLP + 5.95% p.a.	Jan/21	Monthly		12.12%	
BNDES pass-through IV - Itaú BBA	324	622	5.50% p.a. (Fixed)	Jan/21	Monthly		5.50%	
Finame - Itaú BBA	6,406	8,583	2.50% to 10.0% p.a (Fixed)	Dec/24	Monthly	2.50%	to	10.00%
Floating Interest Note - Santander (1)	73,367	110,067	CDI + 1.3248%	Dec/20	Semi-annual		7.28%	
Floating Interest Note - Santander (1)	-	20,426	CDI + 0.57%	Sep/19	Final		6.53%	
Borrowing cost incurred on acquisition	(24)	(48)	-	-	-		-	
Total local currency	86,883	153,831						
Resolution 4131 - Itaú BBA (1)	36,283	34,876	3.7995%p.a. (Fixed)	Jun/20	Final		7.82%	
Resolution 4131 II - Citibank (1)	71,183	120,775	Libor + 0.72% p.a.	May/21	Final		7.07%	
Resolution 4131 - BBM Loan	63,019	-	2.77%p.a. (Fixed)	Apr/21	Final		6.79%	
Mark-to-market of debt (2)	861	337	-	-	-		-	
Total foreign currency	171,346	155,988						
Total Energisa Minas Gerais	258,229	309,819						
Energisa Nova Friburgo								
FIDC Energisa Group III	1,545	2,880	CDI + 0.70% p.a	Dec/20	Monthly		6.66%	
Luz para Todos - Eletrobrás	-	52	7.00% p.a. (Fixed)	Jun/19	Monthly		7.00%	
BNDES pass-through I - Itaú	191	380	TJLP + 4.75% p.a.	Dec/20	Monthly		10.92%	
BNDES pass-through II - Itaú	109	211	UMBND + 3.75% p.a.	Dec/20	Monthly		3.83%	
BNDES pass-through III - Itaú	79	158	TJLP + 5.95% p.a.	Dec/20	Monthly		12.12%	
BNDES pass-through IV - Itaú	126	251	5.50% p.a. (Fixed)	Dec/20	Monthly		5.50%	
Finame - Itaú	683	901	2.50% to 6.00% p.a (Fixed)	Nov/24	Monthly	2.50%	to	6.00%
Floating Interest Note - Santander (1)	23,344	35,021	CDI + 1.3248% p.a	Dec/20	Semi-annual		7.28%	
FRN 4131519	15,044	-	CDI + 0.80% p.a	Nov/22	Semiannual as from Nov/21		6.76%	
Borrowing cost incurred on acquisition	(7)	(13)	-	-	-		-	
Total local currency	41,114	39,841						
Resolution 4131 - Citibank (1)	51,557	49,575	LIBOR + 0.65% to 1.62% p.a	Sep/22	Final	7.00%	to	7.97%
Mark-to-market of Debt (2)	743	865	-	-	-		-	
Total foreign currency	52,300	50,440						
Total Energisa Nova Friburgo	93,414	90,281						
Energisa Borborema								
FIDC Energisa Group III	1,931	3,601	CDI + 0.70% p.a	Dec/20	Monthly		6.66%	
Finame - Itaú BBA	1,417	1,880	2.50% to 8.70% p.a (Fixed)	Nov/24	Monthly	2.50%	to	8.70%
Safra commercial paper – Series 2 (1)	-	10,488	CDI + 1.65%	Mar/19	Final		7.61%	
Floating Interest Note - Santander (1)	26,679	40,024	CDI + 1.3248%	Dec/20	Semi-annual		7.28%	
Floating Interest Note - Santander (1)	-	20,426	CDI + 0.70%	Sep/19	Final		6.66%	

Company / Operation	Total 2019	Total 2018	Charges financial charges	Maturity	Amortization of principal	(Effective interest rate) (3)
Floating Interest Note - Santander (1)	20,595	-	CDI + 0.92%	Jul/20	Final	6.88%
Floating Interest Note - Santander (1)	15,044	-	CDI + 0.80% p.a	Nov/22	Semiannual as from Nov/21	6.76%
Borrowing cost incurred on acquisition	(8)	(21)	-	-	-	-
Total local currency	65,658	76,398				
Resolution 4131 - Citibank (1)	24,840	23,906	Libor + 0.97% p.a.	Nov/20	Final	7.32%
Mark-to-market of debt (2)	55	163				
Total foreign currency	24,895	24,069				
Total Energisa Borborema	90,553	100,467				
Energisa Mato Grosso						
FIDC Energisa Group IV - Series 1	353,402	353,307	TR + 7.00% p.a.	Oct/34	Monthly from Oct/29 onwards	7.00%
FIDC Energisa Group IV - Series 2	482,682	483,240	CDI + 0.70% p.a	Apr/31	Monthly from Apr/21 onwards	6.66%
CCB – Santander (1)	-	5,363	CDI + 2.28% p.a	Jun/19	Monthly	8.24%
Floating Interest Note - Santander (1)	450,626	517,965	CDI + 1.25% to 1.3248% p.a.	Dec/20	Semiannual as from Dec/19	7.21% to 7.28%
Commercial Paper 2nd Issuance (1)	293,823	-	CDI + 0.80% p.a	Mar/22	Final	6.76%
Borrowing cost incurred on acquisition	(641)	-				
Total local currency	1,579,892	1,359,875				
Resolution 4131 - Bank of America ML (1)	214,059	205,940	Libor + 1.20% to 1.60% p.a.	Jan/21	Final	7.55% to 7.95%
Citibank Loan - 4131 (1)	57,899	55,688	Libor + 1.70% p.a.	Jun/22	Annual from 2021 onwards	8.05%
Citibank EDC Loan - 4131 (1)	57,892	55,678	Libor + 1.80% p.a.	Jun/22	Annual from 2021 onwards	8.15%
Citibank Loan - 4131 (1)	128,422	123,546	Libor + 0.82% p.a.	Sep/21	Final	7.17%
BBM Loan - 4131 (1)	-	73,707	3.39% p.a. Fixed	Oct/19	Final	7.41%
J P MORGAN Loan (1)	108,167	103,664	Libor + 1.05% p.a.	Nov/21	Final	7.40%
Merryl Lynch Loan (1)	48,387	-	0.6870% p.a.	Dec/22	Final	2.75%
Scotiabank Loan (1)	198,327	-	2.1964% p.a.	Dec/22	Final	6.22%
Borrowing cost incurred on acquisition	(547)	(766)				
Mark-to-market of debt (2)	3,238	4,650				
Total foreign currency	815,844	622,107				
Total Energisa Mato Grosso	2,395,736	1,981,982				
Energisa Mato Grosso do Sul						
FIDC Energisa Group IV - Series 1	291,492	291,414	TR + 7.00% p.a.	Oct/34	Monthly from Oct/29 onwards	7.00%
FIDC Energisa Group IV - Series 2	220,250	220,504	CDI + 0.70% p.a	Apr/31	Monthly from Apr/21 onwards	6.66%
Floating Interest Note - Santander	66,602	-	CDI + 0.89% p.a	Aug/20	Final	6.85%
Total local currency	578,344	511,918				
Loan Citi - 4131 (1)	58,398	56,189	Libor + 1.70% p.a.	May/22	Annual from 2021	8.05%
Loan Citi EDC - 4131 (1)	58,367	56,152	Libor + 1.80% p.a.	May/22	Annual from 2021	8.15%
Loan Citi - 4131 (1)	69,151	66,525	Libor + 0.825% p.a.	Sep/21	Final	7.18%
Resolution 4131 - Bank of America ML (1)	51,345	-	0.99% p.a. Fixed	May/22	Final	3.05%
Borrowing cost incurred on acquisition	(535)	(757)	-	-	-	-
Mark-to-market of debt (2)	2,339	1,573	-	-	-	-
Total foreign currency	239,065	179,682				
Total Energisa Mato Grosso do Sul	817,409	691,600				
Energisa Tocantins						
Luz para Todos I - Eletrobrás	8,486	13,027	6.0% p.a.	Apr/22	Monthly	6.00%
Luz para Todos II - Eletrobrás	-	18,706	SELIC	Oct/19	Monthly	5.96%
CCB - Santander (1)	-	13,909	CDI + 2.28% p.a	Jun/19	Monthly	8.24%

Company / Operation	Total 2019	Total 2018	Charges financial charges	Maturity	Amortization of principal	(Effective interest rate) (3)
Commercial paper Itaú 2nd Issuance (1)	-	315,566	110.0% CDI	Sep/19	Final	6.56%
Borrowing cost incurred on acquisition	-	(540)	-	-	-	-
Total local currency	8,486	360,668				
Resolution 4131 - Itaú (1)	209,563	201,514	4.352% p.a. (Fixed)	Jun/21	Final	8.37%
Loan Citi - 4131 (1)	45,358	43,660	Libor + 1.70% p.a.	May/22	Annual from 2021 onwards	8.05%
Loan Citi EDC - 4131 (1)	45,329	43,624	Libor + 1.80% p.a.	May/22	Annual from 2021 onwards	8.15%
Merrill Lynch Loan (1)	125,885	121,160	Libor + 1.20% p.a.	Jan/21	Final	7.55%
Borrowing cost incurred on acquisition	(507)	(717)				
Mark-to-market of debt (2)	6,729	3,355	-	-	-	-
Total foreign currency	432,357	412,596				
Total Energisa Tocantins	440,843	773,264				
Energisa Sul Sudeste						
CCB – Santander (1)	-	1,425	CDI + 2.28% p.a	Jun/19	Monthly	8.24%
Commercial paper - Safra (1)	-	10,615	CDI + 1.65%	Feb/19	Final	7.61%
Total Local Currency	-	12,040				
Loan Citi - 4131 (1)	27,663	26,607	Libor + 1.70% p.a.	Jun/22	Annual from 2021 onwards	8.05%
Loan Citi EDC - 4131 (1)	27,663	26,605	Libor + 1.80% p.a.	Jun/22	Annual from 2021 onwards	8.15%
Merrill Lynch Loan (1)	120,883	116,332	Libor + 1.10% p.a.	Apr/20	Final	7.45%
Citi Loan - 4131 (1)	64,834	62,383	Libor + 1.27% p.a.	Jul/23	Annual from 2022 onwards	7.62%
Merrill Lynch Loan (1)	79,656	76,653	Libor + 1.20% p.a.	Aug/21	Final	7.55%
Merrill Lynch Loan (1)	110,774	-	0.87% Fixed p.a.	Jun/22	Final	2.93%
Scotiabank Loan (1)	49,582	-	2.1964% Fixed p.a.	Dec/22	Final	6.22%
Borrowing cost incurred on acquisition	(261)	(366)				
Mark-to-market of debt (2)	3,622	4,436	-	-	-	-
Total foreign currency	484,416	312,650				
Total Energisa Sul Sudeste	484,416	324,690				
ERO						
CCEE - Eletrobrás	649,693	620,757	5.00% p.a	Oct/48	Monthly from 2024 onwards	5.00%
Luz para Todos - Eletrobrás (4)	-	16,245	8.50% p.a. fixed	Jun/21	Monthly	8.50%
Luz para Todos - Eletrobrás (4)	-	12,744	7.00% p.a. fixed	Dec/26	Monthly	7.00%
Luz para Todos - Eletrobrás (4)	-	21,149	6.00% p.a. fixed	Nov/25	Monthly	6.00%
Eletrobrás Ordinary Funds (4)	-	297,821	119.50% CDI + 0.50%	Dec/24	Monthly	7.62%
Eletrobrás Ordinary Funds (4)	-	2,853	Selic + 0.50%	Oct/18	Monthly	6.46%
FRN 4131614 (1)	50,048	-	CDI + 0.90% p.a	Nov/24	Semiannual as from Dec/21	6.86%
Total Local Currency	699,741	971,569				
Scotiabank Loan (1)	49,582	-	2.1964% p.a.	Dec/22	Final	6.22%
Mark-to-market of debt (2)	(155)	-				
Total foreign currency	49,427	-				
Total Energisa Rondônia	749,168	971,569				
EAC						
CCEE - Eletrobrás	215,043	205,019	5.00% p.a	Dec/48	Monthly from 2024 onwards	5.00%
Luz para Todos - Eletrobrás (4)	-	218	6.00% p.a. fixed	Sep/24	Monthly	6.00%
Luz para Todos - Eletrobrás (4)	-	82,423	6.90% p.a. fixed	Feb/20	Monthly	6.90%
Luz para Todos - Eletrobrás (4)	-	16,679	6.40% p.a. fixed	Dec/17	Monthly	6.40%
Luz para Todos - Eletrobrás (4)	-	634	7.00% p.a. fixed	Feb/19	Monthly	7.00%

Company / Operation	Total		Charges financial charges	Maturity	Amortization of principal	(Effective interest rate) (3)
	2019	2018				
Luz para Todos - Eletrobrás (4)	-	86,074	8.19% p.a. fixed	Jul/22	Monthly	8.19%
Luz para Todos - Eletrobrás (4)	-	103,855	7.85% p.a. fixed	Jul/22	Monthly	7.85%
Luz para Todos - Eletrobrás (4)	-	88,961	IPCA + 8.43% p.a.	Jun/21	Monthly	12.74 %
Total Local Currency	215,043	583,863				
Merrill Lynch Loan (1)	359,045	351,794	1.40% p.a.	Dec/23	Monthly from 2020 onwards	3.46%
Merrill Lynch Loan (1)	29,035	-	0.7619% p.a.	Dec/21	Final	0.76%
Mark-to-market of debt (2)	5,281	703				
Total foreign currency	393,361	352,497				
Total Energisa Acre	608,404	936,360				
Energisa Soluções						
Finame - Itaú BBA	1,779	2,191	2.50 to 6.00% p.a. (Fixed)	Sep/24	Monthly	2.50% to 6.00%
Total local currency	1,779	2,191				
Banco BBM Loan 4131	21,420	-	2.96% p.a.	Mar/21	Final	6.98%
Mark-to-market of debt (2)	220	-				
Total foreign currency	21,640	-				
Total Energisa Soluções	23,419	2,191				
Energisa Soluções Construções						
Finame - Itaú BBA	2,422	2,915	6.00% p.a. (Fixed)	Nov/24	Monthly	6.00%
Finame - Itaú BBA	890	1,234	SELIC + 5.14% to 5.20%	Apr/22	Monthly	11.10 % to 11.16%
Finame - Itaú BBA	2,270	3,329	TJLP + 4.80% to 4.87% p.a.	Apr/22	Monthly	10.97 % to 11.04%
Total local currency	5,582	7,478				
Total Energisa Soluções Construções	5,582	7,478				
Energisa Pará I						
BASA - CCB 048-19/0002-0	132,830	-	IPCA + 1.8854% p.a.	Jul/39	Monthly from 2023 onwards	6.20%
Borrowing cost incurred on acquisition	(1,490)					
Total Local Currency	131,340	-				
Total Energisa Pará I	131,340	-				
Energisa Comercializadora						
SANTANDER – 4131 (1)	42,208	40,545	4.5883% p.a. (Fixed)	Jun/20	Final	8.61%
BBM Loan – 4131	24,529	-	Libor + 0.56% p.a.	Sep/22	Final	6.91%
Mark-to-market of debt (2)	3	446				
Total foreign currency	66,740	40,991				
Total Energisa Comercializadora	66,740	40,991				
Rede Energia S.A.						
"RJ" Creditors - Bicbanco	5,788	5,326	1.0% p.a. (Fixed)	Nov/35	Final	1.00%
"RJ" Creditors - BNB	12,757	11,741	1.0% p.a. (Fixed)	Nov/35	Final	1.00%
Total Local Currency	18,545	17,067				
Total Rede Energia S.A.	18,545	17,067				
Denerge						
FI-FGTS (Restructured)	283,982	278,125	TR + 4.00% p.a.	Nov/35	Final	4.00%
Total local currency	283,982	278,125				
Total Denerge	283,982	278,125				
Cia Téc.de Comercialização de Energia						
"RJ" Creditors - BMG	4,452	4,097	1.0% p.a. (Fixed)	Nov/35	Final	1.00%
Total local currency	4,452	4,097				
Total Cia Téc.de Comerc.de Energia	4,452	4,097				
Local currency	4,506,533	4,773,498				
Foreign currency	3,743,448	3,487,126				
Energisa - consolidated	**8,249,981**	**8,260,624**				

(*) A=Endorsement of Energisa S/A, F=Guarantee, R=Receivables, S=Surety

Covenants:

(1) Covenants terms - The contract has covenants which in general require the maintenance of certain financial indexes at certain levels. These guarantees are structured based on benchmarks established by Energisa S/A., with the main ones listed below:

Parent Company:

- ✓ Net Debt over EBITDA, equal to or lower than 4.5 (four point five) for the financial statements for the financial year ended December 31, 2019 (inclusive), 4.25 (four point two five) for the financial information/financial statements for the periods/year ending between March 31, 2020 to December 31, 2020 (inclusive), changing to 4.0 (four point zero) for the financial information/financial statements for the periods/year ending March 31, 2021 (inclusive) until the respective maturity of the Contracts;
- ✓ EBITDA over Finance Income, equal to or greater than 2.5 (two point five) until the respective maturity of the contracts.

Subsidiary:

- ✓ Net Debt over EBITDA, equal to or lower than 4.5 (four point five) for the financial statements for the financial year ended December 31, 2019 (inclusive), 4.25 (four point two five) for the financial information/financial statements for the periods/year ending between March 31, 2020 to December 31, 2020 (inclusive), changing to 4.0 (four point zero) for the financial information/financial statements for the periods/year ending March 31, 2021 (inclusive) until the respective maturity of the Contracts;
- ✓ EBITDA over Finance Income, equal to or greater than 2.5 (two point five) until the respective maturity of the contracts.

Failure to maintain these levels could result in early maturity of the debts (see note 38 – financial instruments and risk management). These requirements were being performed as of December 31, 2019.

(2) These operations are being measured at fair value through profit and loss, according to the fair value hedge accounting or designated as fair value options (see note 38 - Financial instruments and risk management).

(3) The effective interest rate present the changes in the financial year ended December 31, 2019. The effects of hedge accounting are not being taken into account for foreign-currency debt, demonstrated in Note 38 - Financial instruments and risk management.

(4) In February and March 2019 the direct subsidiaries ERO and EAC settled early Eletrobrás loans of R$ 718,590, with R$ 358,898 at ERO and R$ 359,692 at EAC. R$ 33,333 of this amount was settled by transferring Eletronorte shares held by the subsidiaries.

Guarantees:

To guarantee payment of the portions, the subsidiaries maintain short-term investments of R$ 110,617 (R$ 99,735 in 2018), recorded under "short-term investments in money market and secured funds" in the consolidated non-current assets.

The foreign-currency financing contracts are subject to a currency swap and financial derivative instruments (see note 38 – Financial instruments and risk management).

The main indicators used to restate the loans and financing presented the following percentage variations and effective rates in the years:

Currency/indicators	2019	2018
USD x R$	4.02%	17.13%
TJLP	6.17%	6.72%
SELIC	5.96%	6.43%
CDI	5.96%	6.42%
IPCA	4.31%	3.75%
IGP-M	7.32%	7.55%
LIBOR	2.33%	2.34%
UMBNB	0.08%	0.07%
TR	0.00%	0.00%
IPC-FIPE	4.38%	2.99%
Euro	2.06%	11.83%

The financing classified in noncurrent liabilities are scheduled as follows:

	Parent company	Consolidated
2021	497,894	2,499,353
2022	69,524	1,512,758
2023	22,857	284,781
2024	22,858	134,626
2024 onwards	-	2,404,672
Total	**613,133**	**6,836,190**

22. Debentures

Changes in debentures are as follows:

	Parent company							
	Balances in 2018	Funding	Principal payment	Interest payment	Charges, monetary and exchange restatement and costs	Costs appropriated	Mark-to-market of debt	Balances in 2019
Measured at cost - floating								
CDI	1,466,938	-	(233,333)	(101,846)	98,971	-	-	1,230,730
IPCA	1,916,183	500,000	(195,586)	(170,122)	256,324	-	-	2,306,799
Funding costs	(4,849)	-	-	-	2,335	-	-	(2,514)
Total cost	**3,378,272**	**500,000**	**(428,919)**	**(271,968)**	**357,630**	**-**	**-**	**3,535,015**
Current	492,103							969,384
Noncurrent	2,886,169							2,565,631

	Consolidated							
	Balances in 2018	Funding (*)	Principal payment	Interest payment	Charges, monetary and exchange restatement and costs	Costs appropriated	Mark-to-market of debt	Balances in 2019
Measured at cost - floating								
Fixed	51,089	-	-	(3,340)	7,758	-	-	55,507
Floating								
CDI	4,152,522	1,000,000	(233,333)	(331,404)	329,559	-	-	4,917,344
IPCA	3,277,293	500,000	(195,586)	(221,068)	375,367	-	-	3,736,006
Funding costs	(53,439)	-	-	-	16,762	(16,889)	-	(53,566)
Mark-to-market	99,809	-	-	-	-	-	183,526	283,335
Total cost	**7,527,274**	**1,500,000**	**(428,919)**	**(555,812)**	**729,446**	**(16,889)**	**183,526**	**8,938,626**
Current	526,593							1,167,067
Noncurrent	7,000,681							7,771,559

(*) The Company and its subsidiaries made the following debenture issuances over the course of 2019:

Company	Funding	Date	Series	Issuance no.	Effective interest rate
ESA	500,000	4/15/2019	Single	11th	8.93%
EMT	150,000	6/10/2019	1 and 2	10th	6.69% and 7.01%
EMS	110,000	6/10/2019	Single	12	6.69%
ETO	400,000	6/10/2019	1 and 2	5th	6.91% and 7.11%
EPB	120,000	6/10/2019	1 and 2	6th	6.69% and 6.79%
ESE	50,000	6/10/2019	Single	7	6.69%
EMG	70,000	6/10/2019	1 and 2	11th	6.69% and 6.79%
ALSOL	100,000	10/7/2019	Single	1st	7.16%
Total	**1,500,000**				

	Parent company							
	Balances in 2017	Funding	Principal payment	Interest payment	Charges, monetary and exchange restatement and costs	Costs appropriated	Mark-to-market of debt	Balances in 2018
Measured at cost - floating								
CDI	764,269	700,000	-	(76,230)	78,899	-	-	1,466,938
IPCA	2,006,872	-	(158,424)	(167,747)	235,482	-	-	1,916,183
Funding costs	(3,604)	-	-	-	1,824	(3,069)	-	(4,849)
Total cost	**2,767,537**	**700,000**	**(158,424)**	**(243,977)**	**316,205**	**(3,069)**	**-**	**3,378,272**
Current	241,939							492,103
Noncurrent	2,525,598							2,886,169

	Consolidated							
	Balances in 2017	Funding	Principal payment	Interest payment	Charges, monetary and exchange restatement and costs	Costs appropriated	Mark-to-market of debt	Balances in 2018
Measured at cost - floating								
Fixed	47,254	-	-	(3,340)	7,175	-	-	51,089
Floating								
CDI	1,328,602	3,050,000	(257,165)	(127,929)	159,014	-	-	4,152,522
IPCA	2,006,873	1,345,217	(158,424)	(167,874)	251,501	-	-	3,277,293
Funding costs	(26,112)	-	-	-	10,137	(37,464)	-	(53,439)
Mark-to-market	-	-	-	-	-	-	99,809	99,809
Total cost	**3,356,617**	**4,395,217**	**(415,589)**	**(299,143)**	**427,827**	**(37,464)**	**99,809**	**7,527,274**
Current	326,147							526,593
Noncurrent	3,030,470							7,000,681

The breakdown of debenture balances and main contractual conditions are as follows:

