



EDP – Energias do Brasil S.A.

Interim Accounting Information

Period ended September 30, 2019

EDP - ENERGIAS DO BRASIL S.A.
BALANCE SHEETS AT
(In thousands of reais)



		Parent Company		Consolidated	
	Note	09/30/2019	12/31/2018	09/30/2019	12/31/2018
ASSETS					
Current					
Cash and cash equivalents	5	612,989	907,984	2,510,634	2,203,392
Securities receivable		989	1,562		
Securities	6			244,808	174,463
Accounts receivable	7			2,862,585	2,486,112
Recoverable income tax and social contribution	9	56,289	99,536	142,899	350,533
Other recoverable taxes	9	57,210	74,917	275,417	282,349
Dividends	13	225,388	180,421	5,454	5,717
Inventories	12			197,241	266,965
Pledges and restricted deposits		222	222	689,755	687,232
Sectorial financial assets	8			195,217	366,149
Other receivables	14	46,222	17,843	221,931	194,818
		999,309	1,282,485	7,345,941	7,017,730
Non-current assets held for sale	15	232,019		427,301	
Total current assets		1,231,328	1,282,485	7,773,242	7,017,730
Non-current					
Securities receivable		25,095	24,529		
Concession assets	18			2,069,564	818,662
Indemnifiable financial assets	19			2,878,301	2,308,855
Accounts receivable	7			93,960	92,246
Securities	6			1,250	
Other recoverable taxes	9			1,011,888	238,768
Deferred taxes	10			662,252	741,134
Loans receivable	11	175,218	225,556	27,636	22,809
Advance for future capital increase	11	92,000	95,170		36,000
Pledges and restricted deposits		11,284	8,840	390,803	282,458
Sectorial financial assets	8				122,438
Other receivables	14	15,642	14,555	65,613	65,954
		319,239	368,650	7,201,267	4,729,324
Investments	16	8,487,673	8,147,406	2,024,976	2,024,618
Investment properties		9,484	9,901	11,601	12,163
Property, plant and equipment	20	36,302	31,734	6,331,970	6,661,984
Intangible asset	21	30,856	29,665	2,337,829	2,326,252
		8,564,315	8,218,706	10,706,376	11,025,017
Total non-current assets		8,883,554	8,587,356	17,907,643	15,754,341
TOTAL ASSETS					
		10,114,882	9,869,841	25,680,885	22,772,071

See the accompanying notes to the interim accounting information.

EDP - ENERGIAS DO BRASIL S.A.
BALANCE SHEETS AT
(In thousands of reais)



		Parent Company		Consolidated	
	Note	09/30/2019	12/31/2018	09/30/2019	12/31/2018
LIABILITIES					
Current					
Suppliers	22	10,905	18,542	1,902,758	1,610,976
Income tax and social contribution payable	9			80,996	58,994
Other taxes payable	9	13,001	94,022	370,439	509,449
Deferred taxes	10			1,464	1,214
Dividends	13	1,838	378,795	39,819	429,957
Debentures	23	82,851	80,256	1,167,700	586,067
Loans, financing and debt charges	24			726,549	805,169
Post-employment benefits	25	16	13	48,896	49,442
Sectorial charges	26			90,684	154,262
Use of Public Property				28,790	28,405
Refund for unavailability				63,818	64,534
Provisions	27			47,315	29,871
Sectorial financial liabilities	8			3,280	1,122
Other accounts payable	14	57,092	43,901	304,979	238,369
		165,703	615,529	4,877,487	4,567,831
Non-current liabilities held-for-sale	15			165,997	
Total current liabilities		165,703	615,529	5,043,484	4,567,831
Non-current					
Other taxes payable	9	23,062	26,471	364,105	389,341
Deferred taxes	10	206,475	207,372	590,993	436,207
Debentures	23	410,870	468,622	5,160,182	4,317,478
Loans, financing and debt charges	24			1,691,736	1,750,083
Post-employment benefits	25			701,535	723,788
Sectorial charges	26			12,835	14,617
Advance for future capital increase	11			10,000	1,350
Use of Public Property				288,540	285,707
Provisions	27	11,830	13,729	415,872	387,092
Provision for unsecured liabilities	16	11,206	7,923	11,206	7,857
Sectorial financial liabilities	8			871,761	171,884
Other accounts payable	14	4,944	6,488	105,526	44,255
Total non-current liabilities		668,387	730,605	10,224,291	8,529,659
SHAREHOLDERS' EQUITY					
Capital	28.1	4,682,716	4,682,716	4,682,716	4,682,716
Capital reserves	28.2	138,596	136,733	138,596	136,733
Profit reserves	28.2	4,073,763	4,110,950	4,073,763	4,110,950
Other comprehensive income	28.3	(422,165)	(401,954)	(422,165)	(401,954)
Treasury shares	28.4	(32,155)	(4,738)	(32,155)	(4,738)
Retained earnings		840,037		840,037	
		9,280,792	8,523,707	9,280,792	8,523,707
Non-controlling interests	28.5			1,132,318	1,150,874
Total shareholders' equity		9,280,792	8,523,707	10,413,110	9,674,581
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		10,114,882	9,869,841	25,680,885	22,772,071

See the accompanying notes to the interim accounting information.

EDP - ENERGIAS DO BRASIL S.A.

STATEMENTS OF RESULT

PERIODS ENDED SEPTEMBER 30

(In thousands of reais, unless otherwise indicated)



	Note	Parent Company				Consolidated			
		Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
		07/01/2019- 09/30/2019	07/01/2018- 09/30/2018	01/01/2019- 09/30/2019	01/01/2018- 09/30/2018	07/01/2019- 09/30/2019	07/01/2018- 09/30/2018	01/01/2019- 09/30/2019	01/01/2018- 09/30/2018
Revenue	29	1,980	1,183	3,827	3,929	3,915,972	4,152,316	10,488,539	10,559,578
Costs	30								
Electricity services cost						(2,174,719)	(2,624,151)	(5,508,670)	(6,390,023)
Cost of production for electricity						(141,737)	(185,262)	(432,219)	(597,099)
Cost of operation						(285,656)	(287,496)	(894,608)	(858,007)
Cost of service rendered to third-parties						(485,011)	(370,279)	(1,529,230)	(705,267)
		-	-	-	-	(3,087,123)	(3,467,188)	(8,364,727)	(8,550,396)
Gross profit		1,980	1,183	3,827	3,929	828,849	685,128	2,123,812	2,009,182
Operating expenses and revenue									
Estimated loss from allowance for doubtful accounts - PECLD	30					(33,721)	(24,346)	(93,490)	(73,091)
General and administrative expenses	30	(25,131)	(32,889)	(66,247)	(104,199)	(136,612)	(131,260)	(389,208)	(412,871)
Gain in the sale of investments			34,068		34,068		34,068		34,068
Other operating expenses and revenue	30	(1,088)	(210)	13,416	(1,279)	(33,761)	(35,520)	(76,494)	(95,012)
		(26,219)	969	(52,831)	(71,410)	(204,094)	(157,058)	(559,192)	(546,906)
Result from equity interest	16	378,028	314,306	882,702	792,771	6,780	4,762	22,787	(2,248)
Profit before financial result and taxes		353,789	316,458	833,698	725,290	631,535	532,832	1,587,407	1,460,028
Financial result	31								
Financial income		15,787	18,877	56,276	123,653	115,441	101,188	479,886	410,214
Financial expenses		(15,523)	(28,933)	(52,411)	(80,001)	(194,407)	(172,598)	(779,767)	(657,322)
		264	(10,056)	3,865	43,652	(78,966)	(71,410)	(299,881)	(247,108)
Profit before taxes		354,053	306,402	837,563	768,942	552,569	461,422	1,287,526	1,212,920
Profit taxes	32								
Income tax and social contribution - current						(86,293)	(100,905)	(253,436)	(288,997)
Deferred income tax and social contribution		(85)	540	1,000	(20,208)	(85,741)	(25,072)	(94,255)	(80,354)
		(85)	540	1,000	(20,208)	(172,034)	(125,977)	(347,691)	(369,351)
Net profit for the period		353,968	306,942	838,563	748,734	380,535	335,445	939,835	843,569
Attributable to controlling shareholders		353,968	306,942	838,563	748,734	353,968	306,942	838,563	748,734
Attributable to non-controlling shareholders						26,567	28,503	101,272	94,835
Earnings per share attributable to shareholders	33								
Basic earnings per share (reais/shares)									
Common shares		0.58526	0.50630	1.38650	1.23503	0.58526	0.50630	1.38650	1.23503
Diluted earnings per share (reais/shares)									
Common shares		0.58007	0.50116	1.37657	1.22667	0.58007	0.50116	1.37657	1.22667

See the accompanying notes to the interim accounting information.

EDP - ENERGIAS DO BRASIL S.A.
STATEMENTS OF COMPREHENSIVE INCOME
PERIODS ENDED SEPTEMBER 30
(In thousands of reais)



	Parent Company				Consolidated			
	Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018
Net profit for the period	353,968	306,942	838,563	748,734	380,535	335,445	939,835	843,569
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Actuarial gains and losses - Post-employment benefit plan					34,498	23	24,108	7,795
Equity accounting on other comprehensive income of subsidiaries	34	(1,578)	(20,211)	5,144	(15,877)	(1)	(36,122)	(2)
Deferred income tax and social contribution					(18,613)	(8)	(8,197)	(2,650)
	<u>34</u>	<u>(1,578)</u>	<u>(20,211)</u>	<u>5,144</u>	<u>8</u>	<u>14</u>	<u>(20,211)</u>	<u>5,143</u>
Items that will be reclassified to profit or loss								
Cash flow hedge					39	(2,412)		1
Deferred income tax and social contribution					(13)	820		
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26</u>	<u>(1,592)</u>	<u>-</u>	<u>1</u>
Comprehensive income for the period	<u>354,002</u>	<u>305,364</u>	<u>818,352</u>	<u>753,878</u>	<u>380,569</u>	<u>333,867</u>	<u>919,624</u>	<u>848,713</u>
Attributable to controlling shareholders	354,002	305,364	818,352	753,878	354,002	305,364	818,352	753,878
Attributable to non-controlling shareholders					26,567	28,503	101,272	94,835

See the accompanying notes to the interim accounting information.

EDP - ENERGIAS DO BRASIL S.A.
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(In thousands of reais)



Nine-month period ended September 30

Balances as at December 31, 2017

Initial adoption of CPC 48 - 01/01/2018

Balances at January 1, 2018

	Capital	Capital reserves	Profit reserves	Treasury shares	Other comprehensive income	Retained earnings	Total parent company	Non-controlling shareholders	Total consolidated
Balances as at December 31, 2017	4,682,716	135,787	3,521,493	(5,393)	(452,766)		7,881,837	1,155,760	9,037,597
Initial adoption of CPC 48 - 01/01/2018						(34,789)	(34,789)		(34,789)
Balances at January 1, 2018	4,682,716	135,787	3,521,493	(5,393)	(452,766)	(34,789)	7,847,048	1,155,760	9,002,808
Capital increase in subsidiaries							-	1,300	1,300
Disposal of interest in subsidiary							-	(8,391)	(8,391)
Equity valuation adjustment		(1,200)					(1,200)	1,200	-
Additional dividends – Annual and Special Shareholders' Meeting 04/04/2018			(210,903)				(210,903)		(210,903)
Dividends to non-controlling shareholders							-	(46,169)	(46,169)
Stock options granted		1,621					1,621		1,621
Initial adoption of CPC 48 of associated company						(2,174)	(2,174)		(2,174)
Net profit for the period						748,734	748,734	94,835	843,569
Disposal of treasury shares – Share-based payment plan		489		675			1,164		1,164
Other comprehensive income									
Equity accounting on other comprehensive income of subsidiaries					5,144		5,144		5,144
Balances at September 30, 2018	4,682,716	136,697	3,310,590	(4,718)	(447,622)	711,771	8,389,434	1,198,535	9,587,969

Nine-month period ended September 30

Balances at December 31, 2018

Capital decrease of subsidiaries

Equity valuation adjustment

Additional dividends – Annual and Special Shareholders' Meeting 16/04/2019

Dividends to non-controlling shareholders

Stock options granted

Disposal of treasury shares

Initial adoption of CPC 47 of associated company

Disposal of treasury shares – Share-based payment plan

Net profit for the period

Other comprehensive income

Equity accounting on other comprehensive income of subsidiaries

Balances at September 30, 2019

	Capital	Capital reserves	Profit reserves	Treasury shares	Other comprehensive income	Retained earnings	Total parent company	Non-controlling shareholders	Total Consolidated
Balances at December 31, 2018	4,682,716	136,733	4,110,950	(4,738)	(401,954)		8,523,707	1,150,874	9,674,581
Capital decrease of subsidiaries							-	(30,650)	(30,650)
Equity valuation adjustment		(1,200)					(1,200)	1,200	-
Additional dividends – Annual and Special Shareholders' Meeting 16/04/2019			(37,187)				(37,187)		(37,187)
Dividends to non-controlling shareholders							-	(90,378)	(90,378)
Stock options granted		2,437					2,437		2,437
Disposal of treasury shares				(27,417)			(27,417)		(27,417)
Initial adoption of CPC 47 of associated company						1,474	1,474		1,474
Disposal of treasury shares – Share-based payment plan		626					626		626
Net profit for the period						838,563	838,563	101,272	939,835
Other comprehensive income									
Equity accounting on other comprehensive income of subsidiaries					(20,211)		(20,211)		(20,211)
Balances at September 30, 2019	4,682,716	138,596	4,073,763	(32,155)	(422,165)	840,037	9,280,792	1,132,318	10,413,110

See the accompanying notes to the interim accounting information.

EDP - ENERGIAS DO BRASIL S.A.
STATEMENTS OF CASH FLOWS
NINE-MONTH PERIODS ENDED SEPTEMBER 30
(In thousands of reais)



Note	Parent Company		Consolidated	
	2019	2018	2019	2018
Cash flow from operating activities				
Profit before profit taxes	837,563	768,942	1,287,526	1,212,920
Adjustments for reconciliation of income to cash from operating activities				
Deferred taxes	103	39	121,740	25,455
Estimated loss from allowance for doubtful accounts - PECLD			93,490	74,175
Remuneration of concession assets			(254,055)	(12,575)
Fair value of indemnifiable financial assets			(256,599)	(45,065)
Securities receivable - inflation adjustment and adjustment to present value	(2,399)	(2,222)		
Depreciation and amortization	14,140	26,800	475,986	458,392
Residual value of property, plant and equipment and intangible assets written off	477	183	3,517	29,785
Gains and losses in the disposal/decommission of assets and rights			(11,289)	65,298
Interest and inflation adjustments of Loans receivable	(10,696)	(18,141)	(10,696)	(1,074)
Sectorial financial assets and liabilities			172,893	(14,113)
Suppliers - inflation adjustment - Free Energy			5,467	5,220
Debt charges, inflation adjustments and adjustment to present value on loans, financing and debentures	51,084	66,255	406,789	396,855
Use of Public Property - inflation adjustment and adjustment to present value			25,174	35,745
Leases and rentals - inflation adjustment and adjustment to present value	789		4,353	
Provision for post-employment benefit plan			53,147	60,135
Provisions (reversals) and inflation adjustments for civil, tax and labor contingencies	(216)	2,415	65,181	63,206
Provisions for environmental permits - inflation adjustment and adjustment to present value			3,739	(2,287)
Adjustment to present value			(4,336)	(7,424)
Income (loss) from ownership interest	(882,702)	(792,771)	(22,787)	2,248
Gains on investments		(108,463)		(108,463)
Sectorial charges - provision and inflation adjustment			43,023	43,708
Pledges and restricted deposits linked to lawsuits - inflation adjustment	(2,218)	(824)	(12,185)	(32,391)
Taxes and social contributions - inflation adjustment	(5,103)		(208,384)	1,996
Recognition (reversal) of provision - Reimbursement due to Unavailability				18,791
Inflation adjustment - contingent consideration			(971)	1,171
Amortization of risk premium - GSF			2,468	3,045
Other		913	18,013	(414)
	<u>822</u>	<u>(56,874)</u>	<u>2,001,204</u>	<u>2,274,339</u>
(Increase) decrease in operating assets				
Accounts receivable			(820,818)	(638,568)
Sectorial financial assets			357,735	(340,133)
Recoverable income tax and social contribution		(12,764)	456,577	328,434
Other recoverable taxes	(16,415)		(1,189,742)	(148,420)
Inventories			30,290	(128,975)
Pledges and restricted deposits	(226)	(731)	(129,039)	(35,957)
Income receivable			(3,895)	2,938
Cash and cash equivalents - Investment held for sale			(21,404)	10,281
Other operating assets	(5,466)	(14,168)	(25,146)	(49,176)
	<u>(22,107)</u>	<u>(27,663)</u>	<u>(1,345,442)</u>	<u>(999,576)</u>
Increase (decrease) in operating liabilities				
Suppliers	(7,637)	(8,410)	654,345	484,962
Sectorial financial liabilities			464,777	(45,759)
Income tax and social contribution payable			(122,876)	(64,229)
Other taxes payable	(1,958)	2,757	374,476	76,217
Post-employment benefits			(37,031)	(31,737)
Sectorial charges			(106,087)	(87,641)
Provisions	(1,683)	(618)	(30,721)	(27,943)
Refund for unavailability			(716)	(38,592)
Use of Public Property			(21,956)	(21,210)
Other operating liabilities	4,789	12,921	75,812	59,662
	<u>(6,489)</u>	<u>6,650</u>	<u>1,250,023</u>	<u>303,730</u>
Cash (invested in) received from operating activities	<u>(27,774)</u>	<u>(77,887)</u>	<u>1,905,785</u>	<u>1,578,493</u>
Income tax and social contribution paid			(257,323)	(223,451)
Net cash (invested in) received from operating activities	<u>(27,774)</u>	<u>(77,887)</u>	<u>1,648,462</u>	<u>1,355,042</u>
Net cash from investing activities				
Disposal of investment		(254,224)	(12,155)	(261,199)
Acquisition of investment			(73,541)	
Dividends and interest on own capital received	328,658	303,903	30,446	1,810
Securities			(71,595)	(165,026)
Advance for future capital increase	(92,000)	(50,020)		
Capital increase in subsidiaries	(37,827)	(14,521)	(3,000)	(10,000)
Capital decrease in subsidiaries	24,000			
Additions to concession assets			(1,427,602)	(669,202)
Additions to indemnifiable financial assets			27,544	
Additions to Property, plant and equipment and intangible assets	(6,576)	(2,405)	(30,952)	(75,737)
Disposal of assets and rights	417		79	(20)
Loans receivable	61,034	171,726	(995)	117,011
Cash and cash equivalents - Investments disposed of			68	
Net cash from (invested in) investment activities	<u>277,706</u>	<u>154,459</u>	<u>(1,561,703)</u>	<u>(1,062,363)</u>
Cash flow from financing activities				
Pledges and restricted deposits			26,315	11,259
Accounts received	2,406	697		
Decrease in net capital from issue cost				
Dividends and interest on own capital	(414,144)	(355,972)	(517,708)	(448,142)
Funding of loans, financing and debentures			2,116,219	1,055,588
Amortization of principal of loans, financing, derivatives and debentures	(71,790)	(332,126)	(871,312)	(965,012)
Payment of debt charges, net of derivatives	(34,451)	(62,717)	(481,227)	(311,520)
Payment of principal and interest from leases	(2,594)		(21,450)	
Capital increase in subsidiaries for non-controlling shareholders				450
Capital decrease in subsidiaries for non-controlling shareholders			(16,000)	
Advances for future capital increase by non-controlling shareholders			10,000	1,350
Disposal of treasury shares	(24,354)	1,164	(24,354)	1,164
Net cash (invested in) from financing activities	<u>(544,927)</u>	<u>(748,954)</u>	<u>220,483</u>	<u>(654,863)</u>
Net increase (decrease) in cash and cash equivalents	<u>(294,995)</u>	<u>(672,382)</u>	<u>307,242</u>	<u>(362,184)</u>
Cash and cash equivalents at the end of the period	612,989	154,819	2,510,634	1,240,974
Cash and cash equivalents at the beginning of the period	907,984	827,201	2,203,392	1,603,158
	<u>(294,995)</u>	<u>(672,382)</u>	<u>307,242</u>	<u>(362,184)</u>

See the accompanying notes to the interim accounting information.

EDP - ENERGIAS DO BRASIL S.A.
STATEMENTS OF ADDED VALUE
NINE-MONTH PERIODS ENDED SEPTEMBER 30
(In thousands of reais)



	Parent company		Consolidated	
	2019	2018	2019	2018
Generation of added value	25,219	40,613	14,507,695	14,927,010
Operating revenue	4,115	4,157	12,421,785	14,128,028
Estimated loss from allowance for doubtful accounts - PECLD			(93,490)	(73,091)
Revenue related to the construction of company assets	6,576	2,405	58,111	77,490
Revenue from construction			1,672,089	689,113
Remuneration of concession assets			95,725	12,575
Restatement of indemnifiable financial assets			256,599	45,065
Other revenues	14,528	34,051	96,876	47,830
(-) Inputs acquired from third parties	(31,427)	(37,705)	(8,633,985)	(8,994,722)
Costs of purchased energy			(5,249,732)	(6,219,396)
Electricity network utilization charges			(786,527)	(815,579)
Materials	(709)	(604)	(60,980)	(104,436)
Raw material and inputs for production of electric power			(434,546)	(599,486)
Outsourced services	(22,943)	(29,602)	(393,048)	(384,818)
Infrastructure construction cost			(1,513,618)	(666,409)
Other operating costs	(7,775)	(7,499)	(195,534)	(204,598)
Gross added value	(6,208)	2,908	5,873,710	5,932,288
Retentions				
Depreciation and amortization	(14,140)	(26,800)	(490,547)	(470,648)
Net generated value added	(20,348)	(23,892)	5,383,163	5,461,640
Added value received through transfers				
Financial income	58,914	126,698	550,376	430,018
Equity accounting result	882,702	792,771	22,787	(2,248)
Total added value payable	921,268	895,577	5,956,326	5,889,410
Distribution of added value				
Personnel				
Direct compensation	20,889	27,505	235,166	218,177
Benefits	1,501	6,375	78,411	73,254
FGTS	1,610	954	20,832	19,470
Taxes, rates and contributions				
Federal	4,783	27,933	1,671,956	2,126,365
State	17	17	2,085,860	1,909,665
Municipal	874	829	11,600	8,920
Third-party capital remuneration				
Interest	52,411	80,001	906,190	667,422
Rentals	620	3,229	6,476	22,568
Compensation of own capital				
Non-controlling interests			101,272	83,825
Founders' shares				11,010
	82,705	146,843	5,117,763	5,140,676
Retained earnings	838,563	748,734	838,563	748,734
	921,268	895,577	5,956,326	5,889,410

See the accompanying notes to the interim accounting information.



1 Operations

EDP - Energias do Brasil S.A. (Company, Parent company or EDP - Energias do Brasil), corporation, publicly traded, incorporated on July 24, 2000, with head office in the municipality of São Paulo, has as its corporate purpose: (i) To participate in other companies as shareholder, or quotaholder, as well as render services in business and enterprises of the energy sector, in Brazil and/or abroad; (ii) to manage electricity generation, transmission, distribution and sales of electricity in various forms and descriptions; and (iii) to study, plan, develop, and implement projects in distribution, generation, transmission, and sales of electricity in all of its forms and descriptions.

The Company's shares, under code "ENBR3", are recorded in the New Market, in the highest level of Corporate Governance of B3 S.A. - Brasil, Bolsa, Balcão - B3. In addition, the Company's shares are part of portfolios of the following B3: Bovespa index - Ibovespa; Electrical Energy Index - IEE; and Corporate Sustainability Index - ISE.

The Company has the following interests in subsidiaries, joint ventures and associated companies:

Companies	Classification	Consolidation	% interest			
			09/30/2019		12/31/2018	
			Direct	Indirect	Direct	Indirect
Distribution						
EDP São Paulo Distribuição de Energia S.A. (EDP São Paulo)	Subsidiary	full	100.00	-	100.00	-
EDP Espírito Santo Distribuição de Energia S.A. (EDP Espírito Santo)	Subsidiary	full	100.00	-	100.00	-
Generation						
Energest S.A. (Energest)	Subsidiary	full	100.00	-	100.00	-
Lajeado Energia S.A. (Lajeado)	Subsidiary	full	55.86	-	55.86	-
Companhia Energética do Jari – (CEJA)	Joint venture	by the equity method	50.00	-	50.00	-
ECE Participações S.A. (ECE Participações)	Joint venture	by the equity method by CEJA	-	50.00	-	50.00
Investco S.A. (Investco)	Subsidiary	full	-	40.78	-	40.78
Enerpeixe S.A. (Enerpeixe)	Subsidiary	full	60.00	-	60.00	-
Empresa de Energia Cachoeira Caldeirão S.A. (Cachoeira Caldeirão)	Joint venture	by the equity method	50.00	-	50.00	-
Porto do Pecém Geração de Energia S.A. (Porto do Pecém)	Subsidiary	full	100.00	-	100.00	-
Porto do Pecém Transportadora de Minérios S.A. (Pecém TM)	Joint venture	by the equity method	50.00	-	50.00	-
Pecém Operação e Manutenção de Unidades de Geração Elétrica S.A. (Pecém OM)	Joint venture	by the equity method	50.00	-	50.00	-
Empresa de Energia São Manoel S.A. (São Manoel)	Joint venture	by the equity method	33.334	-	33.334	-
Resende Engenharia e Assessoria Ltda. (Resende)	Subsidiary	full	100.00	-	100.00	-
Sales						
EDP - Comercialização e Serviços de Energia Ltda. (EDP Comercializadora)	Subsidiary	full	100.00	-	100.00	-
EDP Comercialização Varejista Ltda. (EDP Varejista)	Subsidiary	full	100.00	-	100.00	-
Transmission						
EDP Transmissão S.A. (EDP Transmissão)	Subsidiary	full	100.00	-	100.00	-
EDP Transmissão MA I S.A. (EDP Transmissão MA I)	Subsidiary	full	100.00	-	100.00	-
EDP Transmissão MA II S.A. (EDP Transmissão MA II)	Subsidiary	full	100.00	-	100.00	-
EDP Transmissão Aliança SC S.A. (EDP Transmissão Aliança)	Subsidiary	full	90.00	-	90.00	-
EDP Transmissão SP-MG S.A. (EDP Transmissão SP-MG)	Subsidiary	full	100.00	-	100.00	-
Litoral Sul Transmissão de Energia Ltda.	Subsidiary	full	-	100.00	-	-
Services						
EDP GRID Gestão de Redes Inteligentes de Distribuição S.A. (EDP GRID)	Subsidiary	full	100.00	-	100.00	-
EDP Soluções em Energia S.A. (EDP Soluções)	Subsidiary	full	-	100.00	-	100.00
Other						
Mabe Construções e Administração de Projetos Ltda. (Mabe)	Joint venture	by the equity method	50.00	-	50.00	-
Comercializadora de equipamentos y materiais Mabe Ltda. (Mabe Chile)	Joint venture	by the equity method by Mabe Construções	-	50.00	-	50.00
Centrais Elétricas de Santa Catarina S.A. (CELESC)	Associated company with significant influence	by the equity method	23.56	-	23.56	-
EDP Ventures Brasil S.A. (EDP Ventures)	Subsidiary	full	100.00	-	100.00	-

2 Concessions, authorizations and registrations

The concessions, records and authorizations, the companies have considerable independence in the management of their businesses, which includes measures related to investments, personnel, materials and technology, provided that they comply with the provisions of the Concession Agreements, the standards of the electric power industry and the instructions of the Concession Grantor and Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica - ANEEL).

According to Articles 63 and 64 of Decree 41019/57, the infrastructure assets used in power generation and transmission, are related to these services and cannot be disposed, sold, assigned or mortgaged without the prior and formal authorization of the Regulatory Agency.

It is also established that, once the concession term has ended, the authorization or the record, the reversal of the Concession Grantor will be fully performed, regarding the assets and facilities linked to the rendering of services, and the analyses and assessments required by the regulatory body shall be carried out.

ANEEL Resolution 691/15 regulates the removal of assets from the Power Public Service concessions, granting prior authorization to separate assets not of use to the concession, when intended for donation of social interest or disposal, determining that the amount from the sale should be deposited in a specific bank account for reinvestment in the concession.

On September 30, 2019, the Company's subsidiaries and jointly-controlled subsidiaries have the right to explore the following power concessions/authorizations/generation, transmission and distribution permits:



In operation

Companies	Power Plant	Description	Grant	State	Installed capacity (MWm) (*)	Assured energy (MWm) (*)	Inception	End	Extension	Indemnity
Distribution										
EDP São Paulo		Public service	Concession	SP			10/23/1998	10/23/2028	It may be extended at the discretion of the Concession Grantor	(i)
EDP Espírito Santo		Public service	Concession	ES			7/17/1995	7/17/2025	It may be extended at the discretion of the Concession Grantor	(i)
Generation										
Energest	UHE Mascarenhas	Public service	Concession	ES/MG	198.00	134.80	7/14/1995	7/16/2025	At ANEEL's discretion, this may be extended for another 20 years	(i)
Enerpeixe	UHE Peixe Angical	Independent producer	Concession	TO	498.75	280.50	11/7/2001	11/7/2036	It may be extended at the discretion of the Concession Grantor	(i)
Investco	UHE Luiz Eduardo Magalhães	Independent producer	Concession	TO	902.50	505.10	1/15/1998	1/15/2033	It may be extended at the discretion of the Concession Grantor	(i)
ECE Participações	UHE Santo Antônio do Jari	Independent producer	Concession	PA/AP	392.95	222.00	12/21/1987	12/31/2044	20 years	(i)
Porto do Pecém	UTE Porto do Pecém I	Independent producer	Authorization	CE	720.27	645.30	7/1/2008	7/1/2043	No extension of provision in the current legislation	(iii)
Cachoeira Caldeirão	UHE Cachoeira Caldeirão	Independent producer	Concession	AP	219.00	129.70	5/29/2013	5/29/2048	No extension of provision in the current legislation	(ii)
São Manoel	UHE São Manoel	Independent producer	Concession	PA	735.84	424.50	4/10/2014	4/10/2049	No extension of provision in the current legislation	(ii)
Transmission										
EDP Transmissão	113 Km	Public service	Concession	ES	LT230kV; SE 230/138-3.8 kV		2/10/2017	2/9/2047	It may be extended at the discretion of the Concession Grantor	(ii)

Under project/construction phase

Companies	Line extension	Description	Grant	State	Line description	Inception	End	Extension	Indemnity
Transmission									
EDP Transmissão MA I	123 Km	Public service	Concession	MA	2 LT 500 kV; SE 500/230/69 kV; SE	8/11/2017	8/11/2047	It may be extended at the discretion of the Concession Grantor	(ii)
EDP Transmissão MA II	203 km	Public service	Concession	MA	2 LT 230 kV; SE 230/69 kV; SE	8/11/2017	8/11/2047	It may be extended at the discretion of the Concession Grantor	(ii)
EDP Transmissão Aliança	484.5 km	Public service	Concession	SC	3 LT 525kV; 2 LT 230kV; SE 525/230 kV	8/11/2017	8/11/2047	It may be extended at the discretion of the Concession Grantor	(ii)
EDP Transmissão SP-MG	375 km	Public service	Concession	SC	LT 500 kV	8/11/2017	8/11/2047	It may be extended at the discretion of the Concession Grantor	(ii)
Litoral Sul Transmissão de Energia Ltda.	142 km	Public service	Concession	SC/RS	3 LT 230kV; SE 230/69 kV; SE 230/138/69 kV	6/27/2016	6/27/2046	It may be extended at the discretion of the Concession Grantor	(ii)

(*) Not reviewed by independent auditors.

(i) At the end of the Concession Agreement period, all assets and facilities linked will be incorporated into the Brazilian Federal Government's assets, and the concessionaires will be refunded for any investments made and not yet amortized, provided that the latter have been authorized by Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica - ANEEL) and subjected to an ANEEL audit.

(ii) Upon the advent of the expiry date of the Concession Agreement, all the assets and facilities will become an integral part of the Property of the Federal Government, against the indemnity of subsequent investments, not provided for in the original project and not yet amortized or depreciated, which have been realized so as to ensure the continuity and timeliness of the service granted. The amount will be determined through an Audit by the Concession Grantor.

(iii) Indemnity is not expected.

In addition, the associated company CELESC, in which the Company holds minority interest with significant influence, has control over the following exploitation rights:

Companies	Power Plant	Description	Grant	State	Installed capacity (MWm) (*)	Assured energy (MWm) (*)	End of Concession
Distribution							
Celelesc Distribuição S.A. – Celelesc D		Public service	Concession	SC			7/7/2045
Natural gas							
Companhia de Gás de Santa Catarina S.A. – SCGÁS		Public service	Concession	SC			3/28/2044
Generation							
Celelesc Geração S.A. – Celelesc G	UHE Garcia	Independent producer	Concession	SC	8.92	7.10	7/7/2045
	UHE Pery	Independent producer	Concession	SC	30.00	14.08	7/9/2047
	UHE: Palmeiras, Bracinho, Cedros and Salto	Independent producer	Concession	SC	54.28	36.24	11/7/2046
	PCH Celso Ramos	Independent producer	Concession	SC	5.62	3.80	3/17/2035
	CGH: Caveiras, Ivo Silveira, Pirai, São Lourenço and Rio do Peixe	Independent producer	Concession	SC	8.15	5.97	(i)

(*) Not reviewed by independent auditors.

(i) Plant with installed capacity below 5MW are exempt from the Concession Act (Law No. 13,360/16).

3 Preparation basis

3.1 Statement of compliance

Individual and consolidated interim accounting information was prepared in accordance with Technical Pronouncement CPC 21 (R1) – Interim Statements and with the international accounting standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, and presented in conformity with standards issued by the Brazilian Securities Commission (Comissão de Valores Mobiliários - CVM) applicable to the preparation of Quarterly Information (ITR). The regulated distribution, generation and transmission subsidiaries of distribution of energy adopt specific legislation issued by ANEEL, when it does not conflict with the Brazilian accounting practices and/or international accounting practices.



The presentation of a Statement of Added Value, prepared according to the CPC 09 - Statement of Added Value, is required by Brazilian Corporate Law and by the accounting practices adopted in Brazil applicable to Publicly-Held Companies. International Financial Reporting Standards (IFRS) do not require the presentation of this statement. As a result, under IFRS this statement is presented as supplementary information, without prejudice to the set of interim accounting information.

Management evaluated the ability of the Company and of its subsidiaries to continue operating normally and it is convinced that the Company and its subsidiaries have the ability to continue as a going concern. In addition, the Management of the Company and its subsidiaries is not aware of any material uncertainty that could raise significant doubts related to their ability to continue as a going concern. Accordingly, this interim accounting information has been prepared based on the going concern assumption.

The Company's Management states that all the relevant information inherent to the interim accounting information, and them only, is being evidenced and corresponds to that used by the company in its management.

The Executive Board of the Company and its subsidiaries authorized the completion of the interim accounting information on October 10, 2019. After this date, changes can only be made by the Board of Directors.

This interim accounting information has been prepared according to the uniform principles, methods and criteria in relation to those adopted upon the closing of the last accounting year on December 31, 2018, except for new accounting standards adopted as of January 1, 2019, as described in Note 3.8.

Some notes are not presented to avoid repetition of information already disclosed in annual financial statements as of December 31, 2018. Consequently, this interim accounting information should be read together with the annual financial statements disclosed to Brazilian Securities Commission (CVM) disclosed on February 27, 2019. Notes in this situation are as follows:

Number of Note at December 31, 2018	Name of the Note	Justification
2.1	Distribution and Transmission concession agreements	(a)
10	Securities receivable	(b)
15	Pledges and restricted deposits	(b)
25.2	Free Energy	(a)
30	Use of Public Property - UBP	(b)
31	Refund for unavailability	(b)
33.3	Profit retention reserve	(b)
33.6.1	Founders' shares	(b)
37.1	SUDAM and SUDENE	(b)
39.1.1.1	Financial assets	(c)
39.1.1.2	Financial liabilities	(c)
39.1.2	Fair value	(c)
39.1.2.1	Measurement at fair value	(c)
42	Insurance coverage	(b)

(a) Note identical to that disclosed in the annual financial statements of December 31, 2018.

(b) There were no changes in the context of the note, and the changes in the amounts related to the period ended September 30, 2019, in relation to the period ended December 31, 2018, were considered immaterial by Company's Management.

(c) There was no change in note context, accordingly, texts are not being presented.

3.2 Accounting practices

The significant accounting policies of the Company and its subsidiaries are presented in their own notes to the items to which they are related.

3.3 Basis of measurement

The individual and consolidated interim accounting information was prepared based on the historical cost as base value except: (i) certain financial assets and liabilities that were measured at fair value, as shown in note 34.1.1; and (ii) net defined benefit assets and liabilities that are recognized at fair value, with limitation of the recognition of actuarial surplus (Note 25).

3.4 Use of estimates and judgment

In the preparation of individual and consolidated interim accounting information in accordance with Brazilian accounting practices and international accounting practices, it is required by the Management of the Company and its subsidiaries to make estimated to record certain transactions that affect assets, liabilities, Income and expenses.

The final results of these transactions and information, at the time of their effective realization in subsequent years, may differ from these estimates, due to the lack of precision inherent to the process of their determination. The Company and its subsidiaries review the estimates and assumptions at least quarterly, except for the Post-employment benefit plan which is reviewed on a 6-month basis and yearly for impairment losses described in Note 3.7.

The main estimates that carry a significant risk of causing material adjustments to the set of interim accounting information, in the next years are related to the recording of the effects arising from: Analysis of asset impairment test (Note 3.7); Unbilled supply (Note 7); Transactions realized in the in the sphere of the Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE) (Note 7); Estimated loss from allowance for doubtful accounts - PECLD (Note 7.7); Sectoral financial assets and liabilities (Note 8); Recovery of deferred income tax and social contribution on tax loss carryforward, negative basis and temporary differences (Note 10); Indemnifiable financial assets (Note 19); Concession assets (Note 18); Evaluation of the useful life of Property, plant and equipment and Intangible assets (Notes 20 and 21); Post-employment benefit plans (Note 25); Provisions for contingencies (Note 27.1); Provisions necessary for costs related to environmental permits (Note 27.2); and Measurement at fair value of financial instruments.

3.5 Functional and presentation currency

The functional currency of the Company and its subsidiaries is the Brazilian real and the individual and consolidated interim accounting information is presented in Brazilian Reais, rounded to the nearest whole number, unless otherwise indicated.

3.6 Consolidated interim accounting information

The consolidated interim accounting information was prepared in accordance with the standards established by CPC 36 (R3) - Consolidated Statements, approved by CVM Resolution No. 698/12 covering the Company and its subsidiaries (Note 16).

Direct and indirect subsidiaries are consolidated from their acquisition dates, which correspond to the dates on which the Company obtained control, and they will be consolidated until the date on which this control ceases.

The main consolidation practices had been adopted were as follow:

- Elimination of the investment of the Parent company in its subsidiaries.
- Elimination of the balances of accounts between the Parent Company and its subsidiaries and of the accounts maintained among these subsidiaries.
- Recognition of non-controlling shareholders in the balance sheets and in the statements of result and statements of comprehensive result.
- Business combinations are considered at the time of acquisition of control of a business, and the amounts recognized are measured at fair value based on appraisal reports prepared by independent appraisers.



- Consolidation of entities with investment lower than 50%: the Company is the indirect parent company of Investco, with an interest of 40.78% that is due to the direct control of Lajeado with 55.86%, which in turn, holds 73% of the voting capital, guaranteeing the power of Investco activities, and its total consolidation in financial statements;
- Associated Company with significant influence: the Company holds a stake of 23.56% in the total capital and 33.11% of the voting rights of CELESC. The Company has 3 seats on the Board of Directors and 1 seat on the Tax Council (Note 17.2).
- The dates of financial statements of the subsidiaries and jointly-controlled subsidiaries used to calculate the equity accounting and for consolidation are consistent with those of the Company. With regard to the associated company CELESC, corporation with shares traded at B3 and pursuant to CVM standards, the calculation of equity in the earnings of associates uses the financial statements with a lag in relation to the base date presented, since the Company's financial statements' reporting calendar precedes the Associated Company's financial reporting calendar.
- Shared control agreements: the Company holds 50% of the voting rights in its joint ventures, Pecém TM, Pecém OM, CEJA and Cachoeira Caldeirão and 33.334% in São Manoel. The Company holds joint control of those enterprises because, pursuant to the terms of the arrangements, decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company's joint arrangements are structured as closed companies and, pursuant to the terms of the arrangements, the Company and the other parties to the arrangements are granted rights to these closed corporations' net assets. For this reason, these arrangements are classified as joint ventures and are not consolidated in the interim accounting information.

3.7 Impairment

The Management of the Company and its subsidiaries reviews the book value, net of its assets to determine events or changes under economic, operating or technological circumstances if there is any indication that those assets have suffered any impairment loss. If there is such indication, the asset recoverable value is estimated for the purpose of measuring the amount of this loss, and recognized as a counterparty for result.

Previously recognized impairment loss can be reversed in case of change in assumptions used to determine the asset's recoverable value, and losses are also recognized in result.

• Financial assets and contractual assets

They are evaluated at initial recognition based on study of expected losses and when there are evidences of impairment. Assets are considered non-recoverable when there is evidence that one or more events occurred after the initial recognition of the asset that resulted in adverse effects on the estimated future cash flow from the investment. The line item that currently presents relevant PECLD (estimated loss from bad debts) balances is that of Accounts receivable. For further information about the criteria and assumptions used in the numerical estimates, please see note 7.7.

• Non-financial assets

Asset impairment is carried out at least on annual basis, or more often in case the Management of the Company and its subsidiaries identifies whether there were any indications of unrecoverable losses in the book value of non-financial assets, or evidence of the occurrence of events or alterations in the circumstances indicating that the book value might not be recoverable.

The recoverable value is determined based on the assets' value in use and are calculated using evaluation methodologies, backed by discounted cash flow techniques, considering market conditions, time value, and business risks.

For the period ended September 30, 2019 there has been no indication, whether through external or internal sources of information, that any asset had suffered devaluation. Therefore, in the period mentioned, the Management considers that the net book value recorded for the assets is recoverable and, consequently, there was no need to form the provision for impairment in the Company and subsidiaries.

3.8 Adoption of new and reviewed accounting standards

Maintaining permanent process of review of accounting standards, IASB and, consequently, CPC, issued new standards and reviews to existing standards which became effective as of January 1, 2019 and were duly adopted by the Company and its subsidiaries. These standards and their respective impacts are as follows:

3.8.1 CPC 06 (R2) - Lease operations

In December 2017, CPC 06 (R2) was issued in compliance with standard IFRS 16 which introduced new rules on lease transactions. The purpose is to make sure that lessees and lessors provide relevant information so as to fairly represent these transactions. CPC 06 (R2) requires that lessees start to recognize liabilities referring to future payments and leased asset right of use for practically all lease contracts, including operating contracts; however, optional exemptions for short-term leases and low value were formed. The lease recognition and measurement criteria in financial statements of lessees substantially remain the same. CPC 06 (R2), in general, was applied on a retrospective basis, as from January 1, 2019 and replaced CPC 06 (R1) - Lease Transactions (IAS 17) and corresponding interpretations.

This standard affected the recording of outstanding operating commercial leases of the Company and its subsidiaries. In cases where the Company or its subsidiaries are lessees, they recognized: (i) the right to use the object of the leases, an asset; (ii) a liability for the payments provided for in the contracts, brought to present value; (iii) depreciation/amortization expenses of assets; and (iv) financial expenses with interest on lease obligations. On the other hand, the Company and its subsidiaries stopped recording rental and lease expenditures in the statement of income classified in CPC 06 (R2).

The Company and its subsidiaries adopted the CPC 06 (R2) as of January 1, 2019 in a forward-looking basis, that is, the effect from the adoption was recognized in the opening balances on January 1, 2019, without updating comparative information. Thus, the Company and its subsidiaries did not adopt the practical expedient that would exempt it from adopting the new pronouncement for contracts that were previously in the scope of CPC 06 (R1).

Following the due analysis, the Company and its subsidiaries recorded the following amounts as of January 1, 2019:

	Note	Parent Company			Consolidated		
		Balance at 12/31/2018	First-time adoption adjustments	Balance at 01/01/2019	Balance at 12/31/2018	First-time adoption adjustments	Balance at 01/01/2019
Assets							
Property, plant and equipment	20.2	31,734	8,666	40,400	6,661,984	80,520	6,742,504
Liabilities							
Other accounts payable (Current)	14.8	43,901	4,269	48,170	238,369	33,612	271,981
Other accounts payable (Non-current)	14.8	6,488	4,397	10,885	44,255	46,908	91,163

3.8.2 ICPC 22 - Uncertainty on Income Tax Treatments

ICPC 22 was issued in December 2018 in correlation with IFRIC 23, aiming to clarify how to use the recognition and measurement requirements of CPC 32 - Income Taxes when there is uncertainty regarding tax positions that have not yet been accepted by the tax authorities.

The Interpretation determines that the Company is required to assess whether it is likely that the tax authority will accept the tax treatment chosen by the entity: (i) if positive, it should recognize the value in the financial statements according to the income tax return and consider the disclosure of additional information about the uncertainty of tax treatment chosen; (ii) if negative, the entity should recognize a different value in its financial statements in relation to the income tax return so as to reflect the uncertainty of the tax treatment chosen.

For tax positions where there is uncertainty regarding their treatment, the management of the Company and its subsidiaries concludes that it is probable that they will be included in the tax jurisprudence and, for this reason, management also believes that this interpretation will not generate material effects on the financial statements.

3.8.3 Review of Technical Pronouncements of CPC 13/18



The document establishes changes in Interpretations and Technical Pronouncements, mainly, in relation to: (i) Amendments in several CPCs due to the issuance of CPC 06 (R2); (ii) Changes in short-term interest in associated company, subsidiary and joint venture; (iii) Amendments in CPC 33 (R1) due to the change, reduction or settlement of employee benefit plans; and (iv) Annual amendments made by the IASB regarding the 2015-2017 Improvement Cycle. The Company and its subsidiaries did not identify significant impacts deriving from changes in these regulations.

4 Significant events in the period

4.1 Release of funds and funding

During nine-month period of 2019, subsidiaries and jointly-controlled subsidiaries raised funds as follows:

Consolidated						
Company	Source	Release date	Maturity	Amount	Debt cost	Purpose
EDP Transmissão SP-MG	Debentures – 1st issue	Jan-19	Jun-20	250,000	CDI + 0.2%	Project deployment
	Debentures – 2nd issue	Aug-19	Jul-39	800,000	IPCA + 4.45% p.a.	
EDP Transmissão MA I	Bank Credit Bill	Jan-19	Jun-19	45	CDI + 1.0% p.a.	Bridge Loan
		Feb-19		700		
		Mar-19		7,150		
		Apr-19		20,950		
		May-19		3,198		
		Jun-19		950		
		Jul-19		4,000		
		Aug-19		501		
		Sep-19		2,100		
		Jan-19		3,500		
Feb-19	2,600					
Mar-19	1,400					
Apr-19	5,600					
May-19	12,900					
Jun-19	2,800					
Jul-19	22,500					
Aug-19	15,000					
EDP São Paulo	Debentures – 10th issuance	Apr-19	Mar-24	200,000	106.6% CDI	Refinance and extend the average term of the debt and working capital
	Promissory Note - 5th issue	Jul-19	Jul-24	300,000	106.58% CDI	
EDP Espírito Santo	Debentures – 8th issue	Apr-19	Mar-24	300,000	106.9% CDI	Refinance and extend the average term of the debt and working capital
EDP Grid	Bill of Exchange	Apr-19	Apr-21	70,000	CDI + 0.15% p.a.	Working capital
EDP Comercialização	Bill of Exchange	Jul-19	Jul-20	150,000	CDI + 0.44% p.a.	Implementation of the transmission project for C Lot
				2,175,894		
Jointly-controlled subsidiaries (not consolidated in these financial statements)						
Company	Source	Release date	Maturity	Amount	Debt cost	Purpose
São Manoel	BNDES	Sep-19	Dec-25	3,109	TJLP	Implementation of the UHE São Manoel's construction project.
				3,109		

4.2 EDP Espírito Santo - Exclusion of ICMS from PIS/COFINS calculation basis

On April 3, 2019, EDP Espírito Santo was granted an unappealable favorable decision in a lawsuit, in which the right not to include the ICMS amounts in the PIS and COFINS calculation basis was granted, as well as the right to recover the amounts previously collected. EDP Espírito Santo recognized the amount of R\$ 743,055 to be recovered, monetarily restated, in accordance with the Brazilian Federal Revenue Service (RFB) Consultation Solution No. 13/2018, under Income tax, social contribution, and other taxes (Note 9) and as a contra entry recognized Sectoral financial liabilities (Note 8). The Brazilian Federal Revenue Service granted the request for credit qualification. EDP Espírito Santo is awaiting ANEEL's guidance regarding the procedures to be adopted for return to consumers.

4.3 EDP Energias do Brasil - Acquisition of Transmission Lines in Santa Catarina / Rio Grande do Sul

On May 28, 2019, the Company issued a Press Release announcing the signing, on May 27, 2019, of the purchase and sale agreement of CEE Power and Brafer to acquire all the shares of Litoral Sul Transmissora de Energia Ltda. ("LSTE") with EDP Comercializadora. By means of Order No. 2.062/19, ANEEL previously approved the transfer of corporate control of LSTE to EDP Comercializadora upon delivery of the documents evidencing the formalization of the transaction. On August 9, 2019, after the delivery of the respective documents, EDP Comercializadora became the holder of all the shares representing the capital of LSTE.

LSTE bought the Q lot in the 1st transmission auction stage 13/2015, held in April 2016, with a discount of 0% over the maximum Permitted Annual Revenue (RAP). The lot consists of 2 substations and a line extension of 142 km. The project is divided into 2 parts, one in Santa Catarina, which already has an installation license, representing 42% of the RAP, and the other between the states of Santa Catarina and Rio Grande do Sul, representing the remaining 58%, both with partial RAP prediction on start-up.

The estimated total investment is R\$ 406,497, considering the acquisition value and the nominal total Capex, as well as REIDI and Pro-Employment ("Pró-Emprego") tax benefits. Leverage was estimated at 85%. The RAP updated by the IPCA rate is R\$ 45.8 million. Considering the aforementioned assumptions, the leveraged real return on investment is over 12%.

4.4 EDP Energias do Brasil - Share Repurchase Program

On July 15, 2019, the Company issued a Notice to the Market informing the termination of the Company's Share Repurchase Program, approved by its Board of Directors in a meeting held on June 19, 2019, to cover the granting of shares under current Share-based Compensation Policy. The Company repurchased 1,500,000 common shares between June 24 and July 5, exclusively in the stock exchange environment of B3 S.A. – Brasil, Bolsa, Balcão., equivalent to 0.51% of the free-float shares at the average price of R\$ 18.58 per share.



4.5 EDP Transmissão MA I (Lot 07) - Financing Agreement

On July 10, 2019, the Company issued a Press Release informing the signing, on June 28, 2019, of the Financing Agreement between its subsidiary, EDP Transmission MA I and Banco do Nordeste do Brasil S.A. ("BNB"), aiming to provide a credit facility in the total amount of R\$ 252,056 with funds from the Constitutional Fund for the Northeast Region ("FNE"), with a payment term of 24 years.

4.6 EDP Transmissão MA I (Lot 07) - Installation License

On July 16, 2019, the subsidiary EDP Transmissão MA I obtained Installation Permit No. 1079105/2019 from Lot 07, seven months in advance of ANEEL's schedule.

4.7 EDP Transmissão SP - MG (Lot 18) - Previous License

On July 16, 2019 the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) issued the Preliminary Permit 610/2019 related to the transmission line of the subsidiary EDP Transmissão SP-MG.

4.8 Litoral Sul Transmissora de Energia (Q Lot) - Prior Permit

On July 31, 2019, the Henrique Luiz Roessler State Environmental Protection Foundation (FEPAM) issued the Preliminary License No. 004389-0567/17-8 of the final Transmission Line of Santa Catarina/Rio Grande do Sul. The venture was segmented into four sections for the environmental licensing process.

4.9 EDP Espírito Santo - 8th Periodic Tariff Review

ANEEL Ratifying Resolution No. 2,589 of August 6, 2019, ratified the result of the 8th periodic tariff review of EDP Espírito Santo applied as of August 7, 2019.

The average effect perceived by consumers was -4.84%, whereas the average effect for high and medium voltage consumers was -3.22% while that for low voltage consumers was -5.56%.

In the Periodic Tariff Review process carried out every three years at EDP Espírito Santo, ANEEL recalculates regulatory costs liable to be managed by the distributor (Portion B), which include: (i) the costs of Management, Operation and Maintenance (CAOM) and (ii) the Annual Cost of Assets (CAA). Not manageable costs (Portion A), which include the energy purchased from generation companies, energy transportation, industry charges and financial restatements, are defined based projections for the subsequent 12 months, as well as the price variation in the twelve previous months.

X Factor is calculated based on components "Pd" (productivity gains) and "T" (trajectory to adaptation of operating costs), which will last over the entire cycle, in addition to component "Q" (incentive to quality), recalculated at every tariff process. Amounts were approved in: "Pd": 1.12%; "T": -1.05%; and "Q": -0.28%.

In the composition of tariff review for 2019, the components for Remuneration on Capital and Regulatory Reintegration Quota are emphasized and are derived from the ratified Regulatory Remuneration Base. The Gross Remuneration Base was R\$ 4.198 billion and the Net Remuneration Base is R\$ 2.581 billion.

The regulatory index defined by ANEEL for the Technical Losses for the next cycle is 7.06% over injected energy. For Low Voltage Non-Technical Losses, the regulatory trajectory will reach 9.58% in 2022, considering the value defined for the first year of 10.74%.

Based on this result, the Indemnifiable Financial Assets were adjusted by R\$ 1,468 due to the difference between the assumptions used by EDP Espírito Santo and those actually used by ANEEL during the Tariff Review process, mainly (i) for the incremental investment adjustment, IPCA. versus Price Bank, and (ii) the estimate for disallowances.

Financial item adjustment recognized by ANEEL in this process amounted to R\$187,027 million referring to not manageable costs (energy, transportation and charges) approved and those effectively incurred by EDP Espírito Santo in the tariff period and estimate of future costs.

4.10 Increase in installed capacity - São Manoel

On September 26, 2019 ANEEL, through Order No. 2,674/2019, approved the new parameters of UHE São Manoel, changing the total Installed Power from 700.0 MW to 735.8 MW, while the Unit Rated Power of each turbine was changed from 170.0 MW to 183.9 MW. With this Order, the process for Extraordinary Review of the Physical Guarantee for the project, which is under analysis in the MME, was initiated.

5 Cash and cash equivalents

Note	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Cash and banks		1,028		3,996
Interest earning bank deposits			202,212	205,285
Bank Deposit Certificates - CDB	5.1	610,929	903,988	2,307,071
Investment Funds	5.2	1,032	1,351	1,412
		611,961	903,988	2,308,422
Total		612,989	907,984	2,510,634
				2,203,392

Cash and cash equivalents include cash, bank deposits and high-liquidity short term investments, promptly convertible into a known sum of cash and subject to a low risk of change in market value, stated at a fair value corresponding to cost plus interest accrued up to the balance sheet date. Interest earning bank deposits have early redemption option of such securities, without penalties or loss of profitability.

The calculation of the fair value of financial investments, when applicable, is based on the market quotations for the instrument, or market information that permits this calculation, taking into consideration the projected future rates of similar instruments. In the case of investment funds, the fair value is reflected on the value of their quota.

Under Management's policies, investments are consolidated by investee and by credit rating in order to allow the evaluation of the concentration and credit risk exposure. That maximum exposure is also measured considering the shareholders' equity of the Financial Institution. For investment funds, there is no concentration of risk in a single management bank, since the risk is dispersed in the assets of the portfolio.

The Grupo EDP - Energias do Brasil's exposure to interest rate, credit risks and a sensitivity analysis of financial assets and liabilities are disclosed in note 34.2.

5.1 Bank Deposit Certificates - CDB

On September 30, 2019, the financial investments of the Parent company refer substantially to rates that vary from 98.00% to 100.15% of the Interbank Deposit Certificate (CDI) rate. Financial investments of Grupo EDP - Energias do Brasil are remunerated at rates that range from 60.00% to 101.00% of CDI.

5.2 Investment Funds

As of January 2018, the subsidiaries EDP São Paulo and EDP Espírito Santo established a Restricted Investment Fund called Discos Renda Fixa Fundo de Investimento Longo Prazo, managed by Itaú Unibanco S.A., in order to diversify the investment options and obtain higher efficiency and profitability with lower risk level.

This fund has daily liquidity and variable yield with its portfolio of assets linked to Treasury Bills - LFT, issued by the Brazilian Government, or Repurchase agreement backed by Federal Government Bonds, considered as extremely low risk and high liquidity. The fund quotas are held in custody with the administrator.

The Repurchase agreement backed by Federal Public Securities are classified as Cash Equivalents, since they have immediate liquidity with the issuer. The fund's profitability for the period was equivalent to 95.36% of CDI.



6 Securities

	Note	Consolidated		
		Current		Non-current
		09/30/2019	12/31/2018	09/30/2019
Investment Funds	6.1	244,808	174,463	1,250
Total		244,808	174,463	1,250

6.1 Investment Funds

Out of the amount of R\$ 244,808, R\$ 241,407 are securities of the subsidiary Porto do Pecém and result from investment in investment fund belonging to the financial institution with portfolio substantially composed of LFTs with yield equivalent to 100% of Interbank Deposit Certificate - CDI.



7 Accounts receivable

		Consolidated													
		Current Values						Renegotiated amounts							
		Current Falling Due		Current Overdue				PECLD (Note 7.7)	Renegotiated Falling Due		Renegotiation Overdue		PECLD (Note 7.7)	as at 09/30/2019	Net balance at 12/31/2018
Note		Up to 60 days	>60 days	Up to 90 days	91–180 days	181–360 days	>360 days		Up to 60 days	>60 days	Up to 60 days	>60 days			
Current															
Consumers	7.4														
Billed supply															
Residential		236,892		251,410	39,877	83,082	113,680	(162,811)	14,222	22,274	10,679	44,390	(53,845)	599,850	595,875
Industrial		157,607		26,798	5,389	11,338	19,979	(25,976)	2,885	3,205	1,755	8,267	(6,320)	204,927	222,691
Commerce, services and other activities		162,827		52,929	10,742	24,232	35,779	(42,694)	4,005	6,716	2,575	9,763	(10,905)	255,969	263,354
Rural		45,818		21,085	5,271	9,321	9,443	(13,220)	1,979	3,117	938	3,257	(2,811)	84,198	84,858
Government															
Federal		10,079		2,623	190	38	142	(73)	16		29	3	(2)	13,045	16,335
State		10,192		433	45	156	35	(31)	15		5	28	(11)	10,867	11,963
Municipal		18,162		3,468	943	1,703	984	(473)	999	5,591	244	2,372	(343)	33,650	31,374
Public lighting		32,030		5,066	1,055	542	1,933	(12)	2,078	10,422	485	9,686		63,285	71,548
Public service		32,586		3,603	705	495	2,303	(1,535)	602	1,012	3	329	(90)	40,013	35,016
Free customers	7.5	150,025	85		104		3,222	(3,222)		1,306				151,520	100,285
Chargeable Services		377		903	456	2,077	1,467	(1,012)						4,268	4,015
Unbilled supply		449,686						(3,072)						446,614	434,511
(-) Collection under reclassification process		(13,042)												(13,042)	(100,076)
(-) Adjustment to present value	7.2									(41)				(41)	(23)
Other receivables	7.3	29,056		43	25	82	463							29,669	29,527
		1,322,295	85	368,361	64,802	133,066	189,430	(254,131)	26,801	53,602	16,713	78,095	(74,327)	1,924,792	1,801,253
Concessionaires															
Electricity supply	7.5	498,352	3	650	586	1,010		(580)	507					500,528	369,787
Short-term energy	7.6	297,543												297,543	193,944
Electricity network utilization charges		11,635		274	591	939		(94)						13,345	8,217
Other receivables		54,349												54,349	51,722
		861,879	3	924	1,177	1,949	-	(674)	507	-	-	-	-	865,765	623,670
Clients															
Energy Efficiency		24,314	2,578	632	293	827	495	(2,741)						26,398	21,804
Construction work management service			16											16	66
Signature management services		422	229	25	9	53	183	(240)						681	1,064
Expenditure to be refunded		2,158	3,050											5,208	4,705
Generation of steam		3,238		38										3,276	3,561
Other customers		152	36,297			55	3	(58)						36,449	29,989
		30,284	42,170	695	302	935	681	(3,039)	-	-	-	-	-	72,028	61,189
Total current		2,214,458	42,258	369,980	66,281	135,950	190,111	(257,844)	27,308	53,602	16,713	78,095	(74,327)	2,862,585	2,486,112

Notes to the financial information
Period ended September 30, 2019
(In thousands of reais, unless otherwise indicated)



	Note	Consolidated						
		Current Falling Due		Renegotiated Falling Due	Renegotiation Overdue	PECLD (Note 7.7)	Net balance as at 09/30/2019	Net balance at 12/31/2018
		Up to 60 days	>360 days	>360 days	>360 days			
Non-current								
Consumers								
Billed supply								
Residential				16,294		(9,937)	6,357	8,899
Industrial			4,983	4,985		(1,858)	4,897	4,059
Commerce, services and other activities			18	10,431		(7,565)	2,866	4,436
Rural				2,827		(1,496)	1,331	1,425
Government							-	-
Municipal				2,632			2,632	10,011
Public lighting				7,194			7,194	10,247
Public service				294		(13)	281	87
Free customers								529
(-) Adjustment to present value	7.2	-	5,001	(4,046)	(231)		(4,277)	(8,245)
		-	5,001	40,611	(231)	(20,869)	21,281	31,448
Concessionaires								
Other receivables		1,029		(119)			910	910
		1,029	-	(119)	-	-	910	910
Clients								
Energy Efficiency			39,462				39,462	36,806
Expenditure to be refunded			32,307				32,307	23,082
		-	71,769	-	-	-	71,769	59,888
Total non-current		1,029	76,770	(3,350)	40,611	(231)	93,960	92,246



The balance of Accounts Receivable is firstly recognized at fair value, at billed or value or to be billed, and subsequently measured at amortized cost using the method of effective interest rate, adjusted to present value, net of reductions for impairment, when applicable, including the liability tax of the Company and subsidiaries.

The balance of Consumers and Concessionaires refers mainly to: (i) The amounts billed to final consumers, distributor concessionaires and trading companies, as well as the income referring to energy supplied and not billed; (iii) the amounts receivable relating to the energy traded in the Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE); and (iii) electricity network utilization charges.

7.1 Characteristics of accounts receivable

• Generation

The receipt of payments for the sale of energy made by the generation subsidiaries, with the exception of Porto do Pecém, related to bilateral agreements, occurs substantially with single maturity in the month following that of the income recognition. Agreements in the Regulated Contracting Environment are broken down into three equal installments falling due on the 15th and 25th days of the month following income recognition, and on the 5th day of the second month subsequent to recognition.

For the subsidiary Porto do Pecém, agreements are broken down into three installments, with two installments falling due on the 30th day of the month following income recognition and last installment and on the 10th day of the second month subsequent to recognition.

Power purchase agreements in the short-term market are settled according to Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE) regulations; however, the average term for settlement is about 45 days after income recognition.

• Distribution

Bills issued to residential, industrial, rural and commercial consumers fall due within a minimum period of 5 working days. In the case of governmental, public lighting and utility consumers, the minimum term until the due date is 10 business days. However, the distribution subsidiaries offer consumers the option of changing the due date of the bill (6 different date options) over the course of the month.

• Sales

For the trading subsidiaries, a substantial percentage of sales occurs in bilateral agreements. Therefore, the payment terms are negotiated freely between the parties, yet most incoming payments arrive on the 6th business day subsequent to income recognition.

• Services

For the service subsidiaries, the recognition of income linked to the construction of solar power plants and to the energy efficiency services occurs throughout the construction phase of the project via the input method, and payments can be received in two different ways: (i) with advance payments in the construction phase and the outstanding balance upon delivery of the project; and (ii) in installments over a particular period established in an agreement.

In regard to steam sales and the subscription management service, income is recognized through the monthly measurements relating to the delivery of steam for the production of energy and according to the service provision, respectively, with the receipt of both scheduled around 30 days after revenue recognition.

7.2 Adjustment to present value

The balances renegotiated are recognized at present value, considering the amount to be deducted, performing dates, settlement dates and the discount rate.

For distributors, the adjustment to present value, regulated by CPC 12, was calculated based on the average compensation of capital, applied by ANEEL in their tariff reviews. This rate is compatible with the nature, term and risks of similar transactions at market conditions. As of September 30, 2019 and December 31, 2018, corresponding rate for EDP São Paulo and EDP Espírito Santo is 12.26% p.a., positively affecting distributors' income (loss) by R\$ 3,891.

For subsidiaries EDP Soluções and EDP GRID, the adjustment to present value considers the return rate of each project, positively affecting the result for the period by R\$ 2,886 (positively by R\$ 3,199 in 2018).

7.3 Other receivables - Consumers

Out of the amount on September 30, 2019 of R\$ 29,669 (R\$ 29,527 on December 31, 2018), R\$27,415 (R\$27,415 on December 31, 2018) refers to the subsidiary EDP Espírito Santo, to the balance of Emergency Capacity Charges - ECE, effective from March 2002 to January 2006, and Charge for Acquisition of Emergency Electric Power - EAEEE under litigation, effective in January and February 2004, under litigation. Considering that those amounts must be transferred on to emergency power trading company (Comercializadora Brasileira de Energia Emergencial), a liability has been recognized in the amount of R\$ 31,444 (R\$ 31,428 as of December 31, 2018) (Note 26), and R\$ 28,543 (R\$ 28,528 on December 31, 2018) for EDP Espírito Santo.

7.4 Consumers

The change in the balance receivable from consumers is mainly due to the increase in the consumption of the distributors' concessionaire concession areas, influenced by high temperatures for first quarter of the year, impacting the year to date.

7.5 Concessionaires – Electricity supply and Free Customers

Of the total amount presented to Free Customers of R\$ 151,520, as well as the amount presented to Concessionaires - Electric Power Supply as of September 30, 2019 of R\$ 500,528, R\$ 414,527 refers to the subsidiary EDP Comercializadora. The increase is due to the following aspects: (i) recovery in the volume of energy traded in the last quarter; (ii) price increase in the short-term market, leading to an increase in customer demand for renegotiation operations and (iii) sub-market energy surplus sales and swap operations.

7.6 Concessionaires - Short-term energy

The balance is related to transactions with electric power and charges carried out within the sphere of the Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE). On September 30, 2019, out of the consolidated amount of R\$ 297,543 (R\$ 193,944 as of December 31, 2018):

(i) R\$ 83,062 (R\$ 94,974 as of December 31, 2018), totally refers to the subsidiary Enerpeixe, from the non-fully receipt of settlements by Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE) in view of the injunctions in effect of the electricity sector agents to protect effects of GSF (Generation Scaling Factor), before February 2018.

(ii) R\$ 142,075 (R\$ 48,010 as of December 31, 2018) refers to the subsidiary Porto do Pecém, and the amount of R\$ 47,290 (R\$ 8,067 as of December 31, 2018) is due to the additional 30% on the Variable Unit Cost (CVU) from the Ancillary Services provided from November 2018 to May 2019, whose ANEEL regulation was completed in July. The receipt will start as of the August 2019 settlement, which will occur in October 2019, and the balance is adjusted monthly.



7.7 Estimated loss from allowance for doubtful accounts - PECLD

	Consolidated			
	Balance at 12/31/2018	Expected PECLD Throughout life	Review of risk (i) PECLD	Income (loss) from losses
Consumers				
Residential	(193,215)	(49,295)	(16,930)	32,847
Industrial	(32,013)	(9,475)	(459)	4,580
Commerce, services and other activities	(55,921)	(11,875)	(1,671)	8,285
Rural	(14,035)	(5,502)	(41)	2,051
Government	(2,892)	(139)	3,004	(906)
Public lighting	(2,979)		4,070	(1,103)
Public service	(147)	(52)	98	(1,537)
Free customers	(2,901)	(321)		(3,222)
Chargeable Services	(1,083)		(1,338)	1,409
Not billed	(4,155)	1,083		(3,072)
	<u>(309,341)</u>	<u>(75,576)</u>	<u>(13,267)</u>	<u>45,626</u>
Concessionaires	(1,342)	513	36	(793)
Clients	(929)		(2,110)	(3,039)
Total	<u>(311,612)</u>	<u>(75,063)</u>	<u>(15,341)</u>	<u>45,626</u>
				<u>(356,390)</u>
Current	(287,946)			(332,171)
Non-current	(23,666)			(24,219)
Total	<u>(311,612)</u>			<u>(356,390)</u>

(i) The risk matrix is evaluated annually, but the study may be reevaluated if the estimated losses on doubtful accounts (PECLD, in Portuguese) behaves differently from the expected outcome.

As required by CPC 48 - Financial Instruments, the balance of accounts receivable is analyzed in a simplified manner is formed when necessary to cover any losses in the realization of these assets.

For the subsidiaries of distribution and trading, the PECLD is recorded throughout the life of the receivable by applying a percentage calculated based on history of default segregated by parameters of: (i) class of consumer; (ii) tension; (iii) date of billing; and (iv) date of maturity. Accordingly, a matrix of risk has been prepared by period of default, adjusted by the economic expectation for the current period, obtained through the forecast of parameters of the market default index of the Central Bank of Brazil.

Based on studies prepared by the subsidiaries, the percentages of expected losses segregated by class of consumption, applied upon the first recognition of receivables are as follows:

	2019							
	EDP São Paulo				EDP Espírito Santo			
	Irregular Consumption		Irregular Consumption		Irregular Consumption		Irregular Consumption	
	Low tension	Medium and high voltage	Low tension	Medium and high voltage	Low tension	Medium and high voltage	Low tension	Medium and high voltage
Consumers								
Residential	29.86%	n/a	0.92%	0.00%	26.55%	n/a	1.16%	0.00%
Industrial	23.18%	79.62%	1.39%	0.49%	32.82%	1.50%	1.23%	0.19%
Commerce, services and other activities	11.27%	n/a	0.66%	0.46%	7.65%	n/a	0.63%	0.45%
Rural	26.80%	n/a	0.38%	0.00%	10.51%	n/a	1.47%	0.34%
Government	n/a	n/a	0.04%	0.04%	n/a	n/a	0.00%	0.00%
Public lighting	n/a	n/a	0.00%	0.00%	n/a	n/a	0.08%	0.03%
Public service	n/a	n/a	0.01%	0.02%	n/a	n/a	0.15%	0.03%

	2018			
	EDP São Paulo		EDP Espírito Santo	
	Medium and high voltage		Medium and high voltage	
	Low tension	Medium and high voltage	Low tension	Medium and high voltage
Consumers				
Residential	1.17%	0.00%	1.55%	0.00%
Industrial	1.93%	0.75%	1.55%	0.25%
Commerce, services and other activities	0.89%	0.50%	0.80%	0.28%
Rural	0.51%	0.00%	1.61%	0.08%
Government	0.73%	0.38%	0.15%	0.18%
Public lighting	1.54%	n/a	0.40%	n/a
Public service	0.11%	0.00%	0.17%	0.10%

The subsidiaries evaluated its history of receipts and identified that are not exposed to high credit risk, as possible overdue balances not received are mitigated by financial guarantee contracts signed at contracting of energy auctions or at formalization of bilateral contracts. In addition, amount receivable referring to short-term energy is administered by the Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE), which, on its turn, controls default among sectorial participants based on regulations issued by the Concession Grantor, reducing credit risk in transactions carried out. Accordingly, after due analyses, the generation subsidiaries did not identify the need for recognizing possible expected losses, as they are immaterial and controllable.

In regard to the service subsidiaries, PECLD is calculated taking into account the credit risk of its customers at lending institutions. Whenever there is a deterioration of the customer's rating in comparison to the time of the sale, the loss is increased for the next 12 months, regardless of whether there is a delay. Delay is an additional factor considered in the calculation of PECLD to determine whether it should be calculated for life or for the next 12 months.

The exposure to credit risks of the Company and its subsidiaries is disclosed in Note 34.2.4.



8 Sectorial financial assets and liabilities

	Consolidated														
	Balance at 12/31/2018	Allocation	Amortization (i)	Inflation adjustment	Balance at 09/30/2019	Amortization amounts	under formation	Current	Non-current	Amortization amounts		Amounts under formation			
										IRT (*) 2018	IRT (*) 2019	IRT (*) 2019	IRT (*) 2020	IRT (*) 2021	Undetermined
CVA															
Purchase of energy (ii)	682,511	(79,894)	(419,231)	33,071	216,457	133,956	82,501	112,502	103,955	33,612	100,344	(27,863)	105,080	5,284	
Itaipu Energy Cost (iii)	229,221	135,355	(122,723)	8,838	250,691	74,383	176,308	192,632	58,059	9,912	64,471	112,240	64,068		
PROINFA	5,965	21,175	(3,748)	740	24,132	5,809	18,323	23,992	140	421	5,388	18,155	168		
Basic Network Transportation	45,782	42,335	(53,462)	1,146	35,801	10,616	25,185	16,014	19,787	2,211	8,405	3,506	21,679		
Energy Transportation - Itaipu	18,361	7,007	(13,543)	637	12,462	3,915	8,547	10,266	2,196	1,173	2,742	6,137	2,410		
System Service Charges - ESS/Energy Reserve Charges - EER (iv)	(358,795)	(75,725)	238,754	(14,659)	(210,425)	(92,782)	(117,643)	(184,795)	(25,630)	(16,736)	(76,046)	(89,988)	(27,655)		
Energy Development Account (Conta de Desenvolvimento Energético - CDE)	109,638	(39,800)	(38,081)	3,798	35,555	22,994	12,561	64,224	(28,669)	4,897	18,097	40,740	(28,179)		
CCC															
	732,683	10,453	(412,034)	33,571	364,673	158,891	205,782	234,835	129,838	35,490	123,401	62,927	137,571	5,284	-
Financial items															
Over contracting energy (v)	(105,179)	36,012	51,957	(4,954)	(22,164)	(23,370)	1,206	(19,761)	(2,403)	763	(24,133)	4,088	(2,882)		
Neutrality of Parcel A	(994)	(44,470)	17,766	(1,340)	(29,038)	(40,174)	11,136	(39,036)	9,998	(1,401)	(38,773)	(257)	11,393		
Exceeding of Demand and Reactive Energy Surplus	(226,858)	(54,776)	4,184	(19,792)	(297,242)	(23,608)	(273,634)	(68,289)	(228,953)		(23,608)	(33,129)	(240,505)		
Other	(87,962)	40,373	50,947	6,659	10,017	18,827	(8,810)	38,507	(28,490)	(663)	19,490	17,926	(26,736)		
	(420,993)	(22,861)	124,854	(19,427)	(338,427)	(68,325)	(270,102)	(88,579)	(249,848)	(1,301)	(67,024)	(11,372)	(258,730)	-	-
PIS and COFINS															
PIS/COFINS Technical Note 115/04	3,891		41,791		45,682	36,788	8,894	45,681	1		36,788	8,894			
Exclusion of ICMS from PIS and COFINS basis (Note 4.2)		(564,715)		(187,037)	(751,752)		(751,752)		(751,752)						(751,752)
	3,891	(564,715)	41,791	(187,037)	(706,070)	36,788	(742,858)	45,681	(751,751)	-	36,788	8,894	-	-	(751,752)
Total	315,581	(577,123)	(245,389)	(172,893)	(679,824)	127,354	(807,178)	191,937	(871,761)	34,189	93,165	60,449	(121,159)	5,284	(751,752)
Current assets	366,149				195,217			195,217							
Non-current assets	122,438														
Current liabilities	1,122				3,280			3,280							
Non-current liabilities	171,884				871,761				871,761						

(*) IRT - Tariff repositioning index



Income from distributors EDP São Paulo and EDP Espírito is basically comprised by the sale of electricity and delivery (transport) thereof by using infrastructure (network) from distribution. Income from concessionaires is affected by the amount of energy delivered and the price. Electricity tariff consists of two parts that reflect the composition of the income:

- Installment Parcel "A" (not manageable costs): this installment must be neutral vis-à-vis the Entity's performance, i.e. the costs incurred by the distributors, that may be classified as Parcel "A", are fully passed on to the consumer or shouldered by the Concession Grantor; and
- Parcel "B" (manageable costs): comprises disbursements in the distribution infrastructure and respective return on the investment and disbursements with operation and maintenance. This part is the one that actually affects the entity's performance, as it has inherent risk of business because there is no guarantee of tariff neutrality.

Sectorial financial assets and liabilities refer to the values originated from the difference between costs estimated by ANEEL and included in the tariff at the onset of the tariff period (Parcel "A") and those that are actually incurred during the tariff period. This difference is subsidiaries' unconditional right to receive cash from Concession Grantor where the budgeted costs are lower than costs actually incurred, or an obligation when the budgeted costs outweigh costs actually incurred. These are segregated into assets and liabilities in accordance with ratification schedule of tariffs by ANEEL in next tax proceedings.

During the tariff adjustments ANEEL recalculates the amounts actually invoiced and collected, pursuant to current regulations, with the purpose of guaranteeing the financial settlement of these amounts, without prejudice to the economic and financial balance of the concession, reducing the risk of losses to immaterial amounts.

They are approved annually by ANEEL and included in the electric power tariff through Tariff Adjustments or Reviews that, in EDP Espírito Santo, occur on August 7, and, in the EDP São Paulo, on October 23.

The amounts included in the sectorial financial assets and liabilities are:

- Account for compensation in change of Parcel "A" costs - CVA: It consists of the cost change with the acquisition of electricity, connection and transmission, in addition to sectorial charges. The CVA must be neutral vis-à-vis the Distributor's performance, i.e. the changes calculated are fully passed on to the consumer or shouldered by the Concession Grantor; and
- Financial items: They refer to other financial components that are rights or liabilities that are also part of the tariff composition, including: Overcontracting of energy Neutrality of sectorial charges; and Financial exposure to spot market for the price difference between Submarkets.

The Amortization process is conducted on a monthly basis and corresponds to receipt/return through application of prevailing tariffs approved in last tariff events. Regarding financial items, the monthly amortization amounts correspond to 1/12 of total amounts homologated by ANEEL. For CVA, the monthly amortization is made according to the market curve. Amounts refer to difference between incurred costs and costs included in tariff up to reference month closing date to be approved in next tariff processes.

8.1 Material effects in the period

Total sectorial assets net of liabilities had a positive amount of R\$ 315,581 as of December 31, 2018, whereas the total sectorial assets net of liabilities had the negative amount of R\$ 679,824 as of September 30, 2019. The negative change for the period, in the amount of R\$ 995,405, was mainly due to the exclusion of ICMS from the PIS and COFINS basis in the subsidiary EDP Espírito Santo, as well as for the following reasons:

(i) Amortization: In the period, it was transferred to consumers through the energy bill the amount of R\$ 245,389 related to net sectorial liabilities approved by ANEEL.

(ii) Purchase of energy: The change in Energy Acquisition costs is due to the fact that the Agreements for Electricity Trading in the Regulated Environment (CCEARs) contracted by the distributor were in the analysis period with a price lower than that defined in the tariff process. This change is mainly due to the fact that the allowance for doubtful accounts in the period was lower than the CVU of many thermoelectric plants, and there is no decision and, therefore, the respective cost to the distributors, which formed a regulatory liability to be equalized in the next tariff processes. The Company has a significant share of contracts with thermoelectric plants in its energy portfolio. Furthermore, there was a decrease in the Hydrological Risk costs during the period under review, which definitely also impacted the formation of this regulatory liability.

(iii) Itaipu Energy Cost: The transfer tariff of UHE Itaipu is set in dollars per kilowatt of contracted monthly power (US\$/kW) and, in the 2018 tariff process for distributors, the prevailing tariff considered for Itaipu's energy measurement was US\$ 27.87/kW, with an estimated exchange rate of R\$ 4.06 for the subsidiary EDP São Paulo and R\$ 3.86 to the subsidiary EDP Espírito Santo. For 2019, the Itaipu HPP transfer rate was set at US\$ 27.71/kW. However, the average exchange rate verified for the period under analysis has been higher than the one used in the 2018 tariff process. Thus, these factors, associated with the cost of the Hydrological Risk, increased the costs incurred with the energy of Itaipu HPP by the distributor, generating the composition of a regulatory asset, which will be equalized in the following tariff processes.

(iv) System Service Charges - ESS/Energy Reserve Charges - EER: The ESS mainly represents the need for activation of thermal generator agents by the National System Operator (NOS) other than on the grounds of cost, as well as supplementary services provided by electric power generators to maintain the transmission system on appropriate operating conditions. The EER represents the charge required to pay the electric power generation plants that operate in the Backup Energy modality, which aim is to add operational safety and supply to the electrical sector. Actually the cost of the ESS (System Service Charge)/ERR (Reserve Energy Charge) was lower than anticipated in relation to the respective tariff coverage for the period under analysis, generating a regulatory liability. Part of the liability is already included in the tariff adjustment of October 2018 and part is to be included in the tariff review of 2019 in the subsidiary EDP São Paulo. For the subsidiary EDP Espírito Santo, the main reason for the change is that the plants that operate in the Reserve Energy mode settle the energy generated against the allowance for doubtful accounts, and the income earned is used to settle them, with revenue expected to be supplemented by agents with consumption profile. Thus, although the distributors contributed to the Reserve Energy Account (CONER), this contribution was lower than the tariff coverage, generating a regulatory liability to be equalized in the following tariff processes.

(v) Over contracting energy: The change in this item is mainly due to the participation of subsidiary EDP Espírito Santo in the Surplus Trading Mechanism (MVE), in which energy decontracting was carried out for the period from February to December 2019. Considering the total forecast load for the year, the Company expects to close the year with a contracting level of 105.47%. The result of overcontracting for 2019 depends on the relation of average energy acquisition price and the Difference Settlement Price - PLD, that is, while the PLD is above the average energy acquisition price the overcontracting impact is positive in the financial settlement of the short-term market. For 2019 the annual average PLD estimated is R\$228.43/MWh, compared with the average energy acquisition price of R\$198.12MWh that means an annual positive result in favor of the distributor.



9 Income tax, social contribution, and other taxes

		Parent Company							
Note	Balance at 12/31/2018	Addition	Inflation adjustment	Advances / payments	Federal tax offsetting	Reclassified	Transfer	Balance at 09/30/2019	
Offsettable assets									
Recoverable income tax and social contribution	9.1	99,536		5,847		(82,697)	3,060	30,543	56,289
Total current		99,536	-	5,847	-	(82,697)	3,060	30,543	56,289
Other recoverable taxes									
ICMS (VAT taxes)		39							39
PIS and COFINS		422	519				(519)		422
Income tax on interest earning bank deposits		41,313	15,774			(3,060)			54,027
IRRF (Withholding income tax) on interest on own capital		30,543					(30,543)		-
Withholding income tax and social contribution on billing		971	31						1,002
Other		1,629	91						1,720
Total current		74,917	16,415	-	-	-	(3,060)	(31,062)	57,210

Liabilities payable

Other taxes payable								
ICMS (VAT taxes)		-	60					60
PIS and COFINS		19,075	2,712		(21,123)		(519)	145
Taxes on services rendered by third-parties		1,422	108		(219)			1,311
IRRF (Withholding income tax) on interest on own capital		61,575			(61,574)			1
Installments	9.5.1	31,762	744	(4,025)				28,481
Personnel charges		5,679	714	(1,476)				4,917
Other		980	350	(182)				1,148
Total		120,493	3,944	744	(5,902)	(82,697)	(519)	36,063
Current		94,022						13,001
Non-current		26,471						23,062

Consolidated

	Balance at 12/31/2018	Addition	Write-offs	Inflation adjustment	Advances / Payments	Federal tax offsetting	Reclassified	Acquisition of company	Transfer	Transferred to assets held for sale	Balance at 09/30/2019
Offsettable assets											
Recoverable income tax and social contribution (Note 9.2)	350,533	179		18,245	192,505	(295,075)	3,060		(111,295)	(15,253)	142,899
Total current	350,533	179	-	18,245	192,505	(295,075)	3,060	-	(111,295)	(15,253)	142,899
Other recoverable taxes											
ICMS (Note 9.3)	165,242	42,104	(9,684)		1,334				(15,976)		183,020
PIS and COFINS (Note 9.2)	196,451	1,355,863		212,002		(15,574)		1	(773,139)	(106)	975,498
Income tax on interest earning bank deposits tax) on interest on own capital	70,121	32,824					(3,060)	268	(13,260)	(1,063)	85,830
Withholding income tax and social contribution on billing	30,661								(30,543)		118
Other	32,174	3,479							(16,855)	(164)	18,634
Other	26,468	2,555		630	200	(1,270)			(1,576)	(2,802)	24,205
Total	521,117	1,436,825	(9,684)	212,632	1,534	(16,844)	(3,060)	269	(851,349)	(4,135)	1,287,305
Current	282,349										275,417
Non-current	238,768										1,011,888
Liabilities payable											
Income tax and social contribution payable	58,994	253,436			(64,818)				(162,436)	(4,180)	80,996
Total current	58,994	253,436	-	-	(64,818)	-	-	-	(162,436)	(4,180)	80,996
Other taxes payable											
ICMS (Note 9.4)	237,670	2,088,269	(18)		(2,089,041)				(15,976)	(3)	220,901
PIS and COFINS	97,422	1,323,000		5	(352,236)	(209,508)			(774,203)	(2,559)	81,921
Taxes on services rendered by third-parties tax) on interest on own capital	9,582	51,409			(51,533)				(19)	(61)	9,378
Installments (Note 9.5)	101,142					(101,141)					1
Personnel charges	428,890			17,106	(32,171)				(10,010)		403,815
Other	20,914	5,140			(9,257)	(943)		16		(372)	15,498
Other	3,170	4,324		20	(4,151)	(327)				(6)	3,030
Total	898,790	3,472,142	(18)	17,131	(2,538,389)	(311,919)	-	16	(800,208)	(3,001)	734,544
Current	509,449										370,439
Non-current	389,341										364,105

As required by CPC 32 - Income taxes, the Company and its subsidiaries present current income tax and social contribution consolidated assets and liabilities at its net value when: (i) could be offset by the same tax authority; and (ii) the tax legislation permits that the Company and its subsidiaries make or receive the tax in lump sum.

9.1 Income tax and social contribution - Assets to offset - Parent company

The recorded amounts refer mostly to tax withholdings at source and respective restatements based on the Selic (Central Bank) rate. That balance is mostly offset with withholding income tax on declared interest on own capital and PIS and COFINS on financial income.

9.2 Income tax, social contribution, PIS (Social Integration Program Contribution) and COFINS (Contribution to the Funding of Social Welfare P)

As a result of the re-calculation of taxes in the subsidiaries EDP São Paulo, EDP Espírito Santo and Enerpeixe in 2017, they have recognized credits for such taxes of prior periods.



In relation to Income tax and social contribution, the subsidiaries calculated a credit of R\$ 404,621, of which the amount net of offsets until September 30, 2019 is R\$ 448, related to the subsidiary EDP Espírito Santo, since the subsidiary EDP São Paulo had its offset completed in the period.

In relation to PIS and COFINS, the subsidiaries calculated a credit of R\$314,158, and the balance is restated, net of offsets until September 30, 2019 is R\$107,124. Additionally, the subsidiary EDP Espírito Santo obtained a credit in the amount of R\$ 754,349, due to the exclusion of ICMS tax from the PIS and COFINS tax basis (Note 4.2).

9.3 ICMS - Assets to offset - Consolidated

Of the amount on September 30, 2019 of R\$ 183,020 (R\$ 165,242 on December 31, 2018) the subsidiaries EDP São Paulo and EDP Espírito Santo have a balance of R\$ 177,158 (R\$ 160,552 on December 31, 2018), which includes ICMS (value-added tax) credits from the purchase of goods in the amount of R\$ 173,897 (R\$ 158,103 on December 31, 2018) which, according to paragraph 5 of article 20 of Complementary Law 87/96, are offset at the ratio of 1/48 per month.

9.4 ICMS - Liabilities payable - Consolidated

Of the amount on September 30, 2019 of R\$ 220,901 (R\$ 237,670 as at December 31, 2018), subsidiaries EDP São Paulo and EDP Espírito Santo had a balance of R\$ 210,322 (R\$ 227,854 at December 31, 2018), referring to ICMS levied on electricity bills.

9.5 Installments

9.5.1 Parent Company

9.5.1.1 REFIS

In 2009, the Company formally joined the program for the reduction and installment payment of taxes according to Law No. 11.941/09 of the Brazilian Federal Revenue Service - "REFIS IV". As at June 30, 2011, the Company consolidated the debts included in the installment plan. Amounts and list of taxes to be paid in installments are as follows:

Installments - REFIS	Parent Company					Adhesion value - REFIS
	Principal	Fine	Interest	Total installment	Conversion to income	
COFINS	30,754	6,151	9,793	46,698	2,092	48,790
PIS	6,677	1,335	2,126	10,138	454	10,592
Total tax	37,431	7,486	11,919	56,836	2,546	59,382
Decrease in Refis program						(7,471)
Use of negative Basis/ Tax Loss						(11,933)
Total						39,978

Out of total debt on September 30, 2019 of R\$ 28,481 (R\$ 31,762 on December 31, 2018), 452 installments monthly restated at SELIC still remain.

9.5.2 Consolidated

9.5.2.1 REFIS

The subsidiary EDP Espírito Santo, together with the Company, also formalized with the RFB the adherence to "REFIS IV" (Note 9.5.1.1). Amounts and list of taxes to be paid in consolidated installments are as follows:

Installments - REFIS	Consolidated					Adhesion value - REFIS
	Principal	Fine	Interest	Charges	Total installment	Conversion to income
COFINS	33,679	6,736	12,474		52,889	2,092
PIS	6,677	1,335	2,126		10,138	454
CSLL	4,442	888	4,093	1,885	11,308	3,742
INSS	8,548	3,021	10,256	670	22,495	10,822
IRPJ/ IRRF	4	1	8		13	5,257
Fine		223	192		415	190
Total tax	53,350	12,204	29,149	2,555	97,258	22,557
Decrease in Refis program						(19,049)
Use of negative Basis/ Tax Loss						(24,032)
Total						76,734

9.5.2.2 Special Tax Regularization Program - PERT

As a result of the calculation of the debts arisen from the recalculation of taxes, the distribution subsidiaries and Enerpeixe adhered in August 2017 to the PERT.

Among the installment payment options, the subsidiaries adhered to the cash payment of 20% of the consolidated debt, without discount, in 5 monthly and successive installments, falling due from August to December 2017, and the remaining amount in 145 monthly and successive installments, falling due from January 2018, with 80% reduction in late payment interests, and 50% of late-payment interest, ex-officio or isolated fines. The installments will be monthly restated at SELIC plus 1%.

Amounts and list of taxes to be paid in consolidated installments are as follows:

Installments - PERT	Consolidated			
	Principal	Fine	Interest	Total installment
PIS	37,010	7,401	10,649	55,060
COFINS	166,807	33,361	47,259	247,427
CSLL	63,432	12,686	16,017	92,135
IRPJ/ IRRF	155,787	31,158	38,304	225,249
	423,036	84,606	112,229	619,871
Decrease in PERT program				(105,668)
Total				514,203



9.5.3 Changes in installments

Changes in the installment plans and the respective balances as of September 30, 2019 are as follows:

	Parent Company	Consolidated		
	REFIS	REFIS (ii)	PERT	Total
Adhesion value	39,978	76,734	514,203	590,937
Differences in consolidation REFIS/PERT (i)	791	791	(11,236)	(10,445)
Interest adjustments – Consolidation 2011	8,707	11,422		11,422
Assets to be offset		3,640		3,640
Judicial deposit in favor of the Company		17,284		17,284
Appropriation in favor of the Federal Government	(5,689)	(23,864)		(23,864)
Amortization	(36,521)	(72,600)	(186,357)	(258,957)
Restatement	21,215	27,019	49,671	76,690
Reversal of update of the appropriation in favor of the Federal Government		(2,892)		(2,892)
Balances at September 30, 2019	28,481	37,534	366,281	403,815

(i) The amount of R\$ 791 in the Parent Company relates to the judicial deposit aiming at the suspension of the enforceability of the IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) debt arising from the administrative proceedings of the merged company Magistra Participações SA, which was included in the Federal REFIS (Tax Recovery Program) in 2013 and ratified in March 2017 by the Federal Revenue Service, which supposedly erred by equating types of deposits.

(ii) Out of the REFIS consolidated total amount of the debt of R\$ 37,534 as of September 30, 2019 (R\$ 40,654 on December 30, 2018), including the Company and the subsidiary EDP Espírito Santo, R\$ 28,481 (R\$ 31,762 on December 31, 2018) was split into installments and are monthly restated by the SELIC rate and R\$ 9,053 (R\$ 8,892 on December 31, 2018) for the remaining there are judicial deposits of R\$ 23,040 (R\$ 22,643 on December 31, 2018), which await appropriation by the Federal Government (in accordance with article 32 of PGFN/RFB Ordinance 06/09), when that is done this liability will be written-off.

10 Deferred taxes

	Note	Parent Company		Consolidated					
		Liabilities		Assets		Current		Liabilities	
		Non-current		Non-current		Current		Non-current	
		09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
PIS and COFINS	10.1	147	44			698	579	166,688	42,832
Income tax and social contribution	10.2	206,328	207,328	662,252	741,134			422,584	391,648
Service tax						766	635	1,721	1,727
Total		206,475	207,372	662,252	741,134	1,464	1,214	590,993	436,207

10.1 PIS and COFINS

Deferred PIS and COFINS (recognized) have the following types:

	Parent Company		Consolidated			
	Liabilities		Current		Non-current	
	Non-current		Current		Non-current	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Income due to the recognition of incurred costs (CPC 47) in EDP Soluções			698	579	1,570	1,575
Income from construction in transmission subsidiaries					162,925	39,519
Inflation adjustment of judicial deposits					2,193	1,738
	147	44	698	579	166,688	42,832

10.2 Income tax and social contribution

They are recorded on tax losses, negative basis of social contribution and temporary differences, considering the rates in force of the aforementioned taxes, in accordance with the provisions of CVM Resolution 599/09 and consider past profitability record and expectations of future taxable income based on a technical viability study. They are recognized according to the transaction that originated them, whether in income or shareholders' equity. Income tax and social contribution - deferred and social contribution assets and liabilities are presented according to their nature and total amount is presented at net value after due offsets, as required by CPC 32.

10.2.1 Breakdown

Nature of credits	Note	Parent Company			
		Non-current liabilities		Income (loss)	
				Nine-month periods ended September 30	
		09/30/2019	12/31/2018	2019	2018
Temporary differences					
Bargain purchase	10.2.1.1	146,889	146,915	26	
Surplus		58,236	59,964	1,728	(19,929)
Other		1,203	449	(754)	(279)
Total		206,328	207,328	1,000	(20,208)



Nature of credits	Note	Consolidated							
		Non-current assets		Non-current liabilities		Income (loss)		Shareholders' Equity	
		09/30/2019	12/31/2018	09/30/2019	12/31/2018	Nine-month periods ended September 30			
						2019	2018	2019	2018
Tax losses	10.2.1.2	286,286	297,432			(12,214)	(26,449)		
Negative basis of social contribution	10.2.1.2	102,570	110,671			(8,485)	(11,771)		
		388,856	408,103	-	-	(20,699)	(38,220)	-	
Temporary differences									
Estimated loss from allowance for doubtful accounts - PECLD		150,447	124,469			28,673	6,004		17,922
Post-employment benefits		100,177	106,270			5,475	6,742		
Provision for tax, civil and labor risks		129,076	125,342			5,643	16,071		
Consumers - adjustment to present value		1,469	3,906			(2,437)	(2,439)		
Pre-operating expenditures		20,271	16,892			3,379	(17,900)		
Bargain purchase	10.2.1.1			146,889	146,915	26			
Surplus				481,328	483,056	1,728	(19,929)		
Amortization/depreciation - Surplus in the acquired business - CPC 15 (R1)				(120,332)	(108,531)	11,800	10,573		
Use of Public Property - CPC 25		107,893	106,799	31,896	33,327	2,525	6,681		
Fair value of indemnifiable financial assets - ICPC 01 (R1)				270,507	183,263	(87,244)	(15,321)		
Remuneration of concession assets				110,653	25,147	(84,911)			
PIS and Cofins on concession assets		53,825	12,268			41,557			
Financial instruments - CPC 39		3,896	3,243	46,409	48,286	2,530	1,356		
Post-employment benefits - PSAP	10.2.1.3	(42,126)	(50,550)			8,424	2,906		
Post-employment benefits - Other comprehensive income		197,295	207,301					(8,197)	(2,650)
Refund for unavailability							(3,980)		
Environmental permits		8,267	8,256	11,842	14,108	2,277	(688)		
Other		14,849	4,968	29,093	26,558	(2,411)	(21,366)		
Total temporary differences		745,339	669,164	1,008,285	852,129	(62,966)	(31,290)	(8,197)	15,272
Tax credit of goodwill taken over	10.2.1.4	113,758	124,348			(10,590)	(10,844)		
Total gross		1,247,953	1,201,615	1,008,285	852,129	(94,255)	(80,354)	(8,197)	15,272
Offset between Deferred Assets and Liabilities		(585,701)	(460,481)	(585,701)	(460,481)				
Total		662,252	741,134	422,584	391,648				

Change in deferred income and social contribution tax assets and liabilities (Consolidated) in the amount of R\$ 109,818 was recorded as a negative contra entry in the income for the period of R\$ 94,255, debited to shareholders' equity in the amount of R\$ 8,197 (Energest), at and at debit in the amount of R\$ 7,366 for Energest, which is classified as assets held for sale (Note 15) and admission of Litoral Sul Transmissão de Energia in the consolidation perimeter.

10.2.1.1 Bargain purchase

Deferred taxes on negative goodwill are a result of the acquisitions of Porto do Pecém (R\$ 120,096) and Celesc (R\$ 26,793). Taxes on negative goodwill will be realized on the disposal of these investments.

10.2.1.2 Tax losses and negative basis of social contribution tax

Under the tax legislation in force, the tax loss and the negative basis of social contribution can be offset with future income, up to the limit of 30% of the taxable income, and are not subject to a statutory limitation period.

10.2.1.3 Provision for Social Security Deficit - PSAP

The taxable credit arising from the Provision for the Pension Plan Deficit - PSAP of EDP São Paulo refers to the portion of liabilities related to the benefits exceeding the assets of the Defined benefit pension plans, the provision for which was effected on December 31, 2001 with a counterparty in the Shareholders' Equity, deductible on the occasion of the monthly payments, expected to be terminated in 2028 (Note 25.1.1.2).

10.2.1.4 Tax credit of goodwill taken over

The goodwill fiscal credit derives from:

- (i) in the EDP São Paulo's subsidiary: the takeover of the spin off portion of the former parent company Enerpaulo - Energia Paulista Ltda. within the subsidiary EDP São Paulo during 2002, represented by the goodwill paid by Enerpaulo on the acquisition of shares issued by EDP São Paulo;
- (ii) at the subsidiary EDP Espírito Santo: from the takeover that occurred in April 2005 of the spin off portion of the Parent Company with the subsidiary EDP Escelsa, represented by the goodwill paid by the merged companies EDP 2000 Participações Ltda. and EDP Investimentos Ltda. on the acquisition of shares issued by IVEN, which was the parent company of EDP Espírito Santo; and
- (iii) the takeover of the subsidiaries EDP Lajeado and Tocantins within the subsidiary Lajeado, dated November 2009, represented by the goodwill paid by Lajeado.

The amounts were accounted for in accordance with CVM Instructions Nos. 319/99 and 349/99, and in accordance with ANEEL's instructions, and amortized according to the curve between the expectations of future results and the terms of the subsidiaries' concession. This translates into a future average annual tax credit realization of R\$ 5,852 for the subsidiary EDP São Paulo up to 2027, R\$ 1,637 for the subsidiary EDP Espírito Santo up to 2025, and R\$ 4,130 for the subsidiary Lajeado up to 2032.



10.2.2 Realization of deferred tax assets

Deferred tax assets are reviewed at the end of the year and are reduced as their realization is no longer probable.

Management of EDP São Paulo, EDP Espírito Santo, Lajeado, Investco, Energest, EDP Comercializadora, EDP GRID, Enerpeixe, Porto do Pecém and subsidiaries prepared the projection of future taxable income, including its discounts to present value and demonstrating tax credit realization capacity in indicated years, which are approved by the respective Boards of Directors or Executive Boards. Based on the technical study of taxable income projections, the subsidiaries estimate recovering tax credit arisen out of accumulated losses in the following years:

2019	2020	2021	2022	2023	2024-2026	As from 2027	Total non-current
64,680	177,980	202,026	129,263	149,218	288,631	236,155	1,247,953

The realization of deferred tax assets is in compliance with the provisions of CVM Instruction 371/02 and Official Circular Letter CVM/SNC/SEP/nº01/2019

10.2.3 Unrecognized deferred tax assets

On September 30, 2019, the Company and its subsidiaries have tax credits related to tax losses and tax carryforwards from social contribution and temporary differences not recognized in the interim accounting information totaling R\$ 19,081 (R\$ 22,605 as of December 31, 2018), in view of uncertainties in its realization. Such amount may be the object of future recognition, in accordance with annual reviews of taxable income generation projections. There is no statute of limitation period for the use of said credits.



11 Related parties

Besides the amounts of the balance of contingent consideration presented in Note 27.4 and balance of loans payable presented in Note 24 and dividends payable and receivable provided in Note 13, the other balances of assets and liabilities, as well as the transactions of the Company with its subsidiaries and parent companies, key Management and other related parties, which influenced the result of the period, are presented as follows:

				Parent Company											
				Assets				Liabilities				Income (expenses)			
				Current		Non-current		Current		Non-current		Operating	Financial		
														Nine-month periods ended September 30	
				09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	2019	2018	2019	2018
Securities															
Debentures															
São Manoel	Jointly-controlled subsidiary		08/15/2016– 12/15/2018	-	-	-	-	-	-	-	-	-	-	-	9,112
Loans receivable															9,112
Loan agreements - 100–110% CDI															
Pecém OM	Jointly-controlled subsidiary		12/05/2011 to an undefined date			1,449	1,379							70	68
EDP GRID	Subsidiary		08/04/2017–04/04/2018												2,489
Porto do Pecém	Subsidiary		09/24/2012 to an undefined date			83,945	196,316							7,630	13,600
Mabe	Jointly-controlled subsidiary		10/04/2013–12/31/2019			22,730	21,430							1,051	1,006
EDP Transmissão MA I	Subsidiary		11/22/2018–11/21/2020			639	604							28	
EDP Transmissão SP-MG	Subsidiary		11/22/2018–11/21/2020			66,455	5,827							879	
EDP São Paulo	Subsidiary		03/23/2017–01/07/2021											439	550
EDP Espírito Santo	Subsidiary		03/29/2017–05/28/2019											599	428
				-	-	175,218	225,556	-	-	-	-	-	-	10,696	18,141
Advance for future capital increase – AFAC															
CEJA	Jointly-controlled subsidiary		10/5/2015 to an undefined date				36,000								
EDP Transmissão MA I	Subsidiary		08/23/2017 to an undefined date				8,000								
EDP Transmissão MA II	Subsidiary		08/23/2017 to an undefined date				10,000								
EDP Transmissão SP-MG	Subsidiary		08/23/2017 to an undefined date				18,000								
EDP Transmissão Aliança	Subsidiary		08/23/2017 to an undefined date			90,000	12,150								
EDP Ventures	Subsidiary		12/13/2018 to an undefined date			2,000	1,000								
EDP GRID	Subsidiary		02/23/2017 to an undefined date				10,000								
Resende	Subsidiary		05/14/2018 to an undefined date				20								
				-	-	92,000	95,170	-	-	-	-	-	-	-	-
Other receivables and other accounts payable (Note 14)															
Human Resources Sharing Agreement (a)															
EDP São Paulo	Subsidiary											609	(765)		
Energest	Subsidiary (**)					828						(36)	29		
EDP Comercializadora	Subsidiary									945	70	386	1,251		
Investco	Subsidiary					705	806			25	25	127	31		
Santa Fé	Subsidiary (*)												144		
EDP Espírito Santo	Subsidiary											2,067	6,009	4,644	
Porto do Pecém	Subsidiary												1,407	115	
EDP PCH	Subsidiary (*)													7	
EDP Soluções	Subsidiary		01/01/2018– 12/31/2019			1,136						762	1,451		
EDP GRID	Subsidiary									1	1	77	(48)		
Lajeado	Subsidiary						6					343	648		
EDP Transmissão	Subsidiary												55		
EDP Varejista	Subsidiary												214		
EDP Transmissão MA I	Subsidiary												12		
EDP Transmissão MA II	Subsidiary												13		
EDP Transmissão SP-MG	Subsidiary												24		
EDP Transmissão Aliança	Subsidiary												150		



				Parent Company													
				Assets				Liabilities				Income (expenses)					
				Current		Non-current		Current		Non-current		Operating		Financial			
												Nine-month periods ended September 30					
				09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	2019	2018	2019	2018		
				Relationship	Price practiced	Duration											
Infrastructure Service Sharing (b)																	
EDP São Paulo	Subsidiary		01/01/2015–12/31/2018			271	267					2,595	2,443				
Energest	Subsidiary (**)		01/01/2015–12/31/2018			106	104					922	953				
EDP Comercializadora	Subsidiary		01/01/2015–12/31/2021			47	46					410	423				
EDP Transmissão	Subsidiary		01/01/2015–12/31/2018			3	2					22	20				
ECE Participações	Jointly-controlled subsidiary		01/01/2015–12/31/2021			2	2					24	23				
Instituto EDP	Associated Company		01/01/2015–12/31/2021				10						106				
Investco	Subsidiary		01/01/2015–12/31/2018				22						1,837				
Lajeado	Subsidiary		01/01/2015–12/31/2018			4	4					39	40				
CEJA	Jointly-controlled subsidiary		01/01/2015–12/31/2021			3	5					24	23				
EDP Espírito Santo	Subsidiary		01/01/2015–12/31/2018				88			14		830	802				
Cachoeira Caldeirão	Jointly-controlled subsidiary		01/01/2015–12/31/2021			22	22					213	199				
São Manoel	Jointly-controlled subsidiary		01/01/2015–12/31/2021										7				
EDP GRID	Subsidiary		01/01/2015–12/31/2021			7	7					64	67				
EDP Transmissão MA I	Subsidiary		01/01/2015–12/31/2018			3	3					22	23				
EDP Transmissão MA II	Subsidiary		01/01/2015–12/31/2018			3	2					22	23				
EDP Transmissão SP-MG	Subsidiary		01/01/2015–12/31/2018			3	3					22	23				
EDP Transmissão Aliança	Subsidiary		01/01/2015–12/31/2018			3	3					22	23				
EDP Soluções	Subsidiary		01/01/2015–12/31/2021			6	6					54	53				
Reimbursement of auction expenditures																	
EDP Transmissão MA I	Subsidiary						272										
EDP Transmissão MA II	Subsidiary		06/01/2017–05/31/2018				238										
Stock option granted by the Company (Note 11.2.1)																	
EDP São Paulo	Subsidiary		06/15/2016–06/18/2023			1,143	707					435	293				
Energest	Subsidiary (**)		06/15/2016–06/18/2022			579	380					200	220				
EDP Comercializadora	Subsidiary		06/15/2016–06/18/2023			235	154					81	288				
EDP Espírito Santo	Subsidiary		06/19/2017–06/18/2023			155	58					97	32				
Porto do Pecém	Subsidiary		06/15/2016–06/18/2022			677	444					233	263				
EDP Transmissão SP-MG	Subsidiary		06/06/2018–06/05/2023			16	6					11					
EDP GRID	Subsidiary		06/15/2016–06/15/2023			93	47					46	30				
Agreement of consulting services																	
EDP Renováveis	Related party		12/01/2013–06/30/2020			270	270										
Service agreement (d)																	
EDP Portugal (i)	Parent company		Undetermined	9,342	7,322			31,750	26,390	446	446		(7,046)		(1,980)		
São Manoel	Jointly-controlled subsidiary		05/01/2014–05/30/2018										467				
EDP Valor	Related party		Undetermined					2,028				(2,028)					



				Parent Company											
				Assets				Liabilities				Income (expenses)			
				Current		Non-current		Current		Non-current		Operating		Financial	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018		2019		2018	
				09/30/2019		12/31/2018		09/30/2019		12/31/2018</					



				Consolidated											
				Assets				Liabilities				Income (expenses)			
				Current		Non-current		Current		Non-current		Operating		Financial	
												Nine-month periods ended September 30			
	Relationship	Price practiced	Duration	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	2019	2018	2019	2018
Securities															
Debentures															
São Manoel	Jointly-controlled subsidiary		08/15/2016–12/15/2018												9,112
				-	-	-	-	-	-	-	-	-	-	-	9,112
Loans receivable															
Loan agreements - 100–110% CDI															
Pecém OM	Jointly-controlled subsidiary		12/05/2011 to an undefined date			1,449	1,379							70	68
Mabe	Jointly-controlled subsidiary		10/04/2013–12/31/2018			22,730	21,430							1,051	1,006
				-	-	24,179	22,809	-	-	-	-	-	-	1,121	1,074
Accounts receivable (Note 7)															
Electricity supply															
Cachoeira Caldeirão	Jointly-controlled subsidiary	130.07	01/01/2017–12/31/2046	398	397							3,626	3,495		
Cachoeira Caldeirão	Jointly-controlled subsidiary		07/01/2018–12/31/2019	6,764	2,735							10,200	8,116		
ECE Participações	Jointly-controlled subsidiary	108.71	01/01/2017–12/31/2046	53	53							380	468		
ECE Participações	Jointly-controlled subsidiary		07/01/2018–12/31/2019	4,435	3,646							13,601	10,822		
São Manoel	Jointly-controlled subsidiary		07/01/2018–12/31/2019	5	1,823							50	5,411		
Grid use charge															
Rendering of services															
Central Eólica Baixa do Feijão I	Related parties		01/01/2018–12/31/2018		2										
Central Eólica Baixa do Feijão II	Related parties		01/01/2018–12/31/2018		2										
Central Eólica Baixa do Feijão III	Related parties		01/01/2018–12/31/2018		2										
Central Eólica Baixa do Feijão IV	Related parties		01/01/2018–12/31/2018		2										
Central Eólica Jaú	Related parties		01/01/2018–12/31/2018		2										
Central Eólica Aventura	Related parties		01/01/2018–12/31/2018		2										
				11,655	8,666	-	-	-	-	-	-	27,857	28,312	-	-
Advance for future capital increase – AFAC															
CEJA	Jointly-controlled subsidiary		10/5/2015 to an undefined date				36,000								
Celesc Geração	Associated company with significant influence		08/31/2017 to an undefined date								1,350				
				-	-	-	36,000	-	-	-	1,350	-	-	-	-
Suppliers (Note 22)															
Electricity supply															
ECE Participações	Jointly-controlled subsidiary	170.30	01/01/2015– 12/31/2044					645	699			(4,087)	(3,793)		
ECE Participações	Jointly-controlled subsidiary	165.63	01/01/2015– 12/31/2044					956	870			(6,248)	(5,908)		
Central Eólica Baixa do Feijão I	Related parties		01/24/2018 to an undefined date						306						
Central Eólica Baixa do Feijão II	Related parties		01/24/2018 to an undefined date						306						
Central Eólica Baixa do Feijão III	Related parties		01/24/2018 to an undefined date						306						
Central Eólica Baixa do Feijão IV	Related parties		01/24/2018 to an undefined date						306						
Central Eólica Jaú	Related parties		01/24/2018 to an undefined date						282						
Central Eólica Aventura	Related parties		01/24/2018 to an undefined date						120						
São Manoel	Jointly-controlled subsidiary		05/01/2018– 12/31/2038					3,482	2,534			(25,846)	(25,882)		
São Manoel	Jointly-controlled subsidiary		05/01/2018– 12/31/2038					161	152			(1,039)	(15,307)		
São Manoel	Jointly-controlled subsidiary	107.58	04/26/2018– 12/31/2047										(575)		
Rendering of services															
Pecém TM	Jointly-controlled subsidiary		Undetermined									(14,821)	(21,362)		
Pecém OM	Jointly-controlled subsidiary		Undetermined					100	100			(2,968)	(4,079)		
				-	-	-	-	5,344	5,981	-	-	(55,009)	(76,906)	-	-



				Consolidated											
				Assets		Non-current		Liabilities		Non-current		Income (expenses)			
				Current				Current				Operating		Financial	
				Nine-month periods ended September 30											
				09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	2019	2018	2019	2018
Other receivables and other accounts payable (Note 14)															
Rendering of services - Backoffice															
Pecém TM	Jointly-controlled subsidiary	Price practiced	Duration	6,010	4,279					1,550			986		
Pecém OM	Jointly-controlled subsidiary		05/01/2015– 04/30/2020	1,324	1,336								426		
Mabe	Jointly-controlled subsidiary		05/01/2015– 04/30/2020	1,310	1,349								356		
Agreement of consulting services															
EDP Renováveis	Related party		12/01/2013– 12/31/2015			270	270								
Service agreement (d)															
EDP Portugal (i)	Parent company		Undetermined	9,342	7,322			35,146	30,589	446	446	(2,590)	(7,046)	(579)	(2,178)
São Manoel	Jointly-controlled subsidiary		05/01/2014– 04/30/2018										467		
ECE Participações	Jointly-controlled subsidiary		01/01/2016– 12/31/2018										348		
Cachoeira Caldeirão	Jointly-controlled subsidiary		01/01/2016– 12/31/2018			1,631							345		
Energest	Associated Company (**)		Undetermined					12,019		10,983					
EDP Valor	Related party		Undetermined					2,028				(2,028)			
Infrastructure Service Sharing (b)															
EDP Renováveis	Related party		07/29/2015– 07/29/2019			18	18								
ECE Participações	Jointly-controlled subsidiary		01/01/2015– 12/31/2021				2						23		
Instituto EDP	Associated company		01/01/2015– 12/31/2021			10	10						106		
CEJA	Jointly-controlled subsidiary		01/01/2015– 12/31/2021				5						23		
Cachoeira Caldeirão	Jointly-controlled subsidiary		01/01/2015– 12/31/2021			25	22						234		
São Manoel	Jointly-controlled subsidiary		01/01/2015– 12/31/2021				1						7		
Agreement for the Sharing of Backoffice Activities (c)															
Cachoeira Caldeirão	Jointly-controlled subsidiary		01/01/2018– 12/31/2019			241	200			259	259		345		
São Manoel	Jointly-controlled subsidiary		05/01/2018– 04/30/2020	18	19	258	163						648		
Pecém OM	Jointly-controlled subsidiary		01/01/2018– 12/31/2019									185			
Pecém TM	Jointly-controlled subsidiary		01/01/2018– 12/31/2019									138			
ECE Participações	Jointly-controlled subsidiary		01/01/2018– 12/31/2019			262	213			232	234		538		
				18,004	14,305	2,715	904	49,193	30,589	13,470	1,262	(4,618)	(2,194)	(579)	(2,178)
				29,659	22,971	26,894	59,713	54,537	36,570	13,470	2,612	(31,770)	(50,788)	542	8,008

(*) Santa Fé and EDP PCH were sold on December 21, 2018 and, thus, as of this date is no longer part of the Grupo EDP - Energias do Brasil's economic group.