Operations	Total		Issuance	No. Securities Issued / free float	Yields	Maturity	Amortization of principal	Effective interest rate
	2019	2018						
ENERGISA S/A								
5th Issuance/ 2nd Series	-	196,685	5/28/2012	27,143 / 27,143	IPCA+10.7011% p.a	Jul / 19	Annual, Jul.2018 onwards	15.01%
7th Issuance/ 1st Series (*)	209,218	201,666	8/15/2015	166,667 / 117,001	IPCA+8.75% p.a	Aug / 20	Final	13.06%
7th Issuance/ 2nd Series (*)	209,218	201,666	8/15/2015	166,667 / 117,001	IPCA+8.75% p.a	Aug / 21	Final	13.06%
7th Issuance/ 3rd Series (*)	209,218	201,666	8/15/2015	166,667 / 117,001	IPCA+8.75% p.a	Aug / 22	Final	13.06%
7th Issuance/4th Series	210,312	202,687	8/15/2015	166,667 / 117,001	IPCA+10.25% p.a	Aug / 20	Final	14.56%
7th Issuance/ 5th Series	210,312	202,687	8/15/2015	166,667 / 117,001	IPCA+10.25% p.a	Aug / 21	Final	14.56%
7th Issuance/ 6th Series	210,312	202,687	8/15/2015	166,667 / 117,001	IPCA+10.25% p.a	Aug / 22	Final	14.56%
8th Issuance/ 1st Series	222,106	214,211	6/15/2017	197,598 / 197,598	IPCA+5.60% p.a	Jun / 22	Final	9.91%
8th Issuance/ 2nd Series	199,407	192,317	6/15/2017	177,348 / 177,348	IPCA+5.6601% p.a	Jun / 24	Final	9.97%
Debentures 9th Issuance / 1st Series	67,526	65,142	10/15/2017	7,126 / 7,126	IPCA+4.4885% p.a	Oct / 22	Final	8.80%
Debentures 9th Issuance / 2nd Series	12,591	12,147	10/15/2017	1,328 / 1,328	IPCA+4.7110% p.a	Oct / 24	Final	9.02%
Debentures 9th Issuance 3rd Series	23,451	22,622	10/15/2017	2,472 / 2,472	IPCA+5.1074% p.a	Oct / 27	Final	9.42%
Debentures 9th Issuance / 4th Series	763,463	765,721	10/15/2017	87,074 / 87,074	107.75% CDI	Oct / 22	Annual, after Oct/20	6.42%
10th Issuance	467,266	701,217	6/20/2018	70,000 / 70,000	CDI+1.10% p.a	Jun / 21	Annual, after Jun/19	7.06%
11th Issuance	523,130	-	4/15/2019	500,000 / 500,000	IPCA+4.6249% p.a	Apr / 26	Final	8.93%
Borrowing costs	(2,515)	(4,849)	-	-	-	-	-	-
Total ENERGISA S A	**3,535,015**	**3,378,272**						
ESE								
6th Issuance	68,393	65,654	9/15/2018	65,000 / 65,000	IPCA+5.0797% p.a	Sep / 25	Annual after Sep/23	9.39%
7th Issuance	50,143	-	6/10/2019	50,000 / 50,000	CDI + 0.73% p.a	Jun / 24	Final	6.69%
Borrowing costs	(1,194)	(1,124)						
Total ENERGISA SERGIPE	**117,342**	**64,530**						
EPB								
Debentures 4th Issuance	184,243	184,844	2/15/2018	18,000 / 18,000	CDI+1.00% p.a	Feb / 21	Final	6.96%
Debentures 5th Issuance	142,048	136,359	9/15/2018	135,000 / 135,000	IPCA+5.0797% p.a	Sep / 25	Annual after Sep/23	9.39%
Debentures 6th Issuance 1st Series	72,204	-	6/10/2019	72,000 / 72,000	CDI + 0.73% p.a	Jun / 24	Final	6.69%
Debentures 6th Issuance 2nd Series	48,139	-	6/10/2019	48,000 / 48,000	CDI + 0.83% p.a	Jun / 26	Final	6.79%
Borrowing costs	(2,822)	(3,302)						
Total ENERGISA PARAÍBA	**443,812**	**317,901**						
REDE ENERGIA								
4th Issuance	55,507	51,089	12/22/2009	370,000 / 0	1% p.a.	Nov / 35	Final	1.00%
Total REDE ENERGIA	**55,507**	**51,089**						
EMS								
Debentures 8th Issuance	304,713	305,689	9/15/2017	30,000 / 30,000	107.50% CDI	Sep / 22	Semi-annual	6.41%
Debentures 10th Issuance	153,506	154,008	2/15/2018	15,000 / 15,000	CDI +0.95%	Feb / 21	Final	6.91%
Debentures 11th Issuance	163,092	156,560	9/15/2018	155,000 / 155,000	IPCA+5.0797% p.a	Sep / 25	Annual after Sep/23	9.39%
Debentures 12th Issuance	110,312	-	6/10/2019	110,000 / 110,000	CDI + 0.73% p.a	Jun / 24	Final	6.69%
Borrowing costs	(2,844)	(3,497)	-	-	-	-	-	-
Total ENERGISA MATO GROSSO DO SUL	**728,779**	**612,760**						
EMT								
Debentures 8th Issuance	481,259	482,824	2/15/2018	47,000 / 47,000	CDI+1.10% p.a	Feb / 21	Final	7.06%
Debentures 9th Issuance	405,099	388,874	9/15/2018	385,000 / 385,000	IPCA+5.0797% p.a	Sep / 25	Annual after Sep/23	9.39%
Debentures 10th Issuance 1st Series	117,833	-	6/10/2019	117,500 / 117,500	CDI + 0.73% p.a	Jun / 24	Final	6.69%
Debentures 10th Issuance 2nd Series	32,598	-	6/10/2019	32,500 / 32,500	CDI + 1.05% p.a	Jun / 29	Annual, after Jun/27	7.01%

Operations	Total 2019	Total 2018	Issuance	No. Securities Issued / free float	Yields	Maturity	Amortization of principal	Effective interest rate
Borrowing costs	(8,742)	(10,912)						
Total ENERGISA MATO GROSSO	**1,028,047**	**860,786**						
EMG								
Debentures 10th Issuance	52,609	50,503	9/15/2018	50,000 / 50,000	IPCA+5.0797% p.a	Sep / 25	Annual after Sep/23	9.39%
Debentures 11th Issuance 1st Series	34,098	-	6/10/2019	34,000 / 34,000	CDI + 0.73% p.a	Jun / 24	Final	6.69%
Debentures 11th Issuance 2nd Series	36,104	-	6/10/2019	36,000 / 36,000	CDI + 0.83% p.a	Jun / 26	Final	6.79%
Borrowing costs	(1,257)	(1,185)						
Total ENERGISA MINAS GERAIS	**121,554**	**49,318**						
ETO								
Debentures 4th Issuance	252,529	242,415	9/15/2018	240,000 / 240,000	IPCA+5.0797% p.a	Sep / 25	Annual after Sep/23	9.39%
Debentures 5th Issuance 1st Series	238,300	-	6/10/2019	237,596 / 237,596	CDI + 0.95% p.a	Jun / 24	Final	6.91%
Debentures 5th Issuance 2nd Series	162,902	-	6/10/2019	162,404 / 162,404	CDI + 1.15% p.a	Jun / 26	Final	7.11%
Borrowing costs	(5,669)	(5,443)						
Total ENERGISA TOCANTINS	**648,062**	**236,972**						
ESS								
Debentures 4th Issuance	73,655	70,704	9/15/2018	70,000 / 70,000	IPCA+5.0797% p.a	Sep / 25	Annual after Sep/23	9.39%
Borrowing costs	(1,362)	(1,672)						
Total ENERGISA SUL SUDESTE	**72,293**	**69,032**						
ETE								
Debentures 1st Issuance / 1st Series	82,022	75,512	12/15/2018	75,500 / 75,500	IPCA+4.9238% p.a	Dec / 25	Final	9.23%
Debentures 1st Issuance / 2nd Series	56,025	51,471	12/15/2018	51,462 / 51,462	IPCA+5.1410% p.a	Dec / 28	Annual after Dec/26	9.45%
Debentures 1st Issuance 3rd Series	133,733	123,058	12/15/2018	123,038 / 123,038	IPCA+4.9761% p.a	Dec / 25	Final	9.29%
Borrowing costs	(2,676)	(47)						
Total ENERGISA TRANSMISSÃO	**269,104**	**249,994**						
ERO								
Debentures 1st Issuance 1st Series (**)	1,559,152	1,558,219	11/26/2018	155,000 / 155,000	CDI+1.65% p.a	Nov / 23	Final	7.61%
Borrowing costs	(2,868)	(5,100)						
Total ENERGISA RONDÔNIA	**1,556,284**	**1,553,119**						
ALSOL								
Debentures 1st Issuance	101,109	-	10/23/2019	100,000 / 100,000	CDI+1.20% p.a	Oct / 24	Final	7.16%
(-) borrowing costs	(370)	-						
Total Alsol	**100,739**	**-**						
TOTAL	**8,708,857**	**7,480,904**						
Borrowing costs (*)	(21,247)	(16,308)						
Borrowing costs	(32,319)	(37,131)						
Total funding costs	**(53,566)**	**(53,439)**						
Mark-to-market of debt	283,335	99,809						
Total local currency	**8,938,626**	**7,527,274**						
Consolidated	**8,938,626**	**7,527,274**						

(*) Includes R$ 179,663 (R$ 167,388 in 2018) denoting the mark-to-market value of debentures conjugated with subscription bonuses.
(**) Debentures issued, secured by parent company.

In the last quarter of FY 2015 the Company issued three common debenture series jointly with an underwriting bonus (part of the 7th Energisa Debenture Issue), which is equal to converting such debentures into Energisa shares. On the issuance date, the sum of the three series was R$ 500,001. The debenture value was recorded as debt, while concurrently IFRS9/CPC48 provides that the convertibility option should be priced and stated, which led to recognition of finance expenses in FY 2018 in the amount of R$ 422,906. In the financial year ended December 31, 2019 the Company recognized more than R$ 627,823 in securities losses, recorded in profit or loss for the financial year under finance costs - Mark-to-market of derivatives.

The right to exercise the underwriting bonus (convertibility) by debenture holders would take place at the price of one UNIT (ENGI11) at R$ 17.78, while it was being traded at R$ 53.53 on December 30, 2019. This is an “in the money” option, which reflects the good likelihood of conversion. Despite this large likelihood of exercising the conversion right, resulting in a debt reduction and an Equity Capital increase, maintaining the indebtedness plus the effect of a derivative financial instrument. The funds raised under the issuance were allocated to investments in electricity distribution infrastructure entailing the expansion, renewal or enhancement of electricity distribution infrastructure.

Covenant terms

The debentures have covenants which in general require the maintenance of certain financial indexes at certain levels, with the main ones listed below:

Parent Company:

- ✓ Net Debt over EBITDA, equal to or lower than 4.5 (four point five) for the financial statements for the financial year ended December 31, 2019 (inclusive), 4.25 (four point two five) for the financial information/financial statements for the periods/year ending between March 31, 2020 to December 31, 2020 (inclusive), changing to 4.0 (four point zero) for the financial information/financial statements for the periods/year ending March 31, 2021 (inclusive) until the respective maturity of the Contracts;
- ✓ EBITDA over Finance Income, equal to or greater than 2.5 (two point five) until the respective maturity of the contracts.

Subsidiary:

- ✓ Net Debt over EBITDA, equal to or lower than 4.5 (four point five) for the financial statements for the financial year ended December 31, 2019 (inclusive), 4.25 (four point two five) for the financial information/financial statements for the periods/year ending between March 31, 2020 to December 31, 2020 (inclusive), changing to 4.0 (four point zero) for the financial information/financial statements for the periods/year ending March 31, 2021 (inclusive) until the respective maturity of the Contracts;
- ✓ EBITDA over Finance Income, equal to or greater than 2.5 (two point five) until the respective maturity of the contracts.

Failure to maintain these levels could result in early maturity of the debts. These requirements were being performed as of December 31, 2019.

Maturities

As of December 31, 2019 the maturities of the debentures in noncurrent liabilities are scheduled as follows:

Year	Parent company	Consolidated
2021	889,641	2,295,793
2022	939,322	1,574,831
2023	-	891,870
2024	205,954	1,377,107
2024 onwards	530,714	1,631,958
Total	**2,565,631**	**7,771,559**

23. Operating leases

The Company and its subsidiaries are lessees in contracts for non-residential properties for the installation of customer service branches, establishments to carry out commercial activities and distribution centers. Land leases involve the subsidiary Alsol, which builds photovoltaic power stations on the land.

The Brazilian Securities Commission ("CVM") issued circular CVM/SNC/SEP/no. 02/2019 on December 18, 2019.

In accordance with CPC 06 (R2) and having analyzed the circular issued, the Company and its subsidiaries concluded that: (i) the accounting policies around the accounting treatment of lease contracts comply with CPC 06 (R2)/IFRS 16 requirements, the incremental loan rate – IBR is determined based on readily observable information adjusted to the reality of the Company and its subsidiaries, the projected flows do not account for inflation, as instructed by the pronouncements in question; and (ii) the Company and its subsidiaries do not have net PIS and COFINS obligations on leases and the PIS and COFINS credits on lease contracts are not material enough to require a specific disclosure.

Pursuant to the circular, the table below sets out the minimum inputs necessary in order to include inflation in the disclosed information.

The effects result from adopting the new CPC 06 (R2) standard are as follows:

Parent company							
	Average contractual term (years)	Effective rate p.a (%)	Initial Adoption on 1/1/2019	Addition	Amortization	Interest	Balances 2019
Operational leases - property	6	8.89	777	18	(149)	73	719
Total							**719**
Current							112
Non-current							607

Consolidated									
	Average contractual term (years)	Effective rate p.a (%)	Initial Adoption on 1/1/2019	Acquisition balance	Addition	Amortization	Interest	Write-offs	Balances 2019
Operational leases - property	4.57	8.89	39,692	-	22,701	(17,992)	3,818	(11)	48,208
Operational leases - land			-	4,831	1,503	(82)	134	(2,126)	4,260
Total			**39,692**	**4,831**	**24,204**	**(18,074)**	**3,952**	**(2,137)**	**52,468**
Current									22,407
Non-current									30,061

In 2019 the operational lease payments classified in noncurrent liabilities are scheduled as follows:

	Parent company 2019	Consolidated 2019
2020	115	3,320
2021	59	5,700
2022	55	4,054
2023	55	1,736
2023 onwards	323	15,251
Total	**607**	**30,061**

24. Taxes and social contributions

	Parent company		Consolidated	
	2019	2018	2019	2018
Value-added tax on sales and services - ICMS (a)	-	-	694,669	623,089
Social Charges	3,194	2,050	56,046	41,080
Corporate Income Tax – IRPJ	-	-	41,273	20,974
Social Contribution on Net Income – CSSL	-	-	29,635	8,777
PIS and COFINS Contributions	2,623	1,845	203,439	160,903
Pis and Cofins- On restatement effects due to reduction of ICMS in the calculation base	-	-	6,752	-
Services tax - ISS	1,186	716	24,011	15,258
Tax on Financial Transactions - IOF	4,711	859	7,017	1,220
Income Tax Withheld at Source - IRRF	1,268	986	17,416	19,270
Social security contribution on gross revenue - CPRB	-	-	1,109	429
Other	603	624	31,579	55,964
Total	**13.585**	**7,080**	**1,112,946**	**946,964**
Current	13,021	6,965	640,023	546,841
Noncurrent	564	115	472,923	400,123

a. ICMS – The indirect subsidiary ESS has been awarded an injunction suspending payment of ICMS tax on billing amounts for subsidized low-income consumers of R$ 34,486 (R$ 30,927 in 2018), with judicial bond, while the subsidiaries EMT, ESS, ETO, EMS, EPB, ESE, EBO, EMG and ENF have R$ 372,803 (R$ 260,330 in 2018) relating to ICMS on the use of the distribution and transmission system by free consumers and ICMS on energy demand which has been suspended under injunctions filed by consumers (see note 7, item 6). All amounts are recorded in noncurrent liabilities.

- **Tax Financing Program - Energisa Acre**

On 6/28/2019 and 12/21/2018 the direct subsidiary EAC entered the ICMS tax debt financing plan published by the Acre State Finance Office, authorized by Law 3479 (May 24, 2018) and arrangement ICMS 79/18 where it chose to pay the tax debts at sight in the amount of R$ 71,339 and R$ 102,044 on 06/2019 and 12/2018 respectively, as follows:

Description	2019	2018
ICMS – Principal	55,817	92,365
Fines and interest	105,118	96,786
discount of fines and interests	(89,596)	(87,107)
Payment at sight of tax credits	(71,339)	(102,044)
	-	-

The ICMS principal of R$ 55,817 (R$ 92,365 in 2018) was recorded by the subsidiary EAC under other accounts receivable in noncurrent assets, as it entailed recoverable ICMS credits on acquisitions of diesel fuel consumed in the electricity generation process in the islanded systems within Acre state to be reimbursed along with the CCC.

The fines and interest of R$ 105,118 (R$ 96,768 in 2018) were recorded under consolidated other financial expenses for the financial year at R$ 89,596 (R$ 87,107 in 2018).

The subsidiary also had a provision for tax contingencies of R$ 46,380 in June 2019, which due to the payments made was reversed through operating profit and loss for the year in the consolidated provisions for labor, civil, tax and regulatory risks in the amount of R$ 14,973 and R$ 31,407 in other financial expenses, thereby reducing the impact of the fines and interest. The net effect on consolidated profit or loss for the year was R$ 27,658, net of Pis and Cofins.

25. Financing of taxes - consolidated

The subsidiary ESS has ordinary and tax liability installments of R$ 50,517 (R$ 62,269 in 2018) owing to the São Paulo and Paraná state tax authorities, as follows: The federal tax financing programs are restated by the variance of the Selic base interest rate and the state rates by the indexes adopted in each state, as follows.

The subsidiary EEVP, merged into Denerge, has a residual debt financing with the federal tax authorities of R$ 999 over 60 monthly instalments, restated by the Selic base interest rate. Payments were made of R$ 550 in the period. As of December 31, 2019 the balance of the financing is R$ 449 and the number of installments to be settled is 21.

The subsidiary ERO had a special debt financing program for tax regularization at the federal tax authorities, applied for in May 2017, with payments over 24 monthly instalments. As of December 31, 2018 the balance of the financing was R$ 4,712, fully settled in 2019.

The subsidiary EAC also had a balance in 2018, which was completely settled in FY 2019:

- Special debt financing with the Acre State Government for ICMS resulting from the reversal of ICMS credits on the acquisition of diesel oil to produce electricity in the islanded system. The financing balance as of December 31, 2018 was R$ 7,844.

- Special debt financing program for tax regularization at the federal tax authorities, applied for in May 2017, with payments over 24 monthly instalments. The financing balance as of December 31, 2018 was R$ 1,863.

- Ordinary debt financing program for INSS withheld at source on freelancers at the federal tax authorities, applied for in January 2018, with payments over 15 monthly instalments. The financing balance as of December 31, 2018 was R$ 149.

	Subsidiaries		Consolidated	
	ESS	DENERGE	2019	2018
ICMS	50,517	-	50,517	70,113
COFINS/PIS - PRT	-	450	450	6,575
FREELANCER INSS WITHHELD AT SOURCE	-	-	-	149
Total	**50,517**	**450**	**50.967**	**76,837**
Current	17,313	242	17,555	31,881
Noncurrent	33,204	208	33,412	44,956

	Consolidated	
	2019	2018
ICMS, COFINS/PIS-PRT and INSS WITHHELD AT SOURCE		
Principal	22,351	37,807
Fine	24,640	33,530
Interest	3,976	5,500
Total	**50.967**	**76,837**
Current	17,555	31,881
Noncurrent	33,412	44,956

Balances at December 31, 2019:

The consolidated balances of the financed taxes are scheduled as follows:

	Consolidated	
	2019	2018
2019	-	31,881
2020	17,555	15,371
2021	15,598	13,648
2022 onwards	17,814	15,937
Total	**50.967**	**76,837**
Current	17,555	31,881
Noncurrent	33,412	44,956

26. Sector charges - consolidated

	2019	2018
Energy Development Account - CDE [1]	3,456	85,173
National Scientific and Technological Development Fund – FNDCT	5,421	4,746
Ministry of Mining and Energy - MME	2,691	2,344
National Electricity Conservation Program - PROCEL	31,527	23,930
Research and Development - R&D [2]	185,461	197,961
Energy Efficiency Program - PEE [2]	256,609	249,940
Alternative Energy Sources Incentive Program - PROINFA	1,479	1,479
Total	**486,644**	**565,573**
Current	245,903	292,898
Non-current	240,741	272,675

[1] From September 2019 the quota of CDE Energia (Account - ACR) follows Aneel Ratifying Resolution 2.521, issued March 20, 2019 and Order 871/2019 with the same date.

(2) Sector charges account for 1% of net operating revenue and aim to finance and combat electricity waste and the technological development of the electric sector related to the Energy Efficiency Program (PEE) and Research and Development (R&D) programs.

PEE and R&D project expenditure is recorded as work in progress until completion of the relevant project, at which time the expenditure is recorded as program funding, while the realization of obligations on the acquisition of intangible assets is charged to the special liabilities balance.

27. Provisions for labor, civil, tax and regulatory risks

The Company is party to judicial and administrative proceedings before courts and government agencies. These cases result from the normal course of business, and involve civil, labor, tax and regulatory matters.

Probable losses:

A provision is recognized when the obligation is deemed a probable loss by the Company's legal advisors. The obligation is charged to expenses for the year. This obligation can be measured with reasonable certainty and is restated according to the developments in the judicial proceeding or financial charges incurred and may be reversed if the estimated loss is no longer deemed probable, or written off when the obligation is settled. Because of their nature, judicial proceedings will be resolved when one or future events occur or do not occur.

The occurrence of these events is not within the Company's control and legal uncertainties surround the exercising of significant judgment and estimates made by Management regarding the outcome of future events.

See below the change in provisions:

Parent company	Labor	2019	2018
Opening balances - noncurrent - -2018 and 2017	**1,286**	**1,286**	**1,493**
Making of provisions	2,668	2,668	133
Reversal of provisions	(382)	(382)	(153)
Payments made	(451)	(451)	(245)
Monetary restatement	43	43	58
Closing balances - noncurrent - 2019 and 2018	**3,164**	**3,164**	**1,286**
Restricted and escrow deposits (*)		(360)	(57)

(*) The Company has restricted and escrow deposits recorded in its noncurrent assets of R$ 382 (R$ 179 in 2018). No provisions for risks have been made for R$ 22 (R$ 122 in 2018) of this total, as the chances of loss have been rated as possible or remote.

Consolidated	Labor	Civil	Tax	Regulatory	2019	2018
Opening balances - noncurrent - -2018 and 2017	**266,778**	**666,332**	**1,335,117**	**124,898**	**2,393,125**	**486,111**
Business combination balance	2,177	-	-	-	2,177	1,909,711
Making of provisions	142,172	429,514	7,522	27,401	606,609	344,228
Reversal of provisions	(84,884)	(392,345)	(94,900)	(53,765)	(625,894)	(225,770)
Payments made	(118,214)	(98,598)	-	-	(216,812)	(145,586)
Monetary restatement	6,520	12,497	(16,231)	7,734	10,520	24,431
Transfer	3,932	(2,294)	(1,638)	-	-	-
Closing balances - noncurrent - 2019 and 2018	**218,481**	**615,106**	**1,229,870**	**106,268**	**2,169,725**	**2,393,125**
Restricted and escrow deposits (*)					(93,772)	(75,815)

(*) The direct and indirect subsidiaries have escrow deposits and pledges in their noncurrent assets amounting to R$ 576,694 (R$ 495,947 in 2018). Of this total, at the indirect subsidiary ESS R$ 38,407 (R$ 30,930 in 2018) denotes ICMS deposits on the low-income subsidy subject to legal disputes, with the corresponding amount recognized in income and social contribution taxes R$ 444,515 (R$ 389,202 in 2018) there being no provision for risks, as the cases are rated as a possible or remote defeat.