(**) Energest has non-current Assets and Liabilities held for sale (Note 15).

Related-party transactions were made under conditions compatible with market conditions.

The collateral sureties and guarantees provided by the Company are described in the Note on Guarantees (Note 35.2).



Transactions made with counterparties below were carried out in the normal course of business, without any incremental profit margin.

(a) Human Resources Sharing Agreement: From January 1, 2018, EDP - Energias do Brasil is responsible for contracting a new Human Resources Sharing Agreement which include the corporate areas' activities. The contract was approved by ANEEL by means of the Order 1329 published on June 14, 2018, and approves a human resources sharing agreement between EDP - Energias do Brasil and related parties EDP São Paulo, EDP Espírito Santo, EDP Comercializadora, Energest, Investco, Lajeado, Santa Fé, EDP PCH and Porto do Pecém. Due to the disposal of Santa Fé and of EDP PCH in December 2018, as of 2019 these are excluded from the sharing. The new agreement is effective until December 31, 2019 and was implemented using the regulatory criterion defined in ANEEL (Brazilian Electricity Regulatory Agency) Normative Resolution no. 699/16. The new criteria allocates the personal expenditure proportionally to the gross property, plant and equipment (AIB), weighted by a factor set for each segment (distribution and generation) and excluding the holding and trader expenditures, which are shared in advance.

Additionally, starting January 01, 2018, with a term of 24 months, a Human Resources Sharing Agreement was signed among the Company, subsidiaries EDP GRID and EDP Soluções, without the need for prior consent by ANEEL, using the criterion of allocation of expenditures according to the percentage of dedication of the activity, process or department to the related parties.

(b) Agreements for Sharing of Infrastructure Services: The purpose of the instrument is to apportion property lease costs, condominium fees and telecommunications expenditures of the head office of the holding company EDP - Energias do Brasil in São Paulo, where the head office of the Company is located. On January 16, 2015, Grupo EDP - Energias do Brasil requested to ANEEL authorization to enter into the "Agreement for Concession of Space and Sharing of Infrastructure Services" in the following locations: (i) Head Office in São Paulo - SP, where the Contracted Party is EDP - Energias do Brasil and the Contracting Parties are EDP Espírito Santo, EDP São Paulo and Energest; and (ii) Sports Center in Carapina - ES, where the Contracted Party is EDP Espírito Santo and the Contracting Parties are Energest, EnerPrev, EDP GRID, Cachoeira Caldeirão, ECE Participações and Investco.

On July 28, 2015, through Order 2430, ANEEL approved the request and stipulated validity of 48 months beginning as of Decision publication date, however, the Company was authorized to carry out sharing only beginning as of August 2015. On September 16, 2015, the Company requested to ANEEL authorization for the Terms of Settlement and Other Covenants, in order to approve the payments related to the period from January to July, of the Agreements for Concession of Space and Sharing of Infrastructure Services, since they were authorized without retroactivity. The request was accepted by ANEEL on April 25, 2016, through Order 987/16.

The percentages of apportionment should be reviewed once a year and, in case of changes, the amendments should be submitted to prior consent of ANEEL.

EDP - Energias do Brasil and the related companies EDP Comercializadora, EDP Transmissão, EDP Transmissão MA I, EDP Transmissão MA II, EDP Transmissão Aliança, EDP Transmissão SP-MG, Instituto EDP, Investco, Lajeado, ECE Participações, CEJA, Cachoeira Caldeirão, São Manoel, EDP Soluções and EDP GRID also entered into agreements with the same purpose, however, they did not have to be submitted to prior consent of ANEEL, since the parties are not delegates of the electric power public service, as set forth in Normative Resolution 334/08, in effect at the time of signing of the agreements, ruled the legal acts and transactions between the related companies. These contracts expired on December 31, 2018.

Furthermore, ANEEL published its approval in August 2019, through Order No. 2,636/2019, entering into a space sharing and infrastructure services agreement between EDP São Paulo, EDP Espírito Santo, Energest, EDP Transmissão, EDP Transmissão Aliança SC, EDP Transmissão MA I, EDP Transmissão MA II and EDP Transmissão SP-MG, effective for 29 months, using the regulatory criterion provided for in article 12, item II of Normative Resolution No. 699, dated January 26, 2016.

ANEEL also approved, through Order No. 1,976/2019, the execution of a contract for the Provision of remote operating services in the "Real Time" modality, in a ongoing regime of 24 hours, 7 days of the week, between EDP Transmissão and EDP - Energias do Brasil, in the total contract amount of R\$ 1,260, for a period of 36 months.

(c) Agreement for the Sharing of Backoffice Activities:

The purpose of the instrument is to apportion costs with materials, services rendered and other expenditures associated with back-office activities, such as the administrative, financial, accounting and legal functions and others.

The apportionment criterion considers drivers that weigh the effort of each area for each company, which was supported by an independent specialized consulting firm. Due to the disposal of Santa Fé and of EDP PCH in December 2018, as of 2019 these are excluded from the sharing.

This agreement does not need to be subject to previous ANEEL approval, pursuant to the terms of ANEEL Normative Resolution 699/16, reimbursement of negotiated contract does not exceed annual limit based on the net income of the subsidiaries.

(d) Service agreements

(i) EDP Portugal: The amounts refer to consulting service and management support agreements mutually executed between the Company and its controlling shareholder EDP - Energias de Portugal S.A. These contracts aim: (i) cost sharing, structure, knowledge and technology, thus allowing a greater synergy between the companies in the group; (ii) preventing any idle staff capacity; (iii) lowering procurement costs of certain services in relation to the market average; and (iv) preventing third-party access to strategic issues or technology information owned by contracting parties.

(ii) Generation Operation Center Service Agreement: Contracts between EDP - Energias do Brasil S.A. and companies ECE Participações S.A. and Empresa de Energia Cachoeira Caldeirão S.A. entered into 2019 and effective for 36 months, assignment of EDP - PCH - Pequenas Centrais Hidrelétricas EDP to Energias do Brasil S.A. through a contract entered into in 2018, whose counterparty is Porto do Pecém Geração S.A. This agreement does not need to be submitted for the prior approval of ANEEL (Brazilian Electricity Regulatory Agency), since the parties do not have a regulated price under the terms of REN 699/2016.

The agencies responsible for control and respective supervision of these agreements are the Corporate Governance Committee and Related Parties, the Board of Directors and the Company's internal area dedicated to verification and checking of imported and exported services.

Every imported or exported service is subjected to a rigorous analysis that requires interaction of the area dedicated to verification and checking with other internal areas of the Company that imported and exported the service. It is ascertained whether the time spent in activities, the number of beneficiaries and the volume of aggregate businesses show effectively the spent by employees to carry out the activities in question.

(e) Sharing of the Neweb platform: The sharing is related to the license for the Neweb software, contracted by EDP Portugal for the purpose of hosting the different EDP Group websites in the world.

11.1 Direct and ultimate parent company

The final parent company of the Company is EDP - Energias de Portugal S.A., which exerts its controlling power through its subsidiaries EDP International Investments and Services, S.L. and EDP IS - Investments and Services, Sociedade Unipessoal, Lda.

11.2 Management remuneration

11.2.1 Shares granted by the Company

In May 2016, July 2017, June 2018 and July 2019, the Company created, Share-Based Payment Plan with similar characteristics, which grant future shares to its beneficiaries. Among them, there are statutory and non-statutory managers and executive officers and its subsidiaries, and in the results of 2019 of the Company the amount of R\$ 1,103 (R\$ 1,126 in 2018) is estimated to be reimbursed by the subsidiaries at the time of grant. The shares will be granted upon fulfillment of certain conditions within 3 or 5 years from the beginning of the plan.



11.2.2 Total compensation of the Board of Directors, Tax Council and Statutory Board of Directors paid by the Company for the periods ended September 30

	2019				2018			
	Statutory Board	Board of Directors	Tax Council	Total	Statutory Board	Board of Directors	Tax Council	Total
Compensation (a)	4,696	966	161	5,823	4,591	862	100	5,553
Short-term benefits (b)	109			109	143			143
Benefits - Private pension plan	76			76	69			69
Total	4,881	966	161	6,008	4,803	862	100	5,765

(a) It is comprised of fixed and variable compensation (bonus and profit sharing), besides the respective payroll charges.

(b) Represents the benefits with medical and dental care, medicine allowance, food and meal vouchers, and life insurance.

In relation to the granted shares (Note 28.2.2), the amount related to the statutory officers of the Company, estimated in the profit or loss for 2019, is R\$ 404 (R\$ 209 in 2018). The estimated amounts are only considered as the Statutory Board of Directors' compensation in the chart above at the time of the effective grant of the Company's shares.

12 Inventories

	Note	Consolidated	
		09/30/2019	12/31/2018
Raw material and inputs for generation of electric power			
Charcoal		80,112	172,605
Diesel		2,238	2,009
CAL		257	255
Other		2,335	2,289
	12.1	84,942	177,158
Storeroom materials		83,141	84,514
Wastes and scrap		27,038	24,962
Photovoltaic kit		4,472	3,787
Inventory of work in progress		1,156	
Other		7	7
(-) Estimated losses in the realization of inventories		(3,515)	(23,463)
Total		197,241	266,965

Inventories are stated a cost or net realizable value, whichever is lower, less possible loss in the recoverable value. The method of valuation of Inventory is determined based on the weighted average cost method.

Materials used in the construction of the concession infrastructure are classified under the captions: (i) Property, plant and equipment, at the generation and service subsidiaries, for the amount of R\$ 24,150 on September 30, 2019 (R\$ 24,609 on December 31, 2018); and (ii) Concession assets at the distribution subsidiaries for the amount of R\$ 81,102 on September 30, 2019 (R\$ 47,353 at December 31, 2018).

12.1 Raw material and inputs for generation of electric power

The change for the period of R\$ 92,216 refers to the subsidiary Porto do Pecém, and is mainly due to the fact that Porto do Pecém was not being dispatched by the National System Operator (ONS) in the last quarter of 2018, due to the favorable hydrological scenario. As of February 2019, due to a deterioration of the hydrological scenario, Porto do Pecém was dispatched again, thus consuming the accumulated inventory up to that moment.

13 Dividends – Assets and liabilities

Dividends and interest on own capital (JSCP) payable are recognized in the shareholders' equity in following occasions: (i) JSCP (Interest on own capital) recorded as dividends: when approved by the Board of Directors; (ii) minimum mandatory dividends: at yearend, as provided for in the Company's Bylaws, possibly deducted from JSCP (Interest on own capital) already stated in the year; (iii) additional dividends: when approved by the General Shareholders' Meeting; and (iv) interim and prior-years' dividends: when approved by the Board of Directors or the Annual Shareholders' Meeting. Dividends receivable from subsidiaries, associated companies and jointly-controlled subsidiaries are recorded as an asset in the Company's financial statements, consistent with previously described liabilities' accounting practice.

The interest on own capital credits are initially recorded in finance expenses for tax purposes, and, concomitantly, reversed from this same line item as counterparty to shareholders' equity. Tax reduction generated by them is recognized in income for the year upon their credit. In relation to interest on own capital receivable, these are initially recorded in financial income for tax purposes, and, concomitantly, reserved from this same line item as counterparty to investment.

Allocation of net income for the year ended December 31, 2018 was approved in the Annual Shareholders' Meeting held on April 16, 2019, with distribution of: (i) R\$ 439,000 of interest on own capital, attributable to the dividends already accounted for on December 31, 2018; (i) dividends amounting to R\$ 37,187; (iii) Legal reserve totaling R\$ 63,642 and (iv) Profit retention reserve amounting to R\$733,004. Dividends were paid with no adjustment to Company's common shareholders on June 25, 2019, after the Annual Meeting held on July 01, 2019.

Changes to balance of dividends receivable and payable balance in the period are as follows:

	Parent Company				
	Balance at 12/31/2018	Dividends		Receipts / Payments	Balance at 09/30/2019
Assets		Additional	Intermediary	Reversal	
Energgest	7,788	39,285		(17,788)	29,285
Enerpeixe	24,573	12,053		(24,573)	12,053
EDP Comercializadora	3,171			(3,171)	-
EDP São Paulo	56,350	136,524		(56,350)	136,524
EDP Espírito Santo	63,729	82,701		(113,728)	32,702
Lajeado Energia	15,906	35,292	31,404	(82,602)	-
EDP Transmissão	2,343	7,027			9,370
EDP Transmissão MA I	60			(60)	-
EDP Transmissão Aliança SC	601			(601)	-
EDP Transmissão SP-MG	183			(183)	-
Pecém TM	147				147
CEJA	4,950	20,950		(25,900)	-
CELESC	620	9,233		(4,546)	5,307
	180,421	343,065	31,404	(328,658)	225,388



	Parent Company									
	Balance at 12/31/2018	Additional	Payments	Balance at 09/30/2019						
Liabilities										
Non-controlling shareholders	187,514	18,125	(203,801)	1,838						
EDP International Investments and Services, S.L.	103,519	10,316	(113,835)	-						
EDP IS - Investimentos e Serviços, Sociedade Unipessoal Ltda.	87,762	8,746	(96,508)	-						
	378,795	37,187	(414,144)	1,838						
Consolidated										
	Dividends									
	Balance at 12/31/2018	Proposed	Additional	Intermediary	Founders' shares	Receipts	Reversal	Unrealized Payments	Balance at 09/30/2019	
Assets										
Pecém TM	147								147	
Celesc	620		9,233			(4,546)			5,307	
CEJA	4,950		20,950			(25,900)			-	
	5,717	-	30,183	-	-	(30,446)	-	-	5,454	
	Balance at 12/31/2018	Proposed	Additional	Intermediary	Founders' shares	Payments	Reversal	Unrealized Payments	Balance at 09/30/2019	
Liabilities										
CEB Lajeado	4,027		1,887			(5,914)				
Paulista Lajeado Energia	1,409		661			(2,070)				
Eletrobras	25,343	37,365		26,309	11,335	(73,187)			27,165	
Government of Tocantins	1,158		2,571	2,287		(6,016)				
Furnas Centrais Elétricas	16,382		8,035			(16,382)			8,035	
Celesc Geração	67						(67)			
Non-controlling shareholders	190,290		18,125			(203,801)		5	4,619	
EDP IS - Investimentos e Serviços, Sociedade Unipessoal Ltda.	103,519		10,316			(113,835)				
EDP International Investments and Services, S.L.	87,762		8,746			(96,508)				
	429,957	37,365	50,341	28,596	11,335	(517,713)	(67)	5	39,819	

14 Other receivables – Assets and Other accounts payable – Liabilities

Note	Parent Company				Consolidated			
	Current		Non-current		Current		Non-current	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Other receivables – Assets								
Advances	14.1	471	257		22,389	22,670		
Discount	14.2				67,777	69,010		
Tariff flags - Tariff Flag Fund Centralizing Account (CCRB)					170	327		
Tariff modicity - low income	14.3						8,055	8,055
Post-employment benefits							5	339
Assets for disposal/discontinuance		1,617	1,340		12,055	12,493		
Services in progress					4,103	3,676	95	95
Services rendered to third parties		1,068	1,741		36,782	23,007	1,426	1,790
Reimbursement of costs – CDE (Energy development account)/RGR (Overall Reversal Reserve)						990		
Collection agreements					4,995	5,164		
Related-party/shared services	11	33,342	7,322	12,944	18,004	14,305	2,715	904
Income receivable					4,475	3,424		
Risk premium - GSF	14.4				2,750	3,291	23,369	27,685
Other		9,724	7,183	2,698	48,431	36,461	29,948	27,086
Total		46,222	17,843	15,642	221,931	194,818	65,613	65,954

Note	Parent Company				Consolidated			
	Current		Non-current		Current		Non-current	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Other accounts payable – Liabilities								
Advances received - disposal of assets and rights					16,042	17,649		
Public lighting contribution	14.5				18,775	18,949		
Sundry creditors - consumers and concessionaires					39,870	52,080		17,757
Payroll		602	1,079		4,363	7,703		
Tariff modicity - low income	14.3				481	487	9,810	9,810
ICMS credit assignment					330	2,672		
Third party collection to be transferred					12,340	11,646		
Related-party/shared services	11	35,935	26,972	1,960	49,193	30,589	13,470	1,262
Leases and rentals	14.8	4,345		2,783	36,163		68,709	
Social charges and labor obligations	14.6	12,777	12,423		94,383	83,041		
Reserve for reversal and amortization	14.7				1,944	1,944	12,147	13,605
Advance of tariff discounts	14.2				1,315			
Other		3,433	3,427	201	29,780	11,609	1,390	1,821
Total		57,092	43,901	4,944	304,979	238,369	105,526	44,255

14.1 Advances

Of the balance of Advances at September 30, 2019, in the amount of R\$ 22,389 (R\$ 22,670 as of December 31, 2018), R\$ 4,964 (R\$ 2,878 as of December 31, 2018) is related to an advance payment related to the purchase of coal.



14.2 Discount

This refers to discounts applied to customers in tariffs of consumer units, according to regulations by ANEEL through specific resolutions. The discounts are applied according to the classification of the activity of each consumer unit and are intended for allocation to low-income households registered with the Single CAD (Register) of the Federal Government, as an incentive to the improvement of agricultural production, and as discounts for essential public services, as is the case of the water, sewage and sanitation units.

At the same time as they determine the percentage of discount to be applied to the monthly billings of the consumer units, the orders for tariff readjustments also establish the subsidiaries' right to be reimbursed in the respective amounts through the economic grant mechanism, with funds originating from the Energy Development Account (Conta de Desenvolvimento Energético - CDE), as Law 10438/02.

Up to April 2017, Eletrobras was responsible for management of CDE funds and respective transfers. Through Law 13360/16, beginning as of May 2017, management and transfer of funds became the responsibility of Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE).

ANEEL homologated amounts to be transferred to EDP São Paulo and EDP Espírito Santo through the following Ratifying Resolutions:

Ratifying Resolution	Periods	Monthly amount
EDP Espírito Santo		
ANEEL 2432/18	Aug/18-Jul/19	22,175
ANEEL 2589/19	Aug/18-Jul/20	24,352
EDP São Paulo		
ANEEL 2469/18	Oct2018-Sep2019	12,695

See below the breakdown of the tariff discounts:

	Consolidated			Balance at 09/30/2019
	Balance at 12/31/2018	Discount	Reimbursement	
Low Income Grant	8,369	32,254	(32,994)	7,629
Incentivized Source Load Grant - Res. 77/04	41,128	142,626	(170,136)	13,618
Incentivized Source Generation Grant - Res. 77/04	2,142	4,787	(4,881)	2,048
Rural Grant	29,513	95,500	(92,567)	32,446
Irrigator/Fish Farmer Grant - Res. 207/06	(10,219)	30,967	(21,111)	(363)
Water/Sewage/Sanitation Grant - Order 3629/11	5,517	35,922	(27,246)	14,193
Distribution Grant - TUSD (Tariff for Use of the Distribution System) wire B	(7,440)	3,079	1,252	(3,109)
	<u>69,010</u>	<u>345,135</u>	<u>(347,683)</u>	<u>66,462</u>

In 2019, there was a change in EDP São Paulo mainly due to the Source Incentive Charge subsidy established by Resolution 77/2004 received have been estimated by ANEEL, in an amount higher than the amount actually paid.

14.3 Tariff modicity - low income - Consolidated

In compliance with the Notification Term 1091/05, whereby the Regulatory Agency of Sanitation and Energy of the State of São Paulo - ARSESP determined the correction of criteria of registry of the measurement equipment installed in residential consumer units, changing from biphasic to monophasic with retroactive effect to periods 2002, EDP São Paulo, in the years 2008 and 2010, revised the billings of Low-income residential consumers, related to amounts to be returned to consumers, as they have been originally billed at undiscounted tariff.

The repayment to consumers began to be made as of the invoicing of March 2009, with the sum of R\$19,464 having been repaid by September 30, 2019 (R\$19,458 on December 31, 2018). The balance repayable to consumers on September 30, 2019, of active and inactive consumer units, is R\$ 10,291 (R\$ 10,297 on December 31, 2018).

Since the refunds are made through compensation in monthly billings, the cases of inactive consumer units, measures are required by EDP São Paulo in order to identify the new location of the customer to make the refund.

Moreover, the regulations establish the right of EDP São Paulo to claim back these reimbursements to consumers, as an economic grant, net of the aforesaid taxes and established deductions.

EDP São Paulo has a balance receivable on September 30, 2019 of R\$ 8,055 (R\$ 8,055 on December 31, 2018), which will be realized as the repayments are made to consumers besides being validated by ARSESP and ratified by ANEEL.

14.4 Risk premium - GSF

Due to adhesion to renegotiation of hydrological risk in the Regulated Contracting Environment, the balance of current and non-current assets refers to premiums equivalent to amount paid as GSF for the period from January to December 2015, amortized under the straight-line basis.

The changes during the period are as follows:

Subsidiaries	Amortization periods	Balance at 12/31/ 2018	Amortization	Transferred to assets held for sale	Balance at 09/30/2019
Lajeado	Jan2015-Mar2029	27,691	(2,027)		25,664
Investco	Jan2015-Mar2029	491	(36)		455
Energest	Jan2015-Feb2024	2,794	(405)	(2,389)	-
Total		<u>30,976</u>	<u>(2,468)</u>	<u>(2,389)</u>	<u>26,119</u>
Current		3,291			2,750
Non-current		27,685			23,369

14.5 Public lighting contribution

This refers to the Contribution to Fund the Street Lighting Service - CIP, whose purpose consists of the street lighting facility design, implementation, expansion, operation and maintenance services. It is charged to consumers, in conformity with the provisions established in municipal law, collected by the distributors and transferred monthly to the Municipal authorities, as provided in Article 149-A of the Federal Constitution.

14.6 Social charges and labor obligations

These are related to the sums of provision and vacation pay, 13th salary, provision for profit sharing and results and its respective INSS and FGTS.

14.7 Reserve for reversal and amortization

Refers to resourced derived from the Reserve for reversal and amortization, set up until December 31, 1971 under the terms of the regulation of Public Electric Power Service (SPEE) (Federal Decree 41019/57), applied by EDP São Paulo in the expansion of the Public Electric Power Service. With regard to the Fund for reversal, 5% interest p.a. is charged on the reserve amount and paid monthly. The amortization of principal awaited resolutions from the Concession Grantor.

Decree-Law 9022/17 determined that the Concessionaires, which had funds corresponding to the reversal fund, should fully amortize their debts by December 31, 2026, with Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE).

The amortizations began in January 2018 and the amount related to principal and interest, of the next 12 installments, were transferred from non-current to current.



14.8 Leases and rentals

As a result of the adoption of CPC 06(R2) as of January 1, 2019 (Note 3.8.1), the Company and its subsidiaries recorded the amounts payable under the lease and rental agreements, as shown below:

Parent Company									
	Balance at 12/31/2018	First adoption CPC 06 (R2)	Payments	Inflation adjustment	Transfers	AVP	Reversal	Balance at 09/30/2019	
Current	-	4,269	(2,594)	198	2,208	2	262	4,345	
Non-current	-	4,397		187	(2,208)	402	5	2,783	
Total	-	8,666	(2,594)	385	-	404	267	7,128	

Consolidated									
	Balance at 12/31/2018	First adoption CPC 06 (R2)	Additions	Payments	Inflation adjustment	Transfers	AVP	Reversal	Transferred to assets held for sale
Current	-	33,612	42,652	(21,450)	1,517	(16,010)	41	(2,706)	(1,493)
Non-current	-	46,908	730		3,301	16,010	3,126	(569)	(797)
Total	-	80,520	43,382	(21,450)	4,818	-	3,167	(3,275)	(2,290)

The amounts recorded in liabilities are restated by the Market General Price Index (IGP-M) and are adjusted to present value at the rates representing the cost of financing the respective leased assets, as follows:

Rates (%)		
Parent Company Consolidated		
Buildings	7.22–8.51	7.22–11.28
Rentals		7.87–14.34
IT equipment	8.28	7.64–8.28
Vehicles	8.28	7.64–8.93
Machinery		7.64–9.58

The maturity of said leases and rentals considers the following future payment flow:

	Parent Company	Consolidated
Current		
2019	1,672	14,417
2020	2,673	21,746
	4,345	36,163
Non-current		
2020	1,044	9,026
2021	1,739	15,269
2022		8,749
2023		4,086
2024		3,321
2025–2037		28,258
	2,783	68,709
Total	7,128	104,872

The lease and rental agreements were recorded as a contraentry to property, plant and equipment, as "Assets related to right to use" (Note 20.1.2).

15 Non-current assets and liabilities held for sale

Company Management strategically targets the disposal of 100% stake in Energest S.A. Therefore, the assets and liabilities related to the subsidiary were presented in the non-current groups held for sale, as shown below.

The amounts recorded in the respective captions are measured at the lowest value between their book value and the fair value less selling expenses. Because they refer to asset whose sale of control is highly probable, all assets and liabilities were classified in a separate line of the balance sheet. Because it does not qualify as discontinued operation, no change was made in the disclosure of the statement of income.



ASSETS	09/30/2019	LIABILITIES	09/30/2019
Current		Current	
Cash and cash equivalents	21,404	Suppliers	106,049
Concessionaires	136,826	Income tax and social contribution payable	4,180
Taxes and social contributions	15,253	Other taxes payable	3,001
Other recoverable taxes	4,135	Dividends	29,285
Inventories	5,884	Debentures	
Risk premium - GSF	541	Post-employment benefits	562
Other receivables	12,521	Social charges and labor obligations	2,437
Total current assets	196,564	Sectorial charges	2,465
		Other accounts payable	14,226
Non-current		Total current liabilities	162,205
Deferred taxes	8,223	Deferred taxes	40
Pledges and restricted deposits	4,063	Debentures	
Risk premium - GSF	1,848	Post-employment benefits	13,929
Other receivables	10,992	Sectorial charges	
		Provisions	5,667
Property, plant and equipment	202,037	Other accounts payable	13,414
Intangible asset	1,097	Total non-current liabilities	33,050
Total non-current assets	228,260		
		Shareholders' Equity	
		Capital	48,205
		Profit reserves	108,380
		Other comprehensive income	(3,515)
		Retained earnings	76,499
		Total shareholders' equity	229,569
TOTAL ASSETS	424,824	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	424,824

Information about the Cash Flow Statement

	09/30/2019
Net cash (invested in) from operating activities	56,661
Net cash (invested in) from investment activities	(1,271)
Net cash (invested in) financing activities	(53,051)
Net increase (decrease) in cash and cash equivalents	2,339

16

Investments and provision for unsecured liability

The interim accounting information of the Parent company, the investments in subsidiaries, jointly-controlled subsidiaries and associated companies with a percentage of the voting capital above 20% or with significant influence, is valued by the equity method.

• Subsidiaries

Subsidiaries are all entities (including specific purpose entities) that the Company is exposed or has the right to establish the financial and operating policies to obtain variable returns from its activities.

• Associated companies and jointly-controlled subsidiaries

Associated companies are all entities over which the Company has significant influence but not control, generally through an ownership interest of 20% to 50% of the voting rights.

Jointly-controlled subsidiaries are all entities over which the Company has joint control with one or more parties. Investments in joint arrangements are classified as joint ventures depending on each investor's rights and liabilities relating to the arrangement.

The investments of Grupo EDP - Energias do Brasil in associated companies and joint ventures includes the goodwill identified on acquisition, net of any accumulated impairment losses.

The Company's share of the profits or losses of its associated companies and jointly-controlled subsidiaries is recognized in the statement of income, and the share in Other comprehensive income is recognized directly against the Company's shareholders' equity. When the Company's share of the losses of an associated company or jointly-controlled subsidiaries is equal to or exceeds the book value of the investment, including any other receivables, the Company does not recognize any additional losses unless the Company has assumed liabilities or made payments to the associated company or jointly-controlled subsidiary.

Unrealized gains from transactions between the Grupo EDP - Energias do Brasil and its associated companies and jointly-controlled subsidiaries are eliminated to the extent of the Grupo EDP - Energias do Brasil's interest in them. Non-realized losses are also eliminated, unless the transaction shall provide evidence of a loss (impairment) of the asset transferred. The accounting policies of associated companies and jointly-controlled subsidiaries are altered, where necessary, to ensure consistency with the policies adopted by Grupo EDP - Energias do Brasil.

• Business combination

A business combination occurs through an event in which the Company and its subsidiaries acquire control of a new asset (business), regardless of its legal form. Upon acquisition, acquiring Company must recognize and measure identifiable acquired assets, assumed liabilities and income from ownership interest at fair value, which will result in recognition of an asset due to expected future earnings (goodwill) or in gain deriving from bargain purchase and it is recorded in income (loss) for the year. Costs generated by acquisition of assets shall be recognized directly in income, as incurred.



16.1 Changes in investments and Provision for unsecured liabilities

	Parent Company								% Direct interest		
	Balance at 12/31/2018	Additions	Write-off / Amortizations	Equity in net income of subsidiaries	Dividends/Int erest on own capital	Other comprehensi ve income	Other	Transfer	Balance at 09/30/2019	09/30/2019	12/31/2018
Investments											
EDP São Paulo (*)	1,197,409			231,227	(136,524)	16,351			1,308,463	100.00	100.00
EDP Espírito Santo (*)	925,033			223,154	(82,702)	(434)			1,065,051	100.00	100.00
Lajeado Energia	167,362			56,577	(66,697)				157,242	55.86	55.86
Lajeado Energia (Surplus)	104,582			(2,012)			(1,200)		101,370	55.86	55.86
EDP Transmissão	16,151			22,820	(7,028)				31,943	100.00	100.00
EDP Transmissão MA I	6,593	8,000		2,921	60				17,574	100.00	100.00
EDP Transmissão MA II	2,958	25,727		7,613					36,298	100.00	100.00
EDP Transmissão Aliança	13,632	12,150		20,411	601				46,794	90.00	90.00
EDP Transmissão SP-MG	15,589	18,000		19,677	183				53,449	100.00	100.00
Enerpeixe	390,899		(48,000)	53,398	(12,053)				384,244	60.00	60.00
Energest (Note 15)	192,343			78,967	(39,285)	(6)		(232,019)	-	100.00	100.00
EDP Comercializadora (*)	162,427			21,147					183,574	100.00	100.00
EDP Varejista	5,444			(387)					5,057	100.00	100.00
CEJA	413,241	36,000		38,773	(20,950)				467,064	50.00	50.00
CEJA (Surplus)	174,791			(5,042)					169,749	50.00	50.00
Cachoeira Caldeirão	314,733			(7,403)					307,330	50.00	50.00
Cachoeira Caldeirão (Surplus)	1,573			(40)					1,533	50.00	50.00
Porto do Pecém	2,398,963			141,778					2,540,741	100.00	100.00
Porto do Pecém (Surplus)	354,705			(15,060)					339,645	100.00	100.00
P. Pecém Transp. Minérios	3,804			109					3,913	50.00	50.00
Pecém Operações e Manutenção	251			9					260	50.00	50.00
Resende	21,189	20		(12)					21,197	100.00	100.00
EDP Grid	57,716	27,100		(1,805)					83,011	100.00	100.00
Mabe	-								-	50.00	50.00
Celesc	473,610			24,057	(9,230)	(36,122)	1,474		453,789	23.56	23.56
São Manoel	642,197	3,000		(24,327)					620,870	33.334	33.334
EDP Ventures	-	-	-	-	-	-	-	2,435	2,435	100.00	100.00
	8,057,195	129,997	(48,000)	886,550	(373,625)	(20,211)	274	(229,584)	8,402,596		
Concession right (Note 16.1.1)											
EDP São Paulo	14,212		(1,093)						13,119		
Enerpeixe	2,070		(87)						1,983		
Lajeado	73,929		(3,954)						69,975		
	90,211	-	(5,134)	-	-	-	-	-	85,077		
Total investments	8,147,406	129,997	(53,134)	886,550	(373,625)	(20,211)	274	(229,584)	8,487,673		
Provision for unsecured liabilities											
EDP Ventures	(66)	3,000		(499)				(2,435)	-	100.00	100.00
Mabe	(7,857)			(3,349)					(11,206)	50.00	50.00
Total provision for unsecured liabilities	(7,923)	3,000	-	(3,848)	-	-	-	(2,435)	(11,206)		
Net investment	8,139,483	132,997	(53,134)	882,702	(373,625)	(20,211)	274	(232,019)	8,476,467		



	Consolidated						
	Balance at 12/31/2018	Additions	Equity in net income of subsidiaries	Dividends/ Interest on own capital	Other comprehensi ve income	Provision for losses	Balance at 09/30/2019
Investments							
EDP - Energias do Brasil							
Celesc	473,610		24,057	(9,230)	(36,122)	1,474	453,789
Pecém TM	3,804		109				3,913
Pecém Operações e Manutenção	251		9				260
CEJA	413,239	36,000	38,773	(20,950)			467,062
CEJA (Surplus)	174,791		(5,042)				169,749
Cachoeira Caldeirão	314,733		(7,403)				307,330
Cachoeira Caldeirão (Surplus)	1,573		(40)				1,533
São Manoel	642,197	3,000	(24,327)				620,870
EDP Comercializadora							
BB	420	50					470
Total investments	2,024,618	39,050	26,136	(30,180)	(36,122)	1,474	2,024,976
	Balance at December 31, 2018	Additions	Equity in net income of subsidiaries	Dividends/JS CP (interest on own capital)	Other comprehensi ve income	Provision for losses	Balances at 09/30/2019
Provision for unsecured liabilities							
Mabe	(7,857)		(3,349)				(11,206)
Total provision for unsecured liabilities	(7,857)	-	(3,349)	-	-	-	(11,206)
Net investment	2,016,761	39,050	22,787	(30,180)	(36,122)	1,474	2,013,770

16.1.1 Concession right

According to ICPC 09, Concession Rights are classified as investments in the parent company. For consolidation purposes, they are classified as intangible assets (Notes 21.1.2).

Notes to the financial information
Period ended September 30, 2019
(In thousands of reais, unless otherwise indicated)



16.2 Direct interests in investments

Company	Shares / Quotas owned by the Company (In thousands)				% of Company's ownership interest				Total assets		Liabilities (Current and non-current)		Shareholders' equity (unsecured liability)		Income		Net result for the period	
	09/30/2019		12/31/2019		09/30/2019		12/31/2019		09/30/2019	12/31/2019	09/30/2019	12/31/2019	09/30/2019	12/31/2019	2019	2018	2019	2018
	Ordinary / Quotas	Preferred shares	Ordinary / Quotas	Preferred shares	Paid-in capital	Voting capital	Paid-in capital	Voting capital										
EDP São Paulo	39,091,735		39,091,735		100.00	100.00	100.00	100.00	4,334,798	4,038,785	3,026,335	2,841,376	1,308,463	1,197,409	3,232,548	3,204,264	231,227	146,396
EDP Espírito Santo	5,876		5,876		100.00	100.00	100.00	100.00	4,829,409	3,814,099	3,764,358	2,889,066	1,065,051	925,033	2,832,760	2,596,380	223,153	125,575
Energest	48,205		48,205		100.00	100.00	100.00	100.00	424,824	314,727	195,255	122,382	229,569	192,345	318,985	190,275	76,516	101,785
EDP PCH																88,688		26,744
Lajeado	113,690		113,690		55.86	100.00	55.86	100.00	1,396,890	1,346,202	767,194	683,294	629,696	662,908	619,063	408,157	102,016	99,090
CEJA	12,897				50.00	50.00	50.00	50.00	934,144	912,990	22	86,512	934,122	826,478			77,544	33,167
Enerpeixe	499,951		499,951		60.00	60.00	60.00	60.00	2,162,298	2,126,044	1,521,892	1,474,546	640,406	651,498	270,180	245,344	88,996	60,460
Cachoeira Caldeirão	364,000		364,000		50.00	50.00	50.00	50.00	1,462,369	1,503,475	847,704	874,005	614,665	629,470	102,252	96,046	(14,805)	(15,491)
EDP Comercializadora	26,217		26,217		100.00	100.00	100.00	100.00	901,623	504,320	718,048	341,892	183,575	162,428	2,272,406	2,981,763	21,147	104,025
EDP Varejista	4,531		4,531		100.00	100.00	100.00	100.00	6,358	5,831	1,301	387	5,057	5,444		1,814	(387)	749
EDP GRID	10		10		100.00	100.00	100.00	100.00	257,223	189,674	174,210	131,957	83,013	57,717	15,887	38,378	(1,804)	(3,892)
Porto do Pecém	3,007,811		3,007,811		100.00	100.00	100.00	100.00	4,259,706	4,246,323	1,718,965	1,847,360	2,540,741	2,398,963	1,249,718	1,408,836	141,778	208,799
Pecém TM	1,682		1,344		50.00	50.00	50.00	50.00	22,190	17,874	14,361	10,263	7,829	7,611	19,170	28,490	(12,720)	1,612
Pecém OM	763		763		50.00	50.00	50.00	50.00		7,908		7,409		499		6,329		856
São Manoel	787,007		784,007		33.33	33.33	33.33	33.33	3,891,342	3,967,520	2,028,771	2,040,967	1,862,571	1,926,553	292,866	228,596	(72,982)	(65,674)
Mabe	260,285		260,285		50.00	50.00	50.00	50.00	88,970	89,529	111,383	105,243	(22,413)	(15,714)	946		(6,699)	(7,420)
Resende	21,533		21,533		100.00	100.00	100.00	100.00	21,199	21,209		1	20	21,198	21,189		(11)	(10)
Santa Fé																23,836		15,093
Costa Rica																13,642		6,685
EDP Transmissão	1		1		100.00	100.00	100.00	100.00	215,133	171,267	183,189	155,116	31,944	16,151	57,987	67,538	22,821	2,901
EDP Transmissão MA I	14,401		6,401		100.00	100.00	100.00	100.00	96,567	19,550	78,992	12,957	17,575	6,593	69,678	10,857	2,921	125
EDP Transmissão MA II	31,130		4,001		100.00	100.00	100.00	100.00	161,810	16,811	125,513	13,853	36,297	2,958	130,593	9,518	7,613	(417)
EDP Transmissão Aliança S	23,851		11,701		90.00	90.00	90.00	90.00	1,497,232	1,443,024	1,445,239	1,427,878	51,993	15,146	455,071	125,597	22,679	1,007
EDP Transmissão SP-MG	33,001		15,001		100.00	100.00	100.00	100.00	1,240,763	45,215	1,187,313	29,627	53,450	15,588	493,023	20,638	19,678	489
CELESC (*)	5,141	3,946	5,141	3,946	23.56	33.11	23.56	33.11	1,952,197	1,849,198	25,931	48,342	1,926,266	1,800,856			119,124	182,294
EDP Ventures	3,001		1		100.00	100.00	100.00	100.00	4,581	1,001	2,147	1,068	2,434	(67)			(499)	

(*) The amounts relative to CELESC are respectively related to financial statements of December 31, 2018 and interim accounting information as of June 30, 2019 (Note 17.2).

16.3 Reconciliation of financial information of investments

Below is a reconciliation of the main investment balances:

	EDP São Paulo		EDP Espírito Santo		Lajeado		Enerpeixe		Porto do Pecém		São Manoel		CELESC	
	09/30/2019	12/31/2019	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	06/30/2019	12/31/2018
Shareholders' equity - Opening balance	1,197,409	1,105,701	925,033	791,900	662,908	611,354	651,498	730,005	2,398,963	2,174,107	1,926,553	1,945,032	1,800,856	1,896,448
Initial adoption of CPC 48 - 01/01/2018		(28,365)		(5,904)										
Capital increase											9,000	78,000		
Distribution of dividends to the shareholders	(136,524)	(185,064)		(74,975)	(146,563)	(90,877)	(20,088)	(178,182)						(3,159)
Retained earnings														5,812
Net income (loss) for the period	231,227	213,493	223,153	170,494	113,351	142,466	88,996	99,675	141,778	224,856	(72,982)	(96,479)	119,124	111,300
Other comprehensive income	16,351	(27,126)	(434)	75,840		(35)							6,286	
Reversal of dividends		118,770		6,457										
Capital decrease and distribution of reserves			(82,701)	(38,779)			(80,000)							
Shareholders' equity - Closing balance	1,308,463	1,197,409	1,065,051	925,033	629,696	662,908	640,406	651,498	2,540,741	2,398,963	1,862,571	1,926,553	1,926,266	2,010,401
Percentage of ownership interest - %	100.00%	100.00%	100.00%	100.00%	55.86%	55.86%	60.00%	60.00%	100.00%	100.00%	33.334%	33.334%	23.558%	23.558%
Interest in investments	1,308,463	1,197,409	1,065,051	925,033	351,763	370,316	384,244	390,899	2,540,741	2,398,963	620,870	642,197	453,789	473,610
Founders' shares					(252,150)	(252,150)								
Tax benefit					56,244	56,244								
Retained earnings					1,385	(7,048)								
Goodwill														
Book balance of the investment in the Parent Company	1,308,463	1,197,409	1,065,051	925,033	157,242	167,362	384,244	390,899	2,540,741	2,398,963	620,870	642,197	453,789	473,610
Non-controlling interest	-	-	-	-	472,454	495,546	256,162	260,599	-	-	1,241,701	1,284,356	1,472,477	1,536,791



17 Disclosure at other entities

As required by Technical Pronouncement CPC 45 – Disclosure in other entities, the condensed interim accounting information for each of the relevant joint ventures and associated company are presented below: Those enterprises' investments are recorded under the equity method and the amounts shown in the interim accounting information were prepared under IFRSs.

17.1 Joint ventures

All information presented below represents 100% of the balances of joint ventures which, under Company's evaluation, are considered significant for disclosure.

CEJA

CEJA is the holder of 100% ownership interest of ECE Participações, which holds the concession of Santo Antônio do Jari Hydroelectric Power Plant, headquartered in the city of São Paulo.

Cachoeira Caldeirão

Cachoeira Caldeirão holds concession right of Hydroelectric Power Plant Cachoeira Caldeirão, headquartered in city of Ferreira Gomes in the state of Amapá.

São Manoel

São Manoel holds concession right of Hydroelectric Power Plant São Manoel, headquartered in the city of Rio de Janeiro.

By replacing Consórcio Construtor of UHE São Manoel, carried out in January 2017, the Management expected that there would be an increase in the total amount for the construction of the UHE São Manoel, since additional expenditures would be required from the new company to complete the construction within the expected schedule.

Due to what happened, as at December 31, 2016, São Manoel conducted the impairment test of assets to check if this potential increase in the total value of the asset would be recoverable. Based on the assumptions from the determination base of recoverable value to the discount rate, in 2016, São Manoel, considering that the best estimates were available for the calculation, identified an impairment loss of the asset in UHE São Manoel totaling R\$ 460,236, recorded as a counterparty in the item "Other operating expenses" in the result of 2016.

In fiscal years 2018 and 2017, São Manoel reviewed the impairment test of São Manoel's assets, and did not identify any need to reverse or supplement the amount recorded in 2016.

Additionally, São Manoel evaluates the obligation to indemnify the position of Pan Seguros S.A., the insurance company that issued the insurance bond policy for São Manoel, starting coverage from July 2014, was considered as assumption. São Manoel hired legal advice from specialized consultants, who concluded that São Manoel has the right to receive the indemnification since the insurance has the purpose to ensure the carrying out, at full contract basis, at a fixed price, of the materials and equipment supplies, assembly, engineering and civil work services, under the full "Turn Key" modality for the implementation of the enterprise. The indemnification limit under policy is R\$429,555.

In August 2018, Pan Seguros S.A. ended the claim adjustment procedure and denied insurance coverage to São Manoel. Thus, in January 2019, a collection lawsuit was filed by the São Manoel against the insurance company, whose likelihood of loss was classified as "possible" by the legal advisors.

The Company and São Manoel quarterly monitor the events that may significantly change the test for impairment, not having thus far identified factors that indicate change in the adopted assumptions.

17.1.1 Interim accounting information - Condensed

Balance sheet

	CEJA - Consolidated		Cachoeira Caldeirão		São Manoel	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Assets						
Current						
Cash and cash equivalents	36,794	34,223	71,530	59,387	37,001	45,143
Consumers and Concessionaires	73,904	43,843	30,131	49,729	48,878	57,376
Other receivables	20,994	19,132	15,018	15,242	35,529	30,721
	131,692	97,198	116,679	124,358	121,408	133,240
Non-current						
Recoverable income tax and social contribution	3,614	8,013	3,241	2,693	4,766	4,539
Deferred taxes	45,750	49,922	58,103	50,524	256,661	219,104
Other receivables	50,297	53,561	54,856	56,837	224,692	240,507
	99,661	111,496	116,200	110,054	486,119	464,150
Investments						
Property, plant and equipment	1,075,760	1,100,157	1,217,411	1,255,604	3,206,310	3,274,398
Intangible asset	509,700	519,068	12,079	13,459	77,505	95,732
Total assets	1,816,813	1,827,919	1,462,369	1,503,475	3,891,342	3,967,520
Liabilities						
Current						
Suppliers	59,570	45,442	11,799	20,318	35,025	33,348
Debentures			19,147	13,440	29,582	23,379
Loans, financing and debt charges	54,745	54,695	35,155	34,170	84,577	82,314
Provisions	2,069	13,324	9,285	16,096	17,171	22,257
Other accounts payable	13,360	25,603	3,508	3,991	9,246	13,642
	129,744	139,064	78,894	88,015	175,601	174,940
Non-current						
Deferred taxes	166,955	170,749	1	24	11	6
Debentures			211,284	212,751	301,505	304,202
Loans and financing	558,025	595,889	531,776	541,248	1,470,229	1,486,306
Use of Public Property	22,118	21,528	11,092	10,897	45,422	44,605
Advance for future capital increase		72,000				
Provisions	5,584	1,990	14,057	20,434	34,390	30,608
Other accounts payable	264	221	600	636	1,613	300
	752,946	862,377	768,810	785,990	1,853,170	1,866,027
Shareholders' Equity	934,123	826,478	614,665	629,470	1,862,571	1,926,553
Total liabilities and shareholders' equity	1,816,813	1,827,919	1,462,369	1,503,475	3,891,342	3,967,520



Statement of income

	CEJA - Consolidated		Cachoeira Caldeirão		São Manoel	
	Nine-month periods ended September 30					
	2019	2018	2019	2018	2019	2018
Income	195,343	186,196	102,252	96,046	292,866	228,596
Cost of production and electricity services	(54,057)	(69,413)	(69,280)	(69,546)	(262,653)	(199,555)
Operating expenses and income	(16,514)	(17,093)	(2,813)	5,798	(3,908)	(4,623)
Financial result	(35,507)	(49,874)	(52,543)	(55,771)	(136,844)	(123,883)
Income and social contribution taxes - current and deferred	(11,721)	(16,649)	7,579	7,982	37,557	33,791
Net result for the period	77,544	33,167	(14,805)	(15,491)	(72,982)	(65,674)

17.1.2 Civil, tax and labor provisions and restricted deposits – current and non-current

17.1.2.1 Risk of probable loss

	CEJA - Consolidated						
	Liabilities					Assets	
	Write-offs					Judicial deposit	
	Balance at 12/31/2018	Formation	Payments	Reversals	Inflation adjustment	Balance at 09/30/2019	
Labor	1,966	437	(77)	(787)	70	1,609	422
Civil	24				3	27	
Other	-	188	(9)	(92)		87	
Total non-current	1,990	625	(86)	(879)	73	1,723	422

	Cachoeira Caldeirão						
	Liabilities					Assets	
	Write-offs					Judicial deposit	
	Balance at 12/31/2018	Formation	Payments	Reversals	Inflation adjustment	Balance at 09/30/2019	
Labor	573	29	(9)	(287)	(289)	17	1
Civil	15,230	1,931	(7,377)	(1,732)	1,193	9,245	45
Other	-	460	(11)	(21)		428	
Total non-current	15,803	2,420	(7,397)	(2,040)	904	9,690	46

	São Manoel				
	Liabilities				
	Balance at 12/31/2018	Formation	Reversals	Restatement	Balance at 09/30/2019
Labor	1	6,485	(5)	713	7,194
Other	-	395	(130)		265
Total non-current	1	6,880	(135)	713	7,459

Cachoeira Caldeirão

Among the civil lawsuits noteworthy were the claims involving the expropriation issue related to the water crossing event occurred in the opening contracted in the cofferdam of the UHE Cachoeira Caldeirão in which on May 7, 2015, due to rise of Araguari river, Cachoeira Caldeirão conducted a controlled opening of left margin cofferdam to permit river waters to pass. Subsequent to this safety procedure and maneuvers carried out by other plants of the region, the municipality of Ferreira Gomes, downstream the dam, was partially flooded.

In view of this occurrence, on May 18, 2015, Cachoeira Caldeirão entered into a Term for Adjustment of Conduct (TAC), without the presumption of guilt, with the Federal Public Prosecutor's Office of Amapá State for the purpose of indemnifying families and dealers (under emergency circumstances) affected by the flood.

The Public, State and Federal Ministries filed a Writ of Mandamus in order to determine via judicial investigation the cause and those responsible for what happened regarding UHE Ferreira Gomes, UHE Coaracy Nunes, Instituto de Meio Ambiente e Ordenamento Territorial do Amapá - Imap, and Cachoeira Caldeirão.

Complainers allege that they have been impacted by the flood and claim for application of TAC terms, in addition to those previously signed by Cachoeira Caldeirão, that is, indemnity of R\$20 for houses and R\$35 for commercial establishments.

Regarding other lawsuits, Cachoeira Caldeirão filed, which was admitted by Amapá State appeal collegiate court, which suspended part of lawsuits in Special Civil Court until the final decision of the STF (Federal Supreme Court). However, Cachoeira Caldeirão participated in the joint efforts of the Court of Justice of Amapá in March 2019, jointly with the Court of Ferreira Gomes, closing some of the lawsuits in progress. The appeal of Cachoeira Caldeirão was not recognized by the Federal Court of Justice, so that a portion of the suspended claims are now under analysis. Moral damage claims remain suspended.

Cachoeira Caldeirão had called its insurance company to obtain reimbursement for the indemnities and overhead expenses arising from the event, and, on August 13, 2018, the insurance adjustment process was completed, determining as indemnity to Cachoeira Caldeirão, already net of deductible, the amount of R\$ 28,000.

17.1.2.2 Risk of possible loss

	CEJA - Consolidated				Cachoeira Caldeirão			São Manoel			
	Assets						Assets			Assets	
							Judicial deposit			Judicial deposit	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Labor	854		134	158	14	12		15,477	95		
Civil	19,238	17,597			4,111	4,372		2,416	3,149	4	328
Tax	15,825	642			12,984	118	118	2,920	2,683	2,332	2,235
Total	35,917	18,239	134	158	17,109	4,502	118	20,813	5,927	2,336	2,563

CEJA - Consolidated

ECE Participações, along with other agents of the industry, in October 2014, filed a lawsuit pending in 2nd Federal Court in the Federal District, before the Federal Government, to suspend the effects of Resolution 03/13 of the Brazilian Energy Policy Council (CNPE), enacted by the Federal Government, which introduced a sharing between all agents of the energy market of the costs incurred for the additional dispatch of thermal sources (oil, coal and gas) due to the shortage of rain (System Service Charge – ESS).



On November 04, 2014, an injunction was granted to suspend the effects of the provisions established in articles 2 and 3 and in the attachment to CNPE Resolution No. 03/13. The decision considering valid the request by the plaintiff was published on September 05, 2017. ECE Participações is still awaiting a possible appeal by the Brazilian Federal Government. On September 30, 2019, the estimated amount of the lawsuit is R\$ 19,116 (R\$ 17,003 on December 31, 2018) and it is based on the accounting reports of Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE).

ECE Participações, in May 2019, filed a writ of mandamus seeking to rule out the collection of the Control, Monitoring and Inspection Fee for the Activities of Exploration and Use of Water Resources (TFRH), created by the State of Amapá by means of Law No. 2,388/2019, in the amount of R\$ 14,606 as of September 30, 2019 and currently is awaiting to be judged.

São Manoel

In addition to lawsuits aforementioned, São Manoel is party to a Public Civil Lawsuit proposed by the Federal Public Prosecutor's Office (Ministério Público Federal - MPF), on the grounds of alleged irregularities in the environmental permits for the construction of UHE São Manoel, non-compliance with conditions for the indigenous component:

In all lawsuit, the MPF requires injunction for suspension of permits. Due to the complexity of such lawsuit, it is not possible to estimate the economic value involved, because the results of possible permit suspension will vary according to investment value already realized by São Manoel to build the joint venture. Despite strong arguments of the defense, São Manoel and its legal advisors classified the lawsuit as possible risk due to the protective trend in environmental matters. Currently, the lawsuits is awaiting for the judgment of the appeal filed by MPF (Public Prosecutor's Office).

Cachoeira Caldeirão

Cachoeira Caldeirão, in May 2019, filed a writ of mandamus seeking to rule out the collection of the Control, Monitoring and Inspection Fee for the Activities of Exploration and Use of Water Resources (TFRH), created by the State of Amapá by means of Law No. 2,388/2019, in the amount of R\$ 12,861 as of September 30, 2019 and currently is awaiting to be judged.

17.1.3 Contractual commitments and guarantees

17.1.3.1 Contractual commitments

On September 30, 2019, the joint ventures present contractual commitments not recognized in the interim accounting information, which are presented by the total amount.

Contractual commitments mentioned in the chart below reflect agreements and commitments necessary for CEJA and its subsidiary's normal operations, adjusted at respective projected rates and adjusted at present value at the rate of 6.86% in CEJA and 7.00% in Cachoeira Caldeirão and São Manoel, which represents average financing rate for construction of enterprises.

	CEJA - Consolidated		Cachoeira Caldeirão		São Manoel	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Liabilities with operating leases		208	4	75		1,683
Liabilities for purchases						
Purchase of energy	21,938	3,973	61,664	29,570		
Energy connection and transportation charges						
Materials and services	20,029	15,361	19,721	27,216	36,045	37,051
Risk premium - GSF	73,060	73,060				
Interest Falling Due Loans, Financing and Debentures	206,639	246,789	340,633	380,383	987,296	1,086,932
	<u>321,666</u>	<u>339,391</u>	<u>422,022</u>	<u>437,244</u>	<u>1,023,341</u>	<u>1,125,666</u>

Contractual commitments referred to in chart below reflect the same contract commitments shown above, however, they are adjusted at respective rates on base date September 30, 2019, that is, with no projection of correction indices and are not adjusted to present value.

	CEJA - Consolidated		Cachoeira Caldeirão		São Manoel	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Liabilities with operating leases		209	4	76		1,708
Liabilities for purchases						
Purchase of energy	26,088	4,200	93,312	31,373		
Energy connection and transportation charges						
Materials and services	16,868	16,798	18,340	31,218	28,981	37,313
Risk premium - GSF	241,616	241,616				
Interest Falling Due Loans, Financing and Debentures	272,761	309,821	491,429	527,666	1,477,420	1,560,027
	<u>557,333</u>	<u>572,644</u>	<u>603,085</u>	<u>590,333</u>	<u>1,506,401</u>	<u>1,599,048</u>

17.1.3.2 Guarantees

Guarantees	Type of guarantees	CEJA - Consolidated		Cachoeira Caldeirão		São Manoel	
		09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Loans and financing	(i) Blocked deposit; (ii) Bank guarantee; (iii) Corporate guarantee; (iv) Lien on shares; and (v) Pledge of Rights	613,459	651,338	569,545	578,223	1,576,904	1,592,458
Debentures	(i) Bank Guarantee and (ii) Corporate Guarantee			230,883	226,707	351,191	349,815
Lawsuits	(i) Blocked deposit; (ii) Bank Guarantee and (iii) Guarantee insurance.			2,747			
Construction performance bond	Insurance bond					275	240
Other	Receivables	2,047	1,971	1,339	1,384		
		<u>615,506</u>	<u>653,309</u>	<u>804,514</u>	<u>806,314</u>	<u>1,928,370</u>	<u>1,942,513</u>

17.2 Associated company

During 2018, the Company acquired 3,945,820 preferred shares and 5,140,868 common shares, which together represent 23.56% of CELESC's capital.

CELESC is a mixed corporation that has been operating since 1955 in the areas of power generation, transmission and distribution. During this period, it established itself as one of the largest companies in the Brazilian power sector, with national and international recognition for the quality of its services and for its actions in the technical, economic, environmental and social fields. In 2006, pursuant to the model advocated by the national power sector legislation, CELESC was structured as a holding company, with two wholly-owned subsidiaries: CELESC Geração S.A., which has 12 power plants in operation with a generation capacity of 106.97 MW, and CELESC Distribuição S.A., which serves more than 3.0 million customers, in 287 municipalities, besides part of the municipality of Rio Negro, in Paraná. In addition, it has the jointly-controlled subsidiary Companhia de Gás de Santa Catarina S.A. - SCGÁS which operates in the distribution of natural gas.

The information presented below represents 100% of the balances of CELESC, extracted from the interim accounting information on June 30, 2019, released to the market on August 14, 2019 which and financial statements as of December 31, 2018, released to the market on March 29, 2019, which, in the Company's opinion, are considered relevant for disclosure. The Company assessed the corporate events disclosed to the market by CELESC between January 1, 2019 and September 30, 2019 and did not identify any material facts to be adjusted in the interim accounting information used to calculate equity.



17.2.1 Individual and condensed financial statements

Balance sheet

Assets	06/30/2019	12/31/2018	Liabilities	06/30/2019	12/31/2018
Current			Current		
Cash and cash equivalents	15,884	16,763	Dividends and interest on own capital	19,929	39,524
Recoverable taxes	2,032	1,925	Other current liabilities	1,512	2,193
Dividends receivable	25,133	48,006		21,441	41,717
Other current assets	29	203			
	43,078	66,897			
Non-current			Non-current		
Interest earning bank deposits measured at fair value	137,478	137,478	Provisions	4,490	6,625
Other non-current assets	22,749	22,282		4,490	6,625
	160,227	159,760			
Investments	1,743,174	1,616,555			
Property, plant and equipment	20	37			
Intangible asset	5,698	5,949			
Total assets	1,952,197	1,849,198	Shareholders' Equity	1,926,266	1,800,856
			Total liabilities and shareholders' equity	1,952,197	1,849,198

Statement of income

	06/30/2019
Operating expenses and income	(12,318)
Income (loss) from ownership interest	130,969
Financial income (loss)	473
Net result for the period	119,124

17.2.2 Civil, tax and labor provisions and restricted deposits – current and non-current

17.2.2.1 Risk of probable loss

	06/30/2019	12/31/2018
	Assets	Assets
	Judicial deposit	Judicial deposit
Liabilities	Liabilities	Liabilities
Labor	41	41
Civil	203	147
Tax	1,263	1,263
Regulatory	2,983	5,174
Total non-current	4,490	6,625

17.2.2.1.1 Regulatory

The lawsuits in which CELESC is litigating matters pertaining to the application of the sectorial regulation with other sectorial agents (electric power generation, trading, transmission or distribution concessionaires, as well as institutional agents such as ANEEL, CCEE, ONS, EPE [Energy] and MME [Ministry]), constitute regulatory contingencies.

18 Concession assets

	Consolidated									
	Net value as of 12/31/2018	Transfers to intangible assets	Transfers to indemnifiable financial assets	Additions (Notes 18.1.1 and 30)	Remuneration	Write-offs	Acquisition of company	Capitalized interest (Note 30)	Construction margin	Reclassification
Distribution	391,428	(182,262)	(349,822)	437,466				4,907		8,728
Transmission	427,234			999,040	95,749	(12,230)	18,816	72,204	44,527	113,779
Total non-current	818,662	(182,262)	(349,822)	1,436,506	95,749	(12,230)	18,816	77,111	44,527	8,728

18.1 Distribution

They are related to a contractual right of the concessionaires of charging users for the power distribution system construction, when respective assets went live and are measured at fair value plus financial charges, when applicable.

In accordance with the provisions of the Accounting Instructions of the Electricity Sector Accounting Manual and in CVM Resolution 672/11, which approves the technical pronouncement CPC 20 (R1), the financial charges relating to the financing obtained from third parties, effectively invested in Concession Assets, are recorded in this subgroup as cost of the respective works. The annual average rate invested in the period to determine the sum of the capitalizable financial charges was 1.7629%, which represents the effective rate of the loan as PRORET rules provided in submodule 2.4 and ANEEL Normative Resolution 648/15.

Upon the completion of the infrastructure construction works, the conclusion of performance obligation is evidenced and required by CPC 47, and these assets are divided as Indemnification assets (Note 18) or as Intangible Assets (Note 21), depending on the type of return.

18.1.1 Additions

Investments made by EDP Espírito Santo: (i) 49% were set aside for the installation of metering systems, expansion of lines, substations and distribution networks for the connection of new customers; (ii) 22% were set aside for network improvement, replacement of equipment and meters, both obsolete and depreciated, as well as the replacement of network conductors at the end of their useful lives; (iii) 11% were invested in loss prevention; and (iv) 18% were invested in telecommunications, IT and other activities, such as infrastructure and commercial projects.

Investments made by EDP Espírito Santo: (i) 38% were set aside for the installation of metering systems, expansion of lines, substations and distribution networks for the connection of new customers; (ii) 34% were set aside for network improvement, replacement of equipment and meters, both obsolete and depreciated, as well as the replacement of network conductors at the end of their useful lives; (iii) 16% were invested in telecommunications, IT and other activities, such as infrastructure and commercial projects; and (iv) 12% were invested in loss prevention.

18.2 Transmission

Contractual assets include amounts receivable relating to the infrastructure implementation and income from the return on concession asset services. These assets are measured at the present value of future cash flows, based on the average funding rate of the project in force at the time of formalization of the concession agreement, according to CPC 47.

The financial asset model establishes that the income from concession agreement will be recognized under the criteria of CPC 47, that is, price allocation is required for each type of performance obligation identified in the agreement with the customer, together with the requirement for classification of financial assets either as amortized cost or fair value through profit and loss.



Within the scope of CPC 47, the transmission subsidiaries have a single agreement with a customer (concession of the transmission line) with three identified performance obligations, namely: (i) to build; (ii) to operate and maintain; and (iii) to fund the Concession Grantor. Accordingly, based on the terms of the agreements, the subsidiaries classified the assets as contractual, since for their realization, the cash flows are influenced by operational performance factors as well as future conditions arising from periodic tariff review procedures. These assets are not only receivable over time, a condition precedent for classification of the above assets as financial assets in accordance with CPC 48.

Because these are long-term agreements with customers, the subsidiaries have identified the existence of a significant financing component which is considered for the calculation of funding to the Concession Grantor, as mentioned above.

Price allocation by performance obligation and the assumptions used are described in note 29.

At the end of the concession agreement period, all assets and facilities linked will be incorporated into the Brazilian Federal Government's assets.

The transmission subsidiaries will receive the contractual assets only from the Concession Grantor, through a regulated tariff known as Permitted Annual Revenue - RAP, which corresponds to the cash flows stipulated in the concession agreement.

(*) The amount presented in the column refers to the recognition of PIS and COFINS levied on the additions of the concession assets for the transmission subsidiaries.

19 Indemnifiable financial assets

	Consolidated				
	Net value as of 12/31/ 2018	Transfer of concession assets	Fair value	Write-offs	Reclassification on
Indemnifiable financial assets	2,308,855	349,822	256,599	(17,358)	(19,617)
Total non-current	2,308,855	349,822	256,599	(17,358)	(19,617)

The subsidiaries EDP São Paulo and EDP Espírito Santo present a balance of non-current asset from the Concession Grantor at the end of concession, as an indemnity for investments made and not recovered in the rendering of services granted, from the bifurcation required by ICPC 01 (R1). These financial assets are valued at their fair value, based on the New Replacement Value - NVR of assets pertaining to the concession, reviewed every four years in the appraisal report on the Regulatory Remuneration Basis - BRR, as established in Concession agreement.

The Replacement Cost New- VNR method determines that each asset must be valued at current prices by all the expenditures required for its replacement with an identical, similar or equivalent asset that provides the same services and has the same capacity as the existing asset. The application of this method occurs through the use of the Reference Price Base, the Company's Price Base or the Referential Budget.

The Reference Price Base represents the average regulatory costs, by group, of smaller components and additional costs, as defined in Appendix V of the Tariff Regulation Procedures – PRORET, submodule 2.3.

The Price Base is defined as the base formed using information from the actual company, and can only be applied to the main equipment or alternatively, to the smaller components and additional costs.

The Referential Budget represents the value of an assets or its individual parts by means of the comparison of market data relating to others with similar characteristics, applied exclusively to Buildings, construction works and improvements.

Indemnifiable financial asset is adjusted: (i) per Amplified Consumer Price Index (IPCA) restatement according to Normative Resolution 686/15; and (ii) per additions and write-off of infrastructure as regulated by ANEEL.

These assets will be reversed to Concession Grantor at the end of concession and effects from measurement at fair value are recognized directly income for the year.

In this sense, assessment is validated under supervision of ANEEL and occurs from inspections in the field of the concession infrastructure, following the methodology and criteria for evaluation of assets considered eligible, of the concessionaires of public service of electricity distribution, in order to restore the efficient level of operating costs and of the regulatory remuneration basis of the concessionaires.

19.1 Fair value

Of the amount of R\$ 256,599 in the fair value caption, in addition to the effect on the Tariff Review of EDP Espírito Santo subsidiary (Note 4.10), R\$ 91,363 refers to the review of the estimate of the amount to be approved in the BRR of subsidiary EDR São Paulo on October 23, 2019.

20 Property, plant and equipment

Fixed assets are recorded at cost plus non-recoverable taxes on purchases/construction costs directly attributable to bringing the asset to the location and condition necessary for the operation, less accumulated depreciation and when applicable, accumulated impairment losses. Also part of the cost of fixed assets is interest on loans and financing from third parties, capitalized during the construction phase, deducted from the financial income of third party unallocated funds.

The book value of the replaced goods is written off, and expenditures on repairs and maintenance are fully recorded as result for the period.

The depreciation calculation basis is the asset's depreciable amount (acquisition cost, less residual value) of the asset. Depreciation is recognized in the income statement on a straight line basis in accordance with the useful life of each addition and removal unit, as this method best reflects the consumption pattern of future economic benefits incorporated into the asset. The depreciation rates used as provided for in table XVI of the Manual of Asset Control in the Electricity Sector (Manual de Controle Patrimonial do Setor Elétrico - MCPSE) were approved by Normative Resolution 674, of August 11, 2015.

The depreciation rate considers the useful life of the asset, however, for assets not indemnifiable by the Concession Grantor at the end of the concession/authorization, the depreciation is recorded considering the remaining period of Concession/Authorization.

At the end of the concession agreement period, all assets and facilities linked to the Hydroelectric Power Plants will be incorporated into the Brazilian Federal Government's assets, and the concessionaires will be refunded for any investments made and not yet amortized, provided that the latter have been authorized by ANEEL and subjected to an ANEEL audit.



20.1 Breakdown of property, plant and equipment

Parent Company								
09/30/2019				12/31/2018				
	Average depreciation annual rate %	Historical cost	Accumulated depreciation	Net value	Average depreciation annual rate %	Historical cost	Accumulated depreciation	Net value
Construction in service								
Management								
Construction, civil works and improvements	21.25	1,847	(992)	855	48.84	920	(764)	156
Machinery and equipment	13.22	31,690	(17,363)	14,327	11.45	28,206	(14,567)	13,639
Vehicles	14.29	2,005	(1,393)	612	14.29	1,471	(1,243)	228
Furniture and fixtures	6.25	4,202	(1,772)	2,430	6.25	3,900	(1,612)	2,288
Total construction in service		39,744	(21,520)	18,224		34,497	(18,186)	16,311
Assets related to right to use								
Construction, civil works and improvements	39.51	8,217	(2,427)	5,790				-
Vehicles	50.00	446	(167)	279				-
Depreciation - Total assets related to right to use		8,663	(2,594)	6,069		-	-	-
Construction in progress								
Management		12,009		12,009		15,423		15,423
Total construction in progress		12,009	-	12,009		15,423	-	15,423
Total property, plant and equipment		60,416	(24,114)	36,302		49,920	(18,186)	31,734

Consolidated								
09/30/2019				12/31/2018				
Note	Average depreciation annual rate %	Historical cost	Accumulated depreciation	Net value	Average depreciation annual rate %	Historical cost	Accumulated depreciation	Net value
Construction in service								
Generation								
Land		183,610		183,610		180,390		180,390
Reservoirs, dams and water mains	1.84	1,761,288	(509,278)	1,252,010	1.79	1,806,349	(508,118)	1,298,231
Construction, civil works and improvements	2.26	939,969	(274,391)	665,578	2.25	960,627	(272,722)	687,905
Machinery and equipment	3.92	5,401,344	(1,623,997)	3,777,347	3.42	5,446,421	(1,504,837)	3,941,584
Vehicles	14.47	5,104	(2,804)	2,300	14.20	5,356	(2,516)	2,840
Furniture and fixtures	6.43	4,033	(1,172)	2,861	5.23	3,334	(974)	2,360
		8,295,348	(2,411,642)	5,883,706		8,402,477	(2,289,167)	6,113,310
Connection Transmission System	20.1.1							
Construction, civil works and improvements	14.45	10,792	(9,234)	1,558	14.45	10,792	(8,557)	2,235
Machinery and equipment	5.82	257,756	(134,933)	122,823	8.00	257,756	(124,186)	133,570
		268,548	(144,167)	124,381		268,548	(132,743)	135,805
Management								
Construction, civil works and improvements	6.90	12,398	(2,043)	10,355	8.84	11,471	(1,468)	10,003
Machinery and equipment	13.02	65,136	(31,107)	34,029	11.35	59,386	(25,410)	33,976
Vehicles	15.13	3,474	(2,198)	1,276	14.05	2,753	(1,939)	814
Furniture and fixtures	7.06	7,596	(3,211)	4,385	7.06	7,099	(2,874)	4,225
		88,604	(38,559)	50,045		80,709	(31,691)	49,018
Activities not linked to concession								
Land		85		85		85		85
Construction, civil works and improvements	21.50	11,098	(3,659)	7,439	29.12	1,924	(1,260)	664
		11,183	(3,659)	7,524		2,009	(1,260)	749
Total construction in service		8,663,683	(2,598,027)	6,065,656		8,753,743	(2,454,861)	6,298,882
Assets related to right to use	20.1.2							
Construction, civil works and improvements	42.32	81,599	(11,059)	70,540				-
IT equipment	63.16	155	(73)	82				-
Machinery and equipment	27.76	19,636	(4,088)	15,548				-
Vehicles	53.84	15,868	(6,684)	9,184				-
Depreciation - Total assets related to right to use		117,258	(21,904)	95,354		-	-	-
Construction in progress								
Generation		132,650		132,650		331,734		331,734
Management		38,310		38,310		31,368		31,368
Total construction in progress		170,960	-	170,960		363,102	-	363,102
Total property, plant and equipment		8,951,901	(2,619,931)	6,331,970		9,116,845	(2,454,861)	6,661,984

20.1.1 Transmission lines (Connection Transmission System) – Investco

Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica - ANEEL), through Official Letter No. 506 of July 21, 2014, communicated to Investco that the auction of 500 kV Miracema-Lajeado transmission lines and of the SE 500/230kV Lajeado substation, which take the energy it produces to the point of connection with the Basic Network, aiming at meeting the growing demand for loads in the state of Tocantins, in accordance with article 17 of Law 9074/95.

ANEEL promoted Transmission Auctions 04/14 and 01/15 as of November 18, 2014 and August 26, 2015, respectively; however, there were no proposals for respective assets.

On April 13, 2016 the Transmission Auction 13/15-ANEEL was held, in which Transmissora Aliança de Energia Elétrica S.A. - Taesa was the winner of Lot P, which comprised these assets. On June 27, 2016, Taesa signed the concession agreement, and the implementation and commercial startup of the new facilities is expected to occur by December 27, 2019. The respective assets will be transferred to the transmitting company, without burden to it, in up to 180 days after new facilities to be implemented by the transmitting company.

Based on CPC 27 – Property, plant and equipment, in view of the reduction in the useful lives of these assets, Investco Company started the process of accelerating their depreciation from June 2016, signature date of the concession agreement by Taesa.

According to the concession agreement, the transfer of assets to Taesa and the respective asset depreciation, was expected to occur up to December 2019. In July 2018, Investco received a notice from Taesa informing about the expectation for bringing forward the transfer of assets to the month of June 2019, causing Investco to change the depreciation term of transmission line from December 2019 to May 2019, thus being fully depreciated.

The transfer of goods is in the contract preparation phase, expected to be finalized next quarter.

Currently, Investco has, among its fixed assets that comprise the Connection Transmission System, R\$ 5,531 (R\$ 12,581 on December 31, 2018) related to the connection bay of the Power Plant's substation to the 500 kV Miracema-Lajeado transmission line.



20.1.2 Right-of-use assets

They refer to assets from the adoption of CPC 06 (R2) as of January 1, 2019 (Notes 3.8.1 and 14.8). The main assets recognized have the following characteristics:

- Buildings, civil works and improvements: they substantially refer to related rent contracts: (i) to the headquarters of the companies belonging to the EDP - Energias do Brasil group; and (ii) the consumer service stores located in the municipalities where the distributors have their concessions.
- Computer equipment: refers to the lease contract of notebooks and desktops used by employees, including their maintenance.
- Machinery and equipment: refer substantially to the subsidiary Porto do Pecém and correspond to the rental of machinery for handling and stacking of the coal stored in the yard.
- Vehicles: refer substantially to the rental contract for the fleet vehicles used by employees for transportation in the rendering of services, and also for the executive vehicles used by the top management.

20.2 Changes in property, plant and equipment

	Parent Company						
	Net value as of 12/31/2018	First-time adoption of CPC 06 (R2)	Inflows	Transfer to construction in service	Depreciation	Write-offs	Net value as at 09/30/2019
Construction in service							
Construction, civil works and improvements	156			986	(228)	(59)	855
Machinery and equipment	13,639			3,484	(2,796)		14,327
Vehicles	228			533	(149)		612
Furniture and fixtures	2,288			303	(161)		2,430
Total construction in service	16,311	-	-	5,306	(3,334)	(59)	18,224
Assets related to right to use							
IT equipment	-	8,217			(2,427)		5,790
Machinery and equipment	-	4			(3)	(1)	-
Other	-	445			(166)		279
Depreciation - Total assets related to right to use	-	8,666	-	-	(2,596)	(1)	6,069
Construction in progress							
Machinery and equipment	15,216		708	(3,484)		(81)	10,346
Advances to suppliers	-			(986)		986	-
Other	207		36	(836)		(35)	1,663
Total construction in progress	15,423	-	744	(5,306)	-	(116)	12,009
Total property, plant and equipment	31,734	8,666	744	-	(5,930)	(117)	36,302

	Consolidated								
	Net value as of 12/31/2018	First-time adoption of CPC 06 (R2)	Inflows	Transfer to construction in service	Depreciation	Write-offs	Acquisition of companies	Transferred to assets held for sale	Net value as at 09/30/2019
Construction in service									
Land	180,475			3,249		(28)		(1)	183,695
Reservoirs, dams and water mains	1,298,231			592	(27,512)			(19,301)	1,252,010
Construction, civil works and improvements	700,806			1,636	(20,932)			(5,788)	684,930
Machinery and equipment	4,109,131			194,801	(199,804)	(123)		(169,806)	3,934,199
Vehicles	3,654			972	(668)	(100)		(282)	3,576
Furniture and fixtures	6,585			1,921	(576)		2	(686)	7,246
Total construction in service	6,298,882	-	-	203,171	(249,492)	(251)	2	(195,864)	6,065,656
Assets related to right to use									
Construction, civil works and improvements	-	40,778	43,382		(11,896)	(135)		(1,589)	70,540
IT equipment	-	3,481			(1,572)	(1,827)			82
Machinery and equipment	-	19,636			(4,088)				15,548
Vehicles	-	16,625			(6,967)	(1)		(473)	9,184
Depreciation - Total assets related to right to use	-	80,520	43,382	-	(24,523)	(1,963)	-	(2,062)	95,354
Construction in progress									
Land	23,018		718	(3,249)		(593)		3,231	23,125
Reservoirs, dams and water mains	4,851		759	(592)				(4,719)	299
Construction, civil works and improvements	1,702		26	(1,636)				(89)	1,680
Machinery and equipment	250,261		12,959	(194,795)		(15,062)		(2,783)	76,596
Advances to suppliers	22,914					(4,034)		(17,462)	1,418
To pay out	8		434					(128)	314
Other	60,348		15,877	(2,899)		2,307		(1,239)	67,528
Total construction in progress	363,102	-	30,773	(203,171)	-	(17,382)	-	(4,111)	170,960
Total property, plant and equipment	6,661,984	80,520	74,155	-	(274,015)	(19,596)	2	(202,037)	6,331,970

21 Intangible asset

Intangible assets are measured by the total cost of purchase and or/construction, less amortization expenses and accumulated losses for impairment, when applicable.

Permanent rights of way are recorded at acquisition cost and are not amortized, except for subsidiary Porto do Pecém, which amortizes its permanent rights of way over authorization period.

The project development expenditures are recognized as intangible assets during the development stage, provided that they comply with the requirements defined in CPC 04 (R1).

Amortization is calculated on the asset amount and is recognized in income at the straight-line method in relation to the estimated useful lives of intangible assets, beginning as of the date in which they are available for use, as this method is the one that best reflects the consumption standard of future economic benefits incorporated to the asset.



21.1 Breakdown of intangible asset

Parent Company								
09/30/2019					12/31/2018			
	Average amortization annual rate %	Historical cost	Accumulated amortization	Net value	Average amortization annual rate %	Historical cost	Accumulated amortization	Net value
Intangible asset in service								
Management								
Software	20.18	25,068	(14,737)	10,331	33.75	22,858	(11,661)	11,197
		25,068	(14,737)	10,331		22,858	(11,661)	11,197
Total intangible asset in service		25,068	(14,737)	10,331		22,858	(11,661)	11,197
Intangible asset under development								
Management		20,525		20,525		18,468		18,468
Total intangible assets under development		20,525	-	20,525		18,468	-	18,468
Total intangible asset		45,593	(14,737)	30,856		41,326	(11,661)	29,665

Consolidated									
09/30/2019					12/31/2018				
Note	Average amortization annual rate %	Historical cost	Accumulated amortization	Net value	Average amortization annual rate %	Historical cost	Accumulated amortization	Net value	
Intangible asset in service									
Distribution									
Concession rights - Infrastructure	21.1.1	4.53	4,550,550	(3,054,030)	1,496,520	4.58	4,459,756	(2,942,081)	1,517,675
Concession right - Other	21.1.2	3.82	38,143	(25,024)	13,119	3.82	38,143	(23,931)	14,212
			4,588,693	(3,079,054)	1,509,639		4,497,899	(2,966,012)	1,531,887
Generation and transmission.									
Software		2.41	2,028	(1,717)	311	9.16	2,355	(1,908)	447
Permanent easement		38.27	1,223	(604)	619	20.80	1,224	(604)	620
Concession right - Environmental permits		22.61	58,636	(31,388)	27,248	17.30	45,581	(24,014)	21,567
Concession right - Use of Public Property - UBP	21.1.3	3.27	171,560	(77,748)	93,812	3.27	171,560	(73,540)	98,020
Concession right - Other	21.1.2	4.71	1,122,618	(511,874)	610,744	5.15	1,062,782	(482,982)	579,800
			1,356,065	(623,331)	732,734		1,283,502	(583,048)	700,454
Connection Transmission System									
Software				-	-			-	-
Permanent easement		6.42	1,243	(358)	885	6.53	1,243	(312)	931
			1,243	(358)	885		1,243	(312)	931
Management									
Software		20.19	38,295	(23,607)	14,688	29.08	34,815	(19,627)	15,188
Other		29.63	6,838	(6,838)	-	29.63	6,838	(6,752)	86
			45,133	(30,445)	14,688		41,653	(26,379)	15,274
Total intangible asset in service			5,991,134	(3,733,188)	2,257,946		5,824,297	(3,575,751)	2,248,546
Intangible asset under development									
Generation			17,404		17,404		17,403		17,403
Management			32,835		32,835		28,499		28,499
Total intangible assets under development			50,239	-	50,239		45,902	-	45,902
Activities not linked to concession									
Goodwill in the merger of parent company	21.1.4	4.66	940,510	(605,710)	334,800	4.66	940,510	(574,784)	365,726
(-) Provision for maintenance of dividends	21.1.4	4.66	(940,510)	605,710	(334,800)	4.66	(940,510)	574,784	(365,726)
			-	-	-		-	-	-
Goodwill	21.1.5								
EDP Soluções			31,804	(2,160)	29,644		31,804		31,804
			31,804	(2,160)	29,644		31,804	-	31,804
Total intangible asset			6,073,177	(3,735,348)	2,337,829		5,902,003	(3,575,751)	2,326,252

21.1.1 Concession rights - Infrastructure

They refer to the right of distributors EDP São Paulo and EDP Espírito Santo to receive cash from users for services to build the electricity distribution system and the use of infrastructure, derived from bifurcation required by ICPC 01 (R1). They are recorded at their cost plus financial expenses, if applicable.

Amortization is recorded based on estimated useful life of each asset, limited to final concession period. The amortization rates used are those determined by ANEEL, responsible for establishing the useful life of the electric sector's distribution assets, and are provided in the Manual of Asset Control in the Electricity Sector (Manual de Controle Patrimonial do Setor Elétrico - MCPSE).

21.1.2 Concession right - Other

Consolidated			
09/30/2019			
	Cost	Amortization	Total
Distribution			
EDP São Paulo	38,143	(25,024)	13,119
Transmission			
Litoral Sul Transmissão de Energia	59,836		59,836
Generation			
Lajeado	164,826	(94,852)	69,974
Enerpeixe	3,837	(1,854)	1,983
Porto do Pecém	106,855	(16,544)	90,311
Investco	787,264	(398,624)	388,640
	1,062,782	(511,874)	550,908
Total	1,160,761	(536,898)	623,863

Refer to the difference between total investment acquisition cost and its fair value less amortization expenses. Amortization is straight, in accordance with concession period.

21.1.3 Concession right - Use of Public Property - UBP

It refers to the right to exploit the hydroelectric plant and transmission system associated with the UHEs and subsidiaries Investco and Enerpeixe. It is recognized at the total value of the consideration of right to Use of Public Property until the end of the concession agreement, recorded in counterparty to liability. Amortization will last until the end of the concession agreement of the subsidiaries.



	Consolidated	
	Balance at 12/31/2018	Balance at 09/30/2019
Investco	9,069	8,584
Enerpeixe	88,951	85,228
	98,020	93,812

21.1.4 Goodwill – Merger of Parent Company and Provision for maintenance of dividends

Refers to the spun-off portion of goodwill incorporated in subsidiaries EDP São Paulo, EDP Espírito Santo and Lajeado, deriving from the acquisition of said companies' shares, which was accounted for in accordance with CVM Instruction 319/99 and 349/99 and ICPC 09 and, as determined by ANEEL, is being realized based on the curve of expected future income over the subsidiaries' concession period. Due to said record, a tax credit was recognized (Note 10.2.1.4).

The constitution of the provision maintaining dividends is aimed at adjusting the amount of goodwill paid to the expected tax benefit by amortization and, consequently, to adjust the flow of future dividends of the subsidiaries, so that it is not adversely affected by the expense incurred in accounting amortization of the goodwill.

The provision is aimed at reducing the amount of goodwill to its net amount (representing the effective tax benefit), a portion that has an economic substance that allows it to be considered an asset as a counterparty to Goodwill Special Reserve in Shareholders' Equity.

21.1.5 Goodwill

Goodwill is the value exceeding the business combination cost regarding the interest of the acquiring company on the fair value of the acquired company's assets and liabilities, that is, the exceeding amounts is the portion overpaid by the acquiring company due to expected future earnings of the acquired company. In acquisitions in which the Company attributes fair value to non-controlling interests, the determination of goodwill also includes the value of any non-controlling interest in the acquiree, and goodwill is determined considering the Company's and non-controlling interests. The goodwill determined on investment acquired from undefined term should not be amortized, but is subject to impairment test.

21.2 Changes in intangible assets

	Parent Company					
	Net value as at 12/31/2018	Inflows	Transfer to intangible asset in service	Amortization	Reclassification	Net value as at 09/30/2019
Intangible asset in service						
Software	11,197	-	2,210	(3,076)	-	10,331
Total intangible asset in service	11,197	-	2,210	(3,076)	-	10,331
Intangible asset under development						
Project development	-	35	-	-	-	35
Other intangible assets under development	18,468	5,797	(2,210)	-	(1,205)	20,490
Total intangible assets under development	18,468	5,832	(2,210)	-	(1,205)	20,525
Total intangible asset	29,665	5,832	-	(3,076)	(1,205)	30,856

	Consolidated							
	Net value as at 12/31/2018	Inflows	Transfer to intangible asset in service	Transfers of concession assets	Amortization	Write-offs	Transferred to assets held for sale	Net value as at 09/30/2019
Intangible asset in service								
Software	15,634	-	4,467	-	(4,240)	-	(863)	15,000
Permanent easement	1,551	-	-	-	(46)	-	(2)	1,503
Concession right - Environmental permits	21,568	-	13,122	-	(7,442)	-	-	27,248
Concession rights - Infrastructure	1,517,675	-	-	182,262	(176,573)	(37,194)	10,350	1,496,520
Concession right - Use of Public Property - UBP	98,020	-	-	-	(4,208)	-	-	93,812
Concession right - Other	594,012	59,836	-	-	(29,985)	-	-	623,863
Other intangible assets in service	86	-	-	-	(86)	-	-	-
Total intangible asset in service	2,248,546	59,836	17,589	182,262	(222,580)	(37,194)	(863)	2,257,946
Intangible asset under development								
Project development	-	35	-	-	-	-	-	35
Other intangible assets under development	45,902	27,303	(17,589)	-	-	(3,488)	(234)	50,204
Total intangible assets under development	45,902	27,338	(17,589)	-	-	(3,488)	(234)	50,239
Goodwill	31,804	-	-	-	-	(2,160)	-	29,644
Total intangible asset	2,326,252	87,174	-	182,262	(222,580)	(42,842)	(1,097)	2,337,829

22 Suppliers

Note	Parent Company		Consolidated	
	Current	Current	Current	Current
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Electricity supply (i)	22.1		874,270	652,331
Free Energy			121,346	115,879
Electricity network utilization charges			119,846	100,820
CCEE Operations	22.2		470,690	360,998
Materials and services	22.3	10,905	316,606	380,948
Total		10,905	1,902,758	1,610,976

(i) The total amount of energy purchase guarantees is R\$ 223,634 as of September 30, 2019 (R\$ 90,144 as of December 31, 2018) in the Parent Company and R\$ 448,054 (R\$ 920,337 as of December 31, 2018) in the Consolidated.

They are initially recognized at fair value plus any attributable transaction costs. After their initial recognition, are measured at amortized cost using the effective interest rate method, when applicable.

22.1 Electricity supply

The total change of R\$ 221,939 for the period was mainly impacted by the increase in the subsidiary EDP Comercializadora due to the resumption of energy traded volume in the last quarter and price increase in the short term market.



22.2 CCEE Operations

The balance refers to the transactions of sold energy and charges in the in the sphere of Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE). Out of the balance as at September 30, 2019 totaling R\$ 470,690 (R\$ 360,998 on December 31, 2018): (i) R\$ 34,439 (R\$ 15,761 as of December 31, 2018) refers to EDP Espírito Santo and corresponds to the settlements of August and September 2019, affected by energy deficit in the analyzed period, combined with the Surplus Trading Mechanism - MVE which was initially ordered in February 2019 and (ii) R\$ 337,644 (R\$ 318,704 as of December 31, 2018) is related to Enerpeixe and corresponds, in full, to the application of the General Scaling Factor – GSF, which measures the volume of energy generated by the hydroelectric power plants, plus inflation adjustment since March 2015.

Enerpeixe, through Brazilian Association for Independent Electricity Producers (Associação Brasileira dos Produtores Independentes de Energia Elétrica - APINE), proposed, on June 18, 2015, a lawsuit intended to prevent and repair damages that Enerpeixe, since January 2014, is suffering as a result of Union actions that changed objective, factual and legal conditions related to decisions made regarding investment in hydropower generation and frustrated the generation of hydroelectric power plants.

On July 1, 2015, an injunction preventing application of MRE (power reallocation mechanism) adjustment by ANEEL was granted, in case total MRE generation is lower than physical guarantee given to the group of companies represented by APINE until said lawsuit is finally decided.

This decision stopped damages suffered as a result of current GSF values, values that reflect, from the beginning of 2014, the circumstance that hydropower generation was reduced by several Union actions, both structural and conjunctural.

The injunction filed by APINE which, through an appeal, managed to reinstate the injunction, had been revoked by February 7, 2018. On October 22, 2018 the decision of the Chief Justice of the STJ was issued, in the records of the Action for Overturning the Injunction and Decision filed by ANEEL, determining the partial overturn of the injunction of APINE, under the terms of the issued decision on ordinary lawsuit, related to the GSF.

Due to this, the period from July 2015 to February 2018 remains protected. Thus, the amounts resulting from the application of the GSF have been settled by Enerpeixe since the period of March 2018.

22.3 Materials and services

Of the consolidated balance, it is worth highlighting the following amounts: (i) R\$ 122,301 (R\$ 194,611 as of December 31, 2018), which refer to the distribution subsidiaries and correspond to investments in the concession infrastructure, as mentioned in note 18.1.1; (ii) R\$ 118,461 (R\$ 36,839 as of December 31, 2018), which refer to the transmission subsidiaries and correspond to the investments for the construction of transmission lines.



23 Debentures
23.1 Breakdown of balance of debentures

												Parent Company									
												09/30/2019					12/31/2018				
												Charges		Principal			Charges		Principal		Total
Fiduciary Agent	Company	Type of issue	Quantity of securities	Unit value	Total amount	Issue date	Agreement term	Purpose	Debt cost	Payment method	Guarantees	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Total	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP - Energias do Brasil	CVM Instruction 400/03	179,887	1	179,887	2nd series of 4th issue as at September 15, 2015	09/15/2015–09/15/2021	Intended for investments in Company's projects	IPCA + 8.3201% p.a. up to 03/14/2016 IPCA + 8.8201% p.a. as from March 15, 2016 (ii)	Annual amortizations beginning as of September 2019 and interest (six-month period)		482		71,745	71,745	143,972	5,053	69,881	139,761	214,695	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP - Energias do Brasil	CVM Instruction 400/03	48,066	1	48,066	3rd series of 4th issue as at September 15, 2015	09/15/2015–09/15/2024	Intended for investments in Company's projects	IPCA + 8.2608% p.a. up to 03/14/2016 IPCA + 8.7608% p.a. as from March 15, 2016 (ii)	Annual amortizations beginning as of September 2022 and interest (six-month period)		192			57,522	57,714	1,341		56,016	57,357	
(-) Issue costs	EDP - Energias do Brasil				(16,347)		09/15/2015–09/15/2024			Monthly amortization				(368)	(442)	(810)		(645)	(801)	(1,446)	
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP - Energias do Brasil	CVM Instruction 476/09	25,000	10	250,000	5th issue as at March 22, 2016	03/22/2016–04/15/2022	Intended for investments in Company's projects	IPCA + 8.3479% p.a.	Annual amortizations beginning as of April 2021 and interest (six-month period)		10,800			284,782	295,582	4,626		277,324	281,950	
(-) Issue costs	EDP - Energias do Brasil				(7,097)		03/22/2016–04/15/2022			Monthly amortization					(2,737)	(2,737)			(3,678)	(3,678)	
Total												11,474	-	71,377	410,870	493,721	11,020	-	69,236	468,622	548,878
Consolidated																					
												09/30/2019					12/31/2018				
												Charges		Principal			Charges		Principal		Total
Fiduciary Agent	Company	Type of issue	Quantity of securities	Unit value	Total amount	Issue date	Agreement term	Purpose	Debt cost	Payment method	Guarantees	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current	Total	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo	CVM Instruction 476/09	17,680	10	176,800	3rd issue as at August 27, 2014	08/27/2014–08/27/2020	Debt extension and working capital.	CDI + 1.50% p.a. up to 02/25/2016 CDI + 1.80% p.a. as from February 26, 2016 (i)	Six-month period principal as at August 27, 2018 and interest (six-month period)		496		70,720		71,216	3,859		70,720	70,720	145,299
(-) Issue costs	EDP Espírito Santo				(599)		08/27/2014–08/27/2020			Monthly amortization				(31)		(31)		(67)	(20)	(87)	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo	CVM Instruction 476/09	19,000	10	190,000	5th issue as at April 07, 2017	04/07/2017–04/07/2022	Refinance and extend the average term of the debt and working capital.	108.75% CDI p.a.	Six-month period principal as from April 2020 and interest (six-month period)		6,112		38,000	152,000	196,112	2,870		190,000	192,870	
(-) Issue costs	EDP Espírito Santo				(1,301)		04/07/2017–04/07/2022			Monthly amortization				(294)	(209)	(503)			(742)	(742)	
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP Espírito Santo	CVM Instruction 476/09	22,000	10	220,000	6th issue as at December 20, 2017	12/20/2017–01/20/2021	Refinance and extend the average term of the debt and working capital.	107.50% CDI p.a.	Annual principal starting January 2020 and interest (six-month period).		2,711		110,000	110,000	222,711	6,554		220,000	226,554	
(-) Issue costs	EDP Espírito Santo				(1,289)		12/20/2017–01/20/2021			Monthly amortization				(341)	(85)	(426)			(810)	(810)	
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo	CVM Instruction 476/09	190,000	1	190,000	7th issue as at August 15, 2018	08/15/2018–07/15/2025	Expansion, renewal and improvement of the electric power distribution infrastructure	IPCA + 5.91%	Annual principal starting August 2023 and interest (six-month period)		1,437			196,338	197,775	3,561		191,196	194,757	
(-) Issue costs	EDP Espírito Santo				(2,941)		08/15/2018–07/15/2025			Monthly amortization					(2,378)	(2,378)			(2,739)	(2,739)	
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP Espírito Santo	CVM Instruction 476/09	300,000	1	300,000	8th issue as at March 30, 2019	04/09/2019–03/30/2024	Refinance and extend the average term of the debt and working capital	106.90% CDI p.a.	Principal in single installment on maturity date and six-month period interest					300,000	300,000				-	
(-) Issue costs	EDP Espírito Santo									Monthly amortization					(957)	(957)				-	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo	CVM Instruction 476/09	300	1,000	300,000	5th issue as at April 30, 2014	04/30/2014–04/30/2019	Debt extension, working capital financing and financing.	CDI + 1.39% p.a.	Six-month period principal as from April 2017 and interest (six-month period)						-	447	36,001		36,448	
(-) Issue costs	EDP São Paulo				(2,413)		04/30/2014–04/30/2019			Monthly amortization						-		(41)		(41)	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo	CVM Instruction 476/09	15,000	10	150,000	7th issue as at April 04, 2017	04/07/2017–04/07/2022	Refinance and extend the average term of the debt and working capital.	108.75% CDI p.a.	Six-month period principal as from April 2020 and interest (six-month period)		4,826		30,000	120,000	154,826	2,266		150,000	152,266	
(-) Issue costs	EDP São Paulo				(1,052)		04/07/2017–04/07/2022			Monthly amortization				(237)	(169)	(406)			(600)	(600)	
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP São Paulo	CVM Instruction 476/09	20,000	10	200,000	8th issue as at December 20, 2017	12/20/2017–01/20/2021	Refinance and extend the average term of the debt and working capital.	107.50% CDI p.a.	Annual principal starting January 2020 and interest (six-month period).		2,464		100,000	100,000	202,464	5,958		200,000	205,958	
(-) Issue costs	EDP São Paulo				(1,183)		12/20/2017–01/20/2021			Monthly amortization				(313)	(78)	(391)			(742)	(742)	



												Consolidated									
												09/30/2019				12/31/2018					
												Charges		Principal		Charges		Principal			
Fiduciary Agent	Company	Type of issue	Quantity of securities	Unit value	Total amount	Issue date	Agreement term	Purpose	Debt cost	Payment method	Guarantees	Current	Non-current	Current	Non-current	Total	Current	Non-current	Current	Non-current	Total
Simplic Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo	CVM Instruction 476/09	260,000	1	260,000	9th issue as at August 15, 2018	08/15/2018–08/15/2025	Expansion, renewal and improvement of the electric power distribution infrastructure	IPCA + 5.91%	Annual principal starting August 2023 and interest (six-month period)		1,966			268,673	270,639	4,873		261,637	266,510	
(-) Issue costs	EDP São Paulo				(3,948)		08/15/2018–08/15/2025			Monthly amortization					(3,196)	(3,196)			(3,680)	(3,680)	
Simplic Pavarini Distribuidora de Títulos e Valores Mobiliários	EDP São Paulo	CVM Instruction 476/09	200,000	1	200,000	10th issue as at March 30, 2019	04/09/2019–03/30/2024	Refinance and extend the average term of the debt and working capital	106.60% CDI p.a.	Principal in single installment on maturity date and six-month period interest					200,000	200,000					
(-) Issue costs	EDP São Paulo									Monthly amortization					(767)	(767)				-	
Simplic Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Energest	CVM Instruction 476/09	5,400	10	54,000	2nd series of 2nd issue as at April 20, 2016	04/20/2016–04/20/2020	Increase in working capital and refinane of the issuer's indetbtedness.	CDI + 2.65% p.a.	Six-month period principal as at April/2018 and interest (six-month period)					-	537		21,600	10,800	32,937	
(-) Issue costs	Energest				(640)		04/20/2016–04/20/2020			Monthly amortization					-			(90)	(14)	(104)	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP - Energias do Brasil	CVM Instruction 400/03	179,887	1	179,887	2nd series of 4th issue as at September 15, 2015	09/15/2015–09/15/2021	Intended for investments in Company's projects	IPCA + 8.3201% p.a. up to 03/14/2016 IPCA + 8.8201% p.a. as from March 15, 2016 (ii)	Annual amortizations beginning as of September 2019 and interest (six-month period)		482	71,745	71,745	143,972	5,053		69,881	139,761	214,695	
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP - Energias do Brasil	CVM Instruction 400/03	48,066	1	48,066	3rd series of 4th issue as at September 15, 2015	09/15/2015–09/15/2024	Intended for investments in Company's projects	IPCA + 8.2608% p.a. up to 03/14/2016 IPCA + 8.7608% p.a. as from March 15, 2016 (ii)	Annual amortizations beginning as of September 2022 and interest (six-month period)		192		57,522	57,714	1,341		56,016	57,357		
(-) Issue costs	EDP - Energias do Brasil				(16,347)		09/15/2015–09/15/2024			Monthly amortization				(368)	(442)	(810)		(645)	(801)	(1,446)	
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP - Energias do Brasil	CVM Instruction 476/09	25,000	10	250,000	5th issue as at March 22, 2016	03/22/2016–04/15/2022	Intended for investments in Company's projects	IPCA + 8.3479% p.a.	Annual amortizations beginning as of April 2021 and interest (six-month period)		10,800		284,782	295,582	4,626		277,324	281,950		
(-) Issue costs	EDP - Energias do Brasil				(7,097)		03/22/2016–04/15/2022			Monthly amortization				(2,737)	(2,737)			(3,678)	(3,678)		
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	Lajeado Energia	CVM Instruction 476/09	45,000	10	450,000	1st issue as at November 25, 2013	11/25/2013–11/25/2019	Payment to shareholders as reimbursement of shares arising from a capital decrease carried out as at 05/03/2013	CDI + 1.20% p.a.	Annual principal starting October/2017 and interest (six-month period)	Corporate guarantee of EDP - Energias do Brasil	3,831	150,030	153,861	1,061	150,030		151,091			
(-) Issue costs	Lajeado Energia				(3,118)		11/25/2013–11/25/2019			Monthly amortization				(35)	(35)		(188)		(188)		
Oliveira Trust Distribuidora de Títulos e Valores Mobiliários	Lajeado Energia	CVM Instruction 476/09	100,000	1	100,000	1st series of 2nd issue as at 12/08/2017	12/08/2017–12/08/2020	Re-adjustment of the capital structure, with capital decrease.	109% CDI p.a.	Principal in single installment in December/2020 and interest (six-month period)		2,040		100,000	102,040	376		100,000	100,376		
Oliveira Trust Distribuidora de Títulos e Valores Mobiliários	Lajeado Energia	CVM Instruction 476/09	200,000	1	200,000	2nd series of 2nd issue as at 12/08/2017	12/08/2017–12/08/2022	Re-adjustment of the capital structure, with capital decrease.	113.70% CDI p.a.	Annual principal starting December 2021 and interest (six-month period)		4,259		200,000	204,259	785		200,000	200,785		
(-) Issue costs	Lajeado Energia				(1,635)		12/08/2017–12/08/2022			Monthly amortization				(595)	(595)			(824)	(824)		
Simplic Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Lajeado Energia	CVM Instruction 476/09	100,000	1	100,000	3rd issue as of November 14, 2018	11/14/2018–10/20/2022	Working Capital for Debt Refinancing	109.25% CDI p.a.	Annual principal starting October/2021 and interest (six-month period)		2,982		100,000	102,982	729		100,000	100,729		
(-) Issue costs	Lajeado Energia				(351)		11/14/2018–10/20/2022			Monthly amortization				(259)	(259)			(334)	(334)		
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	Enerpeixe	CVM Instruction 476/09	35,000	10	350,000	1st issue as at November 22, 2016	11/22/2016–11/22/2019	Capital decrease and distribution of funds to shareholders	114.5% CDI p.a.	Annual principal starting November/2018 and interest (six-month period)	Fiduciary assignment of credit receivables from energy agreements	4,409	175,000	179,409	1,287	175,000		176,287			
(-) Issue costs	Enerpeixe				(2,938)		11/22/2016–11/22/2019			Monthly amortization				(98)	(98)		(540)		(540)		
Planner Trustee Distribuidora de Títulos e Valores Mobiliários Ltda.	Enerpeixe	CVM Instruction 476/09	32,000	10	320,000	2nd issue as at November 20, 2017	11/20/2017–12/20/2022	Re-leveraging and capital decrease	116% CDI p.a.	Six-month principal starting June 2020 and interest (six-month period)	Fiduciary assignment of credit receivables from energy agreements	6,207	53,312	266,688	326,207	549		320,000	320,549		
(-) Issue costs	Enerpeixe				(2,048)		11/20/2017–12/20/2022			Monthly amortization				(494)	(539)	(1,033)		(1,420)	(1,420)		
Simplic Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Enerpeixe	CVM Instruction 476/09	255,000	1	255,000	3rd issue as of November 23, 2018	11/23/2018–11/23/2023	Debt extension.	112.48% CDI p.a.	Principal in single parcel in November/2023 and interest (six-month period)		6,237		255,000	261,237	212		255,000	255,212		
(-) Issue costs	Enerpeixe				(510)		11/23/2018–11/23/2023			Monthly amortization				(418)	(418)			(493)	(493)		

Notes to the financial information
Period ended September 30, 2019
(In thousands of reais, unless otherwise indicated)



												Consolidated											
												09/30/2019				12/31/2018							
												Charges		Principal				Charges		Principal			
Fiduciary Agent	Company	Type of issue	Quantity of securities	Unit value	Total amount	Issue date	Agreement term	Purpose	Debt cost	Payment method	Guarantees	Current	Non-current	Current	Non-current	Total	Current	Non-current	Current	Non-current	Total		
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	Porto do Pecém	CVM Instruction 476/09	33,000	10	330,000	1st issue as at November 14, 2016	11/14/2016–11/14/2021	Early Settlement of IDB (Inter-American Development Bank) financing	CDI + 2.95% p.a.	Annual principal starting November 2020 and interest (six-month period)	Corporate guarantee of EDP - Energias do Brasil	11,589			330,000	341,589	3,719		330,000	333,719			
(-) Issue costs	Porto do Pecém				(3,484)		11/14/2016–11/14/2021			Monthly amortization					(1,295)	(1,295)			(1,876)	(1,876)			
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP Transmissão	CVM Instruction 476/09	115,000	1	115,000	1st issue as at May 15, 2018	05/15/2018–05/15/2033	Implementation of the transmission line and substation project of lot 24 of auction 13/2015-ANEEL	IPCA + 7.0267% p.a.	Principal and interest (six-month period) as at May/2021	a. Corporate guarantee of EDP - Energias do Brasil; b. conditional sale of shares.		11,466		120,989	132,455	4,762		117,860	122,622			
(-) Issue costs	EDP Transmissão				(7,774)		05/15/2018–05/15/2033			Monthly amortization					(6,590)	(6,590)			(7,218)	(7,218)			
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP Transmissão Aliança	CVM Instruction 476/09	1,200,000	1	1,200,000	1st issue as of October 15, 2018	10/15/2018–10/15/2028	Implementation of the transmission line and substation project of lot 21 of auction 05/2016-ANEEL	IPCA + 6.7200% p.a.	Six-month principal starting April/2023 and interest (six-month period)	a. Corporate Guarantees of EDP - Energias do Brasil and Celtec proportional to their equity interest; b. Blocked deposits.	37,826			1,233,846	1,271,672	13,743	3,371	1,200,000	1,217,114			
(-) Issue costs	EDP Transmissão Aliança				(56,660)		10/15/2018–10/15/2028			Monthly amortization					(49,919)	(49,919)			(54,978)	(54,978)			
Simplific Pavarini Distribuidora de Títulos e Valores Mobiliários Ltda.	EDP Transmissão SP-MG	CVM Instruction 476/09	25,000	10	250,000	1st issue as at December 13, 2018	01/29/2019–06/15/2020	Implementation of the transmission line and substation project of lot 18 of auction 05/2016-ANEEL	CDI + 0.20% p.a.	Principal and Interest in a single installment, maturing in 06/2020	a. Corporate guarantee of EDP - Energias do Brasil	10,730		250,000		260,730				-			
(-) Issue costs	EDP Transmissão SP-MG				(984)		01/29/2019–06/15/2020			Monthly amortization				(492)		(492)				-			
Pentágono S.A. Distribuidora de Títulos e Valores Mobiliários	EDP Transmissão SP-MG	CVM Instruction 476/09	800,000	1	800,000	2nd issue as at 07/15/2019	07/15/2019–07/15/2039	Implementation of the transmission line and substation project of lot 18 of auction 05/2016-ANEEL	IPCA + 4.45% p.a.	Six-month principal starting July 2022 and interest (six-month period)	a. Corporate guarantee of EDP - Energias do Brasil		5,560		801,763	807,323				-			
(-) Issue costs	EDP Transmissão SP-MG				(56,278)		07/15/2019–07/15/2039			Monthly amortization					(55,557)	(55,557)				-			
Total												121,596	17,026	1,046,104	5,143,156	6,327,882	64,406	8,133	521,661	4,309,345	4,903,545		

(i) According to clause 4.2.3.2. of the indenture, which provides for an increase of 0.3% in the annual rate in the event of downgrade by at least two notches in the rating of the issuer before the issuing date. On February 25, 2016 the rating of EDP Espírito Santo was downgraded by Moody's from "Aa1.br" in the local scale and "Baa3" in the global scale to "Aa2.br" in the local scale and "Ba2" in the global scale.
(ii) According to clause 9.1. of the indenture, which provides for an increase of 0.5% in the annual spread in the event of a downgrade by at least two notches in the rating of the issuer before the issuing date. On February 25, 2016 the Company's rating was downgraded by Moody's from "Aa3.br" in the local scale and "Ba2" in the global scale to "A2.br" in the local scale and "Ba3" in the global scale.