- **Labor**

Most of the claims address: (i) Work-related accidents (ii) Overtime and respective obligations; (iii) Severance notice period and respective obligations; (iv) Salary parity; (v) Allowance for driving vehicles; (vi) FGTS (40% on inflationary restatement); (vii) health hazard allowance. Provisions have been made for the aforesaid labor proceedings rated as having a probable chance of defeat by the Company and its subsidiaries' legal advisers. In general proceedings rated as having a probable chance of defeat take between 3 and 5 years to reach the final judgment and effective disbursement of the amounts provisioned for, in the event the Company does not prevail.

- **Civil**

The civil proceedings are mainly disputing indemnification for moral and material damages and consumer complaints for issues such as (i) Improper cut-offs from electricity supply, (ii) Improper listing in credit protection agency (SPC/Serasa); (iii) Cancellation/Revision of consumption irregularity invoice; (iv) Cancellation/Revision of normal consumption invoice; (v) Reimbursement for electrical damage; (vi) Connection or changing of ownership of consumer unit; (vii) Luz no Campo Program/Light for All program; (viii) Incorporation/ Compensation for construction of private electricity grid; (ix) Accidents involving third parties; (x) indemnification.

Lawsuits have also been filed by consumers claiming reimbursement of amounts paid to the subsidiaries resulting from tariff increases introduced under DNAEE Ordinances 38 and 45 applied during the term of the Cruzado Plan in 1986. A provision has been made for the amount of the tariff increase.

- **Tax**

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

The Company and its direct and indirect subsidiaries are also subject to several legal, civil and labor claims arising out of the normal course of business.

The Company's judgment relies on the opinion of its legal advisers. Provisions are revised and adjusted to reflect changes in circumstances, such as the applicable statute of limitations, the completion of tax inspections or exposure identified as a result of new issues or court decisions.

- **Regulatory**

The subsidiaries EMT, EMS, ETO, ESS, ERO and EAC have proceedings before ANEEL, due to non-compliance with regulations.

Possible losses

The Company and its subsidiaries are party to labor, civil, tax and regulatory claims in progress where the chance of loss has been estimated as possible, meaning no provision was required.

See the changes below:

Parent company	Labor	Civil	Tax	2019	2018
Opening balances - 2018 and 2017	**210**	**94,410**	**57,088**	**151,708**	**56,678**
New cases	1,068	-	16,976	**18,044**	**42,712**
Change in rating and claim amount	(57)	(53,164)	-	**(53,221)**	**47,280**
Close	(101)	-	-	**(101)**	**(118)**
Monetary restatement	7	2,946	3,467	**6,420**	**5,156**
Closing balances 2019 and 2018	**1,127**	**44,192**	**77,531**	**122,850**	**151,708**

Consolidated	Labor	Civil	Tax	Regulatory	2019	2018
Opening balances - 2018 and 2017	**257,549**	**4,223,461**	**3,247,688**	**34,507**	**7,763,205**	**3,738,959**
Business combination balance	**544**	**42**	**-**	**-**	**586**	**1,779,243**
New cases	60,027	272,550	386,761	24,482	743,820	**927,648**
Change in rating and claim amount	11,737	(1,887,998)	(193,456)	4,711	(2,065,006)	**1,540,227**
Close	(112,266)	(353,289)	(677,411)	(32,351)	(1,175,317)	**(439,310)**
Monetary restatement	6,620	124,487	179,816	953	311,876	**216,438**
Closing balances 2019 and 2018	**224,211**	**2,379,253**	**2,943,398**	**32,302**	**5,579,164**	**7,763,205**

See below the comments of our legal advisers regarding cases rated as a possible risk:

- **Labor**

Labor proceedings consist of the following claims: claims submitted by employees seeking overtime, danger hazard allowances, "on call" time, indemnity for work-related accidents, in addition to claims from former employees of service providers hired by the subsidiaries, claiming joint liability for severance pay and salaries and charging union fees, notice, compensation for damages resulting from work-related accidents, public procurements, severance incentivization plan, transposition to federal institutions.

- **Civil**

Civil proceedings consist primarily of the following claims: (i) revision or cancellation of electricity invoices due to the uncertainty of the amount; (ii) indemnification for material and moral damages due to the suspension of the electricity supply due to non-payment, irregularities in meters, surges in voltages or temporary blackouts; and (iii) regulatory fines originating from inspections conducted by the concession authority which are undergoing administrative defense.

Parent company

On April 25, 2016 the Company and its subsidiary Energisa Soluções (“Defendants”) were notified of a petition to file arbitration proceedings before the Arbitration Chamber of the Brazil-Canada Chamber of Commerce, filed by São João Energética (“Petitioner”).

The petition submitted by the Petitioner claims a violation of the share purchase and sale agreement signed November 19, 2014, by which the Defendants agreed to sell to Petitioner three investment funds contractually referred to as FIP Eólicas, FIP Biomassa and FIP SHP.

On August 21, 2019 the arbitration tribunal unanimously ruled all the claims filed by the Petitioner to be groundless, ordering it to reimburse the Defendants for the costs and expenses incurred on the arbitration defense (“Arbitration Award”). Management assessed the best possible estimates and concluded as probable the chance of success for the parent company and subsidiary Energisa Soluções S/A, which prevailed in the final arbitration decision.

On October 23, 2019 the Arbitration Award was upheld on its own grounds after the Petitioner's motion for clarification had been unanimously rejected, with the arbitration tribunal declaring its jurisdiction had ended as a result of delivering the decision on the Petitioner's motion for clarification.

Main cases:

Subsidiaries

. Main cases:

EPB

. Case 0053723-89.2016.4.01.3400, in the amount of R$ 171,952 as of December 31, 2018 disputing the claimed reimbursement of amounts charged in electricity bills related to technical and commercial losses, where the chance of defeat was changed from a possible to a remote loss in December 2019. Change based on the legal advisors’ opinion which took legal and regulatory matters into account.

. Case 0002664-83.2015.815.0131 involving R$ 54,881 (R$ 53,369 in 2018), disputing issues related to contractual severance (annulment action filed by Cooperativa de Eletrificação Rural). The plaintiff is contesting the transfer of the electrification network made by Cervap and Energisa, requiring annulment of the public transaction date between the companies and all resulting effects.

ESE

. Case 0053723-89.2016.4.01.3400, in the amount of R$ 99,138 as of December 31, 2018 disputing the claimed reimbursement of amounts charged in electricity bills related to technical and commercial losses, where the chance of defeat was changed from a possible to a remote loss in December 2019. Change based on the legal advisors’ opinion which took legal and regulatory matters into account.

EMS

. Collective civil action 00651268720144013800 in the amount of R$ 174,968 (R$ 170,148 in 2018), by which the Energy Consumer Defense Association is claiming a return of amounts unfairly charged in double. The impact in the case of defeat is possible recalculation of the rates practiced, resulting in a change to the contractual bases of the concession agreement and the entire methodology for creating rates prepared by the Concession authority.

. Case 00537238920164013400, in the amount of R$ 160,579 as of December 31, 2018 disputing the claimed reimbursement of amounts charged in electricity bills related to technical and commercial losses, where the chance of defeat was changed from a possible to a remote loss in December 2019. Change based on the legal advisors' opinion which took legal and regulatory matters into account.

. Public civil action 00081923720034036000 in the amount of R$ 64,881 (R$ 63,094 in 2018), by which the Federal Prosecutions Department is claiming the annulment of ANEEL Resolution 167, which established the Company's rate replacement index, to establish an index other than the IGP-M price index.

EMT

. Case 1004068-45.2018.4.01.3600 for R$ 312,760 (R$ 304,145 in 2018) involving issues related to a claim demanding compensation for the right-of-way. Plaintiff is claiming recognition of legality and to demand the payment for use of the highway easements awarded to CRO, ordering EMT to pay overdue and outstanding portions for this use and signing the pending contracts and to present the executive plans for the occupied area.

. Case 0053723-89.2016.4.01.3400, in the amount of R$ 295,727 as of December 31, 2018 disputing the claimed reimbursement of amounts charged in electricity bills related to technical and commercial losses, where the chance of defeat was changed from a possible to a remote loss in December 2019. Change based on the legal advisors' opinion which took legal and regulatory matters into account.

. Compensation claim 17436-75.2014.811.0041 in the amount of R$ 72,386 (R$ 70,392 in 2018) filed by Conel Construções Elétricas Ltda, in order to obtain reimbursement for material and moral damages due to the allegedly unjustified termination by the defendant of the service provision agreement.

. Compensation claim 54570-73.2013.811.0041 in the amount of R$ 41,021 (R$ 39,891 in 2018), seeking reimbursement of amounts due to excessive cost of the service provision agreements and nonperformance of obligations established in the agreements.

. Compensation claim 13549-66.2015.811.0003 for R$ 35,429 (R$ 34,453 in 2018) involving issues related to moral and property damages.

ETO

. **Case 2008.34.00.007382-8** for R$ 34,505 (R$ 33,555 in 2018), disputing contractual issues involving the repossession/expropriation of land to build high-voltage distribution lines and substations.

Case 0053723-89.2016.4.01.3400 for R$ 32,746 as of December 31, 2018 disputing compensation for moral damages/ application for interim relief, where the rating was changed in December 2019 from possible to remote. Change based on the legal advisors' opinion which took legal and regulatory matters into account. .

ERO

. Compensation claim 0013664-30.2015.401.4100 in the amount of R$ 469,326 (R$ 457,037 in 2018), seeking reimbursement of amounts due to excessive cost of the service provision agreements and nonperformance of obligations established in the agreements.

Case 0038260-55.2015.807.0001 for R$ 422,673 as of December 31, 2018, related to the class action filed against all electricity concession operators in Brazil to prevent and compensate various damages against consumers, with application for an injunction to stop the companies charging energy bills, the demanded losses, even if by pro rating, and losses incurred due to billing or measurement errors, theft and fraud in the period 2010 to 2014. It also claims annulment of all ANEEL Resolutions permitting the charges and including amounts charged as non-technical losses in bills. The Company rated this case as possible for the following reasons: (i) the plaintiff does not have the legal grounds to file this case, as required by the Supreme Federal Court following the judgment of the repetitive appeal regarding the matter pursuant to art. 543-C of CPC 73. The plaintiff's CNPJ has been canceled as proven in the case and (ii) the civil case does not entail charges made by the Company, but rather criteria adopted by ANEEL (legal competence) regarding the elements comprising electricity rates, meaning only ANEEL can take the measures related to the matter under scrutiny, there being no illegality in including the non-technical losses when forming these rates. This means the exclusive competence of ANEEL has been violated. We emphasize that in the event of a defeat, the case amount will be passed through to rates in its entirety. Based on a misplaced legal opinion/decision in November 2019, the case had its rating changed from possible to remote.

. Compensation claim 7040117-63.2016.8.22.0001 in the amount of R$ 109,537 (R$ 803,464 in 2018), filed by Petrobrás Distribuidora S.A. relating to the collection proceeding for the supply of diesel. The claim amount was reduced after reassessing the risk, which merely entails a dispute around success fees.

. Public Civil Action 0011930-44.2015.401.41000 in the amount of R$ 51,472 (R$ 50,200 in 2018), filed by the Brazilian Bar Association disputing issues related to energy shortages.

. Ordinary Proceeding 0008746-40.2015.822.0001 in the amount of R$ 50,122 (R$ 48,810 in 2018), filed by the Brazilian Bar Association disputing issues related to energy shortages.

EAC

. Case 0038260-55.2015.807.0001 for R$ 119,523 as of December 31, 2018, related to the class action filed against all electricity concession operators in Brazil to prevent and compensate various damages against consumers, with application for an injunction to stop the companies charging energy bills, the demanded losses, even if by pro rating, and losses incurred due to billing or measurement errors, theft and fraud in the period 2010 to 2014. It also claims annulment of all ANEEL Resolutions permitting the charges and including amounts charged as non-technical losses in bills. The Company rated this case as possible for the following reasons: (i) the plaintiff does not have the legal grounds to file this case, as required by the Supreme Federal Court following the judgment of the repetitive appeal regarding the matter pursuant to art. 543-C of CPC 73. The plaintiff's CNPJ has been canceled as proven in the case and (ii) the civil case does not entail charges made by the Company, but rather criteria adopted by ANEEL (legal competence) regarding the elements comprising electricity rates, meaning only ANEEL can take the measures related to the matter under scrutiny, there being no illegality in including the non-technical losses when forming these rates. This means the exclusive competence of ANEEL has been violated. We emphasize that in the event of a defeat, the case amount will be passed through to rates in its entirety. in November 2019, the rating was changed from possible to remote based on a report of risks prepared by the independent legal advisers.

Rede Energia

. Public Civil Action 00313063920124013900 with claim for interim relief filed by Federal Prosecutions Department in the amount of R$ 214,439 as of December 31, 2018, which intends to annul Authorizing Resolution 3731 issued by ANEEL on 12/30/2012, which authorized CELPA to authorize the investment in the concession area of funds deriving from the compensation owed to consumers due to violations of the electricity distribution service quality indicators in the period 2/29/2012 to 8/7/2015, Changed from a possible loss to remote loss in August 2019. Change based on case law and advice from our legal advisers.

. Enforcement proceeding 01415375820128260100 for a fixed sum, involving R$ 37,642 (R$ 33,758 in 2018), to charge alleged credits established in Bank Credit Notes issued by Centrais Elétricas do Pará – CELPA. If CELPA is convicted, this debit could have to be subject to the Judicial Reorganization Plan,

- **Tax**

The tax and labor claims basically consist of disputes about: (i) PIS and COFINS on electricity invoices; (ii) ICMS on energy sales; (iii) offsetting and appropriation of ICMS credits; (iv) rate differential; and (v) income and social contribution taxes; (vi) collection of ISS on concession services; (vii) offsetting and appropriation of ICMS credits on equipment for providing for energy transmission and distribution services allocated to the company's permanent assets, (viii) ICMS credit, (ix) tax bookkeeping, (x) CIAP non-bookkeeping fine, (xi) ICMS due to disallowance of credits on the acquisition of diesel for on-demand manufacturing.

Main cases:

Parent company

. Assessment notice 18471.000772.2008-26 seeking collection of the IOF tax in the period 2003 to 2005, on the advance for future capital increase – AFAC on behalf of the subsidiary Energisa SE, in the amount of R$ 60,555 (R$ 57,088 in 2018).

Subsidiary:

EMG

. Case 0087729-97.2016.8.13.0153 for R$ 35,268 at December 31, 2018, disputing the breach of ICMS deferral on exempt or untaxed energy sales, where the rating was changed from possible to remote in September 2019. Change based on case law and advice from our legal advisers.

ETO

. Case 5003614-42.2012.827.2729 - tax debit collection resulting from assessment notice for ICMS on purchases of property, plant and equipment by the company, in the amount of R$ 155,276 (R$ 168,278 in 2018). The claim amount was reduced due to payment of the amount involved in the declared risk.

. Case 5008221-35.2011.827.2729 - tax debit collection resulting from assessment notice for disallowance of ICMS credits on the acquisition of property, plant and equipment, in the amount of R$ 78,677 as of December 31, 2018. Based on the legal department's risk analysis, the case had its rating changed from possible to remote in September 2019. Change based on the financial risk involved in the case. Issues related to substance are being disputed in annulment action 5000726-08.2009.827-2729, filed by the Company before charging the State.

. Assessment Notice 2014/003353 of R$ 41,962 as of December 31, 2018, related to disputes about the recording of incoming energy and transmission invoices in the period 2010 to 2014. Based on the appeal decision that partially accepted the company's appeal, the case had its rating changed from possible to remote in September 2019.

EPB

. Assessment notice 10467.720529/2011-81 for R$ 105,792 as of December 31, 2018, by which the federal tax authority is asserting the alleged failure to include in the taxable income and social contribution calculation bases expenses considered nondeductible on the amortization of goodwill referring to the privatization of the Company, and the allegedly improper offsetting of tax losses and the social contribution calculation base. Case closed in August 2019 as a result of the final and unappealable decision partially in the Company's favor, which determined the assessment under dispute be canceled.

. Assessment Notice numbers: (I) 93300008.09.00000271/2017.59 in the amount of R$ 126,698 as of December 31, 2018, for the period January 2012 to December 2015; and (II) Assessment Notice 93300008.09.70/2016-70 for R$ 41,286 as of December 31, 2018 for the financial year January to December 2011, closed in November 2019 due to the dispute in annulment action 0812368-64.2019.8.15.2001. All issued by the state tax authorities as a result of disallowing ICMS on the grounds that the operations should only have been recorded in property, plant and equipment until 2009. From 2010 the accounting standards began to require the recording of new acquisitions in intangible assets.

ESE

. Assessment notice 10.510.724763/2011-12 for an amount of R$ 192,033 (R$ 179,795 in 2018), by which the federal tax authority is asserting the alleged failure to include in the taxable income and social contribution calculation bases expenses considered nondeductible on the amortization of goodwill referring to the privatization of the Company, and the allegedly improper offsetting of tax losses and the social contribution calculation base.

. Assessment Notice 0801303-84.2019.4.05.8500, for R$ 77,797, disputing the IRPJ/CSLL calculation base involving revenue from the extraordinary rate replacement - RTE, had its claim amount changed in December 2019, based on the risk opinion issued by the hired legal advisers and received in August 2019.

. Assessment Notice 20194243 for R$ 34,763, in which Sergipe state is contending the allegedly failure to pay ICMS on electricity sales to the direct public administration agency and its foundations and authorities, received in August 2019.

EMS

. Assessment notice 10140720806201057 involving R$ 51,613 (R$ 48,692 in 2018), issued by the federal tax authority charging PIS and COFINS liabilities for the accrual periods December 2007 to February 2008, deriving from the disallowance of credits appropriated on the non-cumulative basis on amounts to be returned to consumers by order of ANEEL.

EMT

. Proceedings 5044000/2015, 118991001000001 2009-19, 5069184/2013, 167410016000122008-11 and 5028005/2011, involving ICMS on demand amounted to R$ 633,648 (R$ 597,373 in 2018), for which the Company has not made a provision based on the opinion of its legal advisers. The proceedings related to the ICMS claim result from the assessment for non-payment of the tax due to judicial impediment (court decisions staying the payment requirement, secured by consumers). Since the effects of these decisions expired, the Company has been engaged in dialog with SEFAZ/MT to find a solution for the payment of this tax, with the Company participating as a mere collections agent. The discussions resulted in the possibility of consumers directly entering the financing program offered by the State (MT Refis – State Laws 10433/2016 and Decree 780/2016).

. There are also important proceedings 1000985-84.2016.811.0041, 1189910010000092010-19, 122752000142016115, 1035343/630/96/2014, 5205023/2012 and 5095376/2016, relating to the appropriation of credits on the ICMS rate differential on the acquisitions of permanent assets in the total amount of R$ 234,575 (R$ 221,146 in 2018), including: (i) tax enforcement 1000985-84.2016.811.0041 for R$ 76,999 (R$ 72,592 in 2018); contrary to the constitution and Supplementary Law 87/96, State Law 7098/98 (art. 25,6) issued by Mato Grosso state prohibits the appropriation of such credits; the matter is subject to ADI 4.623/MT, in progress before the STF, where the Federal Attorney General has issued a favorable opinion, and (ii) assessment notice 011178550.20128130699 issued by the Mato Grosso State Finance Department, with ICMS charged for the period January 2010 to January 2012, on the grounds that the Company allegedly improperly appropriated a tax credit on the rate differential on the acquisitions of permanent assets, which after the submission of the statement had its assessment transferred to case 5205023/2012, in the amount of R$ 80,936 (R$ 76,303 in 2018).

. Administrative proceeding 14094.720008/2018-36, of R$ 74,250 (R$ 70,000 in 2018) due to nonratification of the changes made to the Declarations of Federal Contributions and Taxes - DCTFs for the period 2014 to 2016.

. Case 0010774-95.2017.4.01.3600, for R$ 127,462 (R$ 120,166 in 2018), involving a dispute about a tax enforcement filed by the federal government as a result of the company being excluded from the financing program introduced by Law 11941/09 and therefore losing the benefits awarded. A guarantee was submitted for the tax debit.

ERO

. Assessment Notice 2016-2700100711 (CDA20160600058378) for R$ 137,611 (R$ 130,916 in 2018) disputing issues related to the improper appropriation of tax credits on oil acquisitions.

. Assessment Notice 2009.31.00100061 (CDA 20090600042124) for R$ 103,467 (R$ 98,433 in 2018) disputing issues related to the reversal of diesel credits - 2008.

. Assessment Notice 2009.31.00100058 (CDA 20180200007119) for R$ 96,426 (R$ 91,735 in 2018) disputing issues related to the reversal of diesel credits - 2005.

Assessment Notice 20162700100692 (CDA 20161700242462) for R$ 95,544 (R$ 90,896 in 2018) disputing issues related to failure to keep tax records in the EFD/SPED – 2011.

. Assessment Notice 201922700100392 for R$ 132,210 addressing issues related to ICMS (disallowance of 2014 diesel oil credits), received in December 2019.

. Assessment Notice 20192700100393 for R$ 30,732 addressing issues related to ICMS disallowance due to an alleged mistake in the accounts, received in December 2019.

EAC

. Administrative proceeding 46.743/2018, for Assessment Notice 11.314/2018, for R$ 53,154 (R$ 108,569 in 2018),involving issues related to charging the calculation base difference, rate differential, CIAP Journal and diesel oil credit reversal. On 6/28/2019 a part of the assessment notice was entered in the State REFIS program, where the Company received the partial debit for the diesel oil part only.

. Assessment Notice 2019/81/33314 (AI 12.097) issued by Acre state, for R$ 34,469 formalizing the recording of an ICMS tax liability due to "underpayment of ICMS for FY 2015 due to misappropriation of tax credits, difference in the calculation base for electricity sales and monthly payments lower than that effectively owed by the taxpayer". The tax auditors said the taxpayer incurred the following violations: (i) reversal of ICMS credits on Diesel Oil; (ii) exempt portion (art. 35 (I) of LCE 55/1997); (iii) energy losses (art. 35 (IV) of LCE 55/1997); (iv) sale value lower than acquisition cost (art. 35 (V) of LCE 55/1997); (v) amount referring to the provision (debit) and offset (credit) of the rate differential; (vi) failure to ratify all of the cancellations as per occurrences verified and set out in Article One (VIII) of Conv. ICMS 30/2004, due to the existence of expired credits (art. 33 (1) of LCE 5/1997), situations which mean that such tax credits cannot be recorded by the taxpayer; (vii) differences in the calculation base for electricity effectively sold to the end consumer; and (viii) ICMS difference payable for FY 2015. The Company filed a contestation on September 20, 2019.

Regulatory

Regulatory contingency proceedings at ANEEL for the alleged nonperformance of regulations.

Main cases:

ETO

Regulatory contingency proceedings resulting from Assessment Notices issued under regular ANEEL audits. In 2019 the ANEEL proceeding ended, due to the penalty applied under the acquisition of tax credits by the Company and QMRA (company of the same economic group) to use the Refis da Copa benefit. The closure was because of the decisions being made final and unappealable, canceling the assessment notices meaning there is no penalty.

ESS

Regulatory contingency proceedings resulting from Assessment Notices issued under regular ANEEL audits. In 2019 the ANEEL proceeding ended, due to the penalty applied under the acquisition of tax credits by the Company and QMRA (company of the same economic group) to use the Refis da Copa benefit. The closure was because of the decisions being made final and unappealable, canceling the assessment notices meaning there is no penalty.

28. Regulatory fees - consolidated

Change	2019	2018
Opening balance -2018 and 2017	**39,494**	**96,917**
Interest	(1,212)	4,318
Amortization in the year	(38,282)	(61,741)
Closing Balance -2019 and 2018 - current	**-**	**39,494**
Quotas for Global Reversal Reserve - RGR	-	15,176
Quota - Energy Development Account - CDE	-	24,318

The regulatory fees were fully financed on July 01, 2014 with Eletrobras by the indirect subsidiaries EMT, and ETO. Payments made in FY 2019.

29. Incorporation of grids - consolidated.

In order to enable the handling of applications to connect new consumer units, the applicant, individually or jointly, and the public agencies, including the indirect management, can contribute funds, in part or in full, for the works necessary to bring forward the connection or carry out the works to extend the grid by contracting a legally qualified third party. The funds advanced or the value of the works carried out by the party concerned shall be reimbursed by the subsidiaries EMT, EMS, ETO, ESS and ERO by the year in which the supply application is met according to the Universalization Plans, for cases of consumers meeting the qualification criteria without cost or by the deadlines establishing the regulations addressing the performance with financial participation of the party concerned.

The electricity universal access time frame of the subsidiary EMT in rural areas of Mato Grosso was extended to 2020 respectively. The schedule revision was approved by the National Electricity Regulatory Agency (ANEEL).

The balances of private grid acquisitions incur charges calculated by the change in the IGP-M price index plus interest of 0.5% to 1% per month.

See the changes occurring in the year:

Description	2019	2018
Balance in 2018 and 2017	**260,145**	**209,970**
Opening balance of the business combination	-	160,401
Additions in the year	13,445	23,833
Monetary restatement and interest	27,473	24,075
Payments/Write-offs	(102,541)	(158,134)
Balance in 2019 and 2018	**198,522**	**260,145**
Current	48,239	93,708
Noncurrent	150,283	166,437

30. Other liabilities

Description	Parent company		Consolidated	
	2019	2018	2019	2018
Employee profit sharing	12,832	11,739	78,728	78,240
Payroll	5,907	1,733	39,718	96,337
Banco Daycoval Rede Energia RJ	50,693	50,693	50,693	50,693
Other employee benefits	3,198	2,488	34,538	22,943
Provision for pension fund (HSBC)	2,000	2,000	4,000	4,000
Insurance premiums	62	103	6,998	10,387
Advances from customers	4,733	4,223	149,136	114,102
Withholding of contractual guarantee of contractors	314	329	40,774	30,136
Financing of regulatory fines	-	-	1,684	810
Rate amounts and charges recoverable – TUSD	-	-	12,201	12,201
ANEEL inspection fee – monthly contribution	-	-	1,248	1,289
Emergency charges (ECE and EAE)	-	-	18,649	18,650
Eletrobrás reimbursement - acquisition of the business combination (1)	163,604	163,604	163,604	163,604
EPB Reimbursement – Salto Paraíso (2)	-	-	40,711	43,229
Capitalization commitment undertaken ERO and EAC (3)	-	-	-	63,099
Effects of reducing ICMS on the PIS and Cofins calculation base (4)	-	-	658,796	-
Other accounts payable (5)	2,255	3,423	263,540	95,028
Total	**245,598**	**240,335**	**1,565,118**	**804,748**
Current	76,739	235,573	454,613	580,805
Noncurrent	168,859	4,762	1,110,505	223,943

(1) Denotes the portion to be reimbursed to Eletrobrás as a result of acquiring the share control of the subsidiaries Energisa Rondônia and Energia Acre. Note 17.

(2) Denotes the integration of the connection of the plants at the SE Salto Paraíso with reimbursement to be paid by the company to EBP (Enel Brasil Participações) by offsetting the credit deriving from the distribution system usage agreement (“CUSD”)

(3) Parent company’s commitment to subscribe the surplus shares allocated to employees and retirees.

(4) Effects of reducing ICMS on the PIS and Cofins calculation base - consolidated.

Effects of final and unappealable decisions for cases claiming exclusion of ICMS from the PIS/COFINS calculation base:

In March 2017 the Supreme Federal Court (STF) made a ruling with general repercussions (matter 69) and confirmed that ICMS is not subject to PIS and COFINS. However, the Federal Government filed a motion for clarification seeking to mitigate the effects and to determine the amount of ICMS to be excluded from the tax calculation base.

The Federal Regional Court of Region 5 delivered final and unappealable decisions in June and July 2019 in the cases of the subsidiaries EPB, EBO and ETO, respectively. The other cases disputing exclusion of ICMS from the PIS and COFINS calculation base are in progress.

Based on the opinions of its legal advisers and Management's best estimates, EPB, EBO and ETO created a recoverable PIS and COFINS asset in noncurrent assets of R$ 665,780 and noncurrent liabilities of R$ 658,796, net of attorneys' fees and taxes. The liability was made because we understand the amounts to be received as tax credits on the contributions passed through in their entirety to consumers in accordance with the electric sector's regulatory standards. The pass-through to consumers depends on the effective use of the tax credit by the subsidiaries in accordance with the rules of the federal tax authorities and the National Electricity Regulatory Agency - ANEEL.

Any change or limitation of the STF's ruling due to hearing the motion for clarification by the STF will result in changes to the asset and liability amounts recorded.
The impacts are summarized as follows:

	Consolidated	
	2019	
	Noncurrent assets	Non-current liabilities
Recoverable Pis and Cofins taxes - Effects of reducing ICMS	665,780	-
Effects of reducing ICMS on the PIS and Cofins calculation base (*)	-	658,796
	665,780	**658,796**
	Statement of income	
Revenues		
Effects of reducing ICMS on the PIS and Cofins calculation base - other liabilities		(520,585)
Effects of reducing ICMS on the PIS and Cofins calculation base - recoverable taxes		520,585
Financial income		
Other financial revenue		
Restatement of recoverable Pis and Cofins taxes - Effects of reducing ICMS		145,195
Other financial expenses		
Restatement of Other liabilities Effects of reducing ICMS on the PIS and Cofins calculation base		(145,195)
Result found		-

(*) Less R$ 6,984, for costs incurred on legal services and taxes.

(5) The subsidiary ERO has R$ 139,804 recorded as taxes and charges payable on the acquisition of fuel acquired before the enactment of Law 12.111/2009, as Official Circular 2.306/2004 – SFF/ANEEL issued December 24, 2004, introduced the procedures for closing that year, so that the amounts received from CCC, for reimbursement of the ICMS and PIS/COFINS hitherto (recoverable), could be credited to current liabilities – CCC Funds. The Company recognized the funds received in the years, continuing to calculate them. In FY 2008 Official Circular 2.775 /2008– SFF/ANEEL issued December 24, 2008 ratified the amounts. The item also includes R$ 6,437 for the period 1999 to 2006 recognized as a result of acquiring diesel oil to generate electricity in the islanded systems so that consumption could exceed the limit established at the time by ANEEL.

31. Equity

31.1. Share capital

The share capital is R$ 3,363,685 (R$ 3,363,685 in 2018), represented by 1,814,561,910 registered shares (1,814,561,910 in 2018), consisting of 755,993,938 common shares (755,822,033 in 2018) and 1,058,567,972 preferred shares (1,058,739,877 in 2018), with no par value. The amount of shares converted into Units (share certificate denoting ownership of 4 preferred shares and 1 common share of the Company) is 262,473,249 (262,325,118 in 2018).

The company recorded the amount of R$ 65,723 (R$ 65,723 in 2018) directly in shareholders' equity regarding transaction costs incurred on funds raised via new share issuances, which were recorded separately as a decrease in shareholders' equity.

Preferred shares have no voting rights, have priority in capital reimbursements in premiums and to are included in the public offering of the control sale, being assured a price equal to 80% of the amount paid for voting shares comprising the control block.

Irrespective of amendments to the bylaws, the share capital may be increased up to a maximum of 3,000,000,000 shares, consisting of up to 1,626,300,000 common shares and up to 1,373,700,000 preferred shares, via resolution by the Board of Directors, which will determine the payment conditions, features of the shares to be issued an issuance price.

31.2. Capital Reserve

	2019	2018
Sale of treasury stock	1,849	1,849
Transactions between partners[(4)]	335,817	252,204
Funding cost - Capital increase	(65,723)	(65,723)
Tax incentives for reinvestments [(1)]	8,042	4,991
PUT investment [(3)]	62,576	-
Variable compensation program (ILP) [(2)]	4,962	1,408
Balances in 2019 and 2018	**347,523**	**194,729**

(1) Reinvestment tax incentives (reflects) - benefits intended for companies with operational ventures in the fields embraced by Sudene and SUDAM, with the reinvestment of 30% (thirty percent) of the tax payable through 2018 and 50% from 2019, in equipment modernization or upgrading projects through 2023.

Funds released, less the project management fee of 2%, as per article 19 (2) of Law No. 8167/1991, were provided in other capital reserves and after their approval within 180 (one hundred and eighty) days as from the end of the financial year in which the official release notice was issued by the regional development agency, will be capitalized.

(2) Implementation of the variable known as the compensation program through the granting of shares known as the Long-term incentive (ILP) (see note 14).

(3) R$ 62,576 denotes the difference in the shares buyback option paid in by the employees and retirees of the subsidiaries ERO and EAC, consisting of 191,679,293 ERO shares and 14,374,919,056 EAC shares, with R$ 63,631 recorded in the equity value of shares recorded in non-current assets - Investments - other equity interests and R$ 1,055 in the item derivative financial instruments in noncurrent liabilities.

(4) Includes deduction of R$ 42,280 for income and social contribution taxes payable on the portion of equity appreciation

Transactions between partners	2019	2018
Opening balance -2018 and 2017	**252,204**	**(80,684)**
Transactions between partners – reflection (1)	(6,362)	(59,069)
Gain determined on new acquisitions of interests in direct and indirect subsidiaries (2)	89,975	391,957
Closing balance -2019 and 2018	**335,817**	**252,204**

(1) Includes a portion resulting from the percentage interest in the subsidiary EEVP, merged into Denerge, referring to the derivative financial instrument described in note 38.

(2) The amount of R$ 89,975 (R$ 391,957 in 2018) denotes the gain made on new acquisitions of interests in direct and indirect subsidiaries, directly recorded in Equity.

31.3. Profit reserve - legal reserve

Allocated 5% of the net income for the year prior to any other allocations, limited to 20% of the share capital, in accordance with article 193 of Law No. 6404/76.

31.4. Profit reserve - retained earnings reserve

The amount allocated to the profit retention reserve in the financial year ended December 31, 2019 was R$ 243,258 (R$ 703,812 in 2018), withheld based on the capital budget approved at the Annual General Meeting.

31.5. Profit reserve - retained earnings due to a change in the accounting practices

The gain on a favorable acquisition occurred on the acquisition of an NCI in subsidiaries in FY 2007. R$ 60,000 and R$ 131,210 respectively was capitalized at the EGM held in 2012 and 2011. The remaining balance of R$ 62,539 has been recorded as retained earnings due to a change in the accounting practice, in shareholders' equity, as explained in CPC 15 and ICPC 09, at the disposal of the General Shareholders' Meeting.

31.6. Dividends

The corporate bylaws determine the distribution of a mandatory dividend of 35% of the net income for the year, adjusted as stipulated by article 202 of Law 6404 issued December 15, 1976, and allows dividends to be paid out in interim results.

Management is proposing to pay out the following dividends:

	2019	2018
Net income for the year	455,373	1,148,434
Expired dividends	1,092	-
Adjustment made by subsidiaries, net of tax	4,082	-
Legal reserve (5%)	(22,769)	(57,422)
Adjusted net income	**437,778**	**1,091,012**
Mandatory dividends 35%	153,222	381,854
Mandatory dividends - amount per share R$ 0.0412 and R$ 0.2851 per Unit.	74,833	-
Dividend payments:		
(1) Amounts paid on 8/23/2019 at the rate of R$ 0.28 per common share and preferred share and R$ 0.056 per Units and in 2018 at the rate of R$ 0.0572 per common share and preferred share and	78,389	96,870
(2) Interim dividends, paid on March 11, 2019 at the rate of R$ 0.13 as of December 31, 2018 per common and preferred share and R$ 0.65 per Unit	-	235,893
(3) Dividends of R$ 49,091 as of December 31, 2018 attributed to the minimum mandatory dividends and R$ 41,298 (R$ 5,346 in 2018) attributed to the additional dividends proposed calculated at the rate of R$ 0.0227 (R$ 0.03 in 2018) per common and preferred share and R$ 0.1573 (R$ 0.15 in 2018) per Unit.	41,298	54,437
Total dividends	**194,520**	**387,200**
% over adjusted net income	44.43%	35.49%

(1) On August 8, 2019 the Energisa S/A Board of Directors approved the payment of interim dividends from the balance sheet prepared by the Company through June 30, 2019 amounting to R$ 101,615 or R$ 0.28 per Unit and R$ 0.056 per common and preferred share, where: (i) R$ 78,389 based on the balance sheet prepared by the Company through June 30, 2019 and (ii) R$ 23,226, from the balance of the prior-year profits reserve. These dividends were paid from August 23, 2019 and Company shareholders with holdings on or before 8/13/2019 were entitled to the dividends, including shares bought on the stock exchange on or before that date.

(2) On February 22, 2019 the Company's Board of Directors approved the distribution of interim dividends from the net income account of R$ 235,893. This amount is equal to R$ 0.13 per Company share (common and preferred) and R$ 0.65 per share deposit certificate (Unit), with payment commencing March 11, 2019.

(3) On March 19, 2019 the Company's Board of Directors approved the distribution of interim dividends worth R$ 54,437. This amount is equal to R$ 0.03 per Company share (common and preferred) and R$ 0.15 per share deposit certificate (Unit). Payment commenced on April 10, 2019 based on the share position as of March 22, 2019, including trading at B3 up to this date.

The additional dividends proposed declared in excess of the minimum mandatory dividend after the accounting period reported on by the financial statements are recorded separately in the shareholders' equity, as they do not constitute a present obligation, and the respective liability is not recorded until it has been approved, in accordance with ICPC-08, and will be paid from April 3, 2020.

The Company usually allocates dividend receipts from subsidiaries to investments to the cash flow statement.

31.7. Profits reserve - income tax incentives reserve (subsidiaries)

Because the subsidiaries EPB, ESE, EBO, EMT and ETO operate in the infrastructure sector of the North-East region, central and western and northern regions they obtained a reduction to the income tax payable for the purposes of investments in projects expanding their installed capacity, as determined by article 551 (3) of Decree 3000, dated March 26, 1999.

This reduction was approved by the Constitutive Reports, which impose a number of obligations and restrictions:

- The amount obtained as a benefit cannot be distributed to the shareholders
- The amount should be recorded as a profits reserve and capitalized by December 31 of the successive year and/or used to offset losses, with the approval of the AGM/EGM; and
- The amount should be invested in activities directly related to production in the region subject to the tax incentive.

The tax incentives are now recorded in the income statement for the year and subsequently transferred to the profits reserve and income tax reduction reserve.

See the information about the incentives obtained by:

Subsidiaries	Government Agency	No. of constitutive report	Income tax decrease (consolidated)	
			2019	2018
EPB	SUDENE	197/2012	63,482	48,675
ESE	SUDENE	205/2012	26,841	11,250
EBO	SUDENE	206/2012	7,647	5,841
EMT	SUDAM	114/2014	123,925	65,205
ETO	SUDAM	113/2014	32,426	15,963
Total			**254,321**	**146,934**

These amounts were recorded directly in net income for the year under consolidated "current income and social contribution taxes", and were allocated to the tax incentive reserve in the subsidiaries' shareholders' equity.

31.8. Other comprehensive income

Denotes the recording of the employee benefit plan net of tax. These balances have been recorded in accordance with CPC 26 (IAS 01) - Presentation of financial statements.

See the changes occurring in the years:

	2019	2018
Opening balance - 2018 and 2017	**(223,572)**	**(178,785)**
Actuarial gain and loss - post-employment benefits	(183,985)	(67,859)
Taxes on actuarial gain and loss - post-employment benefits	62,555	23,072
Closing balance - 2019 and 2018	**(345,002)**	**(223,572)**

31.9. NCI

Disclosure of the interests in subsidiaries in accordance with IFRS 12 and CPC 45, is as follows:

Change in noncontrolling interest

	Equity interest and interest in voting capital	Balance in 2018	Earnings attributed to noncontrolling interests	Dividends	Other comprehensive income	Transactions between partners	Capital Increase	Balance in 2019
Energisa Mato Grosso Distribuidora de Energia S/A	2.51%	53,853	13,875	(6,067)	(1,026)	20	-	60,655
Energisa Tocantins Distribuidora de Energia S/A	23.33%	180,407	38,077	(35,832)	(2,488)	79	-	180,243
Energisa Mato Grosso do Sul Distribuidora de Energia S/A	0.07%	815	187	(169)	(10)	(2)	-	821
Rede Power do Brasil	0.01%	47	11	(15)	(1)	-	-	42
Cia Técnica de Comercialização de Energia	0.09%	(144)	(28)	-	-	-	-	(172)
Multi Energisa Serviços S/A	0.10%	10	8	(2)	3	-	-	19
Rede Energia Participações S.A.	0.43%	24,352	6,341	(3,692)	(312)	(13,687)	-	13,002
Energisa Rondônia - Distribuidora de Energia S/A	4.48%	37,790	(34,538)	-	-	46,479	1,262	50,993
Energisa Acre - Distribuidora de Energia S/A	4.91%	69,577	(6,328)	-	-	(52,163)	1,746	12,832
Energisa Sul Sudeste Distribuidora de Energia S/A	0.75%	4,285	871	(646)	(210)	1	-	4,301
Energisa Participações Minoritárias S.A.	14.69%	298,132	52,661	(96,156)	(5,506)	(73,364)	260,000	435,767
Denerge S/A	0.03%	(9,737)	133	(144)	(14)	9,938	224	400
Alsol	10.79%	-	515	-	-	6	4,538	5,059
Total		**659,387**	**71,785**	**(142,723)**	**(9,564)**	**(82,693)**	**267,770**	**763,962**

	Equity interest and interest in voting capital	Balance in 2017	Earnings attributed to noncontrolling interests	Dividends	Other comprehensive income	Transactions between partners	Companies acquired	Capital Increase	Balance in 2018
Energisa Mato Grosso Distribuidora de Energia S/A	2.51%	747,023	11,885	(11,420)	(677)	(692,958)	-	-	53,853
Energisa Tocantins Distribuidora de Energia S/A	23.33%	193,367	13,358	(25,353)	(1,617)	652	-	-	180,407
Energisa Mato Grosso do Sul Distribuidora de Energia S/A	0.07%	836	81	(102)	(1)	1	-	-	815
Rede Power do Brasil	0.01%	51	5	(9)	-	-	-	-	47
Cia Técnica de Comercialização de Energia	0.09%	(138)	(6)	-	-	-	-	-	(144)
Multi Energisa Serviços S/A	0.10%	12	5	(4)	(3)	-	-	-	10
Rede Energia Participações S.A	3.72%	14,853	14,457	(3,531)	-	(1,427)	-	-	24,352
Centrais Elétricas de Rondônia S.A	10.00%	-	(13,769)	-	-	(44,889)	71,064	25,384	37,790
Companhia de Eletricidade do Acre- ELETROACRE	12.39%	-	6,585	-	-	(64,701)	98,104	29,589	69,577
Empresa E. Vale Paranapanema S/A - EEVP	0.01%	(21,258)	19	(5)	(2)	11,228	-	-	(10,018)
Energisa Sul Sudeste Distribuidora de Energia S/A	0.75%	6,060	1,013	(956)	(93)	(1,739)	-	-	4,285
Rede Participações Minoritárias S.A.	12.30%	-	(2,448)	-	(2,717)	(296,647)	-	599,944	298,132
Denerge S/A	0.03%	263	53	(15)	(9)	(11)	-	-	281
Total		**941,069**	**31,238**	**(41,395)**	**(5,119)**	**(1,090,491)**	**169,168**	**654,917**	**659,387**

32. Operating revenue

32.1. Gross operating revenue - parent company

	2019	2018
Operating revenue		
Specialized services (*)	240,426	189,863
Deductions from operating revenue		
PIS	4,007	3,185
COFINS	18,456	14,671
ISS	5,828	4,329
Net operating revenue	**212,135**	**167,678**

(*) Refers to administrative services and the sharing of human resources provided to its subsidiaries.

32.2. Operating revenue - consolidated

	2019			2018		
	Outside the scope of the independent auditors			Outside the scope of the independent auditors		
	No. of consumers	MWh	R$	No. of consumers	MWh	R$
Residential	6,367,668	13,267,489	10,246,645	6,236,064	11,003,510	7,863,525
Industrial	42,228	2,409,559	1,664,639	44,117	2,251,771	1,477,450
Commercial	535,388	6,381,688	4,973,255	531,387	5,451,774	3,999,957
Rural	787,928	3,423,377	1,916,426	774,979	2,967,164	1,515,000
Public authorities	71,019	1,799,965	1,286,874	70,590	1,401,509	953,276
Public lighting	7,560	1,734,960	705,525	7,313	1,563,476	587,527
Public utility	8,680	1,184,800	633,645	8,432	1,062,831	526,882
Company consumption	1,721	43,161	-	1,646	35,642	-
Subtotal	**7,822,192**	**30,244,999**	**21,427,009**	**7,674,528**	**25,737,677**	**16,923,617**
Electricity sales to concession operators	2	2,305,314	1,054,779	2	1,846,352	792,505
Electricity supply not billed (net)	-	106,240	204,544	-	69,073	228,662
Revenue of availability of the distribution and transmission system	936	-	1,423,268	794	-	1,112,189
Energy sold to free clients	-	4,672,213	901,996	-	4,717,806	1,030,065
Building revenue - assets (1)	-	-	2,618,573	-	-	1,513,014
Contratual asset remuneration	-	-	361,355	-	-	-
Specialist services	-	-	133,797	-	-	54,014
Regulatory Penalties	-	-	(81,494)			(33,037)
Effects of reducing ICMS on the PIS and Cofins calculation base - other liabilities	-	-	(520,584)	-	-	-
Effects of Reducing ICMS on the PIS and Cofins calculation base - recoverable taxes	-	-	520,584	-	-	-
Other operating revenue	-	-	238,419	-	-	147,040
Concession financial asset	-	-	232,689	-	-	295,119
(-) Revenue from surplus demand	-	-	4,449	-	-	(368)
(-) Surplus Reactive Energy	-	-	6,793	-	-	(1,612)
Creation and amortization - CVA assets and liabilities (2)	-	-	(525,738)	-	-	507,153
Subsidies for service awarded under concession (CDE and Low-Income)	-	-	1,277,249	-	-	1,116,351
Total - gross operating revenue	**7,823,130**	**37,328,766**	**29,277,688**	**7,675,324**	**32,370,908**	**23,684,712**
Deductions from operating revenue						
ICMS	-	-	5,014,399	-	-	3,999,623
PIS	-	-	440,211	-	-	364,842
COFINS	-	-	2,027,592	-	-	1,684,373
CPRB	-	-	7,177	-	-	5,551
ISS	-	-	20,497	-	-	15,266
Rate Flag Deductions (3)	-	-	(17,691)	-	-	92,125
Energy Efficiency Program - PEE -	-	-	63,356	-	-	52,358
Consumer charges - Procel	-	-	15,840	-	-	13,089
Energy Development Account - CDE	-	-	1,700,545	-	-	1,585,599
Research and Development Program – R&D	-	-	31,678	-	-	26,160
National Scientific and Technological Development Fund – FNDCT	-	-	31,861	-	-	26,160
Ministry of Mining and Energy - MME	-	-	15,932	-	-	13,080
Inspection fee for electricity services - TFSEE	-	-	23,156	-	-	18,905
Total - deductions from operating revenue	**-**	**-**	**9,374,553**	**-**	**-**	**7,897,131**
Total net operating revenue	**7,823,130**	**37,328,766**	**19,903,135**	**7,675,324**	**32,370,908**	**15,787,581**

(1) Of the total **Concession infrastructure building revenue**, the amount of R$ 2,236,718 denotes the building revenue of the distribution companies and R$ 381,855 denotes the building revenue of the transmission companies. Of the total building cost presented in the Statement of Income of R$ 2,603,657, the amount of R$ 2,236,718 denotes the building cost of the distribution companies and R$ 366,939 denotes the building cost of the transmission companies.