Debentures are stated at the net value of transaction costs incurred and subsequently measured at the amortized cost using the effective interest rate method.
The total amount related to the guarantees of the debentures mentioned above is R\$ 2,959,549 as of September 30, 2019 (R\$ 1,819,630 as of December 31, 2018), and R\$ 3,590,312 as of September 30, 2019 (R\$ 2,438,177 as of December 31, 2018) in the Consolidated.



23.2 Changes in debentures

Parent Company								
	Net value as of 12/31/ 2018	Payments	Accrued interest	Transfers	Amortization of transaction cost	Inflation adjustment and exchange-rate change	Net value as at 09/30/2019	
Current								
Principal	69,881	(71,790)	222	71,775		1,657	71,745	
Interest	11,020	(34,451)	34,620			285	11,474	
Transaction cost	(645)			(1,300)	1,577		(368)	
	80,256	(106,241)	34,842	70,475	1,577	1,942	82,851	
Non-current								
Principal	473,101		1,503	(71,775)		11,220	414,049	
Transaction cost	(4,479)			1,300			(3,179)	
	468,622	-	1,503	(70,475)	-	11,220	410,870	
Consolidated								
	Net value as of 12/31/ 2018	Inflows	Payments	Accrued interest	Transfers	Amortization of transaction cost	Inflation adjustment and exchange-rate change	Net value as at 09/30/2019
Current								
Principal	523,232	250,000	(210,911)	222	484,607		1,657	1,048,807
Interest	64,406		(223,815)	269,355	11,045		605	121,596
Transaction cost	(1,571)				(13,949)	12,817		(2,703)
	586,067	250,000	(434,726)	269,577	481,703	12,817	2,262	1,167,700
Non-current								
Principal	4,390,314	1,300,000		50,410	(488,147)		16,769	5,269,346
Interest	8,133			16,398	(7,505)			17,026
Transaction cost	(80,969)	(59,170)			13,949			(126,190)
	4,317,478	1,240,830	-	66,808	(481,703)	-	16,769	5,160,182

23.3 Maturity of installments

Maturity	Parent company	Consolidated
Current		
2019	10,709	425,395
2020	72,142	742,305
	<u>82,851</u>	<u>1,167,700</u>
Non-current		
2020		382,551
2021	211,414	997,460
2022	161,199	498,513
2023	19,110	485,789
2024	19,147	759,488
2025-2039		2,036,381
	<u>410,870</u>	<u>5,160,182</u>
Total	<u>493,721</u>	<u>6,327,882</u>

Issues made by the Company and its subsidiaries are not convertible into shares.

The main clauses which provide the termination of the contracts are as follows, while all clauses can be consulted in the prospectus or indenture:

On September 30, 2019, the Company and the subsidiaries EDP São Paulo, EDP Espírito Santo, Lajeado, Energest, Enerpeixe, EDP Transmissão, EDP Transmissão Aliança, EDP Transmissão SP-MG and Porto do Pecém are in full compliance with all the restrictive clauses of the covenants provided in the debenture contracts.

EDP - Energias do Brasil

• For both issuances:

- (i) Non-compliance by the Issuer with any monetary obligation in the Indenture, not remedied in the period established by the Indenture;
- (ii) Failure to comply with any obligation related to the principal and/or yield not resolved within the stipulated period;
- (iii) Voluntary bankruptcy request;
- (iv) Request for court-ordered reorganization, out-of-court reorganization, voluntary bankruptcy, settlement or wind-up of the Company or Relevant Subsidiaries - EDP São Paulo, EDP Espírito Santo, Enerpeixe, or whose income represents more than 20% of the Company's consolidated income, as well as bankruptcy request not resolved within legal period;
- (v) The Issuer's failure to maintain a Consolidated Net Debt in relation to Consolidated EBITDA financial ratio in relation to Consolidated EBITDA no more than 3.5 on the calculation dates, which shall be September 30 and December 31 of each year;
- (vi) Protest of trade note against the Issuer and/or its Relevant Subsidiaries, whose individual value, or added value, exceeds R\$75,000, provided that it has not been proven by the Issuer to the Fiduciary Agent, which was refuted in good faith and/or has not been solved within 30 days counted as of subpoena; and
- (vii) Arrest, seizure, pledge or any other restriction to assets and/or rights, or early maturity of any pecuniary obligation of the Issuer and/or its Relevant Subsidiaries, with individual or added value higher than R\$75,000, or its equivalent in other currencies.

• Specific for the 4th issue:

- (i) Merger, liquidation, wind-up, extinction, spin-off and/or any other form of corporate reorganization (including takeover and/or incorporation of shares) of the Issuer, except if: (a) disclosed by the Issuer through relevant fact or communication to the market up to Issuance Indenture date; (b) due to legal or regulatory determination; (c) previous consent of debentureholders that represent at least 2/3 of outstanding debentures, gathered in an General Debentureholders' Meeting especially convened for that purpose; or (d) not cause change in Issuer's rating to a score lower than: (aa) "AA-" (double A minus) by Standard & Poor's Ratings do Brasil Ltda.; (bb) "Aa3.br" by Moody's; or (cc) "AA-" (double A minus) by Fitch Ratings Brasil Ltda.;
- (ii) Notification of payment deriving from final court decision or final arbitration decision against the Issuer and/or its Relevant Subsidiaries, with individual or added value higher than R\$75,000, or its equivalent in other currencies; and



(iii) Sale, assignment, rent or any other form of disposal or promised disposal of total or relevant portion of the Issuer's assets and/or of its Relevant Subsidiaries, whose individual or added value is higher than R\$75,000, without previous approval of Debenture holders that represent at least 2/3 of Outstanding Debentures, gathered in an General Debentureholders' Meeting (AGD) especially convened for that purpose, except for disposal of assets or projects, individually considered, provided that the Issuer did not disclose them through relevant fact or communication to the market and that they have current or future individual installed capacity of up to 70MW, in such a way that substantially and adversely affects economic and/or financial condition of the Issuer.

• Specific for the 5th issue:

(i) Merger, liquidation, wind-up, extinction, spin-off and/or any other form of corporate reorganization (including takeover and/or incorporation of shares) of the Issuer, except if: (a) by legal or regulatory determination (except, in this case, the possibility of extinction); (b) prior consent granted from the Debentureholders that represent at least 75% (seventy-five per cent) of Debenture holders attending the General Debentureholders' Meeting (AGD), specially convened for such purpose; or (c) do not provoke the downgrade of the Issue rating by 2 (two) or more notches; and

(ii) Fail by the Issuer of Relevant Subsidiaries to abide by the final and unappealable decision, or any unappealable administrative or arbitrage decision or outcome against the Issuer, which individual or aggregate amount is equal to or in excess of R\$75,000 (seventy-five thousand reais), or its equivalent in other currencies, and provided that, cumulatively, at the discretion of the Debentureholders, it could put at risk the fulfillment of the obligations assumed by the Issuer.

Subsidiaries

(i) EDP São Paulo (5th issue): the Issuer's failure to maintain a Gross Debt/Adjusted EBITDA^(*) financial ratio of no more than 3.5 on the calculation dates, which shall be on December 31 of each year.

(ii) EDP São Paulo (7th, 8th, 9th, 10th issues): the Issuer's failure to maintain a Net Debt/Adjusted EBITDA^(*) financial ratio of no more than 3.5 on the calculation date, which is on December 31 of each year;

(iii) EDP Espírito Santo (3rd issue): the Issuer's failure to maintain a Gross Debt/EBITDA financial ratio adjusted no more than 3.5 on the calculation date, which shall be December 31 of each year.

(iv) EDP Espírito Santo (5th, 6th, 7th and 8th issues): the Issuer's failure to maintain a Net Debt/EBITDA financial ratio adjusted no more than 3.5 on the calculation date, which shall be December 31 of each year.

(v) EDP Espírito Santo (3rd issue) and EDP São Paulo (5th issue): exchange protest against the Issuer that has not been refuted in good faith at individual value equal to or higher than R\$75,000 and/or that has not been solved within 30 days counted as of subpoena.

(vi) EDP São Paulo (8th issuance) and EDP Espírito Santo (6th issue): Issuer entering into loan contracts in the capacity of lender without previous and express consent of Debentureholders of at least 2/3 of outstanding debentures with any companies at individual or added value higher than R\$100,000.

(vii) EDP Espírito Santo (5th and 6th issuances): early maturity of any pecuniary obligation of the Issuer in local or international market at amount higher than R\$75,000.

(viii) Lajeado (1st issue): the Issuer's failure to maintain a Gross Debt in relation to EBITDA financial ratio or EBITDA no more than 3.5x on the calculation dates, which shall be December 31 of each year.

(ix) Lajeado (2nd and 3rd issues): the Issuer's failure to maintain a Net Debt in relation to EBITDA financial ratio or EBITDA no more than 3.5 times on the calculation dates, which shall be December 31 of each year.

(x) Lajeado (1st issue): concession loss, provided that this loss does not exceed 10% of the net income, and if this loss may prejudice compliance with other issues' liabilities.

(xi) Lajeado (1st issue): termination of one or more Agreements for Purchase and Sale of Electricity entered into by the Issuer which represent a reduction in the amount of income in excess of 20% in relation to its total billing.

(xii) Lajeado (1st issue): Notification of a final and unappealable adverse judgment in a lawsuit, at an amount higher than R\$ 75,000, provided that such conviction could jeopardize the faithful fulfillment of the liabilities.

(xiii) Lajeado (1st, 2nd and 3rd Issues): non-compliance with a final (res judicata) conviction in a lawsuit whose individual or aggregate value is greater than R\$ 75,000, without any action having been taken by the Company, in good faith, for court orders to suspend or reverse the effects.

(xiv) Energest (2nd issue): not fulfillment by the Issuer, of the Debt Service Coverage Ratio greater than or equal to 2.5 times, to be annually determined, on December 31 of each year.

(xv) Porto do Pecém (1st issue): non-compliance: (a) by the Issuer, of the Debt Service Coverage Ratio - ICSD greater than or equal to 1.2 times, to be annually determined, on December 31 of each year, as from December 31, 2017; and by the Guarantor (EDP - Energias do Brasil), of the Net Debt/EBITDA financial ratio which is lower or 3.5 times equal.

(xiv) Energest (1st issue): not fulfillment by the Issuer, of the Gross/EBITDA Debt Service Coverage Ratio lower than or equal to 3.5x, to be annually determined, on December 31 of each year.

(xvii) Energest (2nd and 3rd issues): not fulfillment by the Issuer, of the Debt Service Coverage Ratio greater than or equal to 3.5 times, to be annually determined, on December 31 of each year.

(xviii) EDP Transmissão (1st issue): early maturity of any pecuniary liability: (a) of the Issuer, where the individual or aggregate value exceeds R\$10,000; and/or (b) of the Guarantor (EDP - Energias do Brasil), where the individual or aggregate value exceeds R\$75,000.

(xix) EDP Transmissão (1st issue): non-maintenance: (a) by the Issuer to keep the Adjusted DSCR (debt service coverage ratio) at 1.2 x or higher, calculated annually, with the first calculation appearing in the financial statements of December 31, 2021; (b) by the Guarantor (EDP - Energias do Brasil) of the Net Debt to EBITDA ratio at 3.5x or lower, calculated biannually, with the first calculation appearing in the financial statements of December 31, 2018.

(xx) EDP Transmissão Aliança and EDP Transmissão SP-MG (1st and 2nd issues): early maturity of any pecuniary liability of the issuer or of the intervening guarantor, where the individual or aggregate amount exceeds R\$ 75,000, if not remedied within 10 days, or if a protest was filed for error or bad faith, or if it has been cancelled, or had its enforceability suspended by a legal process.

(xxi) EDP Transmissão Aliança (1st issue): maintenance of Net Debt to EBITDA ratio below or equal to 3.5 times that of EDP - Energias do Brasil, determined biannually in June and December.

(xxii) EDP Transmissão SP-MG (1st issue): maintenance of Net Debt to EBITDA ratio below or equal to 3.5 times that of EDP - Energias do Brasil, determined annually in December.

^(*) Adjusted EBITDA means "income before financial expenses, taxes, depreciation and amortization adjusted with assets and liabilities of the Account for Compensation of Variation of Values of Parcel "A" Items (CVA), over contracting and neutrality of sectorial charges".



24 Loans, financing and debt charges
24.1 Composition of balance of Loans, financing and debt charges

Institution											Consolidated									
											09/30/2019		12/31/2018							
											Charges		Principal		Charges		Principal			
Domestic currency	Company	Contracted amount	Contracting date	Amount released	Agreement term	Purpose	Covenants	Debt cost	Payment method	Guarantees	Current	Non-current	Current	Non-current	Total	Current	Non-current	Current	Non-current	Total
Banco Citibank - Bill of exchange	EDP São Paulo	150,000	29/05/2015	150,000	05/29/2015–05/29/2019	Debt extension, working capital financing and financing.	Net debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, semi-annually calculated in June and December.	85% CDI + 1.19% p.a.	Annual principal starting May 2018 and quarterly interest	Promissory Note	-			476		75,000			75,476	
Eletrobras LPT - ECFS 184/07	EDP São Paulo	12,359	25/06/2007	11,015	11/30/2009–10/30/2019	Luz para Todos (Light for All) Program		5% p.a. + 1% p.a. (mgt. fee)	Monthly principal and interest	a. Promissory notes; b. Receivables in guarantee.		109		109			1,095		1,095	
BNDES - BB/CALC	EDP São Paulo	200,369	29/01/2009	141,271	02/17/2010–06/17/2019	Programs for investment in electric power generation, distribution and transmission segments.	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	4.5% p.a. and 1.81–3.32% p.a. above TJLP	Monthly principal and interest	a. Corporate guarantee of EDP Energias do Brasil; b. Blocked deposit.	-			9		2,434		2,443		
BNDES - FINEM / 14.2.1238.1	EDP São Paulo	296,785	28/12/2014	253,733	12/28/2014–12/16/2024	Investment program for the period 2013–2015	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	TJLP to TJLP + 3.05% p.a., Amplified Consumer Price Index (IPCA) TR (iii) + 3.05% p.a., and Pre of 6.00% p.a.	Monthly principal with interest in the quarterly grace period, after that, monthly. Annual principal and interest (iv)	a. Blocked deposits; b. Corporate guarantee of EDP Energias do Brasil.	1,734	41,613	104,984	148,331	3,890	41,061	139,226	184,177		
(-) Transaction cost	EDP São Paulo		28/12/2014	(1,134)	12/28/2014–12/16/2024							(183)	(286)	(469)		(195)	(421)	(616)		
Promissory notes (4th issue)	EDP São Paulo	130,000	19/07/2017	130,000	07/19/2017–07/19/2019	Debt extension, working capital financing and financing.	Net debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	107.5% CDI	Principal and interest in single statement in the end		-			14,304		130,000		144,304		
(-) Transaction cost	EDP São Paulo		19/07/2017	(90)	07/19/2017–07/19/2019										-	(23)		(23)		
Promissory Notes (5th issue)	EDP São Paulo	300,000	19/07/2019	300,000	07/19/2019–07/17/2024	Refinance and extend the average term of the debt and working capital.	Net debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	106.58% CDI	Principal and interest in single statement in the end		3,744		300,000	303,744					-	
(-) Transaction cost	EDP São Paulo		19/07/2019	(507)	07/19/2019–07/17/2024								(482)	(482)					-	
BNDES - FINEM / 17.2.0295.1	EDP São Paulo	399,733	05/09/2017	158,600	09/05/2017–06/15/2025	Investment program for the period 2016–2018	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	TJLP + 2.96% p.a. IPCA + 3.23% p.a.	a)Monthly principal with interest in the quarterly grace period, after that, monthly; b) Annual principal and interest.	a. Fiduciary assignment of at least 130% of the amount of the debt balance; b. Corporate guarantee of EDP Energias do Brasil.	11,007	27,371	131,837	170,215	970	5,830	8,746	153,151	168,897	
(-) Transaction cost	EDP São Paulo		05/09/2017	(3,498)	09/05/2017–06/15/2025							(653)	(1,475)	(2,128)		(709)	(1,956)	(2,665)		
Banco ABC - Bank credit bill	EDP São Paulo	90,000	07/11/2018	90,000	11/07/2018–05/05/2019	Working capital		CDI + 0.95% p.a.	Principal and interest in single statement in the end					924		90,000		90,924		
(-) Transaction cost	EDP São Paulo		07/11/2018	(674)	11/07/2018–02/05/2019										-	(338)		(338)		
BNDES - BB/CALC	EDP Espírito Santo	177,468	29/01/2009	155,228	02/17/2010–06/17/2019	Programs for investment in electric power generation, distribution and transmission segments.	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	4.5% p.a. and 1.81–3.32% p.a. above TJLP	Monthly principal and interest	a. Corporate guarantee of EDP Energias do Brasil; b. Blocked deposit.	-			4		1,177		1,181		
BNDES - FINEM / 14.2.1237.1	EDP Espírito Santo	270,924	28/12/2014	249,593	12/28/2014–12/16/2024	Investment program for the period 2013–2015	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	TJLP to TJLP + 3.05% p.a., Amplified Consumer Price Index (IPCA) TR (iii) + 3.05% p.a., and Pre of 6.00% p.a.	Monthly principal with interest in the quarterly grace period, after that, monthly. Annual principal and interest (iv)	a. Blocked deposits; b. Corporate guarantee of EDP Energias do Brasil	1,591	40,572	102,618	144,781	3,536	40,069	135,758	179,363		
(-) Transaction cost	EDP Espírito Santo		28/12/2014	(1,390)	12/28/2014–12/16/2024				Monthly amortization of transaction cost			(207)	(290)	(497)		(229)	(442)	(671)		
Eletrobras LPT - ECFS 181/07	EDP Espírito Santo	75,764	25/06/2007	44,821	04/30/2010–04/30/2020	Luz para Todos (Light for All) Program		5% p.a. + 1.5% p.a (mgt. fee)	Monthly principal and interest	a. Promissory notes; b. Receivables in guarantee.		2,642		2,642		4,529	1,510	6,039		
Eletrobras LPT - ECFS 258/09	EDP Espírito Santo	56,737	28/08/2009	20,687	01/30/2012–12/30/2021	Luz para Todos (Light for All) Program		5% p.a. + 1.5% p.a (mgt. fee)	Monthly principal and interest	a. Promissory notes; b. Receivables in guarantee.		1,702	2,128	3,830		1,702	3,404	5,106		
Banco Citibank - Bill of exchange	EDP Espírito Santo	100,000	29/05/2015	100,000	05/29/2015–05/29/2019	Debt extension, working capital financing and financing.	Net debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, semi-annually calculated in June and December.	85% CDI + 1.19%	Annual principal starting May 2018 and quarterly interest	Promissory Note	-			317		50,000		50,317		
BNDES - FINEM / 17.2.0296.1	EDP Espírito Santo	354,078	05/09/2017	174,093	09/05/2017–06/15/2025	Investment program for the period 2016–2018	Gross debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, annually calculated in December.	TJLP + 2.96% p.a. IPCA + 3.23% p.a.	a)Monthly principal with interest in the quarterly grace period, after that, monthly; b) Annual principal and interest.	a. Fiduciary assignment of at least 130% of the amount of the installment due in the subsequent month; b. Corporate guarantee of EDP Energias do Brasil.	11,466	29,986	144,344	185,796	1,081	5,928	9,744	167,668	184,421	
(-) Transaction cost	EDP Espírito Santo		05/09/2017	(2,676)	09/05/2017–06/15/2025				Monthly amortization of transaction cost			(499)	(1,139)	(1,638)		(538)	(1,507)	(2,045)		
BNDES	Porto do Pecém	1,410,000	10/06/2009	1,402,000	07/09/2009–06/15/2026	Implementation of thermoelectric power plant Pecém I.	Debt Service Coverage Ratio higher than or equal to 1.20, determined on annual basis in December.	2.77% p.a. above TJLP	Monthly principal and interest	a. Lien on shares; b. Bank guarantee; c. Assignment of rights and contracts; d. Promissory notes; e. Mortgage; and f. Disposal of assets.	2,759	123,127	707,982	833,868	3,064	122,750	797,880	923,694		
(-) Transaction cost	Porto do Pecém	(11,286)	10/06/2009	(11,286)	07/09/2009–06/15/2026	-	-					(722)	(1,928)	(2,650)		(808)	(2,460)	(3,268)		
Cumulative receivable shares (v)	Investco					Redeemable preferred shares A, B and C			Annual dividends and payment of the principal at the end of the concession		2,263	24,113	33,307	59,683	3,559	24,836	31,286	59,681		

Notes to the financial information
Period ended September 30, 2019
(In thousands of reais, unless otherwise indicated)



Institution	Company	Contracted amount	Contracting date	Amount released	Agreement term	Purpose	Covenants	Debt cost	Payment method	Guarantees	Consolidated									
											09/30/2019					12/31/2018				
											Charges		Principal			Charges		Principal		
											Current	Non-current	Current	Non-current	Total	Current	Non-current	Current	Non-current	Total
BNEDES FINEM (SAFRA)	EDP Soluções em Energia	10,171	02/08/2017	8,700	08/02/2017–08/15/2022	a) Implantation of a biomass steam generation system at Pirelli; b) Acquisition of equipment for the project.	Net debt in relation to Consolidated EBITDA ratio equal or below 3.5, semi-annually calculated in June and December.	TJLP + 4.3% p.a.	Principal and interest in 54 monthly installments starting March 15, 2018, before quarterly interest.	EDP - Energias do Brasil co-signature	-					20		1,949	5,197	7,166
MFUG - Bill of Exchange	EDP GRID	82,000	20/08/2018	82,000	08/20/2018–08/22/2023	Working capital	Net debt in relation to consolidated EBITDA of EDP - Energias do Brasil is lower than or equal to 3.5X, determined on semi-annual basis in June and December.	CDI + 0.45% p.a.	Six-month principal starting August 2020 and interest (six-month period)	a. Promissory note and b. EDP - Energias do Brasil co-signature	582		11,714	70,286	82,582	2,176			82,000	84,176
MFUG - Bill of Exchange	EDP GRID	70,000	12/04/2019	70,000	04/17/2019–04/12/2021	Working capital	Net debt in relation to consolidated EBITDA of EDP - Energias do Brasil is lower than or equal to 3.5X, determined on semi-annual basis in June and December.	CDI + 0.15% p.a.	Principal and interest in single statement in the end	a. Promissory note and b. EDP - Energias do Brasil co-signature		1,993		70,000	71,993					-
MFUG - Bill of Exchange	EDP Comercialização	150,000	25/07/2019	150,000	07/25/2019–07/22/2020	Implementation of the transmission project for O Lot	Net debt in relation to Consolidated EBITDA ratio (i) equal or below 3.5, annually calculated in December.	CDI + 0.44% p.a.	Principal and interest in single statement in the end	a. Promissory note and b. EDP - Energias do Brasil co-signature	1,731		150,000		151,731					-
Promissory Notes (1st issue)	EDP Transmissão Aliança	200,000	04/10/2018	200,000	10/04/2018–04/02/2020	Working capital		111.00% CDI p.a.	Principal and interest in single statement in the end	Corporate guarantee of EDP - Energias do Brasil, proportional to ownership interest					-	3,195		200,000	203,195	
Banco Citibank - Bank Credit Bill	EDP Transmissão MA I	70,000	17/12/2018	40,453	12/17/2018–12/11/2019	Bridge Loan		CDI + 1.0% p.a.	Principal and interest in single statement in the end	Surety of EDP Energias do Brasil	1,224		40,594		41,818	1		1,000		1,001
Banco Citibank - Bank Credit Bill	EDP Transmissão MA II	70,000	17/12/2018	67,858	12/17/2018–12/11/2019	Bridge Loan		CDI + 1.0% p.a.	Principal and interest in single statement in the end	Surety of EDP Energias do Brasil	1,597		67,300		68,897	1		1,000		1,001
Total domestic currency Foreign currency											35,954	29,850	534,466	1,661,886	2,262,156	34,332	39,789	579,416	1,710,294	2,363,831
Banco Caixa Geral de Depósitos	Porto do Pecém	USD 44,131	09/12/2016	USD 44,131	12/09/2016–12/06/2019	Early Settlement of IDB (Inter-American Development Bank) financing		Libor 6M + 2.50 % p.a.	Principal in single installment on maturity date and interest (six-month period)	Promissory Note of EDP - Energias do Brasil	2,882		183,715		186,597	615		172,845		173,460
Banco Citibank - Bank Credit Bill	EDP São Paulo	USD 20,259	04/09/2015	USD 20,259	09/04/2015–09/04/2019	Debt extension, working capital financing and financing.	Net debt in relation to Adjusted EBITDA ratio (i) equal or below 3.5, semi-annually calculated in June and December.	Libor 3M + 1.84% p.a.	Annual principal starting September 2018 and quarterly interest	Promissory Note					-	158		39,658		39,816
Total foreign currency Foreign currency											2,882	-	183,715	-	186,597	773	-	212,503	-	213,276
Banco Caixa Geral de Depósitos	Porto do Pecém		09/12/2016		12/09/2016–12/06/2019	Hedge against Banco Caixa Geral de Depósitos financing		FX swap and Libor 6M swap + 2.50% p.a. for CDI + 2.73% p.a.	According to protected debt principal and interest amortization flow.		1,274		(31,742)		(30,468)	182		(19,881)		(19,699)
Banco Citibank	EDP São Paulo		04/09/2015		09/04/2015–09/04/2019	Hedge against Banco Citibank financing.		FX swap and Libor 3M swap + 1.84% p.a. for CDI + 1.20% p.a.	According to protected debt principal and interest amortization flow.						-	40		(2,196)		(2,156)
Total derivatives Grand total											1,274	-	(31,742)	-	(30,468)	222	-	(22,077)	-	(21,855)
											40,110	29,850	686,439	1,661,886	2,418,285	35,327	39,789	769,842	1,710,294	2,555,252

(i) Adjusted EBITDA means "income before financial expenses, taxes, depreciation and amortization adjusted with assets and liabilities of the Account for Compensation of Variation of Values of Parcel "A" Items (CVA), over contracting and neutrality of sectorial charges".

(ii) Adjusted EBITDA means "income before financial expenses, taxes, depreciation and amortization adjusted with assets and liabilities of the Account for Compensation of Variation of Values of Parcel "A" Items (CVA), over contracting and neutrality of sectorial charges" and with non-operating captions that impact the cash.

(iii) It will be equivalent to result from straight-line interpolation of internal return rates seen in secondary market of National Treasury Bills B Series (NTN-B), applicable to the medium term for amortization of each installment of Sub-credits B and D.

(iv) Subcredits A, C, and F bear interest and monthly amortizations, and subcredits B and D bear interest and annual amortizations.

(v) Refer to Redeemable preferred shares of "A", "B", and "C" shares, issued by the indirect subsidiary Investco in the original amount of R\$ 157,335, where, according to the article eight of by-laws, such shareholders are entitled to the right of receiving a cumulative fixed annual dividend of 3% on their respective interest in capital. In addition, according to Article 9 of Investco bylaws, redeemable preferred shares of "A" and "C" classes will be entitled to equalization upon distribution of dividends in case dividends are paid to other classes of shares higher than unit value of fixed annual dividends. Balance on September 30, 2019 of R\$ 93,349 (R\$93,311 as of December 31, 2018) contemplates the original amount and interest up to 2033 (end of concession), both of them discounted at present value at the rate of 8.70% p.a., which is equivalent to average funding cost of Investco on the date shares are evaluated. Due to its characteristics, these shares were classified as debt financial instruments as they meet the definition of financial liabilities, since Investco does not have the right to avoid the remittance of cash or other financial asset to another entity, as determined in item 19 of CPC 39.

Loans and financing are stated at incurred net transaction costs and are subsequently measured at amortized cost under the effective interest rate or fair value method.

Loans in foreign currency, together with swap/hedge contracts are recognized at fair value through profit or loss and mark to market realization.

The total amount related to the guarantees of loans, financing and debt charges mentioned above is R\$ 3,165,645 as of September 30, 2019 (R\$ 3,444,026 as of December 31, 2018), and R\$ 3,324,028 as of September 30, 2019 (R\$ 3,526,204 as of December 31, 2018) in the Consolidated.



24.2 Changes in loans and financing

	Consolidated								
	Net value as of 12/31/2018	Inflows	Payments	Interest accrued	Transfers	Mark-to-Market	Adjustment to present value	Amortization of transaction cost	Translation adjustment and exchange-rate change
Current									
Principal	794,759	255,894	(776,867)		431,636	(2,318)			17,341
Interest	35,105		(143,099)	121,707	24,544				579
Transaction cost	(2,840)				(1,691)			2,267	
Swap	(21,855)		2,153	3,805		1,365			(15,936)
	805,169	255,894	(917,813)	125,512	454,489	(953)	-	2,267	1,984
Non-current									
Principal	1,717,080	370,000			(431,636)		2,021		10,021
Interest	39,789			12,710	(24,544)		1,539		356
Transaction cost	(6,786)	(505)			1,691				
	1,750,083	369,495	-	12,710	(454,489)	-	3,560	-	10,377

24.3 Maturity of installments

Maturity	Consolidated			
	National	Foreign	Derivatives	Total
Current				
2019	166,004	186,597	(30,469)	322,132
2020	404,417			404,417
	570,421	186,597	(30,469)	726,549
Non-current				
2020	50,962			50,962
2021	360,666			360,666
2022	273,290			273,290
2023	228,093			228,093
2024-2028	738,948			738,948
2029-2033	39,777			39,777
	1,691,736	-	-	1,691,736
Total	2,262,157	186,597	(30,469)	2,418,285

25 Post-employment benefits

The Company and certain subsidiaries maintains retirement and pension supplementation plans to employees and former employees and other post-employment benefits, such as medical care, life insurance, Retirement Incentive Aid and other benefits to retirees.

Pursuant to CVM Resolution 695/12, post employment benefit liabilities should be accounted for based on standards contained in CPC 33 (R1). To comply with this requirement, the Company and its subsidiaries EDP São Paulo, EDP Espírito Santo, Energest e Investco contracted independent actuaries to conduct an actuarial appraisal of these benefits using the Projected Unit Credit Method and the last was on June 30, 2019.

The Company and its subsidiaries recognized the defined benefit plan liabilities are recognized if the present value in the financial statement date is higher than the fair value of plan assets. Actuarial gains and losses generated by adjustments and changes to actuarial assumptions of defined benefit plans are directly recognized in Shareholders' equity under Other comprehensive income in the year. Past service costs are fully recognized in the year they occur in income (loss) in the Personnel account and financial result of the benefit is calculated based on the actuarial deficit/surplus based on the current discount rate.

For cases where the plan becomes a surplus and there is a need for recognition of an asset, such recognition is limited to the present value of economic benefits available in the form of future refunds or reductions in the contributions to the plan, pursuant to law and regulation of the plan.

The liabilities of the defined contribution plans are recognized as personnel expenses in the statement of income for the year in which the services are rendered.

	Parent Company		Consolidated			
	Current		Current		Non-current	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
PSAP Bandeirante			7,664	7,660	24,314	53,994
Assistance Programs			5	4		
Retirement Incentive Aid - AIA			567	567	67	197
Medical care and Life Insurance			40,535	41,092	677,154	669,597
Defined contribution	16	13	125	119		
	16	13	48,896	49,442	701,535	723,788

25.1 Retirement plans

They are administered by EnerPrev, private pension entity sponsored by companies of Grupo EDP - Energias do Brasil and recorded in the National Register of Benefit Plans (Cadastro Nacional dos Planos de Benefícios - CNPB) in the National Superintendency of Private Pension Plans (Superintendência Nacional de Previdência Complementar - PREVIC). It has purpose of managing a set of pension plans in favor of the employees and former employees of the Company and its subsidiaries, and the rights and duties of participants, as provided for in regulation.

As of December 31, 2017, Energest had retirement and pension supplementary plans managed by Fundação Enersul, a not-for-profit private pension plan entity. However, during the year 2018, Energest withdrew the sponsorship of the plans, settling all of its obligations corresponding to these plans in advance.

25.1.1 Defined benefit plans and variable contribution plans

EDP São Paulo

The plans are structured in the form "Settled, Defined Benefit and Variable Contribution", are not available for new adhesions and have the following characteristics:

(i) PSAP Bandeirante Plan – BPS Cost Group: This corresponds to the employees' proportional benefits calculated on the basis of time of service up to March 1998, when was in force. Is a defined benefit type which grants Paid-In Benefit, in the form of lifetime income convertible into a pension for plan members registered as at March 31, 1998 in a defined amount proportional to the accumulated years of service up to the said date conditional upon compliance with the regulations. EDP São Paulo bears total responsibility for covering any actuarial shortfalls determined by actuarial of EnerPrev; and



(ii) PSAP Bandeirante Plan – BD and CV Cost Groups:

- BD Cost Group – in force after March 31, 1998: Defined Benefit Plan that grants a lifetime income convertible into a pension proportional to time of service accumulated to March 31, 1998 based on 70% of the monthly average wage over the past 36 months in active employment. In the event of death while the employee is in active service, or disability, the benefits include all of the years of past service (including the accumulated period up to March 31, 1998) and therefore do not include the accumulated period of service after March 31, 1998 alone. The Company and the plan members bear equal responsibility for covering any actuarial shortfalls determined by the actuary of EnerPrev.
- CV Cost Group: Implemented in conjunction with the DB Plan, effective after March 31, 1998, until the time of granting the lifetime income, convertible (or not) into a pension, is a variable contribution plan, not generating any actuarial responsibility on the part of the Company. Only after the act of granting the lifetime income, convertible (or not) into a pension, does the pension plan become a defined benefit one, subjecting the Company to actuarial responsibilities. A member may also choose the financial income option, not generating actuarial responsibility for the Company.

The Company contributed to these cost groups with the amount of R\$ 2,255 (R\$ 1,950 in 2018) in the period.

	12/31/2018	Operating Expenses recognized in the period	Financial Expenses recognized in the period	Contributions paid by the Company	Actuarial (gain)/loss	09/30/2019
PSAP	61,669	(3,555)	4,208	(5,569)	(24,775)	31,978
	61,669	(3,555)	4,208	(5,569)	(24,775)	31,978

EDP Espírito Santo

- Escelsos I Plan structured as a defined benefit (in force for adhesions up to May 31, 1998): Cost plan is supported by contributions from the sponsor, which correspond to double of members' contributions and limited to 7% of payroll. Grants lifelong income reversible into pension, of up to 100% of actual monthly average salary referring to the last 36 months of activity.

EDP Espírito Santo and Energest

- Escelsos II Plan structured as variable contribution (in force for adhesions up to November 1, 2006): The Funding Plan is sustained paritarily by contributions of the sponsor and of the participant, pursuant to the plan regulation. It is a pension plan that until the time of granting the lifetime income, convertible (or not) into a pension, is a variable contribution plan, not generating any actuarial responsibility on the part of the subsidiaries. Only after the act of granting the lifetime income, convertible (or not) into a pension, if that is the participant's choice, the pension plan may become a Defined Benefit one, subjecting subsidiaries to actuarial responsibilities. A member may also choose financial income option, not generating actuarial responsibility to the subsidiaries.

Changes in balance of Plans I and II of EDP Espírito Santo and Energest during the period are as follows:

	EDP Espírito Santo				Energest	
	Plan I		Plan II		Plan II	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Present value of total or partly covered liabilities	(141,297)	(130,842)	(88,178)	(69,177)	(204)	(93)
Fair value of assets	207,434	195,175	147,167	135,965	224	206
Surplus	66,137	64,333	58,989	66,788	20	113
Restriction on the recognition of assets	(66,137)	(64,333)	(58,989)	(66,506)	(20)	(98)
Opening balance – Other receivables – Post-employment benefits	-	-	-	282	-	15
Contributions paid by the Company	-	-	3	40	-	-
Closing balance – Other receivables – Post-employment benefits	-	-	3	322	-	15

25.1.1.1 Actuarial evaluation

A series of assumptions may be realized differently from as calculated in actuarial valuation due to factors such as changes in economic or demographic assumptions and changes in the provisions of the plan or in the legislation applicable to pension plans.

The plan liabilities are calculated using a discount rate that is established with a basis on the yield of NTN-B government bonds. Accordingly, if the yield of the plan assets is different from the yield of the NTN-B, there will be an actuarial gain or loss, increasing or decreasing the actuarial deficit/surplus of these benefits.

The investment practices of the plans are governed by the search for and maintenance of net assets with the necessary yields to honor these liabilities in the short, medium and long term, maintaining a balance between the assets and the commitments of liabilities so as to generate liquidity compatible with the growth and the protection of capital, aiming to ensure the long-term balance between the assets and the needs dictated by future actuarial flows.

Based on this concept, the actuarial valuation carried out on June 30, 2019 identified that each costing group of the PSAP Bandeirante plan (BSPS, BD and CV) would represent a submass in the plan, and should in turn be controlled separately, resulting in a surplus position to BD cost sub-base in the amount of R\$ 11,765, surplus position with restricted knowledge of the asset as per assumptions in CPC 33 (R1) for CV costing submass, and one adjusted deficit position for the BSPS costing submass in the amount of R\$ 43,743 in September 2019, resulting in a net deficit of R\$ 31,978.

For EDP Espírito Santo and Energest, the review of actuarial appraisal showed, as of June 30, 2019 that in the case of the defined benefits plans, the present value of the actuarial liabilities net of the fair value of the assets and of unrecognized actuarial losses, showed a surplus. However, this surplus has a restriction on its recognition due to actuarial assumptions established in CPC (Brazilian Accounting Pronouncements Committee) 33 (R1).

25.1.1.2 Debt confession - EnerPrev and EDP São Paulo

EDP São Paulo has the aim of resolving the actuarial deficit of its BSPS sub-base and reducing the risk of future deficits, has formalized the legal instrument with EnerPrev, from the actuarial deficit calculated according to guidelines of Resolution CGPC 26/2008 and its amendments. The original contract was being settled over 240 months based on a percentage of the payroll, counted from September 1997. On August 22, 2016, EDP São Paulo and EnerPrev signed the second addendum to the instrument of commitment between the companies, highlighting the change in the settlement period (which was expected to end in September 2017) to 143 installments, the first one in September 2016. From December 2016, the debt balance and the monthly installment amount will be determined once a year at the time of Enerprev actuarial evaluation, positioned in December, considering the debt amount and remaining period. The actuarial assumptions used by EDP São Paulo meet the provisions of CPC 33 (R1) while the actuarial assumptions used by EnerPrev meet CGPC Resolution 18/2006 and Previc Instruction 7/2013.



The reconciliation between two actuarial valuation methods is shown below:

	09/30/2019	12/31/2018
Present value of the plan liabilities	(941,021)	(907,301)
Fair value of the plan assets	1,002,926	943,974
Surplus	61,905	36,673
Unrecoverable surplus	(93,883)	(98,342)
Total recorded - BPS sub-base - CPC 33 (Note 25.1.1.1)	(31,978)	(61,669)
Contract for Debt confession and Mathematical reserve	(54,088)	(55,035)
Adjustment - CGPC Resolution 26/2008		
Difference between assumptions (*)	(22,110)	6,634

(*) The amount of R\$ 22,110 (R\$ 6,634 as of December 31, 2018) is due to the difference in assumptions and methodologies used by EDP São Paulo for purposes of compliance with CVM Resolution 695/12 and those used by EnerPrev (benefit plan administrator) for the purpose of compliance with Resolution 26/08 and its amendments of the National Council of Private Pension and tends to be adjusted over time to plan development.

25.1.2 Defined contribution plans

The Company and other companies of Grupo EDP - Energias do Brasil are sponsors of the Plan Energias do Brasil, administered by EnerPrev, which is available for the adhesion of new participants. In this plan, the participant may contribute the fixed percentage from 1% to 7% of the contribution salary, in which the percentage of the contribution of the sponsors in their favor in the plan will also occur at the same rate, not generating any actuarial liability for the sponsors. Members may also take part with voluntary monthly contributions that are equivalent to a percentage that he/she may freely choose applied to their contribution salaries, or annual contributions in a single value to be chosen by the participant. This type of contribution is made in addition to basic contribution, with no proportional contribution by sponsors. In the capacity of sponsors of this plan, the Company contributed R\$ 758 (R\$ 691 in 2018) while the subsidiaries contributed R\$ 3,693 in the period (R\$ 3,142 in 2018).

On September 30, 2019, this plan receives adhesion from 128(*) employees 125(*) as of December 31, 2018 of the Company and 1,670(*) (1,472(*) as of December 31, 2018) from employees of its subsidiaries.

(*) Not reviewed by independent auditors.

25.2 Retirement incentive aid (AIA), medical care, life insurance and other benefits to retirees: Defined benefit

- Retirement Incentive Aid - AIA (EDP Espírito Santo): Benefit to employees hired up to December 31, 1981, payable on termination of the labor contract, irrespective of the reasons for such severance. The AIA guarantees the payment of a benefit, the amount of which was calculated considering, for each employee, the proportion of the period of contribution to the INSS (Brazilian Social Security Service) up to October 31, 1996, the employee's salary and the INSS benefit as at October 31, 1996;

- Medical care, life insurance and other benefits to retirees (EDP Espírito Santo and Energest - in force to employees hired up to December 31, 1990 and retired in the subsidiaries): Lifetime coverage for medical and dental care, medications, life insurance, and in proven cases, existence of dependents with special needs, corresponding to 50% of the minimum salary of the subsidiaries; and

- Medical care (Investco): Pursuant to Law 9656/98, employees who pay a pre-determined monthly contribution for the medical care plan are entitled to continue as part of a similar plan, in the event of dismissal or retirement, for a determined period of time, in accordance with legislation relating to Medical care plans. Investco's medical care model from April 2005 until December 2011 met this condition.

On March 1, 2019, the Company and its subsidiaries started the process of changing the healthcare plan operator, and the migration was completed on May 1, 2019. The Company and its subsidiaries are evaluating the impacts on the cost of the new plan and then revaluing the respective actuarial liabilities.

25.2.1 Actuarial evaluation

A series of assumptions may have their realization different from that calculated in the actuarial valuation due to factors such as changes in the economic or demographic assumptions and changes in the provisions of the plan or of the legislation applicable to these.

Most of the liabilities of the benefits consist of the concession of lifetime benefits to the participants. For this reason, increases in the life expectancy will result in an increase in the plan liabilities. These benefits are sensitive to inflation, and inflation that is higher than foreseen in this valuation will lead to a higher level of liabilities.

The actuarial evaluation carried out as of June 30, 2019 determined a present obligation for defined benefit plans.

Changes in balance in the period are as follows:

	Investco		Actuarial (Gain)/ Loss	09/30/2019
	Operating Expenses recognized in the year	Financial Expenses recognized in the year		
12/31/2018				
Medical care	933	41	(1)	1,044
	933	41	(1)	1,044

	EDP Espírito Santo			Actuarial (Gain)/ Loss	09/30/2019
	Operating Expenses recognized in the year	Financial Expenses recognized in the year	Benefits directly paid by the Company		
12/31/2018					
Health and dental care	695,985	2,149	50,024	(31,979)	466
Retirement Incentive Aid - AIA	764	7	48	(195)	10
	696,749	2,156	50,072	(32,174)	476

	Energest		Actuarial (Gain)/ Loss	09/30/2019
	Operating Expenses recognized in the year	Financial Expenses recognized in the year		
12/31/2018				
Health and dental care	13,771	67	(357)	14,486
	13,771	67	(357)	14,486



26 Sectorial charges

Obligations payable refer to charges established by the electric sector law, as follows:

Note	Balance at 12/31/2018	Additions	Inflation adjustment	Consolidated			Assets held for sale	Balance at 09/30/2019
				Payments	Transfer			
Share of Global Reversion Reserve - RGR	240	3,256		(2,370)	(764)		(362)	
Energy Development Account (Conta de	26.1 29	51,767	1,008,917	(1,060,684)				
Financial Compensation for the Use of Water	29	5,312	16,699	(20,006)			(200)	1,805
Resources - CFURH	7.3	31,428	16					31,444
Tariff charges (ECE/ EAEFE)	26.2 29	78,225	75,085	2,556	(84,949)	(10)	(1,852)	69,055
Research and Development ("R&D") and Energy	8 26.3 29	-	21,622	(21,622)				
Efficiency Program ("PEE")		1,907	10,587	(11,228)			(51)	1,215
Tariff flags (CCRB)		168,879	1,136,182	2,556	(1,200,859)	(774)	(2,465)	103,519
Other charges								
Total								
Current		154,262						90,684
Non-current		14,617						12,835
Total		168,879						103,519

26.1 Energy Development Account (Conta de Desenvolvimento Energético - CDE)

Refer to amounts to be transferred to CDE, consented by ANEEL, as the table below:

	EDP São Paulo			EDP Espírito Santo		
	Total amount	Monthly quota amount	Competence	Total amount	Monthly quota amount	Competence
Ratifying Resolution ANEEL 2231/17						
CDE – Energy (Account ACR)	425,724	16,172	Apr2017–Mar2018	270,354	10,270	Apr2017–Mar2018
		21,060	April2018–Feb2019		13,374	Apr2018–Feb2019
Ratifying Resolution - ANEEL 2521/19						
CDE – Energy (Account ACR) (*)	126,360	21,060	Mar2019–Aug2019	78,186	13,031	Mar2019–Aug2019
Ratifying Resolution - ANEEL 2446/18						
CDE - Energy	120,562	10,047	Oct/18–Sep/19	93,771	7,814	Aug2018–Jul2019
Ratifying Resolution - ANEEL 2510/18						
CDE – Utilization charges	610,462	43,336	Jan2019–Mar2019		22,313	Jan–Mar 2019
		53,384	Apr2019–Dec2019	338,091	30,128	April–December 2019

(*) Ratifying Resolution No. 2.521/19 changes the amount of the CDE quotas - ACR Account to be paid by distributors. The ACR Account was created to cover the loan transferred to distributors in 2014. Based on ANEEL's estimates, quotas have been adjusted so that there are sufficient funds to repay the loan in September 2019.

26.2 Research and Development ("R&D") and Energy Efficiency Program ("PEE")

The amounts of the liabilities to be applied in the R&D and EEP programs recorded by the subsidiaries are determined under the terms of the sectorial legislation of electricity concession agreements. The subsidiaries must apply 1% of the net operating income adjusted in accordance with the criteria defined by ANEEL, recording monthly, on an accrual basis, the liability amount. These liabilities are restated monthly by the change in the SELIC rate up to the expenditure realization month and written off according to their realization. The R&D programs are regulated through ANEEL Normative Resolution 316/08, applied until September 2012, amended by Normative Resolution 504/12, and the EEP programs are regulated through Resolutions 300/08, applied until May 2013, amended by Normative Resolution 556/13. The net balance on September 30, 2019 in the amount of R\$ 69,055 (R\$ 78,225 on December 31, 2018), includes the deduction of expenditures incurred with services in progress referring to these programs.

26.3 Tariff flags

Beginning January 1, 2015, by ANEEL Normative Resolution 547 of April 16, 2013, the Tariff Flag System came into effect. That mechanism aims to indicate to consumers the actual electric power generation costs of each month, by using three flags: green, yellow and red. Every month, the system's operating conditions are evaluated by the National Electric System Operator (ONS), which establishes the best power generation strategy to meet the demand. Based on that evaluation, a decision is made regarding which thermal plants are required to operate.

The green flag indicates that the power generation cost is presently cost is at a regular level, and no increase in power tariff value is necessary. However, the yellow and red flags indicate that the cost of energy generation has increased, and an increase in the energy tariff is applied.

As of 2019, the tariff coverage treatment and activation rule started to be reevaluated based on the hydrological calendar in April, end of the wet season.

On May 21, 2019, ANEEL, by means of Confirmatory Resolution 2551, published the new criteria for activating tariff flags, effective as of June 1, 2019, changing the additional value during the effectiveness of the yellow tariff flag from R\$ 1.00 to R\$ 1.50 for every 100 kWh consumed, and changing the additional value during the effectiveness of the red tariff flag (level 1) from R\$ 3.00 to R\$ 4.00 for each 100 kWh consumed (R\$ 5.00 to R\$ 6.00 for the red tariff flag - level 2).

On April 24, 2018, ANEEL, through Confirmatory Resolution no. 2392, established the new criteria for activating tariff flags. The definition of the activation brackets will observe hydrologic risk thresholds defined according to the operational record of the National Interconnected System (SIN). The activation metric henceforth takes into account the definition of cost of hydrologic risk, where there is an indirect relationship between the depth of the generation scaling factor (GSF) and the electricity spot price (PLD, or different settlement price).

The composition of these two variables, in trigger systematics, means the anticipated collection of income with the tariff flags is closer to the costs incurred.

So, the balance related to the Tariff flags refers to the amounts to be transferred to the Centralizing Account for the Resources from Tariff Flags - CCRBT, managed by the Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE), arising from the difference between the billed amounts net of ICMS and the estimated amounts not billed, for Tariff flags purposes, deducted of a portion of the energy and charges overhead.

Those funds are allocated to the coverage of costs not foreseen in the tariffs of several distributors in Brazil. Value monthly approved by ANEEL to be transferred or refunded is the difference between amount charged from customers and excess costs referring to: (i) Power Security of System Service Charge (Encargo de Serviço do Sistema – ESS); (ii) thermal dispatch; (iii) hydrologic risk; (iv) Itaipu quotas; (v) exposure to short-term market; and (vi) excess Energy Reserve Account - CONER. The costs that are not covered by the income are considered in the next tariff process.



The Tariff flags applied in 2019 were the following:

Brands	Months
Green	January, February, March, April, June
Yellow	May and July
Red Level 1	August and September

27 Provisions

	Note	Parent Company		Consolidated			
		Non-current		Current		Non-current	
		09/30/2019	31/12/2018	09/30/2019	31/12/2018	09/30/2019	31/12/2018
Civil, tax, labor and regulatory provisions	27.1	11,830	13,729	10,307	15,499	387,528	352,504
Environmental permits	27.2			37,008	8,370	19,260	16,692
Dismantling	27.3					9,084	8,613
Contingent consideration	27.4				6,002		9,283
Total		11,830	13,729	47,315	29,871	415,872	387,092

Provisions are recognized in the balance sheets date as a result of a past event, and it is probable that an economic resource will be required to settle the obligation and that can be reliably estimated. Provisions are recorded based on the best estimates of the risks specific to the liability.

27.1 Civil, tax and labor, regulatory provisions and restricted deposits

The Company and its subsidiaries are parties to lawsuits and administrative proceedings in several courts and with government bodies arising from the normal course of its operations, involving tax, labor, civil and other issues.

The liabilities are measured at management's best estimate for the disbursement that would be required to settle them on the date of the financial statements. They are monetarily restated monthly, using various indices according to the nature of the provision, and are periodically reviewed with the assistance of legal advisors.

27.1.1 Risk of probable loss

The Company's Management, based on information from its legal advisors and the analysis of pending lawsuits, the Administration of the Company and its subsidiaries have constituted provisions considered sufficient to cover losses estimated as probable for ongoing lawsuits, as follow:

	Parent Company									
	Liabilities					Assets				
	Write-offs					Judicial deposit				
	Balance at 12/31/2018	Formation	Payments	Reversals	Inflation adjustment	Balance at 09/30/2019	09/30/2019	12/31/2018		
Labor	5,349	565	(31)	(2,334)	(2,110)	1,439	1,092	870		
Civil	8,380	2,717	(1,519)	(479)	1,053	10,152	1,365	1,237		
Other	-	487	(133)	(115)		239				
Total non-current	13,729	3,769	(1,683)	(2,928)	(1,057)	11,830	2,457	2,107		

	Consolidated									
	Liabilities					Assets				
	Write-offs					Judicial deposit				
	Balance at 12/31/2018	Formation	Payments	Reversals	Inflation adjustment	Transferred to assets held for sale	Reclassification on	Balance at 09/30/2019	09/30/2019	12/31/2018
Labor	131,098	19,922	(14,975)	(11,221)	9,417	(4,584)	440	130,097	61,330	57,152
Civil	175,331	48,734	(35,062)	(6,080)	19,494	(1,024)	(440)	200,953	71,851	53,875
Tax	739	1,490	(1,074)		2,790	(7)		3,938	628	
Regulatory	15,224	1,410	(7,045)	(242)	642			9,989		
Other	45,611	12,570	(720)	(5,496)	946	(52)	(1)	52,858		
Total	368,003	84,126	(58,876)	(23,039)	33,289	(5,667)	(1)	397,835	133,809	111,027

Current	15,499							10,307		
Non-current	352,504							387,528	133,809	111,027
Total	368,003							397,835	133,809	111,027

27.1.1.1 Labor

EDP São Paulo, EDP Espírito Santo, Energest, Investco, EDP Soluções, Porto do Pecém and EDP - Energias do Brasil

Refer to several lawsuits disputing, among other issues, overtime payments and hazardous work and salary equalization.

On August 4, 2015, with decision on unconstitutionality claim 479-60.2011.5.04.0231, Full Court of the Superior Labor Court (TST) decided that labor debts should be adjusted for inflation based on Special Extended Consumer Price Index (IPCA-E) of the Brazilian Institute of Geography and Statistics (IBGE). This index would be used by the Labor Court Superior Council (CSJT) for the inflation adjustment table of the Labor Court (Single Table). Thus, correction index of these debts, which was Reference Rate - TR, would become IPCA-E.

This new index should be applied to all labor lawsuits involving public and private entities that discuss debts after June 30, 2009 that were not executed or that received final decision. However, on October 14, 2015, the Minister of the Federal Supreme Court (STF) issued an injunction to suspend effects of decision issued by Superior Labor Court - TST.

Subsequently, on December 5, 2017, the 2nd Panel of Brazil's Supreme court (STF), by majority vote, dismissed the lawsuit filed by the National Federation of Banks (Fenaban) against the decision of the Superior Labor Court (TST) in the proceedings of case ArgInc-479-60.2011.5.04.0231, which determined the application of the IPCA-E as an index of correction for inflation with regard to labor-related debts. In the decision challenged by Fenaban, the TST declared that the use of the "TR" as a correction index in the Labor Court was unconstitutional, and consequently, the previously deferred injunction was revoked, and determined the adoption of the IPCA-E determined by the IBGE to calculate such debts.