(2) Denotes the sector financial assets and liabilities (CVA) recognized in profit and loss for FY 2018 in accordance with OCPC 08.

(3) **Rate Flags** - from January 2015 energy bills started using the Rate Flag System, which aims to balance the distribution companies' exposure to short-term costs in energy generation. ANEEL triggers the use of rate flags monthly in a technical notification, and the proceeds resulting from applying the rate flag can be fully or partly reverted to CCRBT, as per the monthly notice disclosed by Aneel.

The revenue earned by subsidiaries on rate flags in the financial year ended December 30, 2019 amounted to R$ 455,348 (R$ 571,112 in 2018), and R$ 17,691 (R$ 92,125 in 2018) was received from CCRBT. The net effect of the rate flags on the Companies' earnings through December 31, 2019 was therefore R$ 473,039 (R$ 478,987 in 2018).

33. Operating cost and expense

The operating costs and expenses specified in the income statement for the year are broken down into the following types of expenses:

Parent company				
	Cost of Services provided to Third Parties	General and administrative operating expenses	Total	
			2019	2018
Personnel and management	68,364	48,868	117,232	87,942
Variable compensation program (ILP)	-	1,148	1,148	322
Post-employment benefits	1,437	2,027	3,464	3,115
Material	797	1,315	2,112	1,467
Outsourced services	7,743	44,538	52,281	66,905
Depreciation and amortization	4,673	5,062	9,735	8,875
Allowance for expected credit losses	-	-	-	(265)
Provisions for labor, civil, tax and regulatory risks	-	1,835	1,835	-
Others	495	4,072	4,567	3,543
	83,509	**108,865**	**192,374**	**171,904**

Consolidated						
	Service Cost			Operating Expenses	Total	
	Electric Energy	Operating Cost	Provided to Third Parties	General and Administrative	2019	2018
Electricity purchased for resale	9,753,391	-	-	-	9,753,391	8,158,562
Cost of using transmission and distribution system	1,136,466	-	-	-	1,136,466	1,083,257
Personnel and administrators	-	931,501	80,545	449,782	1,461,828	1,132,820
Variable compensation program (ILP)	-	-	-	3,734	3,734	1,502
Post-employment benefits	-	26,142	2,173	35,402	63,717	78,536
Material	-	144,456	451	47,309	192,216	163,620
Outsourced services	-	556,154	54,962	243,416	854,532	673,439
Depreciation and amortization	-	1,051,328	8,591	97,949	1,157,868	949,710
Allowance for expected credit losses	-	212,491	-	-	212,491	154,736
Provision for labor, civil, tax and regulatory risks	-	(44,635)	-	(143,699)	(188,334)	19,691
Infrastructure building cost	-	-	2,603,657	-	2,603,657	1,497,418
Others	-	124,432	9,636	196,724	330,792	103,960
	10,889,857	**3,001,869**	**2,760,015**	**930,617**	**17,582,358**	**14,017,251**

34. Electricity purchased for resale:

Consolidated				
	MWH (1)		Electricity purchased for resale	
	2019	2018	2019	2018
Energy from Itaipú - Binational	3,318,448	3,197,734	966,520	953,435
Auction energy	18,216,146	14,057,777	3,852,949	3,248,863
Bilateral energy and other supplies	7,210,802	6,211,943	3,903,476	3,622,459
CCC reimbursement	-	-	(960,500)	(1,044,155)
Angra Quotas Normative Resolution 530/12 (2)	1,131,195	972,845	260,989	210,681
Short-term electricity - CCEE	408,251	367,467	1,224,090	796,993
Physical Guarantee Quotas- Ratifying Resolution 1,410	8,048,533	7,182,725	1,092,376	1,038,207
Alternative Energy Sources Incentive Program - PROINFA	720,080	632,291	297,643	225,086
Reserve Energy - ERR	-	-	77,207	70,798
(-) Recoverable portion of noncumulative PIS/COFINS	-	-	(961,359)	(963,805)
Total	**39,053,455**	**32,622,782**	**9,753,391**	**8,158,562**

(1) Information outside the scope of the independent auditors.
(2) Includes the value of Normative Resolution 1585/2013.

35. Other Income

	Parent company		Consolidated	
	2019	2018	2019	2018
Other Revenue				
Gains on deactivation	241	39	90,150	92,600
Gain/loss in business combination (1)	-	1,169,562	-	1,169,562
Other (2)	3,910	1,753	89,750	26,338
Total	**4,151**	**1,171,354**	**179,900**	**1,288,500**
Other Expenses				
Losses on deactivation		-	(146,856)	(168,893)
Others	(126)	-	(11,777)	(22,056)
Total	**(126)**	**-**	**(158,633)**	**(190,949)**

(1) The information can be seen in Note 17.

(2) The consolidated statement includes the mark-to-market of electricity trading contracts - The subsidiary ECOM operates in the Free Contracts System (“ACL”) and signed bilateral energy purchase and sale contracts with the counterparties. These transactions resulted in a loss and gain with an energy surplus for the subsidiary, which was recognized at fair value. Realization of the fair value through the physical settlement of energy purchase and sale contracts in the net amount of R$ 64,384 (R$ 13,003 in 2018) was recognized in the consolidated statement, as shown below.

	2019	2018
Mark-to-market of energy trading sale contracts	1,395,364	15,296
Mark-to-market of energy trading purchase contracts	(1,330,980)	(2,293)
Other	130	-
	64,514	**13,003**

The actual result of financial instruments (futures) can vary substantially, as the mark-to-markets of these contracts were made at the base date December 31, 2019 and 2018.

36. Finance income and costs

	Parent company		Consolidated	
	2019	2018	2019	2018
Financial revenue:				
Revenue on short-term investments	163,574	147,056	177,426	154,879
Monetary variation and interest on overdue energy bills	-	-	340,019	274,760
Exchange and monetary variance	-	-	-	28
Financial restatement of financial sector assets	-	-	84,867	53,806
Selic interest recoverable	3,782	2,358	39,250	22,950
Restatement of judicial bonds	11	5	24,406	8,037
Endorsement commission	26,351	28,509	-	-
Restatement of loans	226,454	142,623	-	-
Restatement of effects of reducing ICMS on the Pis and Cofins calculation base (note 30)	-	-	145,195	-
Taxes on financial revenue - PIS and COFINS	(10,998)	(10,325)	(56,327)	(38,888)
CCEE Financial Revenue	-	-	21,862	3,859
Recovery of CDE/CCEE credit	-	-	14,871	-
Discount ICMS Refis	-	-	43,124	-
Others	301	2,358	75,910	55,568
Total financial revenue	**409,475**	**312,584**	**910,603**	**534,999**
Finance costs				
Debt charges - interest	(310,847)	(259,845)	(1,009,575)	(712,995)
Debt charges - monetary and exchange variance	(96,145)	(103,753)	(303,830)	(511,460)
(-) Transfer to orders in progress	-	-	7,698	(6,613)
Mark-to-market of derivatives	(624,877)	(271,505)	(435,138)	(179,376)
Mark-to-market of debt	(2,004)	(1,840)	(191,200)	(108,369)
Derivative Financial Instruments	12,844	28,126	115,784	316,174
Restatement of loans	(405)	(7,258)	-	-
Restatement PEE and R&D	-	-	(16,673)	(5,956)
Net present value - NPV	(25)	-	(13,190)	(2,367)
Restatement of provision for labor, civil, tax and regulatory risks	(43)	(58)	(58,750)	(24,431)
IOF expenses	(90)	(1,706)	(33,860)	(11,004)
Expenses on endorsement commission	(12,307)	(11,791)	(12,307)	(11,792)
Financial restatement - Financial sector liabilities	-	-	(20,620)	(50,484)
Fine and interest	(89)	(48)	(62,895)	(110,465)
Interest in grid acquisition	-	-	(27,473)	(24,075)
Interest on Regulatory Fees	-	-	101	(537)
Health care - Actuary	(278)	(409)	(9,451)	(8,651)
Restatement of effects of reducing ICMS on the Pis and Cofins calculation base (note 30)	-	-	(145,195)	-
Others	(366)	(35,600)	(54,435)	(33,094)
Total financial expenses	**(1,034,632)**	**(665,687)**	**(2,271,009)**	**(1,485,495)**
Net finance costs	**(625,157)**	**(353,103)**	**(1,360,406)**	**(950,496)**

37. Insurance coverage

The insurance policy of the Company and its subsidiaries is based on taking out suitable insurance coverage deemed sufficient to cover losses caused by any impairment to its assets, and indemnification resulting from civil liability or any involuntary material and/or personal damages inflicted on third parties resulting from its operations, considering the nature of its activity. The risk assumptions adopted, given their nature, are not part of an independent audit.

The main items covered are:

Lines	Date of maturity	Amount Insured (R$ thousand)	Parent company 2019	Parent company 2018
Operating Risks	11/7/2020	90,000	96	96
Auto - Fleet	10/23/2020	Up to R$ 360 / vehicle	30	27
Collective Life Insurance and Personal Accidents (*)	1/31/2021	122,859	292	224
Civil Liability Directors and Officers (D&O)	3/5/2021	75,000	3	2
Total			**421**	**349**

Lines	Date of maturity	Amount Insured (R$ thousand)	Consolidated 2019	Consolidated 2018
Operating Risks	11/7/2020	90,000	6,658	5,749
General Civil Liability	11/23/2020	90,000	4,262	3,898
Auto - Fleet	10/23/2020	Up to R$ 1,110 / vehicle	2,126	1,608
General civil liability to 2nd Risk	11/23/2020	10,000	133	133
Aeronautical – civil liability (RETA)	12/12/2020	1,332	2	2
Aeronautical – Hull/LUC	12/12/2020	141,817	210	132
Collective Life Insurance and Personal Accidents (*)	1/31/2021	124,102	2,311	1,946
National transportation	4/4/2020	Up to 2,000/ transportation	180	136
Civil Liability Directors and Officers (D&O)	3/5/2021	75,000	310	431
Explorer or Transportation Liability – R.E.T.A (Drones)	1/12/2021	228/drone	23	26
Engineering risks + Civil Liability - Works	5/11/2020	44,266	280	-
Total			**16,495**	**14,061**

(*) Amount insured for January/2020 and annualized premium.

38. Financial instruments and risk management

Fair value hierarchy

The different levels were assigned as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Because the distribution subsidiaries have classified the concession financial asset as the best estimate of the fair value through profit and loss, the relevant factors for the fair value appraisal are not publicly observable, meaning the fair value hierarchy is classified at level 3. The change and respective gains in net income for the year were R$ 232,689 (R$ 295,119 in 2018) and the main assumptions used, can be seen in note 16.

The carrying amounts, fair values and hierarchical levels of the principal financial instrument assets and liabilities have been compared below:

Parent company					
		2019		2018	
	Level	Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Amortized cost					
Cash and cash equivalents		68,423	68,423	313,687	313,687
Receivables		40,640	40,640	34,842	34,842
Notes and credits receivable		76	76	222	222
Related-party credits		668,380	668,380	186,396	186,396
		777,519	**777,519**	**535,147**	**535,147**
Fair value through profit or loss					
Money market and secured funds	2	2,486,362	2,486,362	2,431,702	2,431,702
Derivative financial instruments	2	35,237	35,237	29,256	29,256
		2,521,599	**2,521,599**	**2,460,958**	**2,460,958**
Liabilities					
Amortized cost					
Trade accounts payable		17,462	17,462	3,227	3,227
Debts to related parties		-	-	68,926	68,926
Loans, financing, debentures and debt charges		4,323,338	4,261,194	3,847,634	3,787,691
Operating leases		719	719	-	-
		4,341,519	**4,279,375**	**3,919,787**	**3,859,844**
Fair value through profit or loss					
Derivative financial instruments	2	1,051,784	1,051,784	424,386	424,386
		1,051,784	**1,051,784**	**424,386**	**424,386**

Consolidated					
		2019		2018	
	Level	Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Amortized cost					
Cash and cash equivalents		663,103	663,103	706,738	706,738
Clients, consumers and concessionaires		4,834,041	4,834,041	3,990,180	3,990,180
Credit receivables		26,573	26,573	35,137	35,137
Sector financial assets		2,088,970	2,088,970	2,827,814	2,827,814
		7,612,687	**7,612,687**	**7,559,869**	**7,559,869**
Fair value through profit or loss					
Money market and secured funds	2	2,373,194	2,373,194	3,643,972	3,643,972
Concession financial asset	3	5,130,960	5,130,960	5,301,409	5,301,409
Derivative financial instruments	2	1,190,770	1,190,770	567,689	567,689
		8,694,924	**8,694,924**	**9,513,070**	**9,513,070**
Liabilities					
Amortized cost					
Trade accounts payable		2,088,174	2,088,174	1,728,614	1,728,614
Loans, financing, debentures and debt charges		17,188,607	17,098,612	15,787,898	15,736,911
Operating leases		52,468	52,468	-	-
Sector financial liabilities		1,019,428	1,019,428	1,238,430	1,238,430
Tax financing		50,967	50,967	76,837	76,837
Regulatory fees (*)		3,456	3,456	124,667	124,667
		20,403,100	**20,313,105**	**18,956,446**	**18,905,459**
Fair value through profit or loss					
Derivative financial instruments (**)	2	1,372,469	1,372,469	515,333	515,333
Financial instrument – MTM (***)	2	-	-	604,352	604,352
		1,372,469	**1,372,469**	**1,119,685**	**1,119,685**

(*) Includes the balance of the Energy Development Account – CDE of R$ 3,456 and (R$ 85,173 in 2018), disclosed in note 26).

(**) The Company issued simple debentures conjugated with subscription bonuses. The right to exercise the underwriting bonus (convertibility) by debenture holders would take place at the price of one UNIT (ENGI11). This is an "in the money" option, which reflects the good likelihood of conversion, with the debt record maintained, plus the effect of the derivative financial instrument.

(***) The subsidiary EEVP and BNDESPAR signed a contract assuring BNDESPAR, at its sole discretion, the right to exercise against the subsidiary the put option for up to 67,642,986 preferred shares issued by Rede Energia S/A, owned by BNDESPAR, within the term of 60 days as from 1/3/2019. BNDESPAR exercised its PUT on March 8, 2019, with the indirect subsidiary EEVP making the payment of R$ 614,296. The number of Put shares is 67,642,986, now held by the subsidiary.

In compliance with CVM Instruction 475/2008 and Resolution 604/2009, the description of the book balances and the fair values of the financial instruments included in the balance sheet at December 31, 2019 and 2018 are shown below:

Derivatives

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

The Company and its subsidiaries have the policy of managing market risks, thereby avoiding assuming material positions exposed to fair value fluctuations. They therefore only seek to use instruments which provide greater risk control. The derivative contracts involve swap operations and options with interest and exchange rates, in order to counter the exposure to exchange rate changes and to bring the debt cost in line with market trends.

The hedge transactions against adverse exchange variance require constant monitoring in order to preserve the efficiency of their structures. The transactions in force are subject to restructuring at any time and can be reversed or subject to additional transactions in order to reduce potential material losses.

Hedge Accounting

On July 01, 2015 the Company and its subsidiaries formally classified part of its swap transactions (hedge instruments) used to swap exchange variance and interest variance for CDI variance as hedge accounting. In 2019 these transactions and the debts (subject to hedges) are being valued as fair value hedges. In these hedge designations, the Company and its subsidiaries documented: (i) the hedge ratio; (ii) the risk management goal and strategy; (iii) the financial instrument's identification; (iv) the item or transaction covered; (v) the nature of the risk to be covered; (vi) the description of the coverage relation; (vii) statement of the correlation between the hedge and the hedged item; and (viii) statement of the hedge's effectiveness.

Swap contracts are designated and effective as fair value hedges in relation to the exchange variance and/or interest rate, when applicable. During the year the hedge was highly effective in the exposure of fair value to change in interest rates and as a consequence, the carrying amount of securities classified as hedge was impacted by R$ 183,105 (R$ 97,195 in 2018) and recognized in financial income at the same time as the fair value of the interest rate swap was recognized in profit or loss.

Fair Value Option

The Company and its subsidiaries opted to formally classify new debt securities secured in the FY 2019, for which the Company and its subsidiaries have derivative financial instruments to swap exchange and interest rate variance, as measured at fair value. The fair value option aims to eliminate or reduce inconsistency in the measurement or recognition of certain liabilities, which would otherwise arise. Both the swaps and the respective debts can therefore be measured at fair value and this option is irreversible, and should only be made upon initial recognition of the transaction. As of December 31, 2019 these debt and derivatives, and any other assets and liabilities measured at fair value through profit or loss have any gains or losses resulting from their remeasurement recognized in the Company's profit and loss.

During the year, the carrying amount of debts classified as fair value option was impacted by R$ 8,095 (R$ 11,174 in 2018) and recognized in financial income at the same time the interest rate swap's fair value was recognized in profit and loss.

The Company and its subsidiaries do not have credit risk assessment or derivative instruments taken out for this exposure. In the Company's opinion the change in the credit risk does not have a significant impact.

Uncertainty

The amounts were estimated at the reporting date based on information available in the market and appropriate appraisal techniques. However, considerable judgment was required in the interpretation of the market data to estimate the most adequate fair value. Consequently, the estimates used and presented below do not necessarily indicate the values that could be realized in the current exchange market.

Financial risk management

The Board of Directors is generally responsible for establishing and supervising the risk management model of the Company and its subsidiaries. The Company has therefore implemented operating limits with pre-established amounts and indicators in the "Financial Risk Management policy" (reviewed annually and available on the Company's site) and in the internal regulations of the Executive Board of the Company and its subsidiaries.

The Risk Management Committee, consisting of the Financial Board and specialist independent consultant, monitors compliance of operations with the "Financial Market Risk Management Policy" by way of the Quarterly Risk Management Report.

Furthermore, the Company and its subsidiaries' risk management aims to detect, analyze and monitor risks encountered, in order to establish limits and check compliance with them. For this, the Company and its subsidiaries have been using the services of an independent company specialized in cash and debt risk management, which means that the main macroeconomic metrics and their impact on results are monitored on a daily basis, in particular derivative transactions. This allows contracting and repositioning strategies to be devised, pursuing low risk and higher financial income.

Credit risk management

The debt index at the end of the years is the following:

	Consolidated	
	2019	2018
Debt (a)	17,188,607	15,787,898
Cash and cash equivalents	(663,103)	(706,738)
Net debt	**16,525,504**	**15,081,160**
Equity	5,698,258	5,388,141
Net debt index	**2.90**	**2.80**

(a) The debt is defined as short and long-term loans, financing and debentures (excluding derivatives and financial surety contracts) and debt charges, as detailed in notes 21 and 22.

a) Liquidity risk

By way of the projected cash flow, Management schedules its obligations to generate financial liabilities to the flow of receipts or sources of financing in order to ensure the greatest possible liquidity so as to honor its obligations, thereby avoiding delinquency which hinders the operational progress of Energisa and its subsidiaries.

The contractual maturities of the main financial liabilities, including estimated interest payments and excluding the impact of currency trading agreements at the net position are as follows:

Parent company							
	Average effective weighted interest rate (%) months	Up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Trade accounts payable		17,462	-	-	-	-	17,462
Loans, financing, debentures and debt charges	8.87%	524,042	776,868	2,829,885	368,451	713,644	5,212,890
Derivative Financial Instruments		(16,045)	289	(19,481)	-	-	(35,237)
Derivative Financial Instruments - Other (*)		-	350,243	701,541	-	-	1,051,784
Total		**525,459**	**1,127,400**	**3,511,945**	**368,451**	**713,644**	**6,246,899**

Consolidated							
	Average effective weighted interest rate (%) months	Up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Trade accounts payable		1,988,149	-	-	-	100,025	2,088,174
Loans, financing, debentures and debt charges.	6.36%	1,722,263	1,791,849	10,211,963	3,855,512	7,274,095	24,855,682
Derivative Financial Instruments		(63,518)	21,176	(376,112)	(161,977)	(212,267)	(792,698)
Derivative Financial Instruments - Other (*)		-	322,169	692,994	(12,972)	(27,794)	974,397
Total		**3,646,894**	**2,135,194**	**10,528,845**	**3,680,563**	**7,134,059**	**27,125,555**

(*) Includes R$ 1,054 for the commitment to buy back shares paid in by the employees and retirees of the subsidiaries ERO and EAC.

The liquidity risk denotes the risk of the Company struggling to honor its obligations posed by financial liabilities. The Company monitors the liquidity risk by maintaining investments readily convertible to meet obligations and commitments, in addition to foreseeing its future cash requirements.

b) Credit risk

Management believes the risks posed by its cash and cash equivalents, short-term investments and derivative financial instruments are minimal, as there is no concentration and transactions are conducted with banks which assess risk in accordance with the “Financial Risk Management policy”. The Board of Directors' Audit Committee was convened in the first quarter of 2010 to oversee the group's management, according to the rules and principles established in the policy.

The credit risk, especially that of Energisa Group’s distribution companies, is posed by trade accounts receivable, consumers and concessionaires, which is, however, mitigated by sales to a broad consumer base and legal prerogatives which allow the provision of services to most defaulting clients to be suspended.

The concession financial asset consisting of estimated portion of capital invested in public service infrastructure not completely amortized by the end of the concession will be an unconditional right to receive money or other financial asset from the concession authority, as compensation for the infrastructure investment.

Sector financial assets denote assets deriving from temporary differences between the ratified costs of Parcel A and other financial components, constituting a right receivable from its electricity distribution subsidiaries. These amounts are effectively settled during the coming rate periods, or in the event the concession is terminated with balances that have not been recovered, they will be included in the compensation base that exists in the case of termination for any reason of the concession.

Part of the receivables referring to sales, energy acquisition and system service charges, incurred at CCEE, are also subject to change depending on the outcome of legal proceedings in progress, filed by a number of companies in the sector. These proceedings have resulted from the interpretation of market rules in force between June 2001 and February 2002, during which the Emergency Electricity Rationing Program was in force.

Exposure to credit risks

The carrying amount of the financial assets denotes the maximum credit exposure as shown below:

		Parent company		Consolidated	
	Note	2019	2018	2019	2018
Cash and cash equivalents	6.1	68,423	313,687	663,103	706,738
Money market and secured funds	6.2	2,486,362	2,431,702	2,373,194	3,643,972
Clients, consumers and concessionaires	7	40,640	34,842	4,834,041	3,990,180
Credit receivables	8	76	222	26,573	35,137
Financial sector assets, net	12	-	-	1,069,542	1,589,384
Concession financial asset	16	-	-	5,130,960	5,515,275
Derivative financial instruments	38	35,237	29,256	1,190,770	567,689

c) Interest and exchange rate risk

Part of the local-currency loans and financing presented in note 21 consist of financing from several national development agencies (Eletrobrás, Banco do Nordeste, BNDES, BDMG and FINEP) and other institutions in the capital market. The interest rate is defined by these Agents, taking into account the underlying interest rate, the risk premium compatible with the financed companies, their guarantees and the sector they are engaged in. In the event it is not possible to acquire alternatives or different market hypotheses and/or methods for their estimates, in view of the subsidiaries' business and sector specifics, these are measured by the amortized cost method at the contractual rates.