In March 2018, the Motions for Clarification were judged by the TST, and the Company and its subsidiaries presently understood that the STF's decision should be applied after their modulatory effects and not to the whole process, thus, the application of IPCA-E should occur as of March 25, 2015. The theme is subject to appeal.

Thus, since December 2017, the Company and its subsidiaries began to adjust all of their labor claims based on IPCA-E.



27.1.1.2 Civil

EDP São Paulo and EDP Espírito Santo

Refer mainly to claims for reimbursement of amounts paid in the form of tariff increases by industrial consumers due to the application of DNAEE Ordinances 38/86 and 45/86 (the Cruzado Plan), in force from February to November of that year. Original values are restated based on the system used by the Judiciary. As of September 30, 2019 the balance for EDP São Paulo totals R\$ 54,537 (R\$ 49,772 as of December 31, 2018) and for EDP Espírito Santo, R\$ 4,109 (R\$ 4,103 as of December 31, 2018), of which the following process is highlighted for EDP São Paulo:

- Lawsuit 2000.001.127615-0, in progress at the 10th Civil Court of the Central Forum of the Judiciary District of Rio de Janeiro, filed by White Martin, discussing the existence of affects resulting from Ordinances 38/86 and 45/86 of the dissolved DNAEE, on electrical power consumption tariffs for the period from September 2000 onwards. In April 2010, the EDP São Paulo complied with a legal determination of substitution of the letter of guarantee by a judicial deposit in the amount of R\$ 60,951 and in June 2011, a complement of judicial deposit was made in the amount of R\$ 10,627. EDP São Paulo submitted various pronouncements and appeals targeting the suspension of the exaction of the amount, and to reverse the determination of the deduction of the percentage of 16.66% on the monthly bills of White Martins, until the release (June 8, 2011), in payment, of the amount of R\$60,951 deposited initially, was authorized without the provision of collateral. On June 10, 2011, White Martins obtained this deposit, monetarily restated to R\$66,806. Notwithstanding the raising of the aforesaid deposit, the amount of R\$10,627 remains on deposit with the court, and there are also appeals pending before the Court of Appeals of Rio de Janeiro and the Superior Court of Justice (STJ) discussing the matter. Currently, a new expert examination was conducted, in compliance with the judgment. The accounting record was presented in order to reduce the judicial deposit in return for a decrease in the provision made for this contingency. The remaining balance as at September 30, 2019 is R\$ 44,347 (R\$ 40,548 on December 31, 2018).

Investco

At September 30, 2019, Investco recorded a provision of R\$ 12,535 (R\$11,675 as of December 31, 2018) referring to:

(i) Indemnities

Indemnities claimed by people that consider themselves impacted by fulfillment of UHE Lajeado reservoir or that intend to increase indemnities received from Investco as a result of said fulfillment, for which a provision of R\$ 4,202 on September 30, 2019 (R\$4,276 on December 31, 2018) was recorded.

(ii) Expropriations

Refer to indemnities as expropriation proposed by Investco to fill reservoir of UHE Lajeado, in which the difference between amount deposited by Investco and the amount estimated by the expropriated and on September 30, 2019, the amount formed is R\$ 8,333 (R\$ 7,399 on December 31, 2018). The balance of judicial deposits on September 30, 2019 is R\$ 13,138 (R\$ 16,387 as of December 31, 2018) and are recorded at the item Constructions in progress - Other (Note 20).

27.1.1.3 Tax

EDP Comercializadora

- Lawsuit filed by EDP Comercialização against the Brazilian Federal Revenue Service, aiming at the cancellation of the PIS and COFINS fine for the period 2004 and recognition of the voluntary disclosure, and the debt is guaranteed by a judicial deposit. On September 30, 2019, the restated amount is R\$ 599. Currently, it is awaiting compliance with the court decision and conversion of the deposit.

- Lawsuits between EDP Comercialização and the State of Rio Grande do Sul, discussing the collection of ICMS tax substitution for the period from 2008 to 2013. On March 31, 2019, the amount was R\$ 1,109, and on September 30, 2019 the amount is R\$ 161. The amount was reduced due to the partial payment of the provision. Currently, the other lawsuits await judgment of the appeals in the Superior Courts.

Lajeado

- Lawsuit filed by Lajeado against the Brazilian Federal Revenue Service, aiming at the cancellation of the PIS and COFINS fine for the period 2004 and recognition of the voluntary disclosure, and the debt is guaranteed by a judicial deposit. On September 30, 2019, the restated amount is R\$ 415. Currently, it is awaiting compliance with the court decision and conversion of the deposit.

Enerpeixe

Administrative Proceeding according to the Brazilian Federal Revenue Service, aimed at the collection of income tax (IRPJ) and social contribution (CSLL) calculated in the periods from 2014 to 2016 for supposed lack of payment. The restated amount as of September 30, 2019 is R\$ 2,024. Enerpeixe has filed an administrative defense and is awaiting judgment.

27.1.1.4 Regulatory

EDP São Paulo and EDP Espírito Santo

They refer to the tax assessment notices issued by ANEEL or other regulatory agencies that are in the phase of appeal by the subsidiaries.

27.1.1.5 Other

Porto do Pecém

As a result of business combination related to purchase of Porto do Pecém, the amount of R\$ 21,745 is considered on September 30, 2019 (R\$21,745 as of December 31, 2018) resulting from lawsuit in which Porto do Pecém is co-plaintiff, promoted by a service provider of the plant construction that challenges alleged contractual breach. It is currently awaiting the beginning of the test phase of production.

27.1.2 Risk of possible loss

There are ongoing labor, civil and tax proceedings, the loss of which has been deemed as possible. These items are periodically reassessed, not requiring formation of provisions as follow:

	Parent Company				Consolidated			
			Assets				Assets	
	Balance at		Judicial deposit		Balance at		Judicial deposit	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Labor	10,358	8,704	65		116,017	110,325	7,569	7,775
Civil	43,935	38,480	264	336	862,998	876,536	15,681	17,381
Tax	49,583	48,554	4,009	3,005	1,701,791	1,614,135	116,394	54,857
Regulatory					15,830	15,673	552	552
Total	103,876	95,738	4,338	3,341	2,696,636	2,616,669	140,196	80,565

Among the main claims where losses are deemed as possible, the highlights are as follow:

27.1.2.1 Labor

EDP - Energias do Brasil, EDP Espírito Santo, EDP São Paulo, Energest, Porto do Pecém, EDP Soluções and Investco

Refers to several lawsuits that, in general, relate to overtime payment, salary equalization, joint responsibility involving service providing companies, indemnity for pain and suffering/ property damage derived from occupational diseases/accidents, among others.



27.1.2.2 Civil

EDP - Energias do Brasil

• Lawsuit 1109675-81.2014.8.26.0100, in progress in the 20th Civil Court of São Paulo Central Court, filed by Montcalm Montagens Industriais S.A. against companies MABE Construção e Administração de Projetos LTDA, Pecém II Geração de Energia S.A., Eneva S.A. and EDP Energias do Brasil, discusses an alleged contract unbalance in subcontracting carried out by MABE for provision of equipment assembling services related to implementation of UTE Pecém II, company of the Eneva S.A. economic group. Montcalm alleges that companies are jointly responsible for non-compliance with contract non-compliances, due to alleged contract succession and corporate succession. Currently, lawsuit is in the expert investigation stage. The estimated amount on September 30, 2019 is R\$ 39,740 (R\$ 35,349 on December 31, 2018).

Energest, Lajeado, Investco, Enerpeixe and Porto do Pecém

The Grupo EDP - Energias do Brasil generation companies, through the Brazilian Association for Independent Electricity Producers (Associação Brasileira dos Produtores Independentes de Energia Elétrica - APINE) and the Brazilian Association for Clean Energy Generation (Associação Brasileira de Geração de Energia Elétrica - ABRAGEL) filed a lawsuit to suspend the effects of Resolution No. 03/13 of the Brazilian Energy Policy Council (CNPE), enacted by the Federal Government, which introduced a sharing between all agents of the energy market of the costs incurred for the additional dispatch of thermal sources (oil, coal and gas) due to the shortage of rain (System Service Charge – ESS).

On May 27, 2013 an injunction was granted within the sphere of the ordinary proceedings in progress at the 4th Federal Circuit Court of the Federal District, invalidating the provisions of articles 2 and 3 of CNPE Resolution 03/13, preventing their inclusion in the apportionment of costs calculated in accordance such resolution.

On December 5, 2014, a favorable sentence was pronounced, confirming the terms of the injunction. The Federal Government filed an appeal, which was denied by the Federal Regional Court (Tribunal Regional Federal - TRF) in June 2016. On January 30, 2017, the Federal Government lodged a special appeal. The counter-arguments were filed by APINE on May 4, 2017. The Federal Government's appeal was not accepted, and the final and unappealable decision was handed down on June 3, 2019. The lawsuit is closed (R\$ 165,739 as of December 31, 2018).

Investco

They refer mostly to lawsuits described in note 27.1.1.2 – Compensation and Expropriations, in the amount of R\$ 108,546 as of September 30, 2019 (R\$ 96,524 as of December 31, 2018).

EDP Espírito Santo and EDP São Paulo

• Public civil action No. 26725-92.2009.4.01.3800, being processed by the 3rd Federal Civil Court of Belo Horizonte, filed by the Collective Interest Defense Association (ADIC), and claiming indemnity for material damages arising from the tariff adjustment (Parcel A). A decision was handed down in this litigation that determined the exclusion of the concessionaires from the list of defendants of the lawsuit, maintaining only ANEEL. The proceeding was suspended until the Superior Court of Justice (STJ) as at November 27, 2013, considered the 3rd Federal Circuit Court of Belo Horizonte competent to judge all the collective claims addressing the issue of Parcel "A". On April 5, 2017, a decision was issued extinguishing the case, also regarding ANEEL. After decision that extinguished the lawsuit without solution of the merit, presently the Company is awaiting decision of the appeal by the plaintiff. The lawsuit is conducted only in relation to ANEEL. As of September 30, 2019, the estimated amount for EDP Espírito Santo is R\$ 70,684 (R\$ 63,872 as of December 31, 2018) and that for EDP São Paulo is R\$ 158,836 (R\$ 141,283 as of December 31, 2018).

• Injunction 0002173-26.2014.4.01.3400, being processed at the 22nd Federal District of the Federal Regional Court of the 1st Region, which had been filed by Santo Antônio Energia S.A. (SAESA) against an act of the ANEEL Executive Board, and aiming at suspending liabilities for recomposing guarantees and capacity and avoiding payment of charges for transmission system use and possible penalties for failures to adhere to the timing plan. On February 26, 2014, the request for court authorization prior to judgment was partly granted, and impacted power distributors. Upon that decision, the subsidiaries, through the Brazilian Association of Energy Distribution Companies (ABRADEE) filed a request before the Superior Court of Justice for suspending the granting, and the request was accepted. Currently, decision on appeal is being awaited. As of September 30, 2019, the estimated amount for EDP Espírito Santo is R\$ 13,215 (R\$ 11,755 as of December 31, 2018) and that for EDP São Paulo is R\$ 14,653 (R\$ 13,034 as of December 31, 2018).

EDP Espírito Santo, EDP São Paulo, Lajeado, Investco, Energest and Enerpeixe

• Ordinary Action 0028271-48.2014.4.01.3400, in process in the 13th Federal District of the 1st Region Federal Regional Court, also filed by SAESA against ANEEL with a request for a preliminary injunction to prevent application of the Mechanism for Assured Energy Reduction (MRA), in the Santo Antônio Hydroelectric Power Plant, during the turbine installation period. In the trial court the preliminary injunction was denied. In the appeal court, the Federal Regional Court accepted SAESA's request for action before court ruling and approved the retroactive effect, so that it became effective since early March 2012. The subsidiaries and ANEEL together filed requests for the Superior Court of Justice to suspend the preliminary injunction, and the requests were upheld, suspending it. On March 18, 2015, appeal proposed by SAESA was denied by STJ's special court. The decision considering SAESA's requests invalid was published on September 26, 2018. Currently, decision on appeal is being awaited. The estimated amount on September 30, 2019 is R\$ 19,839 (R\$ 17,939 on December 31, 2018).

Porto do Pecém

As a result of the situation of hydric shortage in the state of Ceará, the state government, by means of Decree 32044 of September 16, 2016, established the collection of the Emergency Hydric Charge (EHE) to be levied on thermoelectric industries in the state, monthly charging based on the verified consumption in the amount of R\$7,210.00 every 1,000 cubic meters.

On October 13, 2016, the Porto do Pecém submitted to ANEEL an administrative request for obtaining, provisionally, the application of the new value of the Variable Cost per Unit (CVU) of the energy generated by the UTE Pecém I, in view of the collection of the new charge, once the same would affect the economic and financial equation of the Electricity Sale Contracts in the Regulated Environment (CCEAR). ANEEL, through Order 3293 as of December 16, 2016, dismissed the action of application.

Porto do Pecém filed two lawsuits relating to the EHE (water shortage emergency charge), one ongoing and the other already finalized:

(i) Closed lawsuit: Lawsuit promoted against the State Government of Ceará and Companhia de Recursos Hídricos – COGERH, in order to obtain legal provision to make the EHE unenforceable. On February 2, 2017, a decision was issued in the records of such lawsuit granting the application of advance of Trusteeship to Porto do Pecém to prevent the collection of EHE, as well as the impact of the legislation that established the said charge.

On February 24, 2017, the Government of the State of Ceará, through the new Decree 32159/17, amended the EHE (emergency water charge) from R\$ 7,210.00 to R\$ 3,101.39 per 1,000 cubic meters. As a result, Porto do Pecém made the payments for the retroactive months (from October 2016 to February 2017) and, on March 14, 2017, Porto do Pecém together with the State of Ceará and COGERH filed a petition requesting the dismissal of the suit without prejudice due to the supervening loss of the subject matter in dispute in view of the publication of a new decree. On July 28, 2017 the decision approving the withdrawal and dismissing the lawsuit was published, which was considered final and unappealable on September 20, 2017.

(ii) Lawsuits in progress: Lawsuit promoted against ANEEL at December 19, 2016, in order to have guaranteed the economic and financial balance of CCEARs, with transfer of the EHE to CVU. At January 31, 2017, preliminary injunction was dismissed. On May 3, 2017, Porto do Pecém filed a new appeal requiring new appreciation of the decision that granted temporary relief in favor of Porto do Pecém. The proceeding is currently awaiting the decision. In view of the facts, Porto do Pecém has recognized and transferred full EHE costs to CVU impacting net income as a counterparty to accounts receivable. On August 11, 2017, Decree 32305/17 was promulgated by the Ceará state government, which extended the charge for an indefinite period.

The estimated amount of the share on September 30, 2019 is R\$ 100,742 (R\$ 86,274 on December 31, 2018). The change in the year is due to the review of assumptions involving the calculation of the contingency, which previously took into account the estimate of the amount of EHE to be paid, according to the historical average, and now considers the effective risk of the action considering the transfer of the unit variable cost.



27.1.2.3 Tax

EDP - Energias do Brasil (Parent company and Consolidated)

The Company is a party to administrative and judicial discussions related to the Federal Revenue Service not recognizing a corporate income tax (IRPJ) negative balance, determined for the years 1999/2001, originating from a merged company (Magistra Participações S.A.), and that totals R\$ 22,317 on September 30, 2019 (R\$ 21,921 on December 31, 2018). The lawsuits are pending judgment in the administrative level.

EDP São Paulo

- Discussion at the judicial level regarding ICMS credits utilized by EDP São Paulo in the period from July to December 2003, referring to "Annulment/Return of Sale of electrical Energy" amounting to R\$ 183,135 restated up to September 30, 2019 (R\$ 180,649 as of December 31, 2018). EDP São Paulo has presented its defense and is awaiting judgment. The risk value has substantially increased due to the new adjustment criteria of the State Law 13918/09 and fees required by State Attorney's Office in the judicial phase.
- Administrative proceedings relating to the use of ICMS credit, originating from the reversal of debt of canceled invoices in the period from 2007 to 2012 at the restated amount of R\$ 35,830 through September 30, 2019 (R\$ 34,655 as of December 31, 2018). EDP São Paulo has presented its defense and is awaiting judgment.
- Court discussion deriving from Tax Foreclosure filed by Federal Government claiming charge of CSLL (social contribution on net income) referring to calendar year 2009, which was offset against prior years' CSLL negative basis balance accumulated by spun-off company AES Eletropaulo that involves the amount of R\$ 38,887 adjusted on September 30, 2019 (R\$38,273 on December 31, 2018). EDP São Paulo has presented its defense and is awaiting judgment.
- Administrative proceedings involve the restated amount up to September 30, 2019 in the amount of R\$ 210,598 (R\$ 207,768 as at December 31, 2018) referring to the non-homologated offsets of credits arising from IRPJ, CSLL, PIS and COFINS overpayments in 2001, as a result of the application of COSIT Opinion 26/02 (taxes on RTE). EDP São Paulo presented defenses, and are awaiting judgment.
- Lawsuit relating to Cofins of the period of 1993 to 1995, in a joinder with Eletropaulo. The dispute refers to the right to the future use of the amnesty brought by Provisional Measures nos. 1858-6 and 1858-8, granted to taxpayers that failed to pay taxes as they considered them inappropriate. In the second instance judgment, the right to amnesty was partially confirmed, excluding the portion concerning the charges of Decree Law 1025/69. On September 30, 2019, the restated amount is R\$ 76,108 (R\$ 75,355 as at December 31, 2018). The proceeding is currently awaiting the judgment of an Appeal to the Higher Courts.
- Assessments of the Municipal Authorities that require the payment of fine for alleged breach of ancillary liabilities related to the installation of electricity poles as well as inspection fees for works and public places and public price. The contingency estimated amount on September 30, 2019 is R\$ 74,685 (R\$ 63,187 on December 31, 2018). Currently, lawsuits are waiting for judgment.
- Lawsuit ensuring the right not to include the value of the tax on transactions related to circulation of goods and on provision of interstate, inter-municipal transportation and communication services (ICMS) in the calculation basis of the contributions to the social integration program (PIS) and social security financing (COFINS). EDP São Paulo obtained a favorable decision and is currently awaiting the judgment of appeals filed by the National Treasury in the higher courts.

EDP Espírito Santo

- Administrative dispute related to the tax deficiency notice assessed by the Federal Revenue Service, aiming at collecting the PIS, COFINS, IRPJ and CSLL for the periods of 2014 and 2015, levied on non-technical losses of electric power. The amount of the restated lawsuit up to September 30, 2019 is R\$ 172,649 (R\$ 164,452 on December 31, 2018). EDP Espírito Santo has presented its defense and is awaiting judgment.
- INSS tax authorities issued social security contribution on: (i) not considering self-employed and other legal entities, claiming the existence of employment bond between service providers and EDP Espírito Santo, (ii) the levying of INSS tax on profit sharing and scholarship payments made to employees that are pension plan members. These notifications restated up to September 30, 2019 amount to R\$ 8,495 (R\$ 8,386 on December 31, 2018) and are currently awaiting administrative adjudication.
- Sundry municipal authorities: EDP Espírito Santo is discussing in court and administratively the collection of ISSQN allegedly levied on services related to the supply of electrical power. Also includes payment demand on land occupied by posts for the electricity network and public lighting. These proceedings restated up to September 30, 2019 total the amount of R\$109,424 (R\$107,897 on December 31, 2018). Of this amount, special emphasis on the amount of R\$ 91,293 (R\$ 89,266 at December 31, 2018) due to the issuance of 123 tax assessment notices by the municipality of Vitória, aiming at collecting the ISSQN the period from March 2011 to February 2016. EDP Espírito Santo presented administrative and judicial defenses, and are awaiting judgment.
- Administrative and court proceedings with regard to tax offsetting issues not ratified by the federal tax authorities, based on credits recognized in court, as well as negative IRPJ and CSLL balances resulting from IRPJ, CSLL, PIS, and COFINS overpayments made in 2001, as a result of applying Opinion COSIT 26/02 (taxes on RTE) totaling R\$ 175,763 as at September 30, 2019 (R\$ 174,124 as at December 31, 2018). EDP Espírito Santo presented the defenses, having been successful in one of the lawsuits. Other appeals are pending decisions.

EDP Comercializadora

- Administrative discussion about the collection of IRPJ, CSLL, PIS and COFINS debts referring to 2004/2006, arising from the non accreditation of the offsetting of these tax credits. The restated amount of these proceedings on September 30, 2019 is R\$ 17,533 (R\$16,935 on December 31, 2018). Currently, lawsuits are waiting for judgment.

Lajeado

- The administrative and legal spheres discuss proceedings of the Brazilian Federal Revenue Service in 2014, aimed at the collection of income tax (IRPJ) and social contribution (CSLL) due to the disallowance of expenditure on goodwill on the acquisition of ownership interest. On September 30, 2019, the restated amount is R\$ 121,084 (R\$ 110,206 as at December 31, 2018). Currently, it is awaiting the judgment of the adjusted fine in the administrative sphere and in the judicial sphere of the other amounts under collection. There was a larger increase in the amount due to the charges of the National Treasury Attorney General.

Enerpeixe

- Administrative disputes related to the offsets of PIS and COFINS not ratified by the Brazilian Federal Revenue Service in the periods from 2012 to 2015, due to the supposed shortage of credit as the ratifying DCTFs have not been analyzed by the Federal Revenue Service as of September 30, 2019, totaling the amount of R\$ 107,054 (R\$ 102,938 as of December 31, 2018). Enerpeixe presented defenses, and are awaiting judgment.
- The administrative sphere discusses proceedings of the Federal Revenue Service, aimed at the collection of income tax (IRPJ) and social contribution (CSLL) calculated in the periods from 2014 to 2016 for supposed lack of payment. On September 30, 2019, the restated amount is R\$ 56,844 (R\$ 54,935 as at December 31, 2018). Enerpeixe made administrative defense and is awaiting decision.
- Administrative Proceeding 10314-726111/2014-73, targeting the collection of IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) for calendar year 2009, due to the deductions made for interest on own capital from the calculation basis. Enerpeixe obtained favorable decisions in the first and second administrative instances. Currently, appeal is awaiting the court's decision presented by National Treasury. The restated amount on September 30, 2019 is R\$ 22,219 (R\$ 19,188 on December 31, 2018).
- Administrative Proceeding 2014/6870/500317, within the scope of the State Treasury of Tocantins, targeting the collection of a fine due to supposed discrepancies of information contained in the records for the 2014 period. On September 30, 2019, the restated amount is R\$ 4,139 (R\$ 4,436 as at December 31, 2018). The tax assessment was upheld at the administrative level and is currently awaiting the beginning of the discussion at the judicial level.



Porto do Pecém

It refers to the legal discussion of the tax foreclosure 000.153777.2015.405.8100 totaling R\$ 84,115 on September 30, 2019 (R\$ 83,050 on December 31, 2018) filed by Federal Government, aiming at the collection of IRPJ (Corporate Income Tax) and CSLL (Social contribution on net income) debits resulting from the exclusions of certain finance income and foreign exchange income earned in the months of January, February and December 2009. Porto do Pecém has presented its defense and is awaiting judgment.

27.1.3 Risk of remote loss

Additionally, there are ongoing labor, civil and tax proceedings, the loss of which has been deemed as remote. For these lawsuits, judicial deposit balances as of September 30, 2019 for the parent company totaling R\$ 4,447 (R\$ 3,350 as of December 31, 2018) and in the subsidiaries EDP São Paulo, EDP Espírito Santo, EDP Soluções, EDP Comercializadora, EDP Transmissão, EDP Transmissão TMA II, EDP Transmissão SP-MG, EDP Transmissão Aliança, EDP GRID, Porto do Pecém and Investco is R\$ 74,673 (R\$ 54,512 as of December 31, 2018).

Considering the provisions of item 86 of CPC 25 – Provisions, Contingent Liabilities and Contingent Assets, the Company is not required to provide a breakdown of the contingencies classified as remote losses. However, as principal generating event is elapsing with no perspective of ending in the medium term, given balances 'materiality, we disclose action mentioned below.

27.1.3.1 Tax

EDP São Paulo, through the Energy Trade Association of the State of São Paulo (SindiEnergia) filed on January 21, 2011, two collective injunctions against the Finance Department of the state of São Paulo to obtain a suspension of the effects of Decrees 55421/10 and 55867/10. Both lawsuits received favorable decisions that have been confirmed until now by judgment of the appeal in São Paulo State Court of Justice. On May 13, 2013, State Treasury filed appeals to Higher Courts, which are awaiting trial. On September 30, 2019, according to the terms of the Decrees, the estimated amount is R\$ 589,984 (R\$ 535,448 on December 31, 2018). The risk value has substantially increased due to the new adjustment criteria of the State Law 13918/09.

27.2 Environmental permits

The amount of R\$ 56,268 - Current and non-current - on September 30, 2019 (R\$ 25,062 on December 31, 2018) refers to provisions for the costs of providing previous permits, installing and operating UHEs, PCHs and UTE, related to requirements of governmental agencies.

The change for the period is mainly due to a provision of R\$ 16,075 of the subsidiary Porto do Pecém, which obtained the renewal of its Operating Permit (LO) issued to the State Environmental Superintendence (SEMACE) on December 13, 2018. The new LO (LO No. 716/2018-DICOP-GECON) will be effective until December 12, 2021 and, as a condition for the Operating Permit, Porto do Pecém must continue certain Basic Environmental Projects (PBAs) related to previous permits.

Environmental permit costs are either associated with the Basic Environmental Project - PBA or are in addition to it, and their main objectives are reforestation, acquisition and regularization of rural and urban areas, recovery and improvement of roads, electrical and sanitary infrastructures, and the implementation of conservation units. The balance of this provision is recognized based on the best available estimate, and monetarily restated based on the general market price index (Índice Geral de Preços do Mercado - IGP-M). The subsidiaries made the adjustment to present value on the balance as a discount, which is compatible with the nature, term and risks of similar transactions under market conditions.

Previous permits and installation permits obtained during planning and installation of the enterprises, and consequently, are recognized as plant costs, more specifically as dam costs (hydroelectric power plants) or machinery and equipment (thermal plants), according to according to the Electricity Sector Accounting Manual (MCSE) published by ANEEL, and depreciated over the useful life of such property, plant and equipment. The operating permits, obtained for the commercial go-live of the plants, are recognized as intangible assets and will be amortized over a period which represents the duration of the permits.

Power generation, distribution and transmission subsidiaries are subject to extensive Brazilian environmental legislation in the federal, state and municipal spheres. Compliance with this legislation is verified by government agencies and authorities that have the power to impose administrative sanctions for any breach of the legislation.

The costs associated with the maintenance of these permits allow to prevent the occurrence of social and environmental impacts, contributing to the management of operating and regulatory risks, and also allow social and environmental actions focused on sustainable development.

Disbursements related to environmental licensing in the period totaled R\$ 122,238 (R\$ 63,075 in 2018). Out of this sum, the amount capitalized in the year under the headings of Property, plant and equipment, Intangible assets and Concession assets was R\$ 99,961 (R\$ 42,046 in 2018), related to biodiversity and landscape protection and environment management and protection. With counterparty in income (loss) for the period, under Outsourced services, the amount of R\$ 22,277 (R\$ 21,029 in 2018) was recorded, related to the Soil and Underground Water Monitoring in all Company facilities, and waste management.

27.3 Dismantling

The amount of R\$ 9,084 on September 30, 2019 (R\$8,613 on December 31, 2018) refers to subsidiary Porto do Pecém. The Dismantling was constituted in order to address the responsibility relating to the expenses on replacement of the sites used by the power plant in its original state. This provision was calculated based on the current value of corresponding future responsibilities and is recorded as a counterparty to Property, plant and equipment (Note 20). Provisions are subject to an annual review, in accordance with estimated future responsibilities.

The calculation of the allowance was made from the costs obtained from reputable external entities, designed by the end of plant's operation authorization, restated at IGP-M, and then calculated the present value of this liability at the discount rate of 9.0% p.a. representing the financing rate at the time of recognition.

27.4 Contingent consideration

Refers to measurement at fair value of acquired EDP Soluções em on acquisition date, according to appraisal report used for business combination. Acquisition price was R\$40,156, adjusted for inflation, R\$13,996 was paid on December 7, 2015 and R\$26,160 referred to contingent consideration to be paid to the former controlling shareholder of EDP Soluções according to the Stock Purchase Agreement.

Disbursements are adjusted at the rate of 6% p.a. plus Amplified Consumer Price Index (IPCA) from acquisition date to payments date and will be settled as follows: (i) R\$13,200 to be paid in five equal, annual and successive installments, with first payment on March 31, 2016; and (ii) R\$12,960 to be paid on an annual basis through performance indices linked to acquiree performance, also to be paid in five equal, annual and successive installments, with first payment on March 31, 2016.

	Balance at 12/31/2018	Supplement (Reversal)	Restatements	Payments	Balance at 09/30/2019
Payment of acquisition	8,726		(13)	(8,713)	
Performance	6,559	(2,160)	(957)	(3,442)	
Total	15,285	(2,160)	(970)	(12,155)	
Current	6,002				-
Non-current	9,283				-



28 Shareholders' equity

28.1 Capital

On September 30, 2019 and December 31, 2018, the Company's capital is of R\$ 4,682,716, fully subscribed and paid-up, represented by 606,850,394 ordinary shares, all of which are ordinary registered shares with no par value, with the following main characteristics:

- Capital is exclusively represented by common shares. Each common share will grant the holder the right to one vote on the resolutions of the Company's General Meetings;
- The shares are indivisible in relation to the Company. When the share belongs to more than one person, the rights vested thereupon will be exercised by the joint ownership representative;
- The issuance of Founders' shares by the Company is prohibited;
- The Company is authorized to increase the capital up to the limit of 1,000,000,000 new common shares regardless of statutory reforms, by decision of the Board of Directors, which will also be responsible for establishing the terms of the issuance, including the price, term and form of its payment;
- The Company may issue shares, debentures convertible into common shares and subscription bonuses within the limit of the authorized capital; and
- At the sole discretion of the Board of Directors, it is possible to exclude or reduce the right of preference in the issues of shares, debentures convertible into shares and subscription bonuses, whose placement is performed through sale at a stock exchange or public subscription, under legal terms, and within the limit of the authorized capital.

The common shares are classified as capital, and any costs attributable to the share issue are deducted, when applicable.

The capital is composed as follows:

Shareholder	09/30/2019		12/31/2018		Controlling shareholder
	Number of shares	% interest	Number of shares	% interest	
EDP International Investments and Services, S.L. (1)	168,185,223	27.71	168,185,223	27.71	Yes
EDP IS - Investimentos e Serviços, Sociedade Unipessoal, Lda (1)	142,584,671	23.50	142,584,671	23.50	Yes
Board members and Directors	90,039	0.01	76,039	0.01	
Treasury shares (2)	2,044,344	0.34	602,236	0.10	
Free-float shares	293,946,117	48.44	295,402,225	48.68	
Total	606,850,394	100.00	606,850,394	100.00	

(1) Foreign-owned company.

(2) Treasury shares do not have equity rights.

28.2 Reserves

	Note	09/30/2019	12/31/2018
Capital reserves			
Income (loss) from disposal of treasury shares	28.2.1	62,185	61,559
Stock options granted	28.2.2	6,157	3,719
Goodwill in the merger of parent company		35,351	35,351
Other capital reserves		34,903	36,104
		138,596	136,733
Profit reserves			
Legal		423,499	423,499
Profit retention		3,650,264	3,650,264
Proposed additional dividend	28.2.3		37,187
		4,073,763	4,110,950

28.2.1 Result of the disposal of treasury shares

The change for the period of R\$ 626 arises from the difference between the amount of the ILP 2019 plan (Note 4.4).

28.2.2 Stock options granted

The Company provides to its managers and certain employees appointed by Board of Directors, stock option plans for purchasing shares of the company. Options are priced at fair value on grant date, adjusted at present value and are recognized on a straight-line basis in income over option grant period as a contra-entry to shareholders' equity. At the end of each year, the Company reviews its estimates of the number of options and shares whose rights must be acquired based on these conditions and recognizes impact of initial estimates review, if any, in the statement of income as a contra-entry to shareholders' equity.

Change in the period, of R\$2,438, derives from: (i) provision for the sum of shares granted in connection with option plans I, II and III of R\$ 2,006; and (ii) admission of new employees indicated in option plan IV in the amount of R\$ 432.

No shares were granted up to September 30, 2019.

28.2.2.1 Share-based compensation plan characteristics

The Shareholders' Meeting of the Company held on April 10, 2015 established the implementation and structuring of the Policy on Share-based Payment. On May 2, 2016, the Board of Directors approved the Regulation related to such policy.

The compensation policy aims at recognizing the organizational and individual performance of beneficiaries, by handing over the shares issued by it. The Beneficiaries of the Compensation Policy shall be elected by the Board of Directors, based on the recommendations by the Compensation Committee, taking into consideration, among other reasons, the importance and essentiality of the role performed, their engagement in strategic projects, achievement of goals related to their individual performance and/or the global performance of the Company within the corresponding assessment period, approved by the relevant body, as well as the added value that such Beneficiary offers to the Company. The policy establishes two types of programs, as described below:

(i) **Incentive program** – the program beneficiary is entitled to receive, in the future, up to two shares per each share issued by the Company acquired using 30% of the net value of the annual performance bonus; and

(ii) **Retention program** - the program beneficiary is entitled to receive shares issued by the Company as complementary annual bonus payment occasionally granted by the Company.

The shares issued by the Company subject to the compensation policy may not represent, at any time, more than 1% of the Company's capital.

The price of the shares acquired by beneficiaries shall be equivalent to the weighted average price of shares issued by the Company traded at B3 in the 60-day period prior to such acquisition date.

The incentive or retention program shares shall only be granted to the beneficiaries who remain continuously employed as managers and/or employees of the Company and/or Subsidiaries during the grace period. Additionally, in relation to the incentive program beneficiaries, they shall keep their respective original shares, abstaining from encumbering and/or transferring them.

The handover of incentive shares shall occur after the grace period, that is, three years, in case the market profitability is achieved (accumulated return equal to or above 15% on the average computation of the Electrical Energy Index (IEE) and Bovespa Index - IBOVESPA), or after five years, in case the market profitability established in the rules is not achieved.

In relation to the incentive program, during the period of one year after the acquisition of the Company's shares, these cannot be traded, however, if after this period the beneficiary trade them, he/she shall automatically lose the right to receive incentive shares.

Find below a summary of compensation plans in force:

Plans	Acquisition date	Qty. of shares acquired	Unit price (R\$)	Total value of acquired shares	Number of shares to be granted	
					Incentive plan	Retention plan
Compensation plan I	June 2016	61,339	12.37	759	90,113	71,039
Compensation plan I	June 2016	22,000	13.60	299	44,000	
Compensation plan II	June 2017	44,113	13.37	590	52,480	81,459
Compensation plan II	August 2017	27,747	14.26	396	36,000	
Remuneration plan III	June 2018	83,240	13.75	1,144	107,251	194,136
Compensation plan IV	June 2019	57,892	18.68	1,081	75,406	149,156

28.2.3 Additional dividends proposed

This reserve refers to the portion of net income for the year in excess of the minimum mandatory dividend to be deliberated at a general meeting or by other competent body. It is established as per ICPC 08 (R1) and may be allocated to the payment of dividends, retained earnings or capital increase.

The balance of R\$ 37,187 at December 31, 2018 was distributed as additional dividends (Note 13) after deliberation at Annual and Special Shareholders' Meeting (AGOE) held on April 16, 2019.

28.3 Other comprehensive income

The changes in Other comprehensive income in the year is as follows:

	Balance at 12/31/2018	Equity in net income of	Balance at 09/30/2019
Equity accounting on other comprehensive income of subsidiaries			
Actuarial gains and (losses): Post-employment benefits of subsidiaries and associated companies	(401,954)	(20,211)	(422,165)
	(401,954)	(20,211)	(422,165)

28.4 Treasury shares

The repurchase of own shares is classified in the line item Treasury Shares and recognized at cost of acquisition charged to equity. When these shares are sold, their gain or loss on the transaction will be transferred to Capital reserves.

Change in the period of R\$ 27,417 derives from: (i) acquisition of 1,500,000 own shares at an average price of R\$ 18.58 (Note 4.4); and (ii) sale of 57,892 shares, resulting from the adhesion to the 2019 stock option program at the average price of R\$ 7.87.

28.5 Non-controlling interest

Balance as of September 30, 2019, of R\$ 1,132,318 (R\$ 1,150,874 as of December 31, 2018) refers to interest that other shareholders hold on subsidiaries (Note 16.1).

The total non-controlling interest on the balance sheet on September 30, 2019 is comprised of: (i) R\$ 472,453 corresponding to Lajeado; (ii) R\$ 398,502 corresponding to Investco; (iii) R\$ 256,163 corresponding to Enerpeixe; and (iv) R\$ 5,200 corresponding to EDP Transmissão Aliança.

The summarized information on the cash flows of the subsidiaries that hold non-controlling interests is presented below:

	Investco	Enerpeixe	Lajeado	EDP Transmissão Aliança	Total
Net cash from operating activities	96,964	93,499	165,183	34,456	390,102
Net cash invested in investment activities	(3,680)				(3,680)
Net cash invested in financing activities	(38,287)				(38,287)
Increase in cash and cash equivalents	54,997	93,499	165,183	34,456	348,135

29 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Income is recognized on monthly basis when there is convincing evidence that: (i) identification of rights and obligations in contract with client; (ii) identification of performance obligation in the contract; (iii) determination of price for each type of transaction; (iv) allocation of transaction price to performance liabilities stipulated in contract; and (v) compliance with contract's performance liabilities. Income is not recognized if there are significant uncertainties as to its realization.

The services provided to the clients have mainly the following characteristics: (i) are routine and recurrent; (ii) have the same transfer pattern; and (iii) are provided to the client over a specific period of time. Therefore, in relation to meeting the performance obligation of the Company and its subsidiaries, they are substantially met over time.

The Company and its subsidiaries recognize their revenue net of any discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items.

The income of the Company and its subsidiaries is measured according to the performance obligations identified in agreements with clients. The main recognition and measurement criteria per segment are presented below:

Distribution

• **Billed supply:** They are recognized by power supply occurring in a given period. This measurement takes place in accordance with the reading schedule set by the distributor. Revenue from electricity distribution services is therefore made according to this schedule, and the revenue from services recorded as invoices are issued based on current tariff approved by regulatory agency.

• **Distribution system use tariff - Billed:** Recognized by the availability of the infrastructure of the electric network of distribution to its customers (free and captive), where the fair value of the payment is calculated according to the system use tariff, which is defined by the regulatory agency.

• **Not billed:** Refers to the energy supplied and/or use of the distribution system which was not billed yet, corresponding to the period lapsed between the date of the last reading and the closing of financial statements. It is estimated and recognized as unbilled revenue, based on the actual amount of energy distributed during the month and the annual loss rate and current tariff.

• **Sectorial financial assets revenue:** It is recognized monthly as the difference between the costs belonging to Parcel "A" actually incurred in the result and those recognized in revenue from operations with electricity estimated at the current tariff by ANEEL.

• **Supply - Billed:** Refers to electric power supplied to other concessionaire, under contractual conditions. The amount of the payment is determined by the volume of energy delivered multiplied by the current tariff defined by the regulatory agency.



- **Short-term energy:** Revenue is recognized at fair value of consideration receivable at the time in which the excess of energy is traded in the ambit of Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE). Consideration corresponds to multiplication of sold energy volume by Difference Settlement Price - PLD.

- **Revenue from construction:** (iii) The recognition of construction revenue is directly associated with additions to Concession assets, without incorporating a profit margin into this construction activity in accordance with Technical Interpretation ICPC 01 (R1) - Concession Agreements. The establishment of the construction income results from the allocation of hours worked by the technical teams, the materials used, the measurement of the provision of outsourced services and other directly allocated costs by means of input method in compliance with CPC 47. This income is recorded as counterparty to the cost of infrastructure construction for the same amount (Note 30).

- **Grants linked to granted service:** It is recognized when actually granting discounts on tariffs in the consumer units benefiting from government grants (Note 14.2) through the difference between the reference tariff for the respective consumer class and that actually applied to consumers benefiting from these grants.

- **Leases and rentals:** The lease revenue is measured at the fair value of the payment receivable and is recognized on monthly bases pursuant to the lease contracts.

Generation

- **Electricity supply:** Revenue is recognized based on the assured power and the tariffs specified in the supply agreements. The subsidiary may sell energy produced in two environments: (i) in Free Trade Market (ACL), where trading of electric power occurs through free negotiation of prices and conditions between the parties, with bilateral contracts; and (ii) in Regulated Contracting Environment (ACR), where there is trading of electric power to distribution agents, with energy price established by the Regulatory Agency through energy auctions.

- **Short-term energy:** Revenue is recognized at fair value of consideration receivable at the time in which excess of produced energy, after allocation of energy in MRE, is traded in the CCEE. Consideration corresponds to multiplication of sold energy volume by PLD.

Transmission

• Construction revenue

Construction revenue is recognized as a performance obligation that is met by the construction of the transmission line and its associated assets. The recognition of revenue from construction is directly associated with the additions to the contractual asset, according to the expenditures incurred (input method). The establishment of the construction revenue results from the allocation of hours worked by the technical teams, the materials used, the measurement of the provision of outsourced services and other directly allocated costs. This revenue is recorded as counterparty to the Concession Assets, plus the construction margin and PIS and COFINS.

• Revenue from operation and maintenance (O&M)

O&M revenue is recognized monthly as a performance obligation which is met by the operation and maintenance of the transmission line. This revenue is calculated based on the sums of costs anticipated in the concession agreement, plus a margin.

• Restatement of concession assets

The concession agreements of the transmission companies have a significant financing component, since the period of receipt for the infrastructure construction is long term (30 years). Therefore, as required by CPC 47, the return on concession assets is calculated based on the average funding rate of the project from the formalization of the concession agreement with the Concession Grantor on the balance of Concession Assets.

Trading

Revenue is recognized based on bilateral agreements with market agents and duly registered with the Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE).

Services

The recognition of revenue is directly related to the measurement of the provision of outsourced services and other directly allocated costs by means of input method in compliance with CPC 47. Certain agreements have a significant financing component. These are recognized proportionately over the duration of the agreement using the funding rate that would be reflected in a separate transaction between the parties.



		Changes in the period					
		Parent Company		Consolidated			
		R\$		MWh (*)		R\$	
Note		07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018
Supply							
	Residential			1,464,148	1,407,747	627,013	585,823
	Industrial			429,900	479,697	201,561	240,439
	Commercial			738,722	721,668	331,180	318,942
	Rural			241,150	226,743	63,140	78,213
	Government			130,330	129,719	57,437	57,744
	Public lighting			184,017	205,295	45,575	62,303
	Public service			110,815	104,811	45,007	45,641
	Own consumption			3,077	3,231		
		-	-	3,302,159	3,278,911	1,370,913	1,389,105
Distribution system use tariff - Billed							
	Captive consumers						
	Residential					491,737	450,765
	Industrial					107,020	92,637
	Commercial					229,168	213,856
	Rural					50,459	37,706
	Government					36,934	34,788
	Public lighting					36,453	30,379
	Public service					23,252	17,925
	Free consumers			2,853,512	2,876,469	414,534	380,858
		-	-	2,853,512	2,876,469	1,389,557	1,258,914
Not billed							
	Supply					2,711	45,000
	Distribution system use tariff- Billed					10,728	25,899
	Supply						(296)
		-	-	-	-	13,439	70,603
Sectorial financial assets revenue							
8	CVA					(73,261)	207,538
	Financial items - Extraordinary Tariff Review (RTE)					(16,326)	(15,938)
	Financial items - Other					81,331	(68,614)
	PIS/COFINS					26,508	3,848
		-	-	-	-	18,252	126,834
	Supply - Billed			4,647,433	2,030,742	519,447	540,659
	Short-term energy			1,054,919	527,037	349,533	337,089
	Sales					753,990	1,268,164
	Revenue from construction					518,744	365,290
	Restatement of concession assets					46,645	7,601
19	Restatement of indemnifiable financial assets					227,885	402
	Revenue from operation and maintenance (O&M)					1,788	
	Chargeable Services					3,711	3,628
	Grants linked to granted service					116,986	156,901
	Refund for unavailability					(1,704)	22,842
	Leases and rentals					32,821	27,443
	Other operating revenue	2,187	1,204			42,056	56,192
	Gross operating revenue	2,187	1,204	11,858,023	8,713,159	5,404,063	5,631,667
(-) Operating revenue deductions							
Taxes on revenue							
	ICMS (VAT taxes)					(653,653)	(643,991)
	PIS/COFINS	(134)	(7)			(438,959)	(510,790)
	ISS	(73)	(14)			(1,960)	(924)
		(207)	(21)	-	-	(1,094,572)	(1,155,705)
Consumer charges							
26	R&D					(28,080)	(27,869)
26	CDE					(319,313)	(344,706)
26	RGR					(1,014)	552
	PROINFA – Free Consumers					(19,450)	(14,865)
26	Tariff flags (CCRBT)					(18,898)	70,539
	Financial Compensation for the Use of Water Resources - CFURH					(3,131)	(4,164)
	Other charges					(3,633)	(3,133)
		-	-	-	-	(393,519)	(323,646)
		(207)	(21)	-	-	(1,488,091)	(1,479,351)
Revenue							
		1,980	1,183	11,858,023	8,713,159	3,915,972	4,152,316

(*) Not reviewed by independent auditors.



Note	Accumulated in the period							
	Parent Company		Consolidated					
	R\$		Number of consumers (*)		MWh (*)		R\$	
	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018
Supply								
Residential			2,976,558	2,916,776	4,715,022	4,506,602	2,015,990	1,777,775
Industrial			24,142	23,941	1,300,758	1,431,255	605,082	649,963
Commercial			258,679	251,550	2,458,189	2,364,801	1,094,558	986,045
Rural			202,081	197,861	749,350	648,560	196,649	176,561
Government			19,682	20,189	439,363	427,500	191,944	176,253
Public lighting			4,481	4,082	541,978	563,832	131,325	141,084
Public service			3,103	2,968	340,952	322,203	138,603	126,315
Own consumption			371	384	10,332	10,320		
	-	-	3,489,097	3,417,751	10,555,944	10,275,073	4,374,151	4,033,996
Distribution system use tariff - Billed								
Captive consumers								
Residential							1,557,940	1,308,866
Industrial							307,516	269,456
Commercial							738,158	624,130
Rural							149,399	110,875
Government							119,215	101,666
Public lighting							103,077	88,920
Public service							66,848	52,385
Free consumers			1,001	815	8,522,884	8,328,456	1,252,069	1,080,218
	-	-	1,001	815	8,522,884	8,328,456	4,294,222	3,636,516
Not billed								
Supply							(1,241)	68,968
Distribution system use tariff							12,259	45,805
	-	-	-	-	-	-	11,018	114,773
Sectorial financial assets income	8							
CVA							(401,581)	620,059
Financial items - Extraordinary Tariff Review (RTE)							(53,796)	(51,338)
Financial items - Other							155,789	(182,704)
PIS/COFINS							(522,924)	10,495
	-	-	-	-	-	-	(822,512)	396,512
Supply - Billed			2	2	12,062,366	8,281,762	1,403,745	1,558,207
Short-term energy					1,606,248	1,526,955	786,469	740,332
Sales	29.1						1,811,587	2,969,917
Revenue from construction							1,672,089	689,113
Remuneration of concession assets							95,725	12,575
Restatement of indemnifiable financial assets	19						256,599	45,065
Revenue from operation and maintenance (O&M)							5,307	
Chargeable Services							9,964	11,982
Grants linked to granted service							362,808	369,775
Refund for unavailability							(12,307)	96,110
Leases and rentals							96,532	81,233
Other operating revenue			4,115	4,157			100,801	118,675
Gross operating revenue			4,115	4,157	3,490,100	3,418,568	32,747,442	28,412,246
(-) Operating revenue deductions							14,446,198	14,874,781
Taxes on revenue								
ICMS (VAT taxes)							(2,070,552)	(1,884,462)
PIS/COFINS			(186)	(141)			(689,598)	(1,326,762)
ISS			(102)	(87)			(2,898)	(1,934)
			(288)	(228)	-	-	(2,763,048)	(3,213,158)
Consumer charges								
R&D	26						(75,157)	(75,097)
CDE	26						(1,008,917)	(966,744)
RGR	26						(3,256)	(1,730)
PROINFRA – Free Consumers							(58,350)	(44,597)
Tariff flags (CCRBT)	26						(21,622)	15,339
Financial Compensation for the Use of Water								
Resources - CFURH	26						(16,699)	(19,955)
Other charges							(10,610)	(9,261)
			-	-	-	-	(1,194,611)	(1,102,045)
			(288)	(228)	-	-	(3,957,659)	(4,315,203)
Revenue			3,827	3,929	3,490,100	3,418,568	28,412,246	10,488,539
							10,488,539	10,559,578

(*) Not reviewed by independent auditors.

29.1

Sales

The decrease is mainly due to EDP Comercializadora, in the amount of R\$ 795,282, owing to the exposure of smaller traders, resulting in default events, together with a 70.2% decrease in gross margin in 2019.

30

Operating expenditures

Operating expenditures are recognized and measured. (i) in conformity with accrual regime, presented net of respective PIS and COFINS credits, when applicable; (ii) based on the direct association of income; and (iii) when they do not result in future economic benefits.

As required in the Article 187 of the Law 6404/76, the Company and its subsidiaries present operating expenditures as per the statement of income per position, the expenditures are divided into costs and expenses according to the origin and position.

In the segregation between costs and expenses, the following criteria are considered: (i) Costs: comprise the expenditures directly related to the rendering of electrical energy service related to the concession and also expenditures related to the energy generation, such as the purchase of electrical energy for resale, transmission charges, amortization of infrastructure concession right, expenditures related to commercial service and concession operation and maintenance and expenditures with raw material to produce energy; and (ii) Operating expenses: these are expenditures related to the management of the Company and its subsidiaries representing many general activities attributable to business phases, such as administrative personnel, management remuneration, estimated loss with doubtful accounts, and judicial, regulatory and administrative provisions.



The breakdown of operating expenditures, according to their nature, as required by the CPC 26 (R1) is as follows:

Parent Company								
Changes in the period								
07/01/2019–09/30/2019			07/01/2018–09/30/2018					
Operating expenses			Operating expenses					
Note	General and administrative	Other	Total	General and administrative	Other	Total		
	e			e				
Personnel, Administrators and Private pension entity	30.2	9,686	9,686	14,053		14,053		
Material		90	90	(182)		(182)		
Outsourced services	30.3	6,776	6,776	9,724		9,724		
Depreciation - Construction in service		1,218	1,218	918		918		
Depreciation - Assets related to right to use		741	741					
Amortization		2,746	2,746	2,576		2,576		
Civil, tax and labor provisions			872		210	210		
Leases and rentals		432	432	3,705		3,705		
Gains and losses from deactivating and disposal of assets			270					
Other		3,442	(54)	2,095		2,095		
Total		25,131	1,088	32,889	210	33,099		

Parent company								
Accumulated in the period								
01/01/2019–09/30/2019			01/01/2018–09/30/2018					
Operating expenses			Operating expenses					
Note	General and administrative	Other	Total	General and administrative	Other	Total		
	e			e				
Personnel, Administrators and Private pension entity	30.2	26,351	26,351	40,159		40,159		
Material		234	234	181		181		
Outsourced services	30.3	17,620	17,620	27,865		27,865		
Depreciation - Construction in service		3,334	3,334	2,765		2,765		
Depreciation - Assets related to right to use		2,178	2,178					
Amortization		8,210	8,210	24,035		24,035		
Civil, tax and labor provisions			841		1,134	1,134		
Leases and rentals		557	557	2,978		2,978		
Gains and losses from deactivating and disposal of assets			270					
Other		7,763	(14,527)	6,216	145	6,361		
Total		66,247	(13,416)	104,199	1,279	105,478		

Consolidated								
Changes in the period								
07/01/2019–09/30/2019								
Costs			Operating expenses					
Note	Costs of electricity	Production	Operation	Rendered to third-parties	PECLD	General and administrative	Other	Total
						e		
Electricity purchased for resale	30.1	1,927,604						1,927,604
Electricity network utilization charges		247,043						247,043
Cost of consumed raw material			141,737					141,737
Personnel, Administrators and Private pension entity	30.2		80,396	812		41,597		122,805
Material			8,008	3,374		2,957		14,339
Outsourced services	30.3		62,688	3,111		48,955		114,754
Depreciation - Construction in service			67,877			11,241		79,118
Depreciation - Assets related to right to use			2,863			2,223		5,086
Amortization			54,849			14,989		69,838
Estimated loss from allowance for doubtful accounts / Net losses					33,721			33,721
Civil, tax and labor provisions							13,092	13,092
Leases and rentals			(258)	103		2,183		2,028
Gains and losses from deactivating and disposal of assets							20,919	20,919
Infrastructure construction costs	18			477,293				477,293
Other		72	9,233	318		12,467	(250)	21,840
Total		2,174,719	141,737	285,656	485,011	33,721	33,761	3,291,217



Consolidated								
Changes in the period								
07/01/2018–09/30/2018								
Note	Costs			Rendered to third-parties	Operating expenses			Total
	Costs of electricity	Production	Operation		PECLD	General and administrative	Other	
Electricity purchased for resale	30.1	2,406,796						2,406,796
Electricity network utilization charges		213,701						213,701
Cost of consumed raw material			185,262					185,262
Personnel, Administrators and Private pension entity	30.2		70,573	748		43,220		114,541
Material			9,626	18,414		3,426		31,466
Outsourced services	30.3		70,029	979		47,464		118,472
Depreciation - Construction in service			71,454			14,740		86,194
Amortization			51,773			13,538		65,311
Estimated loss from allowance for doubtful accounts / Net losses					24,346			24,346
Civil, tax and labor provisions							6,577	6,577
Leases and rentals			2,266	23		4,703		6,992
Gains and losses from deactivating and disposal of assets							28,943	28,943
Infrastructure construction costs	18			349,263				349,263
Other		3,654	11,775	852		4,169		20,450
Total		2,624,151	185,262	370,279	24,346	131,260	35,520	3,658,314
Consolidated								
Accumulated in the period								
01/01/2019–09/30/2019								
Note	Costs			Rendered to third-parties	Operating expenses			Total
	Costs of electricity	Production	Operation		PECLD	General and administrative	Other	
Electricity purchased for resale	30.1	4,810,858						4,810,858
Electricity network utilization charges		694,336						694,336
Cost of consumed raw material			432,219					432,219
Personnel, Administrators and Private pension entity	30.2		247,211	2,248		125,873		375,332
Material			27,062	4,533		7,505		39,100
Outsourced services	30.3		198,823	8,174		129,210		336,207
Depreciation - Construction in service			209,740			39,026		248,766
Depreciation - Assets related to right to use			7,129			13,133		20,262
Amortization			166,151			40,389		206,540
Estimated loss from allowance for doubtful accounts / Net losses					93,490			93,490
Civil, tax and labor provisions							32,905	32,905
Leases and rentals			1,207	144		3,918		5,269
Gains and losses from deactivating and disposal of assets							58,308	58,308
Infrastructure construction costs	18			1,513,617				1,513,617
Other		3,476	37,285	514		30,154	(14,719)	56,710
Total		5,508,670	432,219	894,608	1,529,230	389,208	76,494	8,923,919
Consolidated								
Accumulated in the period								
01/01/2018–09/30/2018								
Note	Costs			Rendered to third-parties	Operating expenses			Total
	Costs of electricity	Production	Operation		PECLD	General and administrative	Other	
Electricity purchased for resale	30.1	5,642,375						5,642,375
Electricity network utilization charges		741,395						741,395
Cost of consumed raw material			597,099					597,099
Personnel, Administrators and Private pension entity	30.2		219,712	2,053		130,768		352,533
Material			26,289	21,432		10,489		58,210
Outsourced services	30.3		207,140	8,631		133,703		349,474
Depreciation - Construction in service			206,545			43,530		250,075
Amortization			151,758			56,559		208,317
Estimated loss from allowance for doubtful accounts / Net losses					73,091			73,091
Civil, tax and labor provisions							31,749	31,749
Leases and rentals			6,428	341		15,473		22,242
Gains and losses from deactivating and disposal of assets							65,366	65,366
Infrastructure construction costs	18			666,409				666,409
Other		6,253	40,135	6,401		22,349	(2,103)	73,035
Total		6,390,023	597,099	858,007	705,267	412,871	95,012	9,131,370



30.1 Electricity purchased for resale

Note	Consolidated			
	Changes in the period		Accumulated in the period	
	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018
Energy purchase and sale agreements by availability	276,592	532,840	776,107	981,102
Energy purchase and sale agreements by quantity	961,745	386,980	1,687,442	1,039,238
PROINFA	30,595	27,143	91,788	81,429
Energy purchase and sale agreements by quotas	297,842	574,981	601,245	985,881
Short-term energy	103,663	134,961	418,594	273,807
Energia de Itaipu Binacional	238,361	243,977	660,060	650,723
EER (Reserve Energy Charge)	16,454		39,087	43,046
System Service Charge (Encargo de Serviço do Sistema – ESS)	7,935	(26,312)	1,587	(3,136)
Energy trading agreements	205,702	862,166	1,008,425	2,280,396
Other	2,569	(6,870)	19,010	(7,296)
(-) Reimbursements CCEE/CONER	(28,987)	(79,854)	(32,594)	(112,039)
(-) PIS/COFINS Tax credits	(184,867)	(243,216)	(459,893)	(570,776)
	1,927,604	2,406,796	4,810,858	5,642,375

30.1.1 Short-term energy

The change is mainly due to the increase in energy purchases within the scope of Chamber of Commercialization of Electric Energy (Câmara de Comercialização de Energia Elétrica - CCEE) due to the fact that the distributors were less over contracted in 2019 compared to 2018, and due to the Surplus Sale Mechanism - MVE initially dispatched in February 2019, thus leading to an increase in short-term energy expenses.

30.1.2 Energy trading agreements

The change is mainly due to EDP Comercializadora, in the amount of R\$ 662,446, resulting from the decrease in the volume of energy purchased for resale, reflecting the lower volatility of the short term market.

30.2 Personnel and Administrators

	Parent Company				Consolidated			
	Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018
Personnel								
Remuneration	3,440	5,794	10,765	16,670	56,516	51,613	174,092	158,212
Charges	1,315	2,050	3,927	5,707	17,840	18,676	58,876	58,300
Private pension plan - Current	116	(99)	(252)	(277)	3,638	1,494	11,235	4,759
Post-employment benefit		160		478				
Termination expenses	107	175	471	755	3,243	3,957	8,839	12,100
Profit sharing – PLR	807	1,128	2,313	3,395	10,893	8,812	30,711	28,686
Other benefits – Current	958	1,908	1,832	5,624	22,419	20,123	67,712	61,264
Other post-employment benefits – Actuarial deficit or surplus		138		444		890		2,677
Other	1	1	(3)	(15)	(361)	1,935	(1,291)	5,495
	6,744	11,255	19,053	32,781	114,944	107,500	352,438	331,493
Managers / Administrators								
Fees and charges	5,634	2,323	6,193	6,456	9,983	6,312	20,405	19,345
Administrators' benefits	(2,692)	475	1,105	922	(2,122)	729	2,489	1,695
	2,942	2,798	7,298	7,378	7,861	7,041	22,894	21,040
	9,686	14,053	26,351	40,159	122,805	114,541	375,332	352,533

30.3 Outsourced services

	Parent Company				Consolidated			
	Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018
Consulting services	8,152	6,125	18,071	15,318	17,358	15,749	46,629	41,428
Commercial services	21		21		29,902	32,053	91,823	94,314
Maintenance services	112	73	609	494	25,031	26,407	77,608	77,227
Technical services					382	6,074	5,081	13,649
Cleaning and surveillance services	140	156	459	473	6,013	6,569	18,161	19,892
IT services	2,670	1,633	7,805	6,819	18,886	16,667	55,063	55,731
Condominium services	135	(1,025)			390	214		
Publishing and advertisement services	783	1,350	2,741	3,741	2,125	3,135	8,022	9,456
Telecommunication services	57	71						
Transportation services	920	1,129	2,863	2,893	4,719	4,300	12,939	12,384
People management services and own labor	151	2						
Shared services	(7,416)	1,332			(11)	20,403		
Cost of service rendered to third-parties							8,104	7,060
(-) PIS/COFINS credit					(3,515)	(2,707)	(18,092)	(10,961)
Other	1,051	(1,122)	(14,949)	(1,873)	13,474	(10,392)	30,869	29,294
	6,776	9,724	17,620	27,865	114,754	118,472	336,207	349,474



31 Financial result

Note	Parent Company			
	Changes in the period		Accumulated in the period	
	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018
Financial income				
Interest and inflation adjustment				
Income from financial investments and pledges	10,331	11,237	36,967	37,168
Judicial deposits	2,019	107	2,218	824
Loan agreements	11 2,399	6,617	10,696	18,141
Interest and fines on taxes	9 2,023	1,532	5,847	4,646
Compensation of preferred shares	523		2,399	711
Other interest and inflation adjustment			805	
Gain from acquisition of investment	17.2 (77)		(77)	63,694
Changes in foreign currency	7.2 (651)		58	
Adjustments to present value		507		1,510
(-) Taxes on financial income	(780)	(1,123)	(2,638)	(3,045)
Other financial income			1	4
	15,787	18,877	56,276	123,653
Financial expenses				
Debt charges				
Debentures	23.2 (14,399)	(27,257)	(51,084)	(74,970)
Interest and inflation adjustment				
Interest and fines on taxes	9 (241)	(297)	(744)	(910)
Civil, tax and labor provisions	27.1.1 (414)	(532)	1,057	(1,281)
Leases and rentals	14.8 (83)		(789)	
Other interest and inflation adjustment	(6)		(6)	
Changes in foreign currency		(445)		(1,980)
Other financial expenses	(380)	(402)	(845)	(860)
	(15,523)	(28,933)	(52,411)	(80,001)
Total	264	(10,056)	3,865	43,652

Note	Consolidated			
	Changes in the period		Accumulated in the period	
	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018
Financial income				
Interest and inflation adjustment				
Income from financial investments and pledges	48,816	24,687	144,273	77,661
Electricity sold	40,063	43,484	124,726	137,485
Judicial deposits	5,757	2,935	11,647	31,918
Loan agreements	11 381	368	1,122	1,074
Sectorial financial assets/liabilities	8 7,016	10,393	10,370	14,113
Interest and fines on taxes	9 19,787	6,707	230,877	29,641
Compensation of preferred shares	675		2,008	
Use of Public Property				3,873
Other interest and inflation adjustment	2,095	7,196	5,933	15,348
Swap and hedge operations	13,083	9,473	13,083	40,055
Gain from acquisition of investment	17.2 (77)		(77)	63,694
Changes in foreign currency	(1,029)	(589)	138	
Adjustments to present value	7.2 1,651	1,526	2,885	7,298
(-) Compound interest	(17,151)	(852)	(49,279)	(1,235)
(-) Taxes on financial income	(7,500)	(6,132)	(21,211)	(18,569)
Other financial income	1,874	1,992	3,391	7,858
	115,441	101,188	479,886	410,214
Financial expenses				
Debt charges				
Loans and financing	24.2 (43,903)	(50,537)	(143,532)	(159,589)
Debentures	23.2 (120,622)	(88,190)	(368,233)	(247,319)
Changes in foreign currency	24.2 (20,358)	(10,072)	(23,051)	(46,831)
Swap and hedge operations	34.1.2 3,927			
Adjustments to present value	24.2 (1,194)	(1,158)	(3,559)	(3,455)
(-) Compound interest	43,845	5,892	125,934	10,110
Interest and inflation adjustment				
Energy purchased		(549)	(372)	(1,196)
Interest and fines on taxes	9 (5,627)	(6,406)	(17,131)	(21,541)
Sectorial financial assets/liabilities	8 (5,452)		(183,263)	
Civil, tax and labor provisions	27.1.1 (10,648)	(16,950)	(33,289)	(39,515)
Use of Public Property	(3,478)	(15,551)	(25,174)	(40,752)
Generation Scaling Factor - GSF	(1,309)	45,135	(12,658)	(409)
Post-employment benefits	25.1.1 25.2.1 (18,479)	(20,565)	(55,437)	(61,691)
Leases and rentals	(941)		(7,985)	
Other interest and inflation adjustment	(2,678)	(1,071)	(9,689)	(10,460)
Changes in foreign currency		(489)		(2,179)
Swap and hedge operations	34.1.2			(313)
Adjustments to present value	7.2 (412)	(356)	(725)	(3,699)
(-) Compound interest	423		456	
Other financial expenses	(7,501)	(11,731)	(22,059)	(28,483)
	(194,407)	(172,598)	(779,767)	(657,322)
Total	(78,966)	(71,410)	(299,881)	(247,108)



32 Income tax and social contribution

Regarding the subsidiaries EDP Soluções and EDP Varejista the current income tax and social contribution recorded in income are calculated based on the deemed profit method, where income and social contribution tax bases were computed considering tax rates of 8% and 12%, respectively, calculated on the amount of gross income in accordance with current legislation.

For the Company and other subsidiaries, current income tax is calculated based on taxable income, at the rates applicable according to the legislation in force - 15%, plus 10% on the taxable income that exceeds R\$240 per annum and social contribution recorded in the result is calculated with a basis on taxable income, through the application of the rate of 9%. Both consider the offset of tax losses and negative basis of social contribution tax, limited to 30% of the taxable income (when applicable).

Income and social contribution tax expenses comprise current and deferred taxes, and they are recognized in the income statement unless they relate to items directly recognized in Shareholders' equity.

Note	Parent Company				Consolidated			
	Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018
Income before income taxes	354,053	306,402	837,563	768,942	552,569	461,422	1,287,526	1,212,920
Rate	34%	34%	34%	34%	34%	34%	34%	34%
IRPJ and CSLL	(120,378)	(104,176)	(284,771)	(261,440)	(187,876)	(156,887)	(437,760)	(412,393)
Adjustments to reflect effective rate								
IRPJ and CSLL on permanent additions and exclusions								
Donations	(745)	(508)	(1,647)	(1,767)	(832)	(796)	(2,025)	(2,289)
Non-deductible losses					39		(39)	
Equity accounting result	130,257	107,441	301,846	271,270	2,306	1,619	7,748	(764)
Other	(283)	(269)	(430)	(513)	(388)	(478)	(2,466)	(2,792)
Deferred and unrecognized IRPJ & CSLL	(8,936)	(1,948)	(13,998)	(27,758)	(8,639)	(3,945)	(19,081)	(34,689)
(Addition) Reversal of permanent differences					(14)			
Adjustments from prior accounting years					7,257	(149)	37,947	1,831
Deemed profit adjustment					421	1,573	(1,936)	5,498
Tax incentives					63		63	
SUDAM / SUDENE					14,537	32,155	66,293	73,469
Other					1,092	931	3,565	2,778
IRPJ and CSLL expenses	(85)	540	1,000	(20,208)	(172,034)	(125,977)	(347,691)	(369,351)
Effective rate	0.02%	-0.18%	-0.12%	2.63%	31.13%	27.30%	27.00%	30.45%

32.1 Adjustments from prior fiscal years

The amount of R\$ 37,947 as of September 30, 2019 refers mainly to: (i) R\$ 12,050 and R\$ 5,024 refer to the subsidiaries EDP São Paulo and EDP Espírito Santo, respectively, and are due to the tax benefit from Research and Development (R&D) for the years 2016 and 2017, which were recognized after the presentation of projects to the National Institute of Science and Technology (INCT); and (ii) R\$ 9,768 refers to the subsidiary Enerpeixe, resulting from the exclusion of the interest on own capital from the income from the exploration (SUDAM) calculation basis for the years 2015 and 2016.

33 Earnings per share

The basic earnings per share is calculated based on net income for the period attributable to the Company's shareholders and the weighted average value of common shares outstanding in the respective period. Diluted earnings per share is calculated by the same indicators, and the average of free-float shares adjusted by instruments potentially convertible into share, with diluting effect, in accordance with CPC 41 - Earnings per share.

The Company created the Share-Based Payment Plan, which grants future shares of the Company to its beneficiaries. Therefore, for calculating the diluted income per share the estimated amounts of these grants on the closing date of these financial statements were considered.

The calculation of "basic and diluted" earnings per share is presented below:

	Parent Company				Consolidated			
	Changes in the period		Accumulated in the period		Changes in the period		Accumulated in the period	
	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018	07/01/2019– 09/30/2019	07/01/2018– 09/30/2018	01/01/2019– 09/30/2019	01/01/2018– 09/30/2018
Basic earnings								
Net revenue for the period attributable to shareholders	353,968	306,942	838,563	748,734	353,968	306,942	838,563	748,734
Weighted average of the number of common shares with controlling shareholders (thousands)	604,806	606,248	604,806	606,248	604,806	606,248	604,806	606,248
Basic earnings per share (reais/share)	0.58526	0.50630	1.38650	1.23503	0.58526	0.50630	1.38650	1.23503
Diluted earnings								
Net revenue for the year attributable to shareholders	353,968	306,942	838,563	748,734	353,968	306,942	838,563	748,734
Adjustment to net revenue for the year available to preferred shares considering the potential increment of common shares as result of incentive and retention plans	(2,616)	(2,763)	(4,763)	(4,201)	(2,616)	(2,763)	(4,763)	(4,201)
Net revenue for the year attributable to shareholders - adjusted	351,352	304,179	833,800	744,533	351,352	304,179	833,800	744,533
Weighted average of the number of common shares with controlling shareholders (thousands)	604,806	606,248	604,806	606,248	604,806	606,248	604,806	606,248
Potential increment to common shares based on incentive and long-term retention plans	901	705	901	705	901	705	901	705
Weighted average of the adjusted number of common shares with controlling shareholders (thousand)	605,707	606,953	605,707	606,953	605,707	606,953	605,707	606,953
Diluted earnings per share (reais/share)	0.58007	0.50116	1.37657	1.22667	0.58007	0.50116	1.37657	1.22667

* The number of common shares does not include treasury shares.

34 Financial instruments and risk management

The Company and its subsidiaries maintain operations with financial instruments. The Management of these instruments is executed by means of operating strategies and internal controls aiming to ensure credit, liquidity, safety and profitability. The contracting of financial instruments with hedging objectives is performed by means of a periodic analysis of the exposure to the financial risks (foreign exchange, interest rate etc.), which is included in regular risk reports to the Management.



In compliance with the Financial Risk Management Policy of Grupo EDP - Energias do Brasil, and based on periodic analyses con-substantiated by the risk reports, specific strategies are defined for the mitigation of financial risks, which are approved by Administration, for the effective operation of the strategy. The control policy involves the permanent monitoring of the conditions contracted versus the conditions in force in the market through operating systems integrated into the SAP platform. The Company and its subsidiaries do not invest in derivatives or any other risk assets on a speculative basis. The results obtained from such operations are consistent with the policies and strategies defined by management.

Management of the risks associated with these operations is performed through the application of policies and strategies defined by Management and include the monitoring of levels of exposure of each market risk, forecasts of future cash flow and the establishment of exposure limits. This policy also determines that the updating of information in operating systems, as well as the confirmation and effective operation of transactions with the counterparties, shall be performed based on the appropriate segregation of duties.

34.1 Financial instruments

Financial instruments are defined as any agreement that creates a financial asset for the entity, and a financial liability or equity instrument for another entity.

These financial instruments are immediately recognized on the negotiation date, that is, when the obligation or right is formalized, and are initially recorded at fair value plus or less any directly attributable transaction costs.

Financial instruments are written off when the contract rights to cash flow expire, that is, when the end of the right or obligation to receive or deliver cash or membership certificate is certain. In this situation, Management, based on consistent information, records the settlement.

The recognition may be equity instrument due to cancellation, payment, receipt, transfer or when the debts expire.

34.1.1 Classification of financial instruments

Classification and measurement of financial assets and liabilities are as follows:

		Parent Company			
		Fair value		Book value	
Note	Levels	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Financial assets					
Fair value through profit or loss					
At initial recognition or subsequently					
Cash and cash equivalents	5				
Interest earning bank deposits		611,961	903,988	611,961	903,988
		611,961	903,988	611,961	903,988
Amortized cost					
Cash and cash equivalents	5				
Cash and banks		1,028	3,996	1,028	3,996
Securities receivable		26,084	26,091	26,084	26,091
Loans receivable	11	175,218	225,556	175,218	225,556
Pledges		264	264	264	264
Other receivables - Related parties	11	46,286	19,094	46,286	19,094
		248,880	275,001	248,880	275,001
		860,841	1,178,989	860,841	1,178,989
Financial liabilities					
Fair value through profit or loss					
Amortized cost					
Suppliers	22	10,905	18,542	10,905	18,542
Debentures	23	556,467	585,305	493,721	548,878
Other accounts payable - Related Parties	11	37,895	32,634	37,895	32,634
Leases and rentals		7,128		7,128	
		612,395	636,481	549,649	600,054
		612,395	636,481	549,649	600,054
		Consolidated			
		Fair value		Book value	
Note	Levels	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Financial assets					
Fair value through profit or loss					
At initial recognition or subsequently					
Cash and cash equivalents	5				
Interest earning bank deposits		2,308,422	1,998,107	2,308,422	1,998,107
Indemnifiable financial asset	19	2,878,301	2,308,855	2,878,301	2,308,855
Securities	6	241,407	174,463	241,407	174,463
		5,428,130	4,481,425	5,428,130	4,481,425
Amortized cost					
Cash and cash equivalents					
Cash and banks	5	202,212	205,285	202,212	205,285
Accounts receivable	7	2,956,545	2,578,358	2,956,545	2,578,358
Income receivable		4,475	3,424	4,475	3,424
Loans receivable	11	27,636	22,809	27,636	22,809
Pledges		704,393	697,593	704,393	697,593
Securities	6	4,651		4,651	
Sectorial financial assets	8	195,217	488,587	195,217	488,587
Other receivables - Related parties	11	20,719	15,209	20,719	15,209
		4,115,848	4,011,265	4,115,848	4,011,265
		9,543,978	8,492,690	9,543,978	8,492,690



			Consolidated			
			Fair value		Book value	
Note	Levels		09/30/2019	12/31/2018	09/30/2019	12/31/2018
Financial liabilities						
Fair value through profit or loss						
At initial recognition or subsequently						
Loans, financing and debt charges	24					
Foreign currency		Level 2	186,597	213,276	186,597	213,276
Derivatives		Level 2	(30,468)	(21,855)	(30,468)	(21,855)
			156,129	191,421	156,129	191,421
Amortized cost						
Suppliers	22	Level 2	1,902,758	1,610,976	1,902,758	1,610,976
Debentures	23	Level 2	6,735,696	5,092,402	6,327,882	4,903,545
Use of Public Property		Level 2	259,417	255,174	317,330	314,112
Refund for unavailability		Level 2	63,818	64,527	63,818	64,534
Loans, financing and debt charges	24					
Domestic currency		Level 2	2,226,958	2,390,876	2,262,156	2,363,831
Other accounts payable - Related Parties	11	Level 2	62,663	31,851	62,663	31,851
Leases and rentals	14.8	Level 2	104,872		104,872	
Sectorial financial liabilities	8	Level 2	875,041	173,006	875,041	173,006
			12,231,223	9,618,812	11,916,520	9,461,855
			12,387,352	9,810,233	12,072,649	9,653,276

34.1.2 Derivative financial instruments

A derivative financial instrument may be identified provided that: (i) its value is influenced by fluctuation of financial instrument rate or price; (ii) does not require initial investment or investment is much lower that it would be in similar contracts; and (iii) it will always be settled on a future date. Only if all those characteristics are met can a financial instrument be classified as a derivative.

Derivative financial instruments are recognized at their fair values, with gains and losses resulting from this revaluation being recorded in income for the year, except when derivative is classified as cash flow hedge, and gains and losses recorded in Other Comprehensive Income in shareholders' equity.

Transactions with derivatives in the consolidated refer to subsidiaries EDP São Paulo and Porto do Pecém. Below table containing key information about the derivatives of subsidiaries:

Description	Subsidiary	Counterparty	Maturity	Position	Notional USD		Notional - R\$		Fair value		Effects on result				
					09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	2019	2018			
Swap															
Assets	EDP São Paulo	Citibank N.A.	09/04/2015–09/04/2019	Libor 3M + 1.84% p.a. CDI + 1.20% p.a.		10,129				39,956	4,243	(4,688)			
Liabilities									(37,500)	(37,800)	(1,783)	17,950			
									-	10,129	-	(37,500)	-	2,156	2,460
Assets	Porto do Pecém	General cash	12/09/2016–12/06/2019	Libor 6M + 2.50 % p.a. CDI + 2.73% p.a.	44,131	44,131			186,275	173,141	14,976	20,047			
Liabilities									(150,000)	(150,000)	(155,807)	(153,442)	(4,353)	6,746	
									44,131	44,131	(150,000)	(150,000)	30,468	19,699	10,623
Put Options															
Call Sale	Porto do Pecém	Citibank	11/22/2017–02/01/2018	US\$ 80.05/ton of API 2 coal (*)								(3)			
									-	-	-	-	-	-	(3)
Call Sale	Porto do Pecém	Goldman Sachs	11/22/2017–03/01/2018	BRL/USD 3.1297								(7)			
									-	-	-	-	-	-	(7)
Put Options															
Call Sale	Porto do Pecém	Citibank	11/22/2017–03/01/2018	US\$ 78.00/ton of API 2 coal (*)								(15)			
									-	-	-	-	-	-	(15)
Call Sale	Porto do Pecém	Goldman Sachs	11/22/2017–04/02/2018	BRL/USD 3.1290								(15)			
									-	-	-	-	-	-	(15)
Call Sale	Porto do Pecém	Citibank	11/22/2017–04/02/2018	US\$ 75.95/ton of API 2 coal (*)								(66)			
									-	-	-	-	-	-	(66)
Call Sale	Porto do Pecém	Citibank	11/22/2017–05/02/2018	BRL/USD 3.1374								(29)			
									-	-	-	-	-	-	(29)
Call Sale	Porto do Pecém	Citibank	11/22/2017–05/02/2018	US\$ 75.55/ton of API 2 coal (*)								(98)			
									-	-	-	-	-	-	(98)
Call Sale	Porto do Pecém	Citibank	11/22/2017–06/01/2018	BRL/USD 3.1481								(43)			
									-	-	-	-	-	-	(43)



Description	Subsidiary	Counterparty	Maturity	Position	Notional USD		Notional - R\$		Fair value		Effects on result	
					09/30/2019	12/31/2018	09/30/2019	12/31/2018	09/30/2019	12/31/2018	2019	2018
Call	Porto do Pecém	Citibank	11/22/2017–06/01/2018	US\$ 78.00/ton of API 2 coal (*)								(37)
Sale					-	-	-	-	-	-	-	(37)
Total					44,131	54,260	(150,000)	(187,500)	30,468	21,855	13,083	39,742

(*) API 2: API 2 is the benchmark price for the coal imported by Northeastern Europe.

Net maturity of the derivatives is shown in note 24.3.

The impacts of gains and losses in the periods ended September 30, 2019 and 2018 were as follow:

	Consolidated	
	Result	
	2019	2018
Derivatives intended for protection		
Foreign exchange risks	15,584	46,831
Interest rate and currency risks	(2,501)	(7,402)
Other types of risks		313
Total	13,083	39,742

34.1.2.1 Swap contracts

Porto do Pecém

Porto do Pecém contracted derivative financial instrument classified as swap, recorded at fair value in result for the year for the purpose of hedging against US Dollar exchange-rate change and Libor 6M interest rate change risks related to financing contracted from Banco Caixa Geral.

EDP São Paulo

EDP São Paulo contracted derivative financial instrument classified as swap, recorded at fair value in result for the year for the purpose of hedging against foreign exchange rate of the Dollar and Libor 3M interest rate change risks related to financing contracted from Citibank. On September 4, 2019, EDP São Paulo settled this derivative, resulting in a swap gain of R\$ 2,456.

34.1.2.2 Sale options - Porto do Pecém

Put-option contracts guarantee unto the buyer or holder thereof the right to sell a particular currency/stock/index/commodity at an exercise price (strike price) determined on an exercise date.

The Porto do Pecém contracted derivative transactions from January to June 2018, aimed at mitigating the risk of CVU, which has as variables the calculation of coal in dollar (imported mineral coal) and the USD/BRL exchange rate, in the calculation of Reimbursement for unavailability.

Porto do Pecém's strategy was to reduce the exposure of such variables, once that, according to the formula applied by the regulator for calculating the reimbursement, the fall in the coal price and the appreciation of Reais against Dollars decrease the CVU value, and, accordingly, increase the reimbursement amount.

For this purpose, put options to sell coal and foreign exchange were contracted for the same period. For coal sales operations, they were established on the European market in the Asian modality. The maturities of the operations are monthly, with exercise exclusively on the maturity date; the exchange rate or price of coal used for settlement of the operation is the result of the average values in force on the dates previously set in the contract.

In all cases contracted, the options were not exercised, since the price of the underlying asset was higher than the exercise price. However, the hedge strategy was adequate to mitigate the risks of reimbursement, in exchange for the premiums paid.

34.1.2.3 Non-Deliverable Forward (NDF) - Porto do Pecém

In April 2019, the subsidiary Porto do Pecém contracted a Non-Deliverable Forward - NDF for purpose of exchange hedge upon the contracting of insurance for loss of profits, whose premium is paid in dollar.

In July 2019, the NDF was settled resulting in a negative effect on Porto do Pecém of R\$ 366, recording as reduction of Prepaid Expenses, which will be amortized on straight-line basis according to such insurance policy period.

34.2 Risk management

The EDP - Energias do Brasil risk management policy covers all its business units and is aligned with the EDP Group's strategy in its operations worldwide. The Risk Committee shall ensure the governance of the process and liaise between top management and routine operation. Its function is to manage and oversee all risk factors that may cause impacts in the activities and results of the Company and its subsidiaries, and propose methodologies and improvements to the management system.

Since 2006, Grupo EDP – Energias do Brasil has developed processes for monitoring and evaluating corporate risks. Starting in 2010, new methods have been created, as well as a new risk dictionary, consolidated in 2011 as a Corporate Risk Standard, which has kept up-to-date ever since.

Corporate risk management is based on the best governance models, such as COSO ERM (Committee of Sponsoring Organizations of the Treadway Commission) and ISO 31000. Integrated risk management acts as a facilitator in the process of integrated risk management, helping to identify, classify, assess and manage risks, aimed at ensuring that the various risks inherent to each areas of the company are managed by the respective managers, and periodically reported to the Executive Board of the Company and subsidiaries.

The Risk Committee is composed of three Risk Officers, separated by nature of the risks (Strategic, Energy/Regulatory, Financial and Operational) and by the Executive Board.

The Risk Committee reports periodically to the Audit Committee to monitor Risk Management activities. Additionally, in order to enhance governance synergies between the duties of Risk Management, Internal Audit and Compliance, these are gathered under the same Executive Board.

34.2.1 Market risk

The market risk represents the possibility of losses due to the fluctuations of variables that affect market prices and rates. These fluctuations impact virtually all segments, thus, representing financial risks.

Debentures and Loans and financing raised by the Company and its subsidiaries, presented in notes 23 and 24 have contract rules for financial liabilities substantially linked to these exposures. On September 30, 2019, the Company and its subsidiaries have a market risk associated to interbank deposit rate, long-term interest rate, dollar, Amplified Consumer Price Index (IPCA) and Libor-3M and 6M. We should consider that the Company and its subsidiaries are exposed to Selic rate and inflation fluctuations, which may lead to a higher cost in these operations.

One of the goals of the Financial risk management policy of Grupo EDP - Energias do Brasil is to hedge assets and liabilities, minimizing exposure to market risks, mainly in connection with interest rate, price indexes and currency fluctuations.



The CDI (Certificate of Interbank Deposit), IPCA (Amplified Consumer Price Index) and TJLP (Long-term Interest Rate) debt indices reflect the effects of inflation either directly or indirectly. On the other hand, the indices that adjust the revenue of the subsidiaries are also related to changes in inflation (IGP-M and IPCA). Therefore, the changes in debts incurred with the above indices tend to be protected by the changes in revenue.

Subsidiary Porto do Pecém is not exposed to exchange-rate change (US Dollar) and interest (Libor) linked to debts in foreign currency, however, has swap derivatives used as economic hedging to control all exposures to exchange-rate change and interest for these liabilities. EDP São Paulo was exposed to these fluctuations up to September 4, 2019, thus settling the swap derivative.

EDP São Paulo and EDP Espírito Santo are exposed to the risk of currency exchange rate pegged to the US Dollar, through the payments of energy purchased from Itaipu. However, changes in current exchange rate are transferred to the consumer in full in the tariff through the CVA mechanism.

Even with the depreciation of Brazilian Real before Dollar, raising and maintenance of loans linked to Dollar are considered as favorable, given interest rates offered in the foreign market are lower to the rates of domestic market. In addition, the exchange rate risk in foreign currency transactions is considered. In an economy where exchange rate fluctuation is very high, this exposure is a relevant factor to analyze the possibility of a transaction.

34.2.1.1 Sensitivity analysis

In compliance with CVM Instruction 475/08, the Company and its subsidiaries conduct the sensitivity analysis of their financial instruments, including derivatives.

The sensitivity analysis has the purpose of measuring the impact of changes in market variables on each of the financial instruments. Nevertheless, the settlement of transactions involving these estimates can result in amounts different from those estimated due to the subjectivity inherent in the process used for the preparation of these analyses. Information in the chart demonstrates the impact of each risk change in the results of the Company and its subsidiaries.

In the chart below, all financial instruments mentioned are presented in Note 34.1 which are exposed to indices, with fluctuations in interest rates and other indices up to the maturity of the transactions. The probable scenario adopted by the Company was based mainly on macroeconomic assumptions obtained from the Focus report of the Brazilian Central Bank, Scenarios II and III consider a risk increase of 25% and 50%, respectively, and Scenarios IV and V consider a risk reduction of 25% and 50%, respectively.

			Parent Company							
			Aging - Probable scenario			Scenario (I)	Scenario (II)	Scenario (III)	Scenario (IV)	Scenario (V)
Operation	Risk	Balance of exposure	Up to 1 year	2-5 years	>5 years	Probable	Increased risk by 25%	Increased risk by 50%	Decreased risk by 25%	Decreased risk by 50%
Interest earning bank deposit - CDB	CDI	610,929	16,948			16,948	4,237	8,474	(4,237)	(8,474)
Investment Funds	CDI									
Securities	CDI		57	175		232	58	116	(58)	(116)
Loans receivable - Loan	CDI	175,218	5,382	1,027	336	6,745	1,686	3,373	(1,686)	(3,373)
Financial instruments – assets	CDI	786,147	22,387	1,202	336	23,925	5,981	11,963	(5,981)	(11,963)
		786,147	22,387	1,202	336	23,925	5,981	11,963	(5,981)	(11,963)
Financial instruments – assets	IPCA									
Debentures	IPCA	(497,268)	(36,739)	(22,795)		(59,534)	(524)	(1,049)	524	1,049
Financial instruments - liabilities	IPCA	(497,268)	(36,739)	(22,795)	-	(59,534)	(524)	(1,049)	524	1,049
		(497,268)	(36,739)	(22,795)	-	(59,534)	(524)	(1,049)	524	1,049

			Consolidated							
			Aging - Probable scenario			Scenario (I)	Scenario (II)	Scenario (III)	Scenario (IV)	Scenario (V)
Operation	Risk	Balance of exposure	Up to 1 year	2-5 years	>5 years	Probable	Increased risk by 25%	Increased risk by 50%	Decreased risk by 25%	Decreased risk by 50%
Interest earning bank deposit - CDB	CDI	2,305,134	99,501			99,501	24,874	49,751	(24,874)	(49,751)
Investment Funds	CDI	319	17	55		72	18	36	(18)	(36)
Pledges and restricted deposits	CDI	703,951	2,595	329		2,924	731	1,462	(731)	(1,462)
Securities	CDI	244,808	13,329	41,682		55,011	13,753	27,505	(13,753)	(27,505)
Loans receivable - Loan	CDI	24,179	5,650	1,027	336	7,013	1,753	3,507	(1,753)	(3,507)
Financial instruments – assets	CDI	3,278,391	121,092	43,093	336	164,521	41,129	82,261	(41,129)	(82,261)
Debentures	CDI	(2,779,643)	(143,522)	(259,358)		(402,880)	(94,839)	(188,813)	95,261	190,957
Loans and financing - CCB	CDI	(345,028)	(31)	8,805		8,774	(5,475)	(10,946)	5,459	10,964
Loans and financing - NP	CDI	(303,744)	(15,025)	(62,604)		(77,629)	(21,514)	(43,860)	20,585	40,386
Loans and financing - Loan	CDI	740,868	(5,314)	(691)		(6,005)	(1,501)	(3,002)	1,501	3,002
Financial instruments - liabilities	CDI	(2,687,547)	(163,892)	(313,848)	-	(477,740)	(123,329)	(246,621)	122,806	245,309
Swap - Liability Leg - Citibank N.A.	CDI	(30,468)	(1,448)			(1,448)	(353)	(703)	357	717
Derivative financial instruments	CDI	(30,468)	(1,448)	-	-	(1,448)	(353)	(703)	357	717
		560,376	(44,248)	(270,755)	336	(314,667)	(82,553)	(165,063)	82,034	163,765
Loans and financing - BNDES	TJLP	(1,078,751)	(79,126)	(183,960)	(16,758)	(279,844)	(42,619)	(89,222)	42,619	89,222
Financial instruments - liabilities	TJLP	(1,078,751)	(79,126)	(183,960)	(16,758)	(279,844)	(42,619)	(89,222)	42,619	89,222
		(1,078,751)	(79,126)	(183,960)	(16,758)	(279,844)	(42,619)	(89,222)	42,619	89,222
Foreign Exchange Credit Bill - CCC	Dollar									
Principal	Dollar	(183,715)	(183,840)			(183,840)	(45,960)	(91,920)	45,960	91,920
Charges	Dollar	(2,882)	(4,053)			(4,053)	(1,133)	(2,267)	1,133	2,267
Financial instruments - liabilities	Dollar	(186,597)	(187,893)	-	-	(187,893)	(47,093)	(94,187)	47,093	94,187
Swap - Asset leg - CCC	Dollar	186,597	187,893			187,893	47,093	94,187	(47,093)	(94,187)
Derivative financial instruments	Dollar	186,597	187,893	-	-	187,893	47,093	94,187	(47,093)	(94,187)
		-	-	-	-	-	-	-	-	-
Debentures	IPCA	(2,369,809)	(160,970)	(489,599)	(217,905)	(868,474)	(5,467)	(10,935)	5,467	10,935
Loans and financing - BNDES	IPCA	(284,450)	(21,716)	(36,626)	(1,295)	(59,637)	(496)	(990)	496	990
Financial instruments - liabilities	IPCA	(2,654,259)	(182,686)	(526,225)	(219,200)	(928,111)	(5,963)	(11,925)	5,963	11,925
		(2,654,259)	(182,686)	(526,225)	(219,200)	(928,111)	(5,963)	(11,925)	5,963	11,925
CCC – Charges	Libor	(186,275)	4,053			4,053	553	1,105	(553)	(1,105)
Financial instruments - liabilities	Libor	(186,275)	4,053	-	-	4,053	553	1,105	(553)	(1,105)
Swap - Result - CCC	Libor	155,807	(4,053)			(4,053)	(553)	(1,105)	553	1,105
Derivative financial instruments	Libor	155,807	(4,053)	-	-	(4,053)	(553)	(1,105)	553	1,105
		(30,468)	-	-	-	-	-	-	-	-

The futures curves of the financial indicators CDI, TJLP, IPCA, Dollar and Libor are as projected by the market and are aligned with the expectations of the Management of the Company and subsidiaries.



The indicators had their ranges as shown below: CDI 5.4–8.4% p.a.; TJLP 5.9–6.5% p.a.; USD between R\$ 3.76 and R\$ 3.88; IPCA 3.6–4.2% p.a.; and Libor 2.4–2.7% p.a.

34.2.2 Liquidity risk

Liquidity risk relates to the capacity to settle its liabilities of the Company and its subsidiaries. In order to determine the financial capacity to meet the commitments assumed, the maturities of funds raised and other liabilities are also disclosed. More detailed information on debentures and loans raised by the Company and its subsidiaries are presented in notes 23 and 24.

The management of the Company and its subsidiaries uses only credit lines that allow operating leverage. This premise is reaffirmed by the characteristics of the funds effectively raised.

The most expressive financial assets of the Company and its subsidiaries are presented in captions: (i) Cash and cash equivalents (Note 5) - the Company and its subsidiaries have in cash an immediately available amount and cash equivalents, which are interbank funds applied promptly convertible into known cash amounts; (ii) Securities (Note 6) refer to investment in investment fund, with daily liquidity and variable yield, with its portfolio of assets linked to Treasury Bills – LFT, and which have extremely low credit risk and short-term maturity; (iii) Accounts receivable (Note 7), balances comprise the estimated flow of receivables; (iv) Indemnifiable financial assets (Note 19), whose balance presented in distribution subsidiaries corresponds to the amount receivable from the Concession Grantor at the end of the concession and it is measured at the new adjustment value; and (v) Sectoral financial assets (Note 8) are homologated by the Concession Grantor and received through tariff in subsequent tariff adjustments or reviews.

The liquidity risks attributed to Debenture and loans and financing accounts refer to future interest, are consequently not accounted for, and are shown in note 35.1.

The Company and its subsidiaries also manage the liquidity risk by continuously monitoring expected and real cash flows, as well as the maturity analysis of its financial liabilities. The table below details the contractual maturities of the financial liabilities recorded on September 30, 2019, including principal and interest, considering the closest date on which the Company and its subsidiaries expect to pay off the respective liabilities.

	Parent Company						12/31/2018
	09/30/2019						
	Up to 1 month	1–3 months	3–12 months	1–5 years	>5 years	Total	
Financial liabilities							
Suppliers	5,026	5,721	158			10,905	18,542
Other accounts payable - Related Parties			33,907	1,960		35,867	32,634
Debentures			82,851	410,870		493,721	548,878
Leases and rentals	139	418	3,788	2,783		7,128	-
	5,165	6,139	120,704	415,613	-	547,621	600,054
	Consolidated						12/31/2018
	09/30/2019						
	Up to 1 month	1–3 months	3–12 months	1–5 years	>5 years	Total	
Financial liabilities							
Suppliers	1,403,280	117,473	382,005			1,902,758	1,610,976
Other accounts payable - Related Parties			49,193	13,321	149	62,663	31,851
Debentures			1,167,700	3,123,801	2,036,381	6,327,882	4,903,545
Loans, financing and debt charges	42,303	85,189	629,525	1,355,541	336,195	2,448,753	2,577,107
Derivatives			(30,468)			(30,468)	(21,855)
Use of Public Property	2,396	4,757	21,637	105,122	183,418	317,330	314,112
Refund for unavailability			63,818			63,818	64,534
Leases and rentals	2,489	5,786	27,888	40,580	28,129	104,872	-
Sectorial financial liabilities			3,280	871,761		875,041	173,006
	1,450,468	213,205	2,314,578	5,510,126	2,584,272	12,072,649	9,653,276

34.2.2.1 Overcontracting risk

As provided in the sector's regulation, especially in Decree 5163/04, if the contracted energy is within the limit of up to 5% above the total demand of the distributor, full transfer to the cost incurred with the purchase of energy and the resulting settlement of spot market price (PLD). However, when the distributor exceeds such limit, this having occurred voluntarily, it is exposed to the change between the purchase and selling price of the surplus amount in the short-term market.

The strategy for contracting energy from distributors aims at assuring that the contract level remains in the range between 100% and 105%, risks with energy purchase to serve the captive market. For such, each process of the decision on the energy purchase declaration amount in auction and interest in Surplus and Deficit Offsetting Mechanism - MCSD use statistical models to make projections of several consumption scenarios, in which there is correlation with climate, economic and tariff variables, besides streamlining models that aims at minimizing cost, and risk of penalty and non-transfer of tariffs.

In the current regulation, the backed domestic energetic system expansion is guaranteed by the long-term energy contracting by the distributors, through projection of its captive market, with three to six years in advance in relation to the acquired electric energy supply, (amended by Decree 9143/17) that is, the decisions on contracts use long-term economic projections that in situations of normality do not present great changes. Amount of contract commitments for the purchase of future energy entered into up to September 30, 2019 are presented in Note 35.1.

In the current scenario, besides the drop in consumption caused by an adverse and unpredictable context with three to six years in advance, the strong increase in the regulated market tariffs, in the face of a low price in the free market caused many customers to migrate from the loyal environment to the free one, motivated by cost reduction in energy purchase. Both factors took the distributors to a generalized overcontracting scenario.

In order to mitigate the risks of over and undercontracting (exposure), there are instruments provided in the regulation so that distributors may increase or reduce the contracted energy volume, that is, manage their contract portfolios. They are:

- Increase in the contracting level: by means of the contracting in Auctions A-7, A-6, A-5, A-4, A-3, A-2, A-1, A-0, of Alternative Sources (amended by Decree 9143/17), of Adjustment, and also through participations in the Surplus and Deficit Offsetting Mechanism (MCSD) of Existing Energy and new energy with deficit declaration;



- (i) Reduction in the contracting level by reduction in the volumes of Energy Trading Contracts in the Regulated Environment (CCEAR) for Existing Energy per quantity, with annual reduction of up to 4% of the contracted volume by market changes; (ii) a statement less than 96% of the restitution amount in Auctions A-1 (amended by Decree 8828/16); (iii) reduction in energy agreements that exist due to the migration number of conventional and special consumers (Provided by Normative Resolution 726/2016) to the Free Trade Market (ACL); (iv) bilateral agreements; (v) participation in the MCSD's with plenty statement, and (vi) sale of energy to the ACL through the MVE.

With the publication of Law 12783/13, which dealt with the extension of the electric energy sector concessions, the agents that own hydroelectric power plants which concession term end in up to five year could request the concession renewal, submitting to the Physical Guarantee Quotas regime, allocated to the distributors by means of the Physical Guarantee Quotas Contracts - CCGFs. So, from 2013, the CCGFs replaced part of the CCEARs for Existing Energy of the distributors.

However, to the CCGFs no prerogative of contracted volume reduction was provided so that the distributor could manage its contracting level. With this change, foreign to the management of distributors, this segment no longer had enough mechanisms for protecting itself against consumption reduction and migration of customer to free environment. Namely, then it could no longer participate in the MCSD 4%, or the Free Exchanges MCSD and the Monthly MCSD. So, it could no longer make volume reductions in the CCEARs of Existing Energy, as provided in the Law 10848/04 and in Article 29 of Decree 5163/04.

Besides the Physical Guarantee Quotas Contracts (CCGFs) that do not represent a prerogative for reducing the contracted volume, the distributors' flexibility loss in the management of its contract surplus was powered by the introduction of the CCEARs of Existing Energy by Availability in their portfolios, which also do not provide specific contractual clause that allows the reduction in the contracted amount.

In 2016 the Technical Note 109/2016 proposed the improvement in the Regulatory Resolution 693/2015 allowing the creation of the MCSD of Energia Nova as an additional mechanism so that both distributors and generators could cancel the contract of energy in the regulated environment. Recently, in view of the Regulatory Resolution 833/2018, the Surplus Sale Mechanism - MVE was regulated as additional tool for managing energy surplus to distributors. However, this new regulation also limited the efficiency of the MCSD Energia Nova and the bilateral contracts in the reduction of contracting level, allowing the use of such mechanisms only with plants that are not in commercial operation.

With the publication of Decree 9143/17, the involuntary contractual exposures of distributors started to be recognized whenever it was noted the condition of maximum effort by the agent, in view of the following: (i) frustrated purchase of electric energy in Auctions for purchase; (ii) extraordinary and unpredictable events arising from events beyond the will of the selling agent, recognized by ANEEL; (iii) changes in the distribution of the CCGFs, energy availability and potency of Itaipu Binacional, PROINFA and, from the year 2013, of Usinas Angra 1 and Angra 2; and (iv) exercise of the call option by free and special consumers. However, despite the involuntary exposure is recognized, the criteria for fulfillment of the condition of maximum effort by the distributor are in the final stage for verification by ANEEL for the 2016 and onwards.

The overcontracting of energy for the period of 2019 had a positive impact of R\$ 2,061 on the results of EDP São Paulo and EDP Espírito Santo.

34.2.2.2 Early maturity of debts

The Company and its subsidiaries have loan, financing and debenture agreements with covenants usually applicable to these types of operations, related to compliance with economic and financial indexes, cash generation, among others.

Covenants are financial indicators that control the financial health of the Company and its subsidiaries, as required by fund raising contracts. Non-compliance with covenants of debt agreements may result in an immediate disbursement or early maturity of a liability with defined flow and periodicity. The ratio of covenants by agreement appears described individually in notes 23 and 24. Up to September 30, 2019, all covenants of the liabilities contracted were being fully complied with.

In addition to controlling the covenants linked to liquidity risk, there are contracted guarantees (Note 35.2) for the headings of Loans, Financing and Debentures. Those contractual guarantees are the maximum that the Company and its subsidiaries may be required to settle, in accordance with the terms of the financial guarantee agreements, if the full guaranteed amounts are put to execution by the creditors for lack of payment. For the account of purchase of power, the guarantees are mostly tied to the Company's receivables, which may undergo changes as a result of possible losses of credit in these receivables.

34.2.3 Hydrologic risk

Generation

The power sold by the subsidiaries depends on the hydrological conditions. In addition, income from the sale is linked to the assured energy, whose volume is determined by the regulatory body and is included in the concession agreement. Cyclical conditions system in recent years, with low flow rates and low storage hydroelectric, has caused a significant decrease in energy production with hydropower and increasing costs in purchasing power. Mitigation of this risk is through the Energy Reallocation Mechanism (MRE), which is a financial mechanism of sharing hydrologic risk among participants plants of the National Interconnected System - SIN operated by the National System Operator - ONS. However, in extreme moments of low storage, MRE exposes the subsidiaries to one apportionment based on PLD, generating an expenditure with GSF for hydro generators.

In order to reduce the exposure to this risk, generation accepted the proposal to renegotiate the hydrologic risk for energy amount contracted at ACR through transfer of 92% (valid for UHE Luiz Eduardo Magalhães (Investco and Lajeado)) and transfer of 94% (valid for UHE Mascarenhas (Energest)) of this remaining hydrologic risk to CCRBT (tariff flag centralizing account) through premium payment (Note 14.4).

Additionally, anticipating the scenario of deterioration of the PLD and GSF as a result of the worsening of the Brazilian hydrological scenario, the generation subsidiaries implemented several initiatives in order to strengthen strategies to protect the impacts caused by high energy prices on the free market, increasing the share of decontracted energy in its portfolio.

Distribution

The Brazilian energy matrix is predominantly hydric and a prolonged drought would reduce the volume of water in the reservoirs of the hydroelectric power plants, which also cause a electric power rationing and an increase in the purchase cost of energy in the short term market and the increase of electric system charges as a result of the dispatch of the thermoelectric plants, generating a cash need and as a result, from future tariff readjustments for the economic-financial balance of the Concession Agreement of distribution subsidiaries.

As a tool to monitor the risk of rationing, the distribution subsidiaries use the Energy Risk Subcommittee which has the following practices: (i) assessment of the energy supply and demand scenario in different regions of operation, the macro and microeconomic variables and the specificities of each market, in a horizon of five years; (ii) anticipation of potential impacts on the generation of electricity to ensure the supply of power; (iii)

34.2.4 Credit risk

Credit risk includes the possibility that the Company may not be able to realize their rights. This description is mainly related to the following captions:

• Accounts receivable

In the electrical power industry, the operations carried out are reported to the regulatory agency, which maintains updated information on power volume produced and consumed. Power is traded through auctions, contracts, among other mechanisms, bringing reliability and control on default among sectorial participants.

The priority of Concession Agreements for power distribution is to serve the market without excluding low income population and areas with lower population density. Thus, accepting and serving these new captive consumers dwelling in the concessionaire's operating area is a standard of the concession agreement.

Thus, for the distribution of electricity the financial instrument with the ability to expose the Company to credit risk is accounts receivable from consumers. However, the subsidiaries of distribution prepare comprehensive studies to determine the estimated loss for these assets.

The main tool used to mitigate the risk of non-realization of accounts receivable from consumers is to suspend power supply to consumers in default. Before this stage, the subsidiaries use many collection methods, such as administrative collection, notice in the energy bill, and by SMS, protest in protest offices, credit restriction at credit protection companies, among others. The subsidiaries offer to consumers several communication channels, as follows call centers, service stores and Internet, application, besides the realization of fairs for payment agreements.

Furthermore, with a view to maintaining the economic and financial balance of the concession, ANEEL's regulations provide for the transfer of the sum of uncollected income to the tariffs, after the 5-year collection period, pursuant to the regulations in force through PRORET submodule 2.2.

Regarding generation subsidiaries, the risk arising from the possibility of subsidiaries sustaining losses as a result of experiencing difficulty receiving amounts billed to its customers, is considered low according to the contractual guarantees presented in the scope of energy agreements in the Regulated Trading Environment.

Regarding the subsidiaries of trading and services, the risk arising of the subsidiaries sustaining losses as a result of experiencing difficulty receiving amounts billed to its customers, is also considered low. The Company and its subsidiaries in these segments have a policy focused on credit risk mitigation, which consists of identifying the credit rating of the proponent customer, and a grade is assigned to the financial health of the counterparty (separated into A, B, C, D and E) which takes into account, among other aspects, the analysis of the financial statements of the counterparty associated with a probability of default. For each credit rating, maximum terms of contracts and financial guarantees are established, and the lower the counterparty's rating, the shorter the contract terms and the more liquid the financial guarantees will be. The credits of all these customers and exposure thereof to the various sectors of the economy are evaluated periodically, so as to maintain the diversification of their portfolio and reduce their exposure to risk.

• Cash, Cash equivalents, Guarantees and Marketable securities

The management of these financial assets is through operating strategies based on corporate policies and internal controls, aimed at assuring liquidity, security and profitability.

Specific mitigation strategies of the Financial Risk Management Policy of Grupo EDP - Energias do Brasil are periodically conducted based on risk reports.

Decisions about financial investments, also complying with the same policy, establishes conditions and limits of exposure to market risks appraised by specialized agencies. The policy determines levels of concentration of investments at financial institutions in accordance with the bank's rating and the total sum of investments of the Company and its subsidiaries, in order to maintain a balanced proportion that is less subject to loss.

Regarding investments related to Bank Deposit Certificates or backed by debentures, the Company and its subsidiaries operate only with financial institutions whose risk rating is at least A by Fitch Ratings (or equivalent to Moody's or Standard & Poor's). The following are the amounts of financial investments segregated by risk classification:

	Parent Company		Consolidated	
	09/30/2019	12/31/2018	09/30/2019	12/31/2018
Classification of the financial institution				
AAA	269,793	585,662	1,708,810	1,569,050
AA	341,136	318,326	598,209	427,595
To the			52	50
	610,929	903,988	2,307,071	1,996,695

The Risk Management Policy also money to be paid into a Restricted Investment Fund with a portfolio of assets tied to LFTs (floating-rate bonds) issued by the Brazilian Government, or Repurchase agreement backed by Federal Government Bonds, considered a highly-liquid security with an extremely low risk (Notes 5.2 and 6).

Management understands that the contracted financial investments do not expose the Company and its subsidiaries to significant credit risks that might generate material losses in the future.

• Indemnifiable financial assets

The balance refers to the amounts receivable as indemnity from the Concession Grantor and arises from the investments made in the infrastructure of the concessionaire that will not be recovered by the service provision granted up to the concession termination. The concession agreement entitles the Company to indemnity for the infrastructure assets not yet amortized, provided that authorized by ANEEL, and determined in inspection branch procedures.

• Concession assets - Transmission

The transmission subsidiaries maintain Transmission Service Agreements with the National Electricity System Operator - ONS, regulating the provision of their services linked to basic network users, with a bank guarantee clause that ensures payments are received and mitigates the risk of default.

• Sectorial financial assets

Sectorial financial assets refer to the difference between costs estimated by ANEEL and included in the tariff at the beginning of the tariff period, compared to those that are actually incurred during the tariff period. Annually, ANEEL reviews the tariffs of distribution subsidiaries and include such assets in them. Additionally, the concession agreement also guarantees that the distribution subsidiaries will be indemnified for the outstanding balances of possible shortage of refund for the tariff as a result of termination, for any reason, of the concession.

34.2.5 Regulatory risks

Subsidiaries' activities are regulated and inspected by regulatory agencies (ANEEL, ARSESP, ARSP-ES etc.) and other bodies related to the sector (MME, CCEE, ONS etc). Grupo EDP - Energias do Brasil is committed to comply with all the regulations issued, therefore, any change in the regulatory environment may affect its activities.

The mitigation of regulatory risks is made by monitoring scenarios involving the parties interested in the Company's business. Grupo EDP - Energias do Brasil is engaged in the discussion of themes of its interest, and discloses studies, theses and experiences to opinion leaders.

34.2.6 Capital management

The purpose of the Grupo EDP - Energias do Brasil's capital management is to safeguard business continuity of the Group in order to offer returns to shareholders and benefits to other stakeholders, as well as maintaining an optimal capital structure to reduce such cost and maintain a proper financial liquidity to the Group's companies.

In order to maintain or adjust its capital structure and financial liquidity, Grupo EDP - Energias do Brasil may review its dividend payment policy, return capital to shareholders, issue new shares, make new financing, renegotiate the existing debts or sell assets.



Regarding the capital structure, the Company monitors the index represented by "Consolidated Net Debt" divided by "Consolidated EBITDA", whose maximum limit is up to 3.5 times.

	Note	Consolidated	
		09/30/2019	12/31/2018
Total loans and debentures	23 and 24	8,746,167	7,458,797
(-) Cash and cash equivalents	5	(2,510,634)	(2,203,392)
(-) Securities	6	(244,808)	(174,463)
(-) Pledges linked to debt		(690,507)	(685,442)
Net debt		5,300,218	4,395,500
Total shareholders' equity		10,413,110	9,674,581
Total capital		15,713,328	14,070,081
Leverage ratio – %		33.73	31.24

35 Contractual commitments and guarantees

35.1 Contractual commitments

As of September 30, 2019, the Company and its subsidiaries have contractual commitments not recognized in the financial statements, presented by maturity.

The contractual commitments of the Company and its subsidiaries referred to in the table above are at present value and essentially reflect agreements and commitments necessary to the normal course of the operating activities of the Company and its subsidiaries, including those contractual commitments beyond the end date of concession, restated at the respective projected rates and adjusted to present value at the rate representing the average cost of capital (WACC) of EDP Group.