The Company's results are susceptible to changes in the liabilities indexed in foreign currencies. The US dollar exchange rate closed the year ended December 31, 2019 up by 3.85% over December 31, 2018, quoted at R$ 4.0301 / USD. The volatility of the US dollar as of December 31, 2019 was 10.37%, compared with 14.34% as of December 31, 2018. The Euro exchange rate closed the year ended December 31, 2019 down by 1.47% over December 31, 2018, quoted at R$ 4.5028/Euros. The Euro experienced volatility of 7.73% as of December 31, 2019.

R$ 3,745,298 (R$ 3,489,732 in 2018) of the Company's consolidated bank debts and issuances of R$ 17,247,047 (R$ 15,844,927 in 2018) as of December 31, 2019, excluding the effects of unappropriated costs, is denominated in foreign currencies, as per note 21. The operations subject to hedging and the respective financial instruments used are detailed below.

The foreign-currency loans have a short- and long-term maturity (last maturity in December 2023) and maximum costs of USD plus 4.5883% per annum plus exchange variance.

The parent company and consolidated statement of financial position the following balances denoting the mark-to-market of the financial derivatives related to the foreign exchange rate and interest, resulting from a combination of factors usually adopted for the mark-to-market of these instruments, such as volatility, currency coupon, interest rates and the exchange rate.

	Parent company		Consolidated	
	2019	2018	2019	2018
Current assets	15,756	2,286	102,682	49,171
Noncurrent assets	19,481	26,970	828,093	518,518
Total assets	**35,237**	**29,256**	**930,775**	**567,689**
Current liabilities	(350,243)	(1,480)	(410,583)	(691,352)
Non-current liabilities	(701,541)	(422,906)	(701,892)	(428,333)
Total liabilities	**(1,051,784)**	**(424,386)**	**(1,112,475)**	**(1,119,685)**

This is not a material liability, because the reversal value of derivatives at the calculation date is estimated, which does not correspond to the hedge objective. In the financial year Energisa recognized directly in its shareholders' equity a reduction of R$ 6,362 (R$ 59,069 in 2018) consisting of its interest in the effects reflected in the subsidiaries' equity.

The Company and its subsidiaries have hedged 100% of the forex-indexed liabilities against adverse exchange variance, thereby hedging the principal and interest through maturity. These hedges are split into the following instruments:

Operation	Notional (USD)	Financial Cost (% p.a.)		Maturity	Description
		Receivable Position	Payable Position		
ESA					
Resolution 4131 - Itaú BBA	120,000	VC + 4.75%	CDI +1.28%	5/24/2021	Fair Value Option
ESE					
Resolution 4131 - Citibank	61,805	(Libor + 0.73%) x 117.65%	CDI + 1.43%	1/19/2021	Fair Value Option
Resolution 4131 - Bank of America ML	34,321	(Libor + 1.20%) x 117.65%	CDI + 1.48%	1/29/2021	Fair Value Option
Resolution 4131 - Citibank	8,798	(Libor + 0.72%) x 117.65%	CDI + 1.35%	4/26/2021	Fair Value Option
Resolution 4131 - Citibank	11,100	(LIBOR + 0.82%) x 117.647%	CDI + 0.80%	9/8/2021	Fair Value Option
Resolution 4131 - JL Morgan	3,612	(LIBOR + 1.30%) x 117.647%	CDI + 0.85%	9/13/2021	Fair Value Option
EPB					
Resolution 4131 - Itaú BBA	25,480	VC + 4.47%	119.03% CDI	6/23/2020	Fair Value Option
Resolution 4131 - Citibank	18,541	(Libor + 0.73%) x 117.65%	CDI + 1.43%	1/19/2021	Fair Value Option
EMG					
Resolution 4131 - Itaú BBA	8,993	VC + 4.47%	119.03% CDI	6/23/2020	Fair Value Option
Resolution 4131 - Citibank	17,595	Libor + 0.72%) x 117.65%	CDI + 1.35%	5/17/2021	Fair Value Option
Resolution 4131 - Bocom BBM	15,503	VC + 3.70%	CDI + 0.27%	4/9/2021	Fair Value Option
ENF					
Resolution 4131 - Citibank	8,250	(Libor + 1.62%) x 117.65%	CDI + 1.50%	10/28/2022	Fair Value Option
Resolution 4131 - Citibank	4,539	(Libor + 0.65%) x 117.65%	CDI + 1.32%	3/29/2021	Fair Value Option
EMT					
Resolution 4131 - Bank of America ML	28,235	(Libor + 1.60%) x 117.65%	CDI + 1.70%	6/15/2020	Fair Value Option
Resolution 4131 - Citibank	14,351	(Libor + 1.70%) x 117.65%	CDI + 1.53%	6/21/2022	Fair Value Option
Resolution 4131 - Citibank	14,351	(Libor + 1.80%)	CDI + 1.53%	6/21/2022	Fair Value Option
Resolution 4131 - Bank of America ML	24,615	(Libor + 1.20%) x 117.65%	CDI + 1.43%	1/15/2021	Fair Value Option
Resolution 4131 - Citibank	31,785	(LIBOR + 0.82%) x 117.65%	CDI + 0.80%	9/8/2021	Fair Value Option
Resolution 4131 - JPM	26,709	(LIBOR + 1.05%) x 117.65%	CDI + 1.33%	11/12/2021	Fair Value Option
Resolution 4131 - Bank of America ML	10,676	EUR + 0.81%	CDI + 0.85%	12/15/2022	Fair Value Option
Resolution 4131 - Scotiabank	49,200	USD + 2.58%	CDI + 1.00%	12/29/2022	Fair Value Option
EMS					
Resolution 4131 - Citibank	14,429	(Libor + 1.70%) x 117.65%	CDI + 1.55%	5/26/2022	Fair Value Option
Resolution 4131 - Citibank	14,429	(Libor + 1.80%)	CDI + 1.55%	5/26/2022	Fair Value Option
Resolution 4131 - Citibank	17,115	(LIBOR + 0.82%) x 117.65%	CDI + 0.80%	9/8/2021	Fair Value Option
Resolution 4131 - Bank of America ML	11,313	EUR + 1.16%	CDI + 0.95%	5/9/2022	Fair Value Option
ETO					
Resolution 4131 - Citibank	11,196	(Libor + 1.70%) x 117.65%	CDI + 1.56%	5/16/2022	Fair Value Option
Resolution 4131 - Citibank	11,196	(Libor + 1.80%)	CDI + 1.56%	5/16/2022	Fair Value Option
Resolution 4131 - Bank of America ML	31,032	(Libor + 1.20%) x 117.65%	CDI + 1.47%	1/29/2021	Fair Value Option
Resolution 4131 - Itaú BBA	51,778	VC + 5.12%	CDI + 1.28%	6/1/2021	Fair Value Option
EBO					
Resolution 4131 - Citibank	6,135	(Libor + 0.97%) x 117.65%	116.00% CDI	11/13/2020	Fair Value Option
ECOM					
Resolution 4131 - Santander	10,459	VC + 5.53%	CDI + 1.35%	6/22/2020	Fair Value Option
Resolution 4131 - Bocom BBM	6,081	(LIBOR + 0.56%) x 133.33%	CDI + 0.59%	9/19/2022	Fair Value Option
ESS					
Resolution 4131 - Citibank	6,857	(Libor + 1.70%) x 117.65%	CDI + 1.53%	6/21/2022	Fair Value Option
Resolution 4131 - Citibank	6,857	(Libor + 1.80%)	CDI + 1.53%	6/21/2022	Fair Value Option
Resolution 4131 - Bank of America ML	29,740	(Libor + 1.10%) x 117.65%	CDI + 1.35%	4/9/2020	Fair Value Option
Resolution 4131 - Citibank	15,928	(LIBOR + 1.27%) x 117.65%	CDI + 1.25%	7/3/2023	Fair Value Option
Resolution 4131 - Bank of America ML	19,704	(LIBOR + 1.20%) x 117.65%	CDI + 0.80%	8/31/2021	Fair Value Option
Resolution 4131 - Bank of America ML	24,432	EURO + 1.02%	CDI + 0.85%	6/6/2022	Fair Value Option
Resolution 4131 - Scotiabank	12,300	USD + 2.58%	CDI + 1.00%	12/29/2022	Fair Value Option
EAC					
Resolution 4131 - Bofa	79,186	VC (EURO) + 1.65%	CDI + 1.65%	12/13/2023	Fair Value Option
Resolution 4131 - Bofa	6,405	VC (EURO) + 0.90%	CDI + 0.95%	12/15/2021	Fair Value Option
ERO					
Resolution 4131 - Scotiabank	12,300	USD + 2.58%	CDI + 1.00%	12/29/2022	Fair Value Option
ESOL					
Resolution 4131 - Bocom BBM	5,249	USD + 3.95%	CDI + 0.43%	3/1/2021	Fair Value Option

(*) These operations were originally subject to a call option with cap linked to the swap. These operations were reverted, thereby minimizing exposure to foreign exchange variance.

The Company also has swaps (fixed rates, CDI, TJLP, among others) for the notional value of its local currency debt (Reais). See below the interest swaps:

Operation	Notional (BRL)	Financial Cost (% p.a.)		Maturity	Description
		Receivable Position	Payable Position		
Parent company					
EMT					
Itaú BBA X EMT	81,885	IPCA + 5.60%	101.75% CDI	6/15/2020	Fair Value Hedge
Itaú BBA X EMT	73,494	IPCA + 5.66%	102.65% CDI	6/17/2024	Fair Value Hedge
JP Morgan X EMT	10,544	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X EMT	1,965	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X EMT	3,657	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Itaú BBA X EMT	385,000	IPCA + 5.08%	103.70 CDI	9/15/2025	Fair Value Hedge
ETO					
Itaú BBA X ETO	39,771	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X ETO	35,696	IPCA + 5.66%	102.65% CDI	6/17/2024	Fair Value Hedge
JP Morgan X ETO	9,526	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X ETO	1,775	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X ETO	3,304	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Itau BBA x ETO	240,000	IPCA + 5.08%	103.70% CDI	9/15/2025	Fair Value Hedge
ESS					
Itaú BBA X ESS	24,647	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X ESS	18,397	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X ESS	22,121	IPCA + 5.66%	102.65% CDI	6/17/2024	Fair Value Hedge
Itaú BBA X ESS	16,511	IPCA + 5.66%	102.65% CDI	6/17/2024	Fair Value Hedge
JP Morgan X ESS	8,580	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X ESS	1,599	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X ESS	2,977	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Itau BBA x ESS	70,000	IPCA + 5.08%	103.70% CDI	9/15/2025	Fair Value Hedge
EMS					
JP Morgan X EMS	10,762	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X EMS	2,006	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X EMS	3,733	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Itau BBA x EMS	155,000	IPCA + 5.08%	103.70 CDI	9/15/2025	Fair Value Hedge
EMG					
Itaú BBA X EMG	8,392	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X EMG	7,532	IPCA + 5.66%	102.65% CDI	6/17/2024	Fair Value Hedge
JP Morgan X EMG	3,636	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X EMG	678	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X EMG	1,261	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Itau BBA x EMG	50,000	IPCA + 5.08%	103.70% CDI	9/15/2025	Fair Value Hedge
EPB					
Itaú BBA X EPB	15,173	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X EPB	13,618	IPCA + 5.66%	102.65% CDI	6/17/2024	Fair Value Hedge
JP Morgan X EPB	11,635	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X EPB	2,169	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X EPB	4,035	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Safra x EPB	135,000	IPCA + 5.08%	103.70% CDI	9/15/2025	Fair Value Hedge
ESE					
Itaú BBA X ESE	9,333	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X ESE	8,376	IPCA + 5.66%	102.65% CDI	6/17/2024	Fair Value Hedge
JP Morgan X ESE	7,126	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X ESE	1,328	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X ESE	2,472	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Safra x ESE	65,000	IPCA + 5.08%	103.70 CDI	9/15/2025	Fair Value Hedge
ETE					
Santander x ETE	75,500	IPCA + 4.92%	104.25% CDI	12/15/2025	Fair Value Hedge
Santander x ETE	51,462	IPCA + 5.14%	105.15% CDI	12/15/2028	Fair Value Hedge
Santander x ETE	123,038	IPCA + 4.98%	104.50% CDI	12/15/2025	Fair Value Hedge
EAC					
Itaú BBA X EAC	105,000	IPCA + 4.62%	104.00% CDI	4/15/2026	Fair Value Hedge
Itaú BBA X EAC	70,000	IPCA + 4.62%	104.00% CDI	4/15/2026	Fair Value Hedge
ERO					
Itaú BBA X ERO	195,000	IPCA + 4.62%	104.00% CDI	4/15/2026	Fair Value Hedge
Itaú BBA X ERO	130,000	IPCA + 4.62%	104.00% CDI	4/15/2026	Fair Value Hedge

In accordance with CPC 40, the values of the Company and its subsidiaries' derivative financial instruments, which were not recorded as fair value hedge, as of 2019 and 2018 are presented below:

- **Parent company**

Derivatives	Reference value 2018	Description	Fair value 2018
		Receivable Position	
		Fixed interest rate, CDI and IPCA	206,485
Interest swaps	135,715	**Liability Position**	
		CDI interest rate + TJLP and IPCA	(207,965)
		Total Swap Position	**(1,480)**

The Company did not have derivative financial instruments hedging currency risks designated as fair value hedges in 2019.

The Company classifies certain hedge instruments related to exchange variance risk and interest rate risk posed by loans as fair value hedge, as shown below:

Fair Value Option	Reference value		Description	Fair value	
	2019	2018		2019	2018
Debt (Hedge Object)*	291,200	436,800	Foreign Currency - USD and LIBOR	(328,131)	(469,177)
			Receivable Position		
			Foreign Currency - USD and LIBOR	328,131	469,177
Forex Swap			**Liability Position**		
(Hedge Instrument)			CDI Interest Rate	(292,894)	(439,921)
	291,200	436,800	Net swap position	35,237	29,256
			Net debt position + Swap	**(292,894)**	**(439,921)**

Consolidated

Derivatives	Reference value		Description	Fair value	
	2019	2018		2019	2018
Debt (Hedge Object)*	2,319,714	1,955,429	Fixed rate	(2,766,464)	(2,178,669)
			Receivable Position		
			Fixed rate	2,770,972	2,177,606
Interest swaps	2,319,714	1,955,429	**Liability Position**		
(Hedge Instrument)			CDI Interest Rate	(2,384,197)	(2,055,369)
			Net swap position	386,775	122,237
			Net debt position + Swap	**(2,379,689)**	**(2,056,432)**

Fair Value Option	Reference value		Description	Fair value	
	2019	2018		2019	2018
Debt designated to Fair Value Option	3,318,610	3,049,286	Foreign Currency - USD and LIBOR	(3,742,978)	(3,392,648)
			Receivable Position		
			Foreign Currency - USD and LIBOR	3,742,978	3,392,648
Forex Swap	3,318,610	3,049,286	Liability Position		
(Derivative)			CDI Interest Rate	(3,337,056)	(3,072,596)
			Net swap position	405,922	320,052
			Net debt position + Swap	**(3,337,056)**	**(3,072,596)**

In accordance with CPC 40, the values of the Company's derivative financial instruments, which were not recorded as fair value hedge, as of 2019 and 2018 are presented below:

Fair Value Hedge	Reference value 2018	Description	Fair value 2018
Debt (Hedge Object)*	75,785	Foreign Currency - USD and LIBOR	(96,269)
Forex Swap (Hedge Instrument)	75,785	**Receivable Position**	
		Foreign Currency - USD and LIBOR	96,269
		Liability Position	
		CDI Interest Rate	(76,299)
		Net swap position	19,970
		Net debt position + Swap	**(76,299)**

(*) Loans formally classified as Fair Value Hedges are recognized at fair value in proportion to the effective portion relating to the risk being hedged.

The Company and its subsidiaries did not have derivative financial instruments hedging currency risks designated as fair value hedges in 2019.

The subsidiaries calculated the Fair Value of the derivatives as of December 31, 2019 based on the market price quotes for similar contracts. Their variance is directly associated with the variance of the debt balances listed in the note 21 and 22 and the positive performance of the hedge mechanisms used, as described above. The Company and its subsidiaries do not intend to settle these contracts before maturity. They also have different expectations for the results presented as Fair Value – as shown below. To ensure perfect management, daily monitoring is conducted in order to keep risk to a minimum and obtain better financial results.

The mark-to-market (MtM) of the Company and its subsidiaries' operations was calculated by an accepted method generally used by the market. The method basically consists of calculating the future value of the operations agreed in each contract, discounting the present value at market rates. A variant of the Black & Scholes formula is used to calculate the MtM of options. This formula is normally used to calculate the premium on currency options. The data used in these calculations was obtained from reliable sources. The market rates, such as the fixed rate and forex coupon, were obtained directly from the BM&F site (Market Rates for Swaps). The Ptax exchange rate was obtained from the Central Bank's site. The implicit dollar volatility for options were obtained from BM&F.

Sensitivity analysis

Pursuant to CPC 40, the Company and its subsidiaries conducted sensitivity analyses on the main risks to which the financial instruments and derivatives are exposed, as shown:

a) Exchange variance

If the exchange exposure as of December 31, 2019 were maintained, and the effects on the future financial statements simulated by type of financial instrument and for three different scenarios, the following results would be obtained (restated as for the reporting date):

Operation	Exposure	Risk	Scenario I (Probable) (*)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Foreign-Currency Debt - USD and LIBOR	**(3,318,610)**	Exchange rate increase	(3,241,666)	(4,158,175)	(5,074,683)
Change in Debt	-		76,944	(839,564)	(1,756,073)
Forex Swap					
Receivable Position					
Derivative Financial Instruments - USD and LIBOR	3,742,978		3,666,034	4,582,543	5,499,051
Variance - USD and LIBOR	-		(76,944)	839,564	1,756,073
Liability Position					
Derivative Financial Instruments - CDI Interest Rate	(3,337,056)		(3,337,056)	(3,337,056)	(3,337,056)
Subtotal	405,923		328,979	1,245,487	2,161,996
Net Total	**(2,912,688)**		**(2,912,688)**	**(2,912,688)**	**(2,912,688)**

(*) The probable scenario is calculated based on the expected future exchange rate in the last Focus bulletin disclosed for the calculation date. The deterioration scenarios of 25% and 50% are calculated based on the probable scenario curve. In these scenarios the forex curve is impacted, the CDA curve holds steady and the exchange coupon curve is recalculated. This is done to ensure the parity between the spot, CDI, currency coupon and future exchange rate is always valid.

The derivatives in the "Probable Scenario" calculated based on the net analysis of the above operations until the maturity thereof, adjusted to present value by the fixed rate in Brazilian reais as of December 31, 2019, which is reflected in the negative present value of R$ 2,912,688 that shows how the adverse exchange variance in existing debts was mitigated. The greater the deterioration of the exchange rate (risk variable considered), the greater the positive results of the swaps. However, there would be negative present value of R$ 2,912,688 in the scenarios where the Brazilian real exchange rate lost 25% and 50%, a scenario in which some of the current caps would be exceeded.

b) Interest rate variance

If the interest-rate exposure as of December 31, 2019 were maintained, and the effects on the future financial statements simulated by type of financial instrument and for two different scenarios, the following results would be obtained (restated as for the reporting date):

Operation	Exposure	Risk	Scenario I (Probable) (*)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Local Currency Debt - Interest Rate	(2,319,714)		(2,319,714)	(2,319,714)	(2,319,714)
Interest swaps					
Receivable Position					
Derivative Financial Instruments - Fixed	2,770,972		2,770,972	2,770,972	2,770,972
Liability Position					
Derivative Financial Instruments - CDI	(2,384,197)		(2,384,197)	(2,540,674)	(2,696,579)
Change in the CDI rate	-	Increase in CDI	-	(156,477)	(312,382)
Subtotal	386,775		386,775	230,298	74,393
Net Total	**(1,932,939)**		**(1,932,939)**	**(2,089,416)**	**(2,245,321)**

Considering the exposure of financial instruments indexed to interest rates as of December 31, 2019 is maintained and the respective accumulated annual indexes are (CDI = 5.96% per annum) and if the indexes vary in accordance with the three scenarios defined, the net financial result would be affected by:

Instruments	Exposure (R$ thousand)	Risk	Scenario I (Probable)(1)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Receivable financial instruments:					
Money market and secured funds	2,695,228	Increase in CDI	112,661	140,826	168,992
Payable financial instruments:					
Swap	(3,337,056)	Increase in CDI	(139,489)	(174,361)	(209,234)
	(7,301,681)	Increase in CDI	(305,210)	(381,513)	(457,815)
	(3,668)	Increase in TJLP	(204)	(255)	(306)
Loans, financing and debentures	(4,152,171)	Rise in IPCA	(178,959)	(223,699)	(268,439)
	(890)	Increase in SELIC	(37)	(46)	(56)
	(644,894)	High TR	-	-	-
Subtotal (2)	(15,440,360)		(623,899)	(779,874)	(935,850)
Total -losses (2)	**(12,745,132)**		**(511,238)**	**(639,048)**	**(766,858)**

(1) Considers the CDI rate at December 31, 2020 (4.18% per annum), quote of the estimates presented by the recent BACEN survey, dated December 31, 2019, Selic rate of 4.18% per annum, TJLP of 5.56% per annum, TR of 0.00% per annum and IPCA of 4.31% per annum.

(2) Does not include fixed-interest transactions worth R$ 1,806,687.

c) Change in energy price curve

The table below demonstrate sensitivity to any changes of 25% and 50%, indicating the deterioration of the subsidiary ECOM's financial situation by increasing the Forward Curve over the portion of future electricity purchase and sale agreements affected, after the mark-to-market impact. With all other variables remaining constant, profit before tax is affected by the future electricity purchase and sale agreement subject to the volatility of the future energy curve, as shown below:

Instruments	Exposure (R$ thousand)	Risk	Scenario I (Probable)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Financial instruments:					
Future energy contracts - Purchase	(259,994)	Increase in PLD	18,541	23,176	28,812
Future energy contracts - Sale	337,381		(22,291)	(27,864)	(33,437)
Total Net - Increase in PLD	**77,387**		**(3,750)**	**(4,688)**	**(5,625)**

Instruments	Exposure (R$ thousand)	Risk	Scenario I (Probable)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Financial instruments:					
Future energy contracts - Purchase	(259,994)	Decrease in PLD	(18,805)	(23,506)	(28,208)
Future energy contracts - Sale	337,381		19,615	24,519	29,423
Total Net - Decrease in PLD	**77,387**		**810**	**1,013**	**1,215**
Total			(2,940)	(3,675)	(4,410)

Liquidity risk management

The liquidity risk denotes the risk of the Company and its subsidiaries struggling to honor their obligations posed by financial liabilities. The Company and its subsidiaries monitor the liquidity risk by maintaining investments readily convertible to meet obligations and commitments, foreseeing its future cash requirements.

39. Post-employment benefits

39.1. A breakdown follows of the actuarial deficit balances of the retirement and pension plans, retirement bonus and health care plan:

	Parent company		Consolidated							
	Retirement Bonus and Health Care Plan		Pension Plan		Health care plan		Retirement Bonus		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Inergus (1)	-	-	185,098	139,743	64,310	52,806	4,430	5,964	253,838	198,513
Funasa	-	-	136,480	115,322	5,838	2,817	-	-	142,318	118,139
BD-I, OP and R Plans - EMT	-	-	37,498	34,795	123,018	54,804	-	-	160,516	89,599
BD-I, OP and R Plans - ETO	-	-	5,095	3,625	33,087	16,112	728	909	38,910	20,646
BD-I, OP and R Plans - ESS	-	-	18,567	17,791	60,441	15,850	-	-	79,008	33,641
I, II and R Plans - EMS	-	-	192	120	29,646	6,144	-	-	29,838	6,264
Eletros (ERO) (2)	-	-	30,588	71,774	-	-	-	-	30,588	71,774
Health care plan - others	4,153	3,034	-	-	12,012	12,270	-	-	12,012	12,270
Retirement bonus - other	6,660	6,849	-	-	-	-	16,205	15,466	16,205	15,466
Total	10,813	9,883	413,518	383,170	328,352	160,803	21,363	22,339	763,233	566,312
Current	**2,127**	**1,845**	**36,232**	**38,773**	**32,278**	**20,526**	**3,906**	**3,891**	**72,416**	**63,190**
Non-current	**8,686**	**8,038**	**377,286**	**344,397**	**296,074**	**140,277**	**17,457**	**18,448**	**690,817**	**503,122**

(1) The subsidiary ESE signed a debt assumption agreement with INERGUS on January 31, 2016 for R$ 13,753, corresponding to the value of the funds necessary to settle the technical deficit and capitalize the other deficiencies of the mathematical reserves of the INERGUS - PSI Paid-in Plan. The debt was financed over 287 payments of R$ 85 (restated by the SAC table with interest calculated and paid monthly). If the interest is lower than the actuarial rate, the actuarial rate will be used to calculate the monthly amount to be paid. The balance as of December 31, 2019 is R$ 12,520 (R$ 12,864 in 2018) recorded in loans and financing (see note 21).

(2) The subsidiary ERO has the CD plan – ERO constituted with ELETROS, in 2011 without including the past service of employees. The employees therefore made their administrative claim where by way of Official Notice 147/2017 the head of the strategic management special advisory service of the Ministry of Mines and Energy sent to SEST documentation regarding the change to the CD ERO Plan's regulations, whose proposal aimed to make it possible to include the option to make extraordinary contributions to pay for past service time, to be covered equally by the sponsor and the participants. The claim presented the content as follows "participants enrolled in the CD ERO plan by September 30, 2017, who joined the sponsor's staff before September 2011 are entitled to opt for the extraordinary contribution".

The proposal was analyzed at the various decision-making levels, with a favorable decision issued by the Eletros Governing Board on October 10, 2017, the ERO Board of Directors on October 13, 2017 and the Eletrobrás Executive Board on October 16, 2017.

After requesting further information to help analyze the claim, it was concluded that the proposal aims to meet a long-standing claim of the employees, stated in the collective bargaining agreement, which as it entails a retirement incentive should be added to the pension plan and, in exchange, excluded from the ACT and that the claim was supported by the existing legislation both regarding the projected past service time -, and costing through equal contributions from the participants and sponsors. By way of Official Notice 22592 issued by the Ministry of Planning, Budgets and Management (MP) on March 19, 2018, the Office for Management and Governance of Government-Owned Companies (SEST) accepted the claim made in respect of Official notice 147/2017/AEGE/SE-MME, on October 31, 2017, regarding the proposal to change the Complementary Pension Plan regulations - CD ERO, introduced in the form of Defined Contributions - CD, sponsored by its subsidiary Eletrobrás Distribuição Rondônia (EDRO) and administrated by Fundação Eletrobrás de Seguridade Social - ELETROS.

Based on the initial actuarial calculations presented in actuarial report 010/2017 issued by ELETROS in the amount of R$ 90,010, which was assessed and approved by SEST, subject to the conditions and recommendations described in Technical Note 4.614/2018-MP, the subsidiary made a provision for the actuarial liability. As the term for joining the plan had ended, the provision was reduced by R$ 18,236, recorded under personnel expenses in the consolidated income statement for the year, with the current balance amounting to R$ 71,774, with R$ 16,661 classified in consolidated current liabilities and R$ 55,113 in consolidated noncurrent liabilities. The balance as of December 31, 2019 is R$ 16,661 in current and R$ 13,927 in noncurrent.

39.2. Retirement and Pension Plans

The Company and its subsidiaries sponsor defined-contribution and variable-contribution retirement plans and a plan exclusively for risk benefits posed by a defined- and variable- contribution plan, where the latter is only open to new participants.

The defined-benefit, variable contribution and risk plans undergo an actuarial assessment at the end of each financial year, in order to ascertain whether the contribution rates are sufficient to establish the reserves required to meet the current and future payment commitments.

In conjunction with their active employees, former employees and respective beneficiaries, the Company and its subsidiaries sponsor retirement and pension benefit plans in order to complement and supplement the benefits paid by the official social security system. The following institutions administrate these plans:

- Energisaprev - Fundação Energisa de Previdência, multi-sponsor private complementary pension entities, incorporated as a non-profit foundation with administrative and financial autonomy, authorized to operate by Ordinance 47, issued October 24, 2003, issued by the Ministry of Social Security – Supplementary Pensions Department.

- INERGUS – Instituto Energipe de Seguridade Social, a private company, authorized to operate by Ordinance 3.761, issued 5/20/1986 by the Ministry of Social Security – Supplementary Pensions Department.

The benefits plan introduced by the Company and its subsidiaries are as follows:

I. INERGUS: Defined-benefit plan - DB - sponsor ESE

With a view to reducing the actuarial deficits of these plans, in FY 2009 Management presented to and obtained the approval of the Supplementary Pensions Office (now PREVIC) for the following changes to these plans:

- ✓ Closure of Defined-Benefit Plans (BD) for new participants.
- ✓ Creation of Paid-in Plans (PSI) to which current active defined-benefit participants can migrate, and
- ✓ Creation of the Defined-Contribution Plans (CD) which can be migrated to by all current active participants who simultaneously migrate to the PSI plans.

Upon retirement, participants who opted to migrate to the PSI plans will be entitled to a proportional benefit that was calculated based on the mathematical reserves determined at the migration date and which will be readjusted until the date the benefits are awarded.

Because of its features, the PSI plan will not receive monthly contributions from the participants or sponsor, and any actuarial deficit will have to be shouldered by the sponsor.

Given the recurrent actuarial deficit presented by the BD plan since 2014, in 2018 Energisa SE introduced a program incentivising participants to migrate from this plan to the CD plan, by contributing funds to the new plan in an amount sufficient to restore the individual mathematical reserves of the party, including settlements in the event of legal proceedings. PREVIC approved the program by way of Ordinance 915 issued 9/24/2018.

78% of participants entered the program, equal to 67% of the Mathematical Reserves. ESE undertook to contribute R$ 127.1 million to the CD plan via a 90-month financing contract restated by the IPCA + 5.78% p.a.

The direct subsidiary ESE and INERGUS then signed a migration reserves financing contract on December 31, 2018 for R$ 127,118, consisting of the portion of the actuarial deficit of the BD-1 plan, of the migration incentive, of R$ 94,783 which affects the participants, assisted parties and beneficiaries, who formalized the option to migrate to PCD INERGUS, and for the advance in the BD-1 plan of R$ 32,335, due to the lack of liquidity of certain assets that should be transferred to the PCD plan. The debt amount will be paid in an installment of R$ 3,000 in January 2019 and the remaining balance financed over 89 monthly successive payments of R$ 1,403 maturing on day 15 every month, restated by the IPCA + 5.78% p.a. or appreciation of the shares, whichever is higher, the first due on February 15, 2019 and the last on June 15, 2026. The balance as of December 31, 2019 is R$ 110,200 (R$ 127,118 in 2018) recorded in loans and financing (see note 21).

II. FUNASA: Defined-benefit plan - DB - sponsor EPB

The pension benefits plan (Funasa) operated by EPB as a defined benefit used to regularly present actuarial deficits.

With a view to reducing the actuarial deficits of this plan, Management presented to and obtained the approval of the Supplementary Pensions Office for the following changes to these plans:

- ✓ Closure of Defined-Benefit Plans (BD) for new participants.
- ✓ Creation of Paid-in Plans (PSI) to which current active defined-benefit participants can migrate, and

- ✓ Creation of the Defined-Contribution Plans (CD) which can be migrated to by all current active participants who simultaneously migrate to the PSI plans.

Upon retirement, participants who opted to migrate to the PSI plan will be entitled to a proportional benefit that was calculated based on the mathematical reserves determined at the migration date and which will be readjusted until the date the benefits are awarded. The total of the proportional benefits determined when the plan was implemented was undertaken as debts by the sponsor EPB to the respective sponsored funds Funasa. Because of its features, the PSI plan will not receive monthly contributions from the participants or sponsors, and any actuarial deficit will have to be shouldered by the sponsor.

In order to address the deficit and other mathematical reserves insufficiencies in the Defined-benefit Plan - PO and the Funasa Paid-in Plan – PSI, EPB increased contributions on payroll of active and inactive employees, and on July 31, 2015 signed a debt assumption agreement for R$ 4,994. The debt was financed over 173 payments of R$ 29 (SAC table with interest calculated and paid monthly). If the interest is lower than the actuarial rate, the actuarial rate will be used to calculate the monthly amount to be paid. The balance as of December 31, 2019 is R$ 3,492 (R$ 3,843 in 2018) recorded in loans and financing (see note 21).

III. Energisa Sudeste Plan - sponsor EMG

The Multibra/Bradesco plan began to be administrated by EnergisaPrev on June 3, 2019 and its name changed to ENERGISA SUDESTE. It is a variable-contribution plan and the inflow of new participants will be forbidden when PREVIC approves the new regulations proposed by the Governing Board on 11/8/2019. Currently only 20 participants are still enrolled as assisted participants and pensioners in the portion of benefits awarded (DB part of the plan).

IV. Borborema Benefit Plan - sponsor EBO

This is a defined-benefit plan that EnergisaPrev began administrating in April 2018 via PREVIC Authorizing Ordinance 1,138 issued 12/11/2017, and is closed to new participants. This plan undergoes an actuarial assessment at the end of each financial year, in order to ascertain whether the contribution rates are sufficient to establish the reserves required to meet the current and future payment commitments.

V. Benefits I Plan - sponsor EMS

Introduced on 7/18/1989, this plan is being wound down since 5/10/2002, when it was closed to new participants. the following supplementary benefits are provided:
- Supplementary pension based on contribution time;
- Special supplementary pension;
- Supplementary pension due to age;
- Supplementary disability pension;
- Supplementary pension for death; and
- Supplementary annual bonus.

The plan is structured as a Defined Benefit plan and contributions are made by assisted participants.

VI. Benefits II Plan - sponsor EMS

Introduced on 5/1/2002 and closed to new participants, it is structured as a variable-contribution plan. It provides the following benefits:
- Normal or early retirement
- Retirement due to invalidity ;
- Pension for death of an active participant, and
- Pension for death of a retiree.

During the benefit's deferral term, this plan is structured in the form of a defined contribution materialized in equity quotas. Awarded benefits are paid as monthly income determined by an actuarial factor over the applicable account balance at the calculation date. The applicable account balance denotes the financial amount of contributions accumulated in favor of the participant.

Once triggered, the monthly income is monetarily restated every year, and this date is considered to be a Defined Benefit.

For participants migrating from the Benefits I Plan to the Benefits II Plan and who made the initial contribution, the Monthly Income benefit has a minimum guarantee in the defined-benefit format.

The plan is paid for by participants and the sponsor.

VII. Electric Benefits Plan BD-I - sponsors EMT, ETO and ESS

Introduced on August 1, 1986, this plan is being wound down since December 31, 1998, when it was closed to new participants. It provides supplementary benefits to the retirement for length of service/age, invalidity retirement, sickness allowance, pension for death and lump sum in the case of death.

The plan is structured as a Defined-Benefit plan and contributions are made by Participants, Assisted Participants and Sponsors.

VIII. Electric Benefits Plan - OP - sponsors EMT, ETO and ESS

Introduced on January 01, 1999 and closed to new participants, it is structured as a variable-contribution plan.

During the benefit's deferral term, this plan is structured in the form of a defined contribution, where the Participant may elect a Financial monthly income or Monthly Income For Life, the latter linked to the financial amount of the contributions accumulated by the participant.

Once triggered, the lifetime monthly income is monetarily restated once a year, and this date is considered to be a Defined Benefit.

The plan is paid for by Participants (90%) and the Sponsor (10%).

IX. Electric Benefits Plan - R - sponsors EMT, ETO, ESS and EMT

Introduced on January 12, 2007 and closed to new participants, it is structured as a defined-benefit plan. It provides the following benefits:

- Supplementary disability retirement
- Supplementary sickness benefit
- Supplementary pension for death; and
- Lump sum benefit on death.

For the effects of this Valuation and compliance with CVM 695/2012 Resolution, it is necessary to jointly determine the actuarial commitments, contribution expenses and costs and assets of the R Benefits Plan for each sponsor.

X. INERGUS and FUNASA defined-contribution plan - sponsors ESE and EPB

The size of the contributions is known in the CD plan, and the value of the benefits depends on the savings accrued by the participants and sponsor and the financial earnings obtained on the investments made by the plan administrators. This type of plan does not therefore generate liabilities for the sponsor as a result of an actuarial deficit. The plans are closed to new participants.

XI. Energisa Benefit Plans - sponsors: the Company and its subsidiaries

As it is purely a defined-contribution plan, the Energisa CD benefits plan has its risk benefits totally outsourced to the insurance company.

This type of plan is not therefore subject to the actuarial appraisal under CPC 33 (R1).

39.2.1. Financial status of the benefit plans - actuarial appraisal -

Based on the actuarial appraisal prepared by the Company's independent actuaries as of December 31, 2019 and in accordance with the criteria required by CPC 33 (R1) – Employee benefits, the plans are in the following situations:

a. Number of participants/beneficiaries:

	Consolidated	
	2019	2018
Number of Participants	5,118	5,757
Number of Assisted Participants	1,485	1,468
Number of Pensioners	484	483

b. Assumptions made in this actuarial appraisal:

	2019 Actuarial appraisal										
	INERGUS-PO	INERGUS-PSI	FUNASA-BD-I	FUNASA-PSF	BORBOREMA	SUDESTE	BD-I	OP	Plan R	Plan I	Plan II
I - Biometric Assumptions											
General Mortality Table	BR-EMS 2015	BR-EMS 2015	BR-EMS 2015 sb. by sex	BR-EMS 2015 sb. by sex	BR-EMS 2015 by sex	BR-EMS 2015 by sex	BR-EMS 2015 by sex	BR-EMS 2015 by sex	BR-EMS 2015 by sex	BR-EMS 2015 by sex	BR-EMS 2015 by sex
Disability Entry Table	LIGHT AVERAGE	LIGHT AVERAGE	Light Average	Light Average	Light Average	Not applicable	LIGHT (Average)	Not applicable	LIGHT (Average)	Light Average	Light Average
Disability Mortality Table	MI 85	MI 85	MI-85 by sex	MI-85 by sex	MI-85 by sex	Not applicable	MI-85 by sex	Not applicable	MI-85 by sex	MI-85 by sex	MI-85 by sex
Family Members (Active)	Average standard family	Average standard family	Average Standard Family	Average Standard Family	Standard Family	Not applicable	Average Standard Family	Not applicable	Average Standard Family	Standard Family	Standard Family
Family Members (Assisted)	Real Family	Real Family	Real Family	Real Family	Real Family	Real Family	Real Family	Real Family	Real Family	Real Family	Real Family
II - Economic Variables											
Real Discount Rate of the Actuarial Obligation	3.07% p.a.	3.07% p.a.	3.07% p.a.	3.07% p.a.	2.87% p.a.	3.07% p.a.	2.87% p.a.	2.87% p.a.	3.24% p.a.	2.87% p.a.	3.07% p.a.
Projected Future Inflation	3.50% p.a.	3.50% p.a.	3.50% p.a.	3.50% p.a.	3.50% p.a.	3.50% p.a.	3.50% p.a.	3.50% p.a.	3.50% p.a.	3.50% p.a.	3.50% p.a.
Expected Rate of Return on Assets	6.07% p.a.	6.07% p.a.	6.68% p.a.	6.68% p.a.	6.47% p.a.	6.68% p.a.	6.47% p.a.	6.47% p.a.	6.85% p.a.	6.47% p.a.	6.68% p.a.
Salary and Benefit Capacity Factor	1.00% p.a.	1.00% p.a.	1.00% p.a.	1.00% p.a.	1.00% p.a.	1.00% p.a.	1.00% p.a.	1.00% p.a.	1.00% p.a.	1.00% p.a.	1.00% p.a.
Real Salary Growth Rate	6.92% p.a.	N/A	6.92% p.a.	N/A	3.00% p.a.	Not applicable	3.25% p.a.	Not applicable	4.13% p.a.	Not applicable	7.43% p.a.
Turnover Rate	0% p.a.	N/A	0% p.a.	0% p.a.	5.73% p.a.	Null	0% p.a.	0% p.a.	0% p.a.	Null	Null
III - Financial Capitalization Arrangement	Unit Credit Method	Unit Credit Method	Unit Credit Method	Unit Credit Method	Unit Credit Method	Unit Credit Method	Unit Credit Method	Unit Credit Method	Unit Credit Method	Unit Credit Method	Unit Credit Method

The actuarial assumptions adopted are impartial and mutually compatible. The discount rate is based on the yield of the NTN-B public bond indexed to the IPCA price index. The bond was used as it is suitable for the benefits' features. The expected rate of return on the plan’s assets reflects market expectations for the yields of the plan's assets. Real salary growth rate is based on the Company's past experience.

The projected units credit method is used to determine the present value of the defined-benefit obligations. This method is obligatory under CPC 33 (R1).

The projected unit of credit method considers each term of employment to be an event that generates an additional unit of benefit, which are accrued to calculate the final obligation. Other actuary premises are also used, such as biometric and economic hypotheses and historical data on expenses incurred and on employees contributions.

Any actuarial differences are recognized as "remeasurements" in other comprehensive income. When the obligation's balance is greater than the fair value of the plan's assets, the deficit should be recognized in the sponsor's liabilities.

The actuarial gains and losses generated by adjustments and alterations to the actuarial premises of the pension and retirement plans are recognized in their entirety in other comprehensive income in the equity.

c. Reconciliation of the plans' position

See below the reconciliation and changes in the assets and obligations of the subsidiaries' pension plans:

Reconciliation between the opening balance and closing balance - Asset	Consolidated	
	2019	2018
Fair value of the assets in 2018 and 2017	640,327	709,925
Gains/ (Losses) of the assets	192,801	(42,459)
Expected return on plan assets	63,576	66,851
Employer contributions	15,924	5,757
Plan participant contributions	1,677	159
Benefits paid	(60,475)	(90,302)
Past service cost	-	(9,604)
Fair value of the assets in 2019 and 2018	**853,830**	**640,327**

Reconciliation between the opening balance and closing balance - Obligation	Consolidated	
	2019	2018
Present value of the obligations in 2018 and 2017	887,646	1,006,045
Current service cost	1,708	1,784
Interest cost	78,198	91,168
Contributions from participants	11,321	25
Actuarial (Gains)/Losses	147,325	(8,867)
Benefits paid	(10,878)	(66,029)
Past service cost	(18,449)	(27,175)
Plan Transfer	-	(109,305)
Present value of the obligations in 2019 and 2018	**1,096,871**	**887,646**

Net position of plans	Consolidated	
	2019	2018
Fair value of the assets	853,830	640,327
Present value of obligations	(1,096,871)	(887,646)
Net Position	**(243,041)**	**(247,319)**
Asset Limit	(139,889)	(64,074)
Recognizable deficit/surplus	**(382,930)**	**(311,393)**

Net amount recognized in the balance sheet

Changes in the Balances	Consolidated	
	2019	2018
Net position in 2018 and 2017	311,393	383,287
Effect on OCI	55,534	10,315
Plan Transfer	-	(109,305)
Interest on asset ceiling	-	(2,239)
Employer Contribution	(15,349)	(14,901)
Effects on P&L for the year	31,352	44,236
Net position in 2019 and 2018	**382,930**	**311,393**
Current	**19,572**	**21,169**
Noncurrent	**363,358**	**290,224**

Statement of the expenses for FY 2020 according to the criteria of CPC 33 (R1):

	Consolidated
	2020
Current Service Cost	1,437
Interest cost	43,351
Return on Plan Assets	(25,216)
Total gross expenses to be recognized	**19,572**

d. Percent allocation of the fair value of the plans' assets:

	2019			2018		
	BD-I	OP	R	BD-I	OP	R
Investments:						
Government securities	96.24%	60.65%	74.10%	72.63%	63.80%	72.79%
Private loans and deposits	-	17.15%	6.62%	5.43%	11.81%	6.57%
Investments funds	0.93%	17.28%	18.48%	16.67%	15.04%	0.00%
Loans and financing	0.64%	2.64%	0.77%	0.49%	4.70%	19.77%
Securities held under repurchase agreements	2.19%	2.28%	0.03%	0.00%	0.00%	0.86%
Property investment	0.00%	0.00%	0.00%	4.75%	4.62%	0.00%
Other	0.00%	0.00%	0.00%	0.03%	0.03%	0.01%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Defined-contribution and defined-benefits plan

The subsidiaries have a defined-contribution plan, as follows:

Company	Beneficiary Plan	Annual contribution		% over payroll	Actuarial surplus (deficit)	
		2019	2018		2019	2018
Energisa S/A	DC	1,856	1,027	2.98%	-	-
Energisa MG	CD	900	798	2.69%	16,421	16,525
Energisa NF	CD	53	75	0.96%	-	-
Energisa Soluções	CD	436	391	1.40%	2,350	1,729
Energisa SE	CD	1,828	593	4.28%		-
Energisa SE	PS	1,015	101	2.38%	-	28,098
Energisa SE	BD	0.47	2,549	0.00%	185,098	111,642
Energisa PB	PS	392	565	0.63%	-	-
Energisa PB	BD	10,584	11,034	16.97%	136,480	115,332
Energisa PB	CD	1,527	1,391	2.45%	-	-
Energisa BO	BD	54	25	0.55%	(1,432)	(1,825)
Energisa BO	CD	156	152	1.59%	-	-
Energisa COM	CD	105	117	4.31%	51	63
Energisa Planejamento	CD	32	25	7.31%	11	10
Energisa MT	BD/CV	4,174	4,249	2.95%	37,498	34,795
Energisa MT	CD	765	232	0.54%	-	-
Sobradinho	CD	-	-	-	-	-
Energisa MS	BD	2,704	3,682	3.03%	192	120
Energisa MS	CD	726	187	0.81%	-	-
Energisa TO	BD	1,701	2,178	2.52%	5,095	3,625
Energisa TO	CD	1,030	182	1.52%	-	-
ESS	BD	1,536	1,825	2.89%	18,567	17,791
ESS	CD	410	88	0.77%	-	-
ERO	BD	4,998	-	5.53%	-	-
ERO	DC	140	-	0.16%	-	-

In the financial year, the expense on sponsoring these plans was R$ 1,896 (R$ 1,217 in 2018) at the parent company and R$ 54,012 (R$ 37,289 in 2018) in post-employment benefits in the consolidated statement of income.

39.3. Retirement Bonus and Premium:

The Company and its subsidiaries EMG, ENF, Energisa Soluções S/A, ETO, ESE, ECOM, Energisa Planejamento and Parque Eólico Sobradinho, are parties to a collective agreement under which employees are entitled to a retirement bonus/premium paid upon application for retirement at the National Social Security Institute (INSS).

At the subsidiary ETO the bonus ranges from 2.0 to 5.5 times the employee's salary, depending on seniority (at least 5 years, but limited to 35 years) upon applying for the retirement benefit. Employees admitted after May 01, 1997 are not entitled to this bonus.

At the Company and other subsidiaries, the bonus ranges from 1.5 to 15 times the employee's salary, depending on seniority (at least 6 months, but limited to 25 years) upon applying for retirement.
The participants of the CD Plan who at the requested retirement date present amounts deposited by the sponsor in their individual counts in excess of 15 base salaries, are not entitled to the premium.

See below the change in actuarial liabilities:

	Parent company	
	2019	2018
Net position in 2018 and 2017	6,849	4,333
Effect on OCI	(1,626)	1,352
Effects on P&L for the year	1,437	1,164
Net position in 2019 and 2018	**6,659**	6,849
Current	1,634	1,437
Noncurrent	5,026	5,412

	Consolidated	
	2019	2018
Net position in 2018 and 2017	22,340	21,823
Effect on OCI	(4,473)	(3,350)
Effects on P&L for the year	3,496	3,867
Net position in 2019 and 2018	**21,363**	22,340
Current	3,906	3,892
Noncurrent	17,457	18,447

Statement of the expenses for FY 2020 according to the criteria of CPC33 (R1):

	Parent company
	2020
Current service cost	1,201
Interest on actuarial obligations	433
Value of the obligations calculated at the end of year	1,634

	Consolidated
	2020
Current service cost (including interest)	2,553
Interest on actuarial obligations	1,353
Value of the obligations calculated at the end of year	**3,906**

39.4. Health care plan:

The Company and its subsidiaries maintain a post-employment benefit plan for medical and hospital assistance for active and retired employees and pensioners and their legal dependents. The Company's monthly contributions are for the average premiums calculated by the insurance company, multiplied by the number of lives insured. These premiums are adjusted annually for the variance in medical and hospital costs, sales costs and other expenses incurred on the insurance operation; and according to the claims ratio, in order to maintain the technical and actuarial equilibrium of the policy. Contributions collected from retired employees, pensioners and former employees are restated for inflation (INPC Saúde) and the change in Medical and Hospital Costs - VCMH.

The subsidiaries EMG and ESOL have their own refund policies, under which employees are entitled to a reimbursement of 60% of their medical expenses. This benefit ceases immediately upon termination or retirement.

In FY 2019 the actuarial calculation of the post-employment benefit plan for medical and hospital assistance was R$ 1,119 (R$ 3,034 in 2018) at the parent company and R$ 167,550 (R$ 97,932 in 2018) consolidated, of which R$ 131 (R$ 968 in 2018) at the parent company and R$ 6,074 (R$ 12,444 in 2018) consolidated was recorded under private pension entity - personnel expense, R$ 278 (R$ 409 in 2018) at the parent company and R$ 14,496 (R$ 8,768 in 2018) consolidated in other financial expenses in the income statement for the year; In addition to R$ 710 (R$ 1,657 in 2018) at the parent company and R$ 146,980 (R$ 70,521 in 2018) consolidated due to actuarial gains and losses recorded in other comprehensive income, net of taxes in equity.

The subsidiaries sponsor their employees' health insurance plans, which are managed by operators regulated by the National Health Agency (ANS) (Unimed Cuiabá, Central Nacional Unimed - CNU, Hapivida, São Francisco and SulAmérica). In the case of severance and/or retirement, employees can remain in the plan pursuant to law, providing they assume the entire costs. Consolidated expenses were incurred on this benefit of R$ 47,436 in FY 2019 (R$ 83,507 in 2018). Includes R$ 6,075 (R$ 12,444 in 2018) as the actuarial calculation of the post-employment benefit plans.

A reconciliation of balances recognized in the statement of financial position, a statement of changes in net actuarial liabilities for the year, and the total expense recognized in the consolidated statement of income.

	Parent company	
	2019	2018
Present value of the obligations at the beginning of the year	3,034	-
Current gross service cost (including interest)	131	968
Interest on actuarial obligation	278	409
Actuarial losses (gains) on actuarial liability	710	1,657
Value of the obligations calculated at the end of year	**4,153**	**3,034**
Current	493	408
Noncurrent	3,660	2,626

	Consolidated	
	2019	2018
Present value of the obligations at the beginning of the year	160,803	68,992
Current gross service cost (including interest)	6,074	12,444
Interest on actuarial obligation	14,495	8,845
Actuarial losses (gains) on actuarial liability	146,981	70,520
Value of the obligations calculated at the end of year	**328,353**	160,803
Current	32,278	20,526
Noncurrent	296,075	140,277

Statement of the expenses for FYs 2020 according to the criteria of CPC33 (IAS 19):

	Parent company
	2020
Current service cost (including interest)	202
Interest on actuarial obligations	291
Value of the obligations calculated at the end of year	493

	Parent company
	2020
Current service cost (including interest)	9,378
Interest on actuarial obligations	22,900
Value of the obligations calculated at the end of year	32,278

40. Consolidated commitments

The subsidiaries have the following commitments under long-term contracts:

(1) Sale of electricity

	Energy sale contract - reais thousand					
	Effective date	2020	2021	2022	2023	2023 onwards
Energisa Comercializadora de Energia Ltda	2020 to 2029	715,562	239,385	150,475	94,942	125,392

(2) Electricity purchases

	Energy purchase contract - reais thousand (*)					
	Term	2020	2021	2022	2023	2023 onwards
Energisa Nova Friburgo Distribuidora Energia S/A	2020 to 2030	85,978	87,492	90,115	92,800	740,531
Energisa Minas Gerais Distribuidora Energia S/A	2020 to 2054	262,981	260,057	258,339	287,961	5,228,364
Energisa Paraíba Distribuidora Energia S/A	2020 to 2054	748,607	730,759	626,293	682,688	12,491,080
Energisa Sergipe Distribuidora Energia S/A	2020 to 2054	544,762	513,506	471,189	520,300	9,106,781
Energisa Borborema Distribuidora Energia S/A	2020 to 2054	107,110	105,634	91,372	87,068	1,553,836
Energisa Mato Grosso Distribuidora Energia S/A	2020 to 2054	1,902,304	1,940,106	1,740,533	1,911,493	25,934,154
Energisa Tocantins Distribuidora Energia S/A	2020 to 2054	413,032	425,522	406,486	451,088	7,332,785
Energisa Mato Grosso do Sul Distribuidora S/A	2020 to 2054	794,701	806,296	764,005	863,547	15,178,382
Energisa Sul - Sudeste Distribuidora Energia S/A	2020 to 2054	496,271	503,044	529,261	524,914	8,867,208
Energisa Comercializadora de Energia Ltda.	2027 to 2053	624,357	221,458	118,831	134,529	415,811
Energisa Rondônia - Distribuidora de Energia S/A	2020 to 2054	673,269	630,533	508,800	657,860	15,944,698
Energisa Acre - Distribuidora de Energia S/A	2020 to 2054	258,011	283,071	293,716	311,414	5,033,688
		6,911,383	6,507,478	5,898,940	6,525,662	107,827,318

(*) This does not include the Proinfa and Itaipu quotas.

The amounts referring to energy acquisition contracts lasting between 8 and 30 years represent the volume contracted at the average current price at the end of FY 2019, which have been ratified by ANEEL.

(3) Environmental Matters

Environmental matters - The National Environmental Policy determines that the performance of activities deemed polluting or potentially polluting, or which by any means damage the environment, is subject to an environmental license obtained in advance.

License issued Company and its investees				
Company	Section	Building license no.	Issue date	Maturity
EGO I	SE Rio Verde Norte - SE Jataí	703/2018	9/11/2018	9/11/2024
EPA I	SE Santana do Araguaia - SE Xinguara	2891/2018	11/26/2018	10/1/2021
EPA II	SE Serra Pelada - SE Xinguara	2915/2019	5/6/2019	5/5/2022
ETT	SE Dianópolis - SE Palmas, SE Dianópolis - SE Gurupi and SE Dianópolis (TO) - SE Barreiras (BA)	-	-	-

(4) Rental of land to build power plants

	Rental of land to build power plants					
	Term	2020	2021	2022	2023	2023 onwards
Alsol Energias Renováveis S/A	2020 to 2029	2,493	2,360	2,353	2,353	53,073

41. Environment (*)

The Company and its subsidiaries handle the social and environmental impacts caused by their products, services, processes and facilities through programs and practices that evidence their concern about and responsibility for the environment,
In the financial year ended December 31, 2019, the investment in these programs and practices amounted to R$ 272,456 (R$ 173,358 in 2018), R$ 237,993 (R$ 149,427 in 2018) of which was allocated to property, plant and equipment and R$ 34,463 (R$ 23,931 in 2018) to consolidated operating expenses.

(*) Information outside the scope of the independent auditors.

42. Additional information to the cash flows

As of December 31, 2019 and 2018 the equity changes that did not affect the Company's consolidated cash flows relating to the business combination are as follows:

	2019	2018
Other noncash transactions		
Concession Financial Asset - Segregation of Assets	1,023,482	650,907
Concession financial asset - Fair value compensatable asset	232,689	295,119
Operating activities		
Acquisition of intangible assets	208,078	174,055
Acquisition of grids - transfer to special obligations	13,445	23,383
Other accounts receivable - Tocantins state government	35,571	25,353
Leasing – CPC 06 (R2)	68,727	-
Recoverable Pis and Cofins taxes - Effects of reducing ICMS	665,780	-
Investment activities		
Credit acquisition of intangible assets	208,078	174,055
Special obligations - transfer for acquisition of grids		23,383
Dividends offset Tocantins state government	35,571	25,353
Other investments sold for the loans program	33,333	-
Intangible assets - CPC 06 (R2)	68,727	-
Financing activities		
Payment of loans by selling other investments	(33,333)	-
Business combination		
Cash and cash equivalents	11,739	26,714
Money market and secured funds	-	42,074
Clients, consumers and concessionaires	28,407	748,814
Inventory	4,703	18,070
Recoverable taxes	1,322	96,145
Tax credits	1,956	-
Sector financial assets	-	1,291,805
Restricted deposits and escrows	-	225,794
Concession financial asset	-	22,138
Other accounts receivable	5,654	266,336
Property, plant and equipment, intangible assets and contractual assets	11,095	7,522,868
Trade accounts payable	12,100	2,060,966
Loans, financing and debt charges	116	1,566,390
Operating leases	4,831	-
Deferred income and social contribution taxes	1,385	2,026,128
Sector financial liabilities	-	194,978
Provision for labor, civil, tax and regulatory risks	2,177	1,909,711
Other liabilities	39,299	1,000,163
Taxes and social contributions	2,910	-
NCI	266	169,165

43. Earnings per share

The basic and diluted earnings per share were calculated through profit and loss of the year and the respective number of common and preferred shares in circulation.

	2019	2018
Net income for the year - parent company	455,373	1,148,434
Average weighted by shares in thousands of shares	1,814,562	1,736,874
Basic and diluted net income per share - R$ (*)	**250.9548**	**661.2074**
Net income for the year - consolidated	527,158	1,179,672
Earnings on continued operation:	527,158	1,179,672
Shareholders of parent entity	455,373	1,148,434
Noncontrolling shareholders	71,785	31,238

(*) The Company does not have any diluting instruments.

44. Subsequent events

44.1. Rate adjustments

On January 28, 2020 ANEEL Resolution 2.665/2020 and Technical Note 07/2020-SGT/ANEEL ratified the direct subsidiary EBO rate adjustment to come into force on February 4, 2020. The effective rate impact felt by consumers was an average decrease of (1.78%).

Voltage Level	Average Effect on EBO's Consumer
Low Voltage	(1.63%)
High and Medium Voltage	(2.17%)
Total	**(1.78%)**

44.2. Rate flags

ANEEL decided to trigger the Yellow Flag Tier for January 2020 and the Green Flag Tier for February and March 2020, after analyzing the hydrological situation in Brazil.

44.3. Loans taken out

On January 17, 2020 the indirect subsidiary ESS took out a foreign-currency loan from Bank of America N.A. in the amount of R$ 122,972 maturing on 1/17/2023 and incurring interest of 0.7257% p.a. The Company made a swap for a rate equivalent to CDI + 0.95% p.a., thereby hedging the operation's currency risk.

On February 10, 2020 the indirect subsidiary EMT took out a local-currency loan from Banco Santander (Brasil) S.A. in the amount of R$ 190,000 maturing on 2/10/2023, incurring interest of 100% of the CDI rate + 0.95%p.a.

On February 13, 2020 the indirect subsidiary EMT took out a foreign currency loan from Citibank N.A in the amount of R$ 50,000 maturing on 2/13/2023 and incurring interest at the Libor rate plus a spread of 0.60% p.a. The Company made a swap for a rate equivalent to CDI + 0.65% p.a., thereby hedging the operation's currency risk.

On February 13, 2020 the direct subsidiary ETE took out a foreign currency loan from Citibank N.A in the amount of R$ 135,000 maturing on 2/13/2023 and incurring interest at the Libor rate plus a spread of 0.60% p.a. The Company made a swap for a rate equivalent to CDI + 0.65% p.a., thereby hedging the operation's currency risk.

On February 27, 2020 the direct subsidiary ERO took out a foreign currency loan from Citibank N.A. in the amount of R$ 60,000 maturing on 2/27/2023 and incurring interest at the Libor rate plus a spread of 0.60% p.a. The Company made a swap for a rate equivalent to CDI + 0.65% p.a., thereby hedging the operation's currency risk.

44.4. Loan settled early

On January 17, 2020 the indirect subsidiary ESS settled early a loan from Bank of America N.A. in the amount of R$ 123,296, originally maturing on 4/9/2020.

44.5. Debentures

On January 22, 2020 the indirect subsidiary EMS made its 13th debentures issuance in local currency amounting to R$ 75,000, maturing on 1/22/2022 and yielding CDI plus 0.70% per annum, with the funds entering the current account on January 27, 2020.

44.6. Capital increase - subsidiaries

a. On March 12, 2020 the Board of Directors resolved to increase the share capital of the subsidiary Rede Energia within the authorized capital limit, equal to 2.6% of its current share base or 53,504,740 new common shares of the Company for the price of R$ 8.5 per share, amounting to an increase of R$ 454,790 ("maximum amount"), using funds intended for future capital increases.

   Based on their position on March 17, 2020, holders of the Company's common shares are entitled to pre-emptive rights to subscribe 0.025 new shares for each share held. Shareholders have 30 (thirty) days to exercise their pre-emptive rights, commencing March 19, 2020 and ending April 17, 2020 inclusive. Following the capital increase, the Company's share capital will increase from the current R$ 2,777,404 to a maximum of R$ 3,232,194 or minimum of R$ 3,219,404.

b. On March 12, 2020 the Board of Directors resolved to increase the share capital of the subsidiary Energisa Mato Grosso within the authorized capital limit, equal to 3% of its current share base or 6,387,319 new shares of the subsidiary with 2,204,343 common shares and 4,182,976 preferred shares for the price of R$ 26.95 per share, amounting to a capital increase of R$ 172,138 ("maximum amount"), using funds intended for future capital increases.

   Based on their position on March 17, 2020, holders of common or preferred shares of the subsidiary are entitled to pre-emptive subscription rights, where the holders of common preferred shares will subscribe shares in the type already held at the rate of 0.03 new shares for each common and preferred share held. Shareholders have 30 (thirty) days to exercise their pre-emptive rights, commencing March 19, 2020 and ending April 17, 2020 inclusive. Following the capital increase, the subsidiary's share capital will increase from the current R$ 1,514,569 to a maximum of R$ 1,686,707 or minimum of R$ 1,673,574.

44.7. Payments of dividends for FY 2019 - Subsidiaries

The minutes from the Board of Directors' meeting held March 12, 2020 approved the distribution of interim dividends from the profit account for FY 2019, as shown below:

Subsidiaries	Dividends R$ /thousand	Amount per share (R$)	Payment date
Energisa Mato Grosso do Sul	112,386	173.698919144 ON	As from 3/13/2020
Energisa Sul Sudeste	47,465	488.768169536 ON	As from 3/13/2020
Energisa Paraíba	108,894	118.6000250501 ON	As from 3/13/2020
Energisa Sergipe	29,601	151.4053604693 ON	As from 3/13/2020
Energisa Borborema	4,969	16.9653397696 ON	As from 3/13/2020
Energisa Minas Gerais	7,051	8.6134745610 ON	As from 3/13/2020
Energisa Nova Friburgo	2,589	85.982218422 ON	As from 3/13/2020

44.8. Risk of COVID-19

The management of the Company and its subsidiaries are closely monitoring developments regarding Covid-19, and market reactions due to the expected slowdown in the global economy. By the date these financial statements were presented we have not observed any material disruption in communities and economic activities in the main areas where the Company operates. Although the cannot predict the extension, severity or duration of the impacts of Covid-19 at this moment in time, management believes that by the date these financial statements were presented there are no material impacts which could alter business assumptions and the measurements of its assets and liabilities in the financial statements of December 31, 2019. The Company hopes that the measures taken by the health and sanitation authorities will be sufficient to contain the spread of the virus much as regionally as globally.

A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board (IASB)

Independent auditor's report on individual and consolidated financial statements

To the Shareholders, Board of Directors and Officers of
Energisa S.A.
Cataguases - MG

Opinion

We have audited the individual and consolidated financial statements of da Energisa S.A. (the "Company"), identified as Individual and consolidated, respectively, which comprise the statement of financial position as at December 31, 2019, and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of the Company as at December 31, 2019, and its individual and consolidated financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by the Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Recognition of revenue from electricity distribution

The revenues of the Company's subsidiaries are mainly derived from the electricity distribution and related activities, and are recognized when the control over the good or services is transferred to the customer for an amount that reflects the consideration to which the Company expects to be entitled in exchange for the good or services. The revenue recognition process is significant to the performance of those subsidiaries and to the achievement of performance goals at the financial statement reporting date. Furthermore, the flow of the power distribution transactions of the subsidiaries involves a large volume of dispersed data, being substantially processed by means of automated routines. This process also includes the auditor's judgment on management's estimate in relation to the portion of revenue from power distribution subsequent to the last consumption reading period, but whose supply occurred within the year, which will only be billed in the subsequent month, on an accrual basis.

We considered this matter significant for our audit in view of the amounts involved and potential effects on the accounting record of revenue and accounts receivable, the dependence on effective internal controls and the criteria involved in determining the portion of energy distributed, but not billed.

How our audit conducted this matter

Our audit procedures included, among others, the assessment of the design and operational effectiveness of internal controls in place over revenue recognition and billing; checking reconciliation of revenue against accounting balances; and analysis of the subsequent settlement of the balance of outstanding accounts receivable. In addition, we performed analytical procedures crosschecking revenues recognized based on energy consumption information, number of consuming units per class and corresponding tariffs against those approved by the regulator, as well as the recalculation, on a sampling basis, of unbilled revenue amounts at the audit base date, in addition to the analysis of manual and electronic entries that could override internal controls for the flow of transactions of recognition of revenue from energy distribution.

Our audit also included tests, on a sampling basis, to check the integrity of databases and information used in the revenue recognition process and of its interface among the main systems used to record the revenue from electric power supply, with the assistance of our IT subject matter experts.

Based on the results of the audit procedures performed, which are consistent with management's assessment, we consider that the policies and estimates adopted by management for recognizing its energy distribution revenues, as well as the respective disclosures in Notes 3.2 and 32.2, are acceptable, in the context of the financial statements taken as a whole.

Infrastructure of the electricity distribution concessions

Investments in the infrastructure of the electricity distribution concessions of the Company's subsidiaries are recorded as a contract asset during the construction phase, as provided for by Accounting Pronouncement CPC 47 (IFRS 15) - Revenue from Contracts with Customers and, when available for use, they are separated into financial asset, relating to the portion of the infrastructure that will not be amortized until the end of the concession and for which there is an unconditional right to receive cash or another financial asset directly from the granting authority, and intangible asset, corresponding to the portion of the infrastructure that will be recovered through the tariff defined by the granting authority during the service concession arrangement term. As at December 31, 2019, the contract asset, financial asset and intangible asset relating to the infrastructure of the electricity distribution concession amount to R$1,468,913 thousand, R$5,130,960 thousand and R$14,420,747 thousand, respectively.

The infrastructure cost is a significant component of the formula for defining the tariff to be charged by the Company's subsidiaries under the terms of the service concession arrangements, whose eligibility rules follow regulatory criteria and involve judgment, being subject to review and approval by the granting authority, respecting its tariff review cycle every 4 or 5 years. For this reason, and due to the amounts involved, we consider this matter significant for our audit.

How our audit conducted this matter

Our audit procedures included, among others, the assessment of the design and implementation of key internal controls related to the capitalization process of infrastructure expenditure as contract asset, the separation of the amount of the infrastructure in operation between financial asset and intangible asset and their measurement; the examination, on a sample basis, of the supporting documents for the additions occurred during the year; checking the monetary updating of the amounts involved; and the evaluation of the results of the latest periodic tariff reviews and their effects on the Company's accounting records. We also assessed the adequacy of the disclosures made by the Company on the concession infrastructure included in Notes 16.1 and 19.2 to the financial statements.

Based on the result of the audit procedures performed, which is consistent with management's assessment, we consider that the balances of contract asset, financial asset and intangible asset relating to the concession, as well as the related disclosures in the respective notes, are appropriate in the context of the financial statements taken as a whole.

Provisions for tax contingencies

As disclosed in Note 27, the Company and its subsidiaries are involved in various tax, labor, civil and regulatory proceedings, whose aggregate amount totals R$5,579,164 thousand as at December 31, 2019, for which no provision was set up considering that their likelihood of loss was assessed as “possible”. Out of that amount, R$2,943,398 thousand refer to tax proceedings.

This issue was considered a key audit matter due to the materiality of the amounts involved in the proceedings, the degree of judgment involved in determining whether a provision should accrued for, its estimate of value and likelihood of financial disbursement, as well as the complexity of the matters and of the tax environment in Brazil.

How our audit conducted this matter

Our procedures included, among others, the involvement of subject matter experts to assist us in evaluating the legal opinions obtained by the Company for tax proceedings, as well as holding regular meetings with management and reviewing the minutes of the Board of Directors to discuss the progress of outstanding legal proceedings, as well as the reading and evaluation of the legal opinions of external experts, when applicable. Also, we obtained confirmation letters from the Company’s external legal advisors in order to compare their assessments regarding outstanding proceedings with the positions considered by management.

In addition, we assessed the adequacy of disclosures on these matters, which are mentioned in Note 27 to the financial statements and, specifically, on the most significant contingencies.

Based on the result of the audit procedures performed on the progress of tax, labor, civil and regulatory proceedings, which is consistent with management’s assessment, we consider that the criteria and assumptions adopted by management for assessing the likelihood of losses for recognition purposes, for the judgments applied in measuring the amount of these provisions, as well as the respective disclosures in Note 27, are acceptable, in the context of the financial statements taken as a whole.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for year ended December 31, 2019, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company’s financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined by NBC TG 09 – Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor’s report

Management is responsible for such other information, which comprise the Management Report and Social Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and the Social Report, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and the Social Report and, in doing so, consider whether this report is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report and/or Social Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with the accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Concluded on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the individual and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including applicable independence requirements, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Rio de Janeiro, March 12, 2020.

ERNST & YOUNG
Auditores Independentes S.S
CRC - 2SP 015.199/O-6

Roberto Cesar Andrade dos Santos
Accountant CRC - 1RJ 093.771/O-9

Board of Directors

Ivan Müller Botelho
Chairman

Ricardo Perez Botelho
Deputy Chairman

José Luiz Alquéres
Director

Luiz Henrique Fraga
Independent Director

Marcílio Marques Moreira
Independent Director

Omar Carneiro da Cunha Sobrinho
Independent Director

Antônio José de Almeida Carneiro
Director

Marcelo Silveira da Rocha
Substitute

André da La Saigne de Botton
Independent Alternate Director

Maurício Perez Botelho
Substitute

Pedro Boardman Carneiro
Substitute

Leonardo Prado Damião
Independent Alternate Director

Luciana de Oliveira Cezar Coelho
Substitute

Executive Board

Ricardo Perez Botelho
CEO

Mauricio Perez Botelho
CFO and Investor Relations Director

Alexandre Nogueira Ferreira
Regulatory Affairs and Strategy Director

José Marcos Chaves de Melo
Logistics and Supplies Director

Daniele Araújo Salomão Castelo
Personnel Management Director

Vicente Cortes de Carvalho
Accountant
CRC-MG 042523/O-7