	Parent Company					12/31/2018
	09/30/2019					
	Oct2019– Sep2020	Oct2020– Sep2022	Oct2022– Sep2024	As from 2025	Total	Total
Liabilities with operating leases (*)	537	754]		1,291	22,590
Liabilities for purchases						
Materials and services	22,954	18,251	3,176	13	44,394	62,053
Interest Falling Due Loans, Financing and Debentures	40,352	33,496	3,334		77,182	106,174
	63,843	52,501	6,510	13	122,867	190,817

	Consolidated					12/31/2018
	09/30/2019					
	Oct2019– Sep2020	Oct2020– Sep2022	Oct2022– Sep2024	As from 2025	Total	Total
Liabilities with operating leases (*)	3,242	3,727	694	21	7,684	71,841
Liabilities for purchases						
Purchase of energy	5,849,015	8,037,662	6,504,820	19,855,771	40,247,268	45,475,698
Energy connection and transportation charges	755,567	1,252,760	1,065,088	1,895,637	4,969,052	5,129,086
Materials and services	2,319,468	1,119,082	143,929	21,772	3,604,251	4,709,831
Risk premium - GSF			590	20,352	20,942	20,942
Interest Falling Due Loans, Financing and Debentures	477,000	537,197	287,990	129,177	1,431,364	1,659,469
	9,404,292	10,950,428	8,003,111	21,922,730	50,280,561	57,066,867

(*) The contractual commitments mentioned in the table above include leases and rentals that were not included in the scope of CPC 06 (R2) and, therefore, are not recorded in the interim accounting information.

Contract commitments mentioned in the chart below reflect the same contract commitments shown above, however, they are adjusted at respective rates on base date September 30, 2019, that is, without projection of correction indices, and are not adjusted at present value.

	Parent Company					12/31/2018
	09/30/2019					
	Oct2019– Sep2020	Oct2020– Sep2022	Oct2022– Sep2024	As from 2025	Total	Total
Liabilities with operating leases	178	223			401	23,339
Liabilities for purchases						
Materials and services	18,483	15,443	3,128	15	37,069	63,321
Interest Falling Due Loans, Financing and Debentures	40,352	39,778	4,773		84,903	116,716
	59,013	55,444	7,901	15	122,373	203,376

	Consolidated					12/31/2018
	09/30/2019					
	Oct2019– Sep2020	Oct2020– Sep2022	Oct2022– Sep2024	As from 2025	Total	Total
Liabilities with operating leases	1,916	1,887	301	25	4,129	79,182
Liabilities for purchases						
Purchase of energy	5,613,849	9,301,608	9,006,718	36,778,891	60,701,066	67,061,372
Energy connection and transportation charges	755,533	1,526,945	1,538,690	3,270,752	7,091,920	6,430,224
Materials and services	1,830,408	929,005	146,235	27,257	2,932,905	4,803,222
Risk premium - GSF			918	54,541	55,459	55,459
Interest Falling Due Loans, Financing and Debentures	507,733	655,393	397,460	236,589	1,797,175	2,097,125
	8,709,439	12,414,838	11,090,322	40,368,055	72,582,654	80,526,584

35.2 Guarantees

Guarantees	Type of guarantee	Parent Company	
		Maximum guaranteed limit	
		09/30/2019	12/31/2018
Life insurance	Shareholder's co-signature	299,412	325,648
Lawsuits	(i) Blocked Deposit, (ii) Bank Guarantee and (iii) Insurance bond.	1,288,032	1,070,555
Suppliers	Corporate guarantee	24,732	
Other	Insurance bond	230,120	205,713
		1,842,296	1,601,916



Type of guarantee	Description	Consolidated	
		Maximum guaranteed limit	
		09/30/2019	12/31/2018
Life insurance	(i) Shareholder's guarantee	299,412	325,648
Lawsuits	(i) Bank Guarantee, (ii) Insurance bond, (iii) Blocked Deposit.	1,174,475	1,076,075
Lease contract	Receivables	75,384	26,867
Suppliers	Corporate guarantee	24,732	24,769
Construction performance bond	Insurance bond	190,846	200,299
Other	(i) Blocked Deposit, (ii) Bank Guarantee, (iii) Guarantees in receivables and (iv) Insurance bond.	104,449	81,362
		1,869,298	1,735,020

The amounts regarding guarantee for Energy purchase (Note 22) and Loans, financing and debt charges (Note 24) are presented in their respective notes.

36 Segment reporting

A business segment is an identifiable component of the Group engaged in providing an individual product or service of a group of related products and services, and that is subject to risks and benefits that may be distinguished from other business segments.

The operating segment information is shown consistently with the internal report supplied to the main operating decision maker. The main operating decision maker, in charge of allocating funds and evaluating performance of operating segments is the Company's Executive Board, in charge of the strategic decision-making of Grupo EDP - Energias do Brasil.

Grupo EDP - Energias do Brasil develops a set of power supply activities, with special emphasis on the generation, distribution, transmission and sales of electrical power.

Based on internal reports, the Executive Board is responsible for evaluating the performance of several segments and deciding on the allocation of funds to each of the identified business segments.

36.1 Segment characterization

The amounts reported for each business segment are the result of the consolidation of subsidiaries and business units within each segment and the cancellation of intra-segment transactions.

The column "Holding company" refers to the parent company, and origin of this income is substantially related to the evaluation of investment in subsidiaries, associated companies and jointly-controlled subsidiaries by the equity accounting method, as required by the accounting practices had been adopted in Brazil.

36.1.1 Statement of result

	Nine-month periods ended September 30							
	2019							
	Distribution	Generation	Sales	Transmission	Holding company	Other	Elimination	Total
Revenue	6,065,308	2,414,568	2,275,124	1,207,369	3,827	47,296	(1,524,953)	10,488,539
Cost of production for electricity services								
Electricity services cost	(3,901,226)	(903,601)	(2,226,469)				1,522,626	(5,508,670)
Cost of production for electricity		(428,620)				(5,926)	2,327	(432,219)
Cost of operation	(562,933)	(313,137)	(5,000)	(1,844)		(11,694)		(894,608)
Cost of service rendered to third-parties	(443,040)		(536)	(1,071,244)		(14,410)		(1,529,230)
	(4,907,199)	(1,645,358)	(2,232,005)	(1,073,088)	-	(32,030)	1,524,953	(8,364,727)
Gross profit	1,158,109	769,210	43,119	134,281	3,827	15,266	-	2,123,812
Operating expenses and revenue								
Selling expenses	(91,459)		54			(2,085)		(93,490)
General and administrative expenses	(203,059)	(59,063)	(10,597)	(7,930)	(66,247)	(10,054)	(32,258)	(389,208)
Other operating expenses and revenue	(88,294)	(1,115)	(557)	74	13,416	(18)		(76,494)
	(382,812)	(60,178)	(11,100)	(7,856)	(52,831)	(12,157)	(32,258)	(559,192)
Result from equity interest		26,020	(539)		882,702		(885,396)	22,787
Income (loss) before financial result and taxes	775,297	735,052	31,480	126,425	833,698	3,109	(917,654)	1,587,407
Financial result								
Financial income	342,726	83,073	4,859	1,681	56,276	3,244	(11,973)	479,886
Financial expenses	(468,029)	(246,881)	(3,897)	(13,623)	(52,411)	(6,899)	11,973	(779,767)
	(125,303)	(163,808)	962	(11,942)	3,865	(3,655)	-	(299,881)
Income (loss) before income taxes	649,994	571,244	32,442	114,483	837,563	(546)	(917,654)	1,287,526
Income taxes								
Income tax and social contribution - current	(140,492)	(98,193)	(11,828)			(2,923)		(253,436)
Deferred income tax and social contribution	(55,122)	(13,935)	146	(39,310)	1,000	1,166	11,800	(94,255)
	(195,614)	(112,128)	(11,682)	(39,310)	1,000	(1,757)	11,800	(347,691)
Net income (loss) for the year	454,380	459,116	20,760	75,173	838,563	(2,303)	(905,854)	939,835
Attributable to controlling shareholders	454,380	360,112	20,760	72,905	838,563	(2,303)	(905,854)	838,563
Attributable to non-controlling shareholders		99,004		2,268				101,272



	Nine-month periods ended September 30							
	2018							
	Distribution	Generation	Sales	Transmission	Holding company	Other	Elimination	Total
Revenue	5,800,644	2,397,199	2,983,577	234,148	3,929	65,346	(925,265)	10,559,578
Cost of production for electricity services								
Electricity services cost	(3,982,140)	(509,213)	(2,820,033)				921,363	(6,390,023)
Cost of production for electricity		(592,545)				(6,941)	2,387	(597,099)
Cost of operation	(519,533)	(326,878)	(4,634)			(7,102)	140	(858,007)
Cost of service rendered to third-parties	(444,159)			(222,736)		(38,372)		(705,267)
	(4,945,832)	(1,428,636)	(2,824,667)	(222,736)	-	(52,415)	923,890	(8,550,396)
Gross profit	854,812	968,563	158,910	11,412	3,929	12,931	(1,375)	2,009,182
Operating expenses and revenue								
Selling expenses	(73,451)		518			(158)		(73,091)
General and administrative expenses	(184,064)	(65,716)	(8,181)	(4,942)	(104,199)	(11,522)	(34,247)	(412,871)
Gains on disposal of investment					34,068			34,068
Other operating expenses and revenue	(97,477)	1,573	(169)		(1,279)	183	2,157	(95,012)
	(354,992)	(64,143)	(7,832)	(4,942)	(71,410)	(11,497)	(32,090)	(546,906)
Income (loss) from ownership interest		(16,668)			792,771		(778,351)	(2,248)
Income (loss) before financial result and taxes	499,820	887,752	151,078	6,470	725,290	1,434	(811,816)	1,460,028
Financial result								
Financial income	195,943	99,600	8,369	392	123,653	1,546	(19,289)	410,214
Financial expenses	(291,485)	(297,701)	(835)	(441)	(80,001)	(6,306)	19,447	(657,322)
	(95,542)	(198,101)	7,534	(49)	43,652	(4,760)	158	(247,108)
Income (loss) before income taxes	404,278	689,651	158,612	6,421	768,942	(3,326)	(811,658)	1,212,920
Income taxes								
Income tax and social contribution - current	(104,285)	(130,578)	(52,761)			(1,373)		(288,997)
Deferred income tax and social contribution	(28,022)	(40,111)	(1,077)	(2,316)	(20,208)	807	10,573	(80,354)
	(132,307)	(170,689)	(53,838)	(2,316)	(20,208)	(566)	10,573	(369,351)
Net income (loss) for the year	271,971	518,962	104,774	4,105	748,734	(3,892)	(801,085)	843,569
Attributable to controlling shareholders	271,971	424,228	104,774	4,004	748,734	(3,892)	(801,085)	748,734
Attributable to non-controlling shareholders		94,734		101				94,835

36.1.2 Balance sheet

	09/30/2019							
	Distribution	Generation	Sales	Transmission	Holding company	Other	Eliminations	Total
Current assets	2,851,843	1,738,548	791,584	1,416,326	1,231,328	124,349	(380,736)	7,773,242
Non-current assets	6,312,364	6,556,003	116,397	1,818,712	8,883,554	161,389	(5,940,776)	17,907,643
Current liabilities	2,312,845	1,636,088	706,453	562,324	165,703	40,807	(380,736)	5,043,484
Non-current liabilities	4,477,848	2,574,618	12,896	2,468,339	668,387	159,484	(137,281)	10,224,291
Total shareholders' equity and non-controlling interests	2,373,514	4,083,845	188,632	204,375	9,280,792	85,447	(5,803,495)	10,413,110
	12/31/2018							
	Distribution	Generation	Sales	Transmission	Holding company	Other	Eliminations	Total
Current assets	2,715,663	1,492,466	474,650	1,254,543	1,282,485	87,817	(289,894)	7,017,730
Non-current assets	5,137,221	7,006,913	35,501	441,324	8,587,356	134,437	(5,588,411)	15,754,341
Current liabilities	2,340,431	1,474,790	323,273	60,460	615,529	43,242	(289,894)	4,567,831
Non-current liabilities	3,390,011	2,855,799	19,006	1,578,971	730,605	121,362	(166,095)	8,529,659
Total shareholders' equity and non-controlling interests	2,122,442	4,168,790	167,872	56,436	8,523,707	57,650	(5,422,316)	9,674,581

37 Statements of cash flow

37.1 Financing activities

In compliance with CPC 03 (R2) – Statement of Cash Flows, the changes in assets and liabilities derived from financing activities, including adjustments to reconcile income are as follows:

Parent Company						
2019						
Note	Balance at 12/31/2018	Cash effect	Non-cash effect		Additions / write-offs	Balance at 09/30/2019
			Inflation adjustment and	Mark-to-Market/Adjustment to		
(Increase) decrease in financing assets						
Securities and loans receivable	251,647	(2,406)		(1,555)	(46,384)	201,302
	251,647	(2,406)	-	(1,555)	(46,384)	201,302
Increase (decrease) in financing liabilities						
Dividends	13	378,795	(414,144)		37,187	1,838
Debentures	23	548,878	(106,241)	13,162	37,922	493,721
Treasury shares	28.4	(4,738)	(24,354)		(3,063)	(32,155)
Leases and rentals	14.8	-	(2,594)	385	8,933	7,128
		922,935	(547,333)	13,547	80,979	470,532
Changes related to financing activities (Financing liabilities (-) Financing assets)		671,288	(544,927)	13,547	127,363	269,230



Parent Company							
2018							
	Balance at 12/31/2017	Cash effect	Non-cash effect			Balance at 09/30/2018	
			adjustment and exchange-	Market/Adjustment to present value	Additions / write-offs		
(Increase) decrease in financing assets							
Securities and loans receivable	367,782	(697)		(1,510)	(32,842)	332,733	
	367,782	(697)	-	(1,510)	(32,842)	332,733	
Increase (decrease) in financing liabilities							
Dividends	149,933	(355,972)			210,903	4,864	
Debentures	864,473	(394,843)	17,623		57,347	544,600	
Treasury shares	(5,393)	1,164	-		(489)	(4,718)	
	1,009,013	(749,651)	17,623	-	267,761	544,746	
Changes related to financing activities (Financing liabilities (-) Financing assets)	641,231	(748,954)	17,623	1,510	300,603	212,013	
Consolidated							
2019							
Note	Balance at 12/31/2018	Cash effect	Non-cash effect			Balance at 09/30/2019	
			adjustment and exchange-	Market/Adjustment to present value	Additions / write-offs		
(Increase) decrease in financing assets							
Pledges linked to loans, financing and debentures	685,442	(26,315)	31,380			690,507	
Securities and loans receivable	22,809				4,827	27,636	
	708,251	(26,315)	31,380	-	4,827	718,143	
Increase (decrease) in financing liabilities							
Dividends	13 422,169	(517,708)			124,023	39,819	
Debentures	23 4,903,545	1,056,104	19,031		349,202	6,327,882	
Loans, financing and debt charges	24 2,555,252	(292,424)	12,361	2,607	140,489	2,418,285	
Treasury shares	28.4 (4,738)	(24,354)			(3,063)	(32,155)	
Leases and rentals	14.8 (21,450)		4,818	3,167	118,337	104,872	
Non-controlling shareholders							
Advance for future capital increase – AFAC	1,350	20,526			(11,876)	10,000	
Capital	28.1 4,634,511	(25,700)			73,905	4,682,716	
Capital increase/decrease by non-controlling shareholders		(826)			826	-	
	12,512,089	194,168	36,210	5,774	791,843	13,551,419	
Changes related to financing activities (Financing liabilities (-) Financing assets)	11,803,838	220,483	4,830	5,774	787,016	12,833,276	
Consolidated							
2018							
	Balance at 12/31/2017	Cash effect	Non-cash effect			Balance at 09/30/2018	
			adjustment and exchange-	Market/Adjustment to present value	Additions / write-offs		
(Increase) decrease in financing assets							
Pledges linked to loans, financing and debentures	11,530	(11,259)	254		722	1,247	
Securities and loans receivable	21,064				1,302	22,366	
	32,594	(11,259)	254	-	2,024	23,613	
Increase (decrease) in financing liabilities							
Dividends	231,850	(448,142)			246,067	40,785	
Debentures	3,562,421	115,634	19,401		216,425	3,913,881	
Loans, financing and debt charges	2,495,258	(336,578)	14,977	3,821	161,284	2,338,762	
Treasury shares	(5,393)	1,164			(489)	(4,718)	
Non-controlling shareholders							
Advance for future capital increase – AFAC	850	1,350			(850)	1,350	
Advances for future capital increase by non-controlling shareholders		450			850	1,300	
	6,284,986	(666,122)	34,378	3,821	623,287	6,291,360	
Changes related to financing activities (Financing liabilities (-) Financing assets)	6,252,392	(654,863)	34,124	3,821	621,263	6,267,747	

37.2

Non-cash transactions

In accordance with CPC 03 (R2) - Statement of cash flows, investing and financing transactions not required the use of cash or cash equivalents should not be included in the statement of cash flows.



All investing and financing activities that did not involve cash and, consequently, are not included in any caption of the statement of cash flows are shown below:

	Parent Company		Consolidated	
	2019	2018	2019	2018
Formation of dividends and interest on own capital receivable	222,054	169,720		620
Formation of dividends and interest on own capital payable			3,572	2,149
Capitalization of interest on loans and debentures to property, plant and equipment, intangible assets and concession assets.			126,390	10,110
Capitalization in Intangible Assets, in Indemnifiable Intangible asset and Concession assets relating to contingencies			1,305	9,291
Provision for costs of environmental permit in property, plant and equipment and concession assets			32,301	1,063
Capital increase through payment of advance for future capital increase			(18,950)	850
Capital increase in subsidiary with credits of dividends		2,447		2,447
Capital increase in subsidiary through payment of advance for future capital increase	95,170	67,560	26,900	35,500
Capital decrease of subsidiary			27,947	
Formation of Use of Public Property in intangible assets			27,675	
Formation of leases and rentals in Property, plant and equipment	8,576		52,755	
Total	325,800	239,727	279,895	62,030

38 Subsequent events

38.1 EDP Transmissão SP - MG (Lot 18) - Installation Permit

On October 15, 2019, the Installation License (LI) No. 1317/2019 was issued by the Brazilian Institute for Environment and Renewable Natural Resources (IBAMA) regarding the transmission line LT 500 KV SE Cachoeira Paulista – SE Estreito, between the states of São Paulo and Minas Gerais. The achievement of the LI was scheduled for February 2020, which reflects the start of work 4 months ahead of schedule.

38.2 EDP São Paulo - 5th Periodic Tariff Review

On October 22, 2019, the Company communicated to the market that the Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica - ANEEL) approved, on that date and in a public ordinary meeting, the 5th Periodic Tariff Review to be applied beginning as of October 23, 2019 to EDP São Paulo.

In relation to the tariff practiced at present, the average effect to be perceived by consumers will be -5.53%, whereas the average effect for high and medium voltage consumers is -3.53% while that for low voltage consumers is -6.34%.

In the Periodic Tariff Review process carried out every four years at EDP São Paulo, ANEEL recalculates regulatory costs liable to be managed by the distributor (Portion B), which include: (i) the costs of management, operation and maintenance (CAOM) and (ii) the annual cost of assets. Not manageable costs (Portion A), which include the energy purchased from generation companies, energy transportation, industry charges and financial X Factor is calculated based on components "Pd" (productivity gains) and "T" (trajectory to adaptation of operating costs), which will last over the entire cycle, in addition to component "Q" (incentive to quality), recalculated at every tariff process. Amounts were approved in: "Pd": 0.96%; "T": -0.00%; "Q": -0.08%.

In the composition of manageable costs, it is worth highlighting the following components: Remuneration on Capital and Regulatory Reintegration Quota, derived from the ratified Regulatory Remuneration Base. The Gross Remuneration Base is R\$ 4,280 billion and the Net Remuneration Base is R\$ 2,423 billion.

The regulatory index defined by ANEEL for Technical Losses for the next cycle is 4.06% on injected energy. For Low Voltage Non-Technical Losses, the regulatory trajectory will reach 7.86% in 2023, considering the value defined for the first year of 8.57%.

Financial item adjustment recognized by ANEEL in this process amounted to +R\$357.61 million referring to not manageable costs (energy, transportation and charges) approved and those effectively incurred by EDP São Paulo in the tariff period from 2018 to 2019 and estimate of future costs.

38.3 EDP Transmissão Aliança SC (Lot 21) – Installation License

On October 23, 2019, the Installation License (LI) No. 6,940/2019 was issued by the Environmental Institute (IMA), covering the transmission lines LT 525 KV Siderópolis 2 – Abdon Batista; LT 525 KV Abdon Batista – Campos Novos, LT 230 KV Siderópolis 2 - Siderópolis and LT 230 KV Siderópolis 2- Forquilha. The achievement of the LI was scheduled for February 2020, which reflects the start of work 4 months ahead of schedule.

* * *

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Chief Accounting, Tax and Asset Management
Officer (Corporate)

Laercio Gomes Proença Junior
Accountant - CRC 1SP216218/O-6

COMMENTS ON EDP ENERGIAS DO BRASIL'S PERFORMANCE

The information next concern the third quarter and year-to-date 2019, compared with the same periods in 2018.

1. RELEVANT EVENTS

Completion of the Shares Repurchase Program

On July 15, EDP concluded the shares repurchase program adopted to allow the granting of shares in the context of the long-term stock-based incentives plan. Under the program, the Company repurchased one million five hundred thousand common shares between June 24 and July 05, equivalent to 0.51% of shares outstanding

EDP Transmissão SP-MG (Lot 18) – 2nd Debentures Issue

On July 15, EDP concluded the public offering of 800,000 simple debentures of EDP Transmissão SP-MG S.A., as prescribed by CVM Instruction 476/2009, for a total amount of R\$ 800,000,000.00 with maturity in 2039. The issue enabled a minimum leverage of approximately 54% of CAPEX, at a cost of IPCA + 4.45% p.a., producing an after-tax cost of IPCA + 2.81% per year for shareholders, with the potential for additional issues of up to R\$ 525 million under the indenture deed, totaling 90% CAPEX financing.

ANEEL approves the 8th Periodic Tariffs Revision of EDP Espírito Santo

On August 6, the National Electric Energy Agency ("ANEEL") certified the 8th Periodic Revision of EDP Espírito Santo, applicable as from August 07, 2019. The average effect on consumer bills was -4.84%; at -3.22 % for medium and high voltage and -5.56 % for low voltage. The Gross Remuneration Base was set at R\$ 4.198 billion, the Net Remuneration Base at R\$ 2.581 billion, and Parcel B at R\$ 1.035 billion.

Acquisition of Litoral Sul Transmissora de Energia (Lot Q) completed

On August 09, EDP successfully acquired 100% of equity quotas of Litoral Sul Transmissora LTDA from CEE Power and BRAFER, increasing the contracted investment in the Transmission segment to a total 1,441 km in length and 6 substations.

Installation License granted for the EDP Transmissão SP-MG transmission line (Lot 18)

On October 15, the Brazilian Environmental Protection Agency (IBAMA) granted EDP Transmissão SP-MG S.A. an installation license ("IL") for the 500 KV SE Cachoeira Paulista – SE Estreito transmission line – TL, between the states of São Paulo and Minas Gerais. Granting of the IL was originally slated for February 2020, permitting construction to begin 4 months ahead of schedule.

ANEEL approves the 5th Periodic Tariffs Revision of EDP São Paulo

On October 22, ANEEL certified the 5th Periodic Revision of São Paulo, applicable from October 23, 2019. The average effect on consumers' bills was -5.33%; -3.53% for medium and high voltage and -6.34% for low voltage. The Gross Remuneration Base was set at R\$ 4.280 billion, the Net Remuneration Base at R\$ 2.423 billion and Parcel B at R\$ 987 million.

Installation License granted for the EDP Transmissão Aliança SC transmission line (Lot 21)

On October 23, EDP Transmissão Aliança, a partnership between EDP and Celesc in the proportion of 90% and 10%, respectively, received the IL from the Instituto do Meio Ambiente (IMA), referring to the LT 525 KV Siderópolis 2 - Abdon transmission lines. Baptist; LT 525 KV Abdon Batista - Campos Novos, LT 230 KV Siderópolis 2 - Siderópolis and LT 230 KV Siderópolis 2- Forquilha. The acquisition of the IL was expected for february, 2020, representing an anticipation of the construction works in 4 months against this schedule.

2. CONSOLIDATED

2.1 CONSOLIDATED RESULT

Items in R\$ Thousand or %	Hydro Generation	Thermal Generation	Distribution	Consolidated Commercialization	Transmission	Holding	Others	Eliminations	Consolidated ²
	3Q19	3Q19	3Q19	3Q19	3Q19	3Q19	3Q19	3Q19	3Q19
Net Revenue¹	488,175	484,638	2,127,783	1,112,282	48,346	1,980	22,245	(849,685)	3,435,764
Infrastructure Construction Revenue	-	-	150,968	-	326,325	-	-	-	477,293
Transmission Construction Margin	-	-	-	-	2,915	-	-	-	2,915
Non-Manageable Expenditures	(324,669)	(340,019)	(1,409,591)	(1,089,789)	-	-	(2,073)	849,685	(2,316,456)
Gross Margin	163,506	144,619	718,192	22,493	51,261	1,980	20,172	-	1,122,223
Manageable Expenditures	(52,769)	(70,580)	(467,202)	(5,181)	(329,600)	(26,219)	(14,079)	(9,120)	(974,750)
PMTO	(20,230)	(24,858)	(234,797)	(4,961)	(3,195)	(21,244)	(13,211)	-	(322,496)
Gain and Loss on the Deactivation and Asset Sale	31	(141)	(20,584)	18	-	(270)	27	-	(20,919)
Gain and Losses on Alienation of Property	-	-	-	-	-	-	-	-	-
EBITDA	143,307	119,620	462,811	17,550	48,066	(19,534)	6,988	-	778,808
Depreciation and Amortization	(32,570)	(45,581)	(60,853)	(238)	(80)	(4,705)	(895)	(9,120)	(154,042)
Result of Statutory Participation	8,692	-	-	(539)	-	378,028	-	(379,401)	6,780
Net Financial Result	(20,070)	(24,749)	(29,426)	108	(3,460)	264	(1,633)	-	(78,966)
Income Tax and Social Contribution	(20,468)	(8,726)	(124,166)	(6,038)	(15,438)	(85)	(1,046)	3,933	(172,034)
Net Income Before Minority Interests	78,891	40,564	248,366	10,843	29,088	353,968	3,414	(384,588)	380,546
Minority Interests	(25,395)	-	-	-	(1,172)	-	-	-	(26,567)
Net Income	53,496	40,564	248,366	10,843	27,916	353,968	3,414	(384,588)	353,979

Items in R\$ Thousand or %	Hydro Generation	Thermal Generation	Distribution	Consolidated Commercialization	Transmission	Holding	Others	Eliminations	Consolidated ²
	3Q18	3Q18	3Q18	3Q18	3Q18	3Q18	3Q18	3Q18	3Q18
Net Revenue¹	352,266	485,983	2,002,599	1,278,589	7,601	1,183	38,046	(362,510)	3,803,757
Infrastructure Construction Revenue	-	-	192,030	-	157,233	-	-	-	349,263
Transmission Construction Margin	-	-	-	-	(704)	-	-	-	(704)
Non-Manageable Expenditures	(144,589)	(274,463)	(1,541,317)	(1,209,156)	-	-	(2,382)	362,494	(2,809,413)
Gross Margin	207,677	211,520	461,282	69,433	6,897	1,183	35,664	(16)	993,640
Manageable Expenditures	(65,665)	(68,730)	(479,886)	(4,502)	(158,659)	(33,099)	(26,917)	(11,443)	(848,901)
PMTO	(23,570)	(27,768)	(206,896)	(4,323)	(1,426)	(29,605)	(25,617)	15	(319,190)
Gain and Loss on the Deactivation and Asset Sale	69	212	(29,227)	-	-	-	2	1	(28,943)
EBITDA	184,176	183,964	225,159	65,110	5,471	(28,422)	10,049	34,068	679,575
Depreciation and Amortization	(42,164)	(41,174)	(51,733)	(179)	-	(3,494)	(1,302)	(11,459)	(151,505)
Result of Statutory Participation	(12,313)	-	-	-	-	314,306	-	(297,231)	4,762
Net Financial Result	13,491	(35,862)	(38,988)	2,489	(114)	(10,056)	(2,370)	-	(71,410)
Income Tax and Social Contribution	(39,316)	(20,266)	(44,014)	(22,916)	(1,898)	540	(2,048)	3,941	(125,977)
Net Income Before Minority Interests	103,874	86,662	90,424	44,504	3,459	306,942	4,329	(304,749)	335,445
Minority Interests	(28,407)	-	-	-	(96)	-	-	-	(28,503)
Net Income	75,467	86,662	90,424	44,504	3,363	306,942	4,329	(304,749)	306,942
Items in R\$ Thousand or %	Hydro Generation	Thermal Generation	Distribution	Consolidated Commercialization	Transmission	Holding	Others	Eliminations	Consolidated ²
	Var	Var	Var	Var	Var	Var	Var.	Var	Var
Net Revenue¹	38.6%	-0.3%	6.3%	-13.0%	536.0%	67.4%	-41.5%	134.4%	-9.7%
Infrastructure Construction Revenue	n.a.	n.a.	-21.4%	n.a.	107.5%	n.a.	n.d.	n.a.	36.7%
Transmission Construction Margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.d.	n.a.	n.a.
Non-manageable Expenditures	124.5%	23.9%	-8.5%	-9.9%	n.a.	n.a.	-13.0%	134.4%	-17.5%
Gross Margin	-21.3%	-31.6%	55.7%	-67.6%	643.2%	67.4%	-43.4%	-100.0%	12.9%
Manageable Expenditures	-19.6%	2.7%	-2.6%	15.1%	107.7%	-20.8%	-47.7%	-20.3%	14.8%
PMTO	-14.2%	-10.5%	13.5%	14.8%	124.1%	-28.2%	-48.4%	-100.0%	1.0%
Gain and Loss on the Deactivation and Asset Sale	-55.1%	n.a.	-29.6%	n.a.	n.a.	n.a.	1250.0%	-100.0%	-27.7%
EBITDA	-22.2%	-35.0%	105.5%	-73.0%	778.6%	-31.3%	-30.5%	-100.0%	14.6%
Depreciation and Amortization	-22.8%	10.7%	17.6%	33.0%	n.a.	34.7%	-31.3%	-20.4%	1.7%
Result of Statutory Participation	n.a.	n.a.	n.a.	n.a.	n.a.	20.3%	n.d.	27.6%	42.4%
Net Financial Result	n.a.	-31.0%	-24.5%	-95.7%	2935.1%	n.a.	-31.1%	n.a.	10.6%
Income Tax and Social Contribution	-47.9%	-56.9%	182.1%	-73.7%	713.4%	n.a.	-48.9%	-0.2%	36.6%
Net Income Before Minority Interests	-24.1%	-53.2%	174.7%	-75.6%	740.9%	15.3%	-21.1%	26.2%	13.4%
Net Income	-29.1%	-53.2%	174.7%	-75.6%	730.1%	15.3%	-21.1%	26.2%	15.3%

¹ Excludes construction revenues. ² Considering group intercompany elimination.

Items in R\$ Thousand or %	Hydro Generation ²	Thermal Generation	Distribution	Consolidated Commercialization	Transmission	Holding	Others	Eliminations	Consolidated ²
	9M19	9M19	9M19	9M19	9M19	9M19	9M19	9M19	9M19
Net Revenue¹	1,164,850	1,249,718	5,622,935	2,275,124	100,802	3,827	47,296	(1,524,953)	8,939,599
Infrastructure Construction Revenue	-	-	442,373	-	1,071,244	-	-	-	1,513,617
Transmission Construction Margin	-	-	-	-	35,323	-	-	-	35,323
Non-Manageable Expenditures	(534,200)	(798,021)	(3,901,226)	(2,226,469)	-	-	(5,926)	1,524,953	(5,940,889)
Gross Margin	630,650	451,697	1,721,709	48,655	136,125	3,827	41,370	-	3,034,033
Manageable Expenditures	(165,379)	(207,925)	(1,388,785)	(16,636)	(1,080,944)	(52,831)	(38,261)	(32,258)	(2,983,019)
PMTO	(59,816)	(66,218)	(710,201)	(15,961)	(9,452)	(38,839)	(35,039)	-	(935,526)
Gain and Loss on the Deactivation and Asset Sale	33	97	(58,213)	18	-	(270)	27	-	(58,308)
Gain and Losses on Alienation of Property	-	-	-	-	-	-	-	-	-
EBITDA	570,867	385,576	953,295	32,712	126,673	(35,282)	6,358	-	2,040,199
Depreciation and Amortization	(105,596)	(141,804)	(177,998)	(693)	1	(13,722)	(3,249)	(32,507)	(475,568)
Result of Statutory Participation	26,020	-	-	(539)	-	882,702	-	(885,396)	22,787
Net Financial Result	(88,164)	(75,644)	(125,303)	962	(11,942)	3,865	(3,655)	-	(299,881)
Income Tax and Social Contribution	(85,778)	(26,350)	(195,614)	(11,682)	(39,310)	1,000	(1,757)	11,800	(347,691)
Net Income Before Minority Interests	317,349	141,778	454,380	20,760	75,173	838,563	(2,303)	(905,854)	939,846
Minority Interests	(99,004)	-	-	-	(2,268)	-	-	-	(101,272)
Net Income	218,345	141,778	454,380	20,760	72,905	838,563	(2,303)	(905,854)	838,574

Items in R\$ Thousand or %	Hydro Generation ²	Thermal Generation	Distribution	Consolidated Commercialization	Transmission	Holding	Others	Eliminations	Consolidated ²
	9M18	9M18	9M18	9M18	9M18	9M18	9M19	9M18	9M18
Net Revenue¹	988,363	1,408,836	5,356,971	2,983,577	12,575	3,929	65,346	(925,265)	9,894,332
Infrastructure Construction Revenue	-	-	443,673	-	222,736	-	-	-	666,409
Transmission Construction Margin	-	-	-	-	(1,163)	-	-	-	(1,163)
Non-Manageable Expenditures	(261,858)	(839,900)	(3,982,140)	(2,820,033)	-	-	(6,941)	923,750	(6,987,122)
Gross Margin	726,505	568,936	1,374,831	163,544	11,412	3,929	58,405	(1,515)	2,906,047
Manageable Expenditures	(187,413)	(203,608)	(1,318,684)	(12,466)	(227,678)	(105,478)	(56,971)	(31,950)	(2,144,248)
PMTO	(67,847)	(81,796)	(657,787)	(11,924)	(4,942)	(78,678)	(53,403)	2,296	(954,081)
Gain and Loss on the Deactivation and Asset Sale	(69)	212	(65,856)	-	-	-	-	347	(65,366)
EBITDA	658,589	487,352	651,188	151,620	6,470	(74,749)	5,002	35,196	1,920,668
Depreciation and Amortization	(119,497)	(122,024)	(151,368)	(542)	-	(26,800)	(3,914)	(34,247)	(458,392)
Result of Statutory Participation	(16,668)	-	-	-	-	792,771	-	(778,351)	(2,248)
Net Financial Result	(97,766)	(100,335)	(95,542)	7,534	(49)	43,652	(4,760)	158	(247,108)
Income Tax and Social Contribution	(114,495)	(56,194)	(132,307)	(53,838)	(2,316)	(20,208)	(566)	10,573	(369,351)
Net Income Before Minority Interests	310,163	208,799	271,971	104,774	4,105	748,734	(3,892)	(801,085)	843,569
Minority Interests	(94,734)	-	-	-	(101)	-	-	-	(94,835)
Net Income	215,429	208,799	271,971	104,774	4,004	748,734	(3,892)	(801,085)	748,734

Items in R\$ Thousand or %	Hydro Generation ²	Thermal Generation	Distribution	Consolidated Commercialization	Transmission	Holding	Others	Eliminations	Consolidated ²
	Var	Var	Var	Var	Var	Var	9M19	Var	Var
Net Revenue¹	17.9%	-11.3%	5.0%	-23.7%	n.a.	-2.6%	-27.6%	64.8%	-9.6%
Infrastructure Construction Revenue	n.a.	n.a.	-0.3%	n.a.	380.9%	n.a.	n.d.	n.a.	127.1%
Transmission Construction Margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.d.	n.a.	n.a.
Non-manageable Expenditures	104.0%	-5.0%	-2.0%	-21.0%	n.a.	n.a.	-14.6%	65.1%	-15.0%
Gross Margin	-13.2%	-20.6%	25.2%	-70.2%	n.a.	-2.6%	-29.2%	-100.0%	4.4%
Manageable Expenditures	-11.8%	2.1%	5.3%	33.5%	374.8%	-49.9%	-32.8%	1.0%	39.1%
PMTO	-11.8%	-19.0%	8.0%	33.9%	91.3%	-50.6%	-34.4%	-100.0%	-1.9%
Gain and Loss on the Deactivation and Asset Sale	n.a.	-54.2%	-11.6%	n.a.	n.a.	n.a.	n.d.	-100.0%	-10.8%
EBITDA	-13.3%	-20.9%	46.4%	-78.4%	1857.9%	-52.8%	27.1%	-100.0%	6.2%
Depreciation and Amortization	-11.6%	16.2%	17.6%	27.9%	n.a.	-48.8%	-17.0%	-5.1%	3.7%
Result of Statutory Participation	n.a.	n.a.	n.a.	n.a.	n.a.	11.3%	n.d.	13.8%	n.a.
Net Financial Result	-9.8%	-24.6%	31.1%	-87.2%	24271.4%	-91.1%	-23.2%	-100.0%	21.4%
Income Tax and Social Contribution	-25.1%	-53.1%	47.8%	-78.3%	1597.3%	n.a.	210.4%	11.6%	-5.9%
Net Income Before Minority Interests	2.3%	-32.1%	67.1%	-80.2%	1731.3%	12.0%	-40.8%	13.1%	11.4%
Minority interests	4.5%	n.a.	n.a.	n.a.	2145.5%	n.a.	n.d.	n.a.	6.8%
Net Income	1.4%	-32.1%	67.1%	-80.2%	1720.8%	12.0%	-40.8%	13.1%	12.0%

¹ Excludes construction revenues. ² Considering group intercompany elimination.

2.1.1 NON-RECURRING EVENTS

Non-recurring events which impact analysis of the Company's results are discussed under EBITDA. Accounting changes made in the period are discussed in Annex X.

2.1.2 REVENUES AND GROSS MARGIN

Items in R\$ Thousand or %	Consolidated					
	3Q19	3Q18	Var	9M19	9M18	Var
Net Operating Revenue	3,438,679	3,803,053	-9.6%	8,974,922	9,893,169	-9.3%
Non-Manageable Expenditures	(2,316,456)	(2,809,413)	-17.5%	(5,940,889)	(6,987,122)	-15.0%
Energy Purchased to Resell	(1,927,604)	(2,406,796)	-19.9%	(4,810,858)	(5,642,375)	-14.7%
Charges for Usage of Basic Network	(247,043)	(213,701)	15.6%	(694,336)	(741,395)	-6.3%
Others	(141,809)	(188,916)	-24.9%	(435,695)	(603,352)	-27.8%
Gross Margin	1,122,223	993,640	12.9%	3,034,033	2,906,047	4.4%

Note: Gross Margin excludes Construction Revenues.

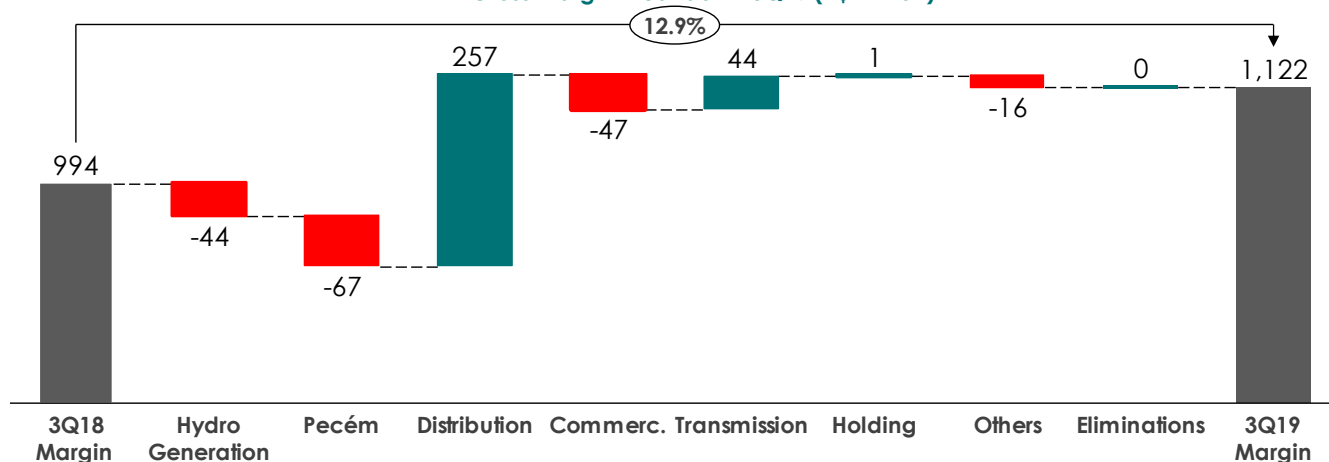
Consolidated Net Revenue was down 9.6% in the quarter and 9.3% year-to-date, due to:

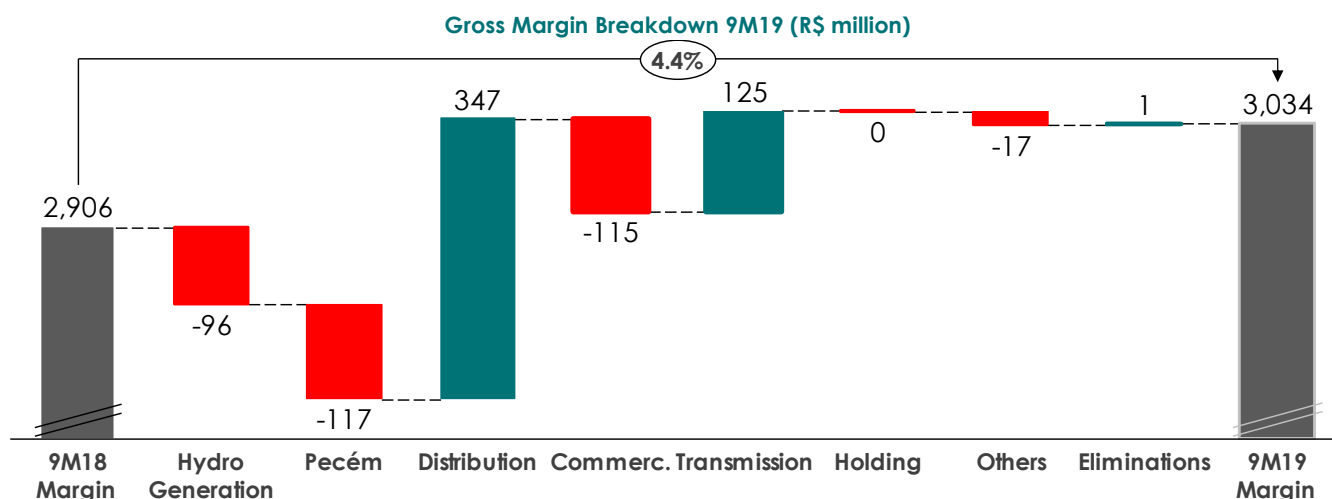
- Hydro:** positive effect of the increased volume (64.8%) for integrated management of the generation and trading portfolios, resulting in an increased number of bilateral agreements with the trading company to improve the Company's hedging and cash management;
- Pecém:** stable from the previous year due to recurring dispatch. In 2018, however, there was a non-recurring positive effect in the amount of R\$ 17.5 million from the booking of ADOMP (penalty for shortfall in supply of contracted volumes). Excluding this effect, Net Revenue would have been up 5.7%;
- Distribution:** increased recognition of the Indemnifiable Financial Asset ("VNR") due to the equity valuation reports under the Distribution companies' tariff revisions; and
- Trading:** reduced volume of energy sold and lower market liquidity.

Non-manageable expenditures were down 17.5% in the quarter and 15.0% year-to-date, due to:

- Hydro:** increase from the Company's seasonal weighting strategy and maintenance of the hedge, with increased energy allocated to the quarter to enable integrated management of the generation and trading portfolios;
- Pecém:** increased cost of energy purchased for inventory replenishment;
- Distribution:** reduced cost of energy purchased for resale because of the improved energy scenario, leading to lower prices, in addition to reduced grid-use charges; and
- Trading:** lower volume of energy purchased and reduced short-term market liquidity.

Gross Margin Breakdown 3Q19 (R\$ million)





Note: Gross Margin for the Transmission segment relates to Revenue from the Indemnifiable Financial Asset.

Gross Margin was R\$ 1.1 billion in the quarter and R\$ 3.0 billion year-to-date, reflecting the effects above.

2.1.3 MANAGEABLE EXPENDITURES

The Company has been pursuing a process of efficient control and management of expenditures thanks to the continued Zero-Base Budget (OBZ) program, introduced in 2015 and whose strategic focus over the year has been on investing in safety, combating delinquency, enhanced reduction of losses and improving processes. As such, the main levers for reduction have been the negotiation of agreements jointly with the procurement area, the optimization of process execution, the consolidation of the Shared Services Center, and the budget structuring process, which include challenge-meetings intended to add effectiveness to the Company's budgetary figures.

The quarter's recurring PMTO was R\$ 264.8 million, up 3.0%. In the year-to-date, recurring PMTO has been 794.0 million, up 2.1%, reiterating the Company's commitment to keeping this line's growth below inflation.

	3Q19	3Q18	Var	9M19	9M18	Var
PMTO	(275,683)	(288,267)	-4.4%	(809,131)	(849,241)	-4.7%
IFRS 16 Accountability (Rental)	(6,429)	-	n.a.	(17,236)	-	n.a.
New Businesses ¹	16,884	27,327	-38.2%	45,635	59,078	-22.8%
Sales of SHIPP effects	(55)	-	n.a.	(14,443)	-	n.a.
Sales of SHIPP PMTO	-	3,680	n.a.	-	12,383	n.a.
Costs With Associated Revenue	540	165	n.a.	1,148	416	n.a.
Recurrent PMTO	(264,743)	(257,095)	3.0%	(794,027)	(777,364)	2.1%

¹ B2C, Solar, Transmissão, EDP Varejista, EDP Ventures, EDP GRID and Soluções.

Items in R\$ Thousand or %	Consolidated (Excluding Provisions)					
	3Q19	3Q18	Var	9M19	9M18	Var
Personnel	(122,805)	(114,541)	7.2%	(375,332)	(352,533)	6.5%
Material	(14,339)	(31,466)	-54.4%	(39,100)	(58,210)	-32.8%
Third-Party Services	(114,754)	(118,472)	-3.1%	(336,207)	(349,474)	-3.8%
Provision	(46,813)	(30,923)	51.4%	(126,395)	(104,840)	20.6%
Other	(23,785)	(23,788)	0.0%	(58,492)	(89,024)	-34.3%
PMTO	(322,496)	(319,190)	1.0%	(935,526)	(954,081)	-1.9%
PMTO (Excluding Provisions)	(275,683)	(288,267)	-4.4%	(809,131)	(849,241)	-4.7%
Gain/Loss on the Deactivation/Asset Sale	(20,919)	(28,943)	-27.7%	(58,308)	(65,366)	-10.8%
Infrastructure Construction Costs	(477,293)	(349,263)	36.7%	(1,513,617)	(666,409)	127.1%
Depreciation and Amortization	(154,042)	(151,505)	1.7%	(475,568)	(458,392)	3.7%
Manageable Expenditures	(974,750)	(848,901)	14.8%	(2,983,019)	(2,144,248)	39.1%

The main items impacting PMTO in the quarter were:

- (i) Personnel – up 7.2% (+R\$ 8.3 million), due to the annual salary adjustment, the insourcing of distribution company staff, which began in 2Q19, and overtime expenditures;
- (ii) Materials – down 54.4% (-R\$ 17.1 million), due to the evolution of strategic distributed solar project over the quarter;
- (iii) Third-party services – down 3.1% (-R\$ 3.7 million), reflecting the demobilization of third-party contractors in distribution, due to the aforementioned insourcing.

In the year-to-date, the main items leading to the -4.7% reduction, in addition to those mentioned before, were:

- (i) Personnel – up 6.5% (+R\$ 22.8 million), reflecting health-care expenditures and increased overtime, particularly at distribution companies, due to higher average temperatures in the first half;
- (ii) Materials – down 32.8% (-R\$ 19.1 million), reflecting the booking of the Pecém PIS/COFINS credit from the first quarter;
- (iii) Third-party services – down 3.8% (-R\$ 13.3 million), reflecting the booking of the Pecém PIS/COFINS credit; and
- (iv) Other – down 34.3% (-R\$ 30.5 million), due to reduced expenditures as a result of the new accounting rule for rent and lease capitalization.

The provisions account was up 51.4% due to the R\$ 9.4 million increase in the PECLD line and the R\$ 6.5 million increase in civil, tax and labor liabilities provisions. For the year-to-date, this account has been up R\$ 21.6 million, reflecting the increase in PECLD, which will be explained in the Distribution section.

In the Gains and Losses from Deactivation and Disposal of Assets account, the reduction of R\$ 8.0 million in the quarter and R\$ 7.1 million in the year-to-date arise from a decline in the replacement of meters and reconnectors at EDP ES.

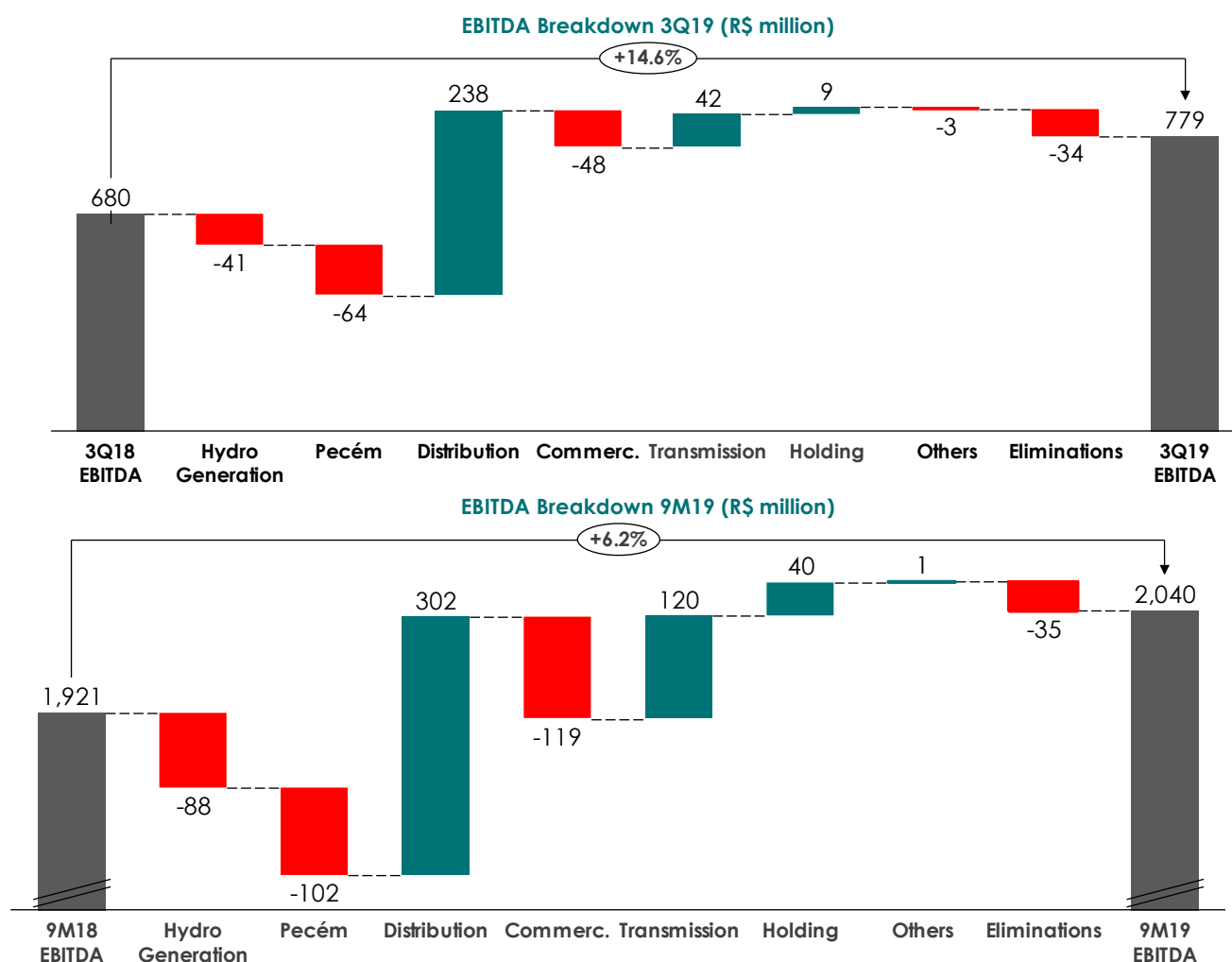
The Depreciation and Amortization account was up R\$ 2.5 million in the quarter and R\$ 17.2 million in the year-to-date due to the effects of IFRS 16.

2.1.4. RESULTS FROM MINORITY STAKES

Items in R\$ Thousand or %	3Q19	3Q18	Var	9M19	9M18	Var
Santo Antônio do Jari (50.0%) ¹	11,542	2,325	396.4%	33,731	11,541	192.3%
Cachoeira Caldeirão (50.0%) ¹	(3,586)	(2,822)	27.1%	(7,443)	(6,318)	17.8%
São Manoel (33.3%) ¹	(10,214)	(11,817)	-13.6%	(24,327)	(21,892)	11.1%
Celesc (23.56%) ¹	10,948	-	n.a.	24,057	-	n.a.
Others ²	(1,910)	17,073	n.a.	(3,231)	14,421	n.a.
Minority Interests Result	6,780	4,762	42.4%	22,787	(2,248)	-1113.7%

¹ Considers stake in assets; ² Considers equity income from TM, Pecém OM and Mabe.

2.1.5 EBITDA



Items in R\$ Thousand or %	3Q19	3Q18	Var	9M19	9M18	Var
EBITDA	778,808	679,575	14.6%	2,040,199	1,920,668	6.2%
Update of Indemnifiable Financial Assets (VNR)	(227,885)	(402)	56587.8%	(256,599)	(45,065)	469.4%
Transmission EBITDA (IFRS)	(48,066)	(5,471)	778.6%	(126,673)	(6,470)	1857.9%
Transmission RAP ¹ (IFRS)	5,996	-	n.a.	17,681	-	n.a.
Costa Rica Added Value	-	(34,068)	n.a.	(14,527)	(34,068)	n.a.
Sale of PCH + Santa Fé and Costa Rica (EBITDA)	-	(20,273)	n.a.	-	(84,218)	n.a.
Reimbursement due to the revision of FID ¹	-	(17,535)	n.a.	-	(95,147)	n.a.
Adjusted EBITDA	508,853	601,826	-15.4%	1,660,081	1,655,700	0.3%
Minority Interests Result	6,780	4,762	n.a.	22,787	(2,248)	-1113.7%
EBITDA in Accordance with CVM 527 Instruction	785,588	684,337	14.8%	2,062,986	1,918,420	7.5%

Note: Booking of the Transmission segment's results is in line with ICPC 01, IFRIC12

Adjusted by the non-recurring and non-cash effects, EBITDA was R\$ 508.8 million in the quarter, down 15.4%, and R\$ 1.7 billion year-to-date, up 0.3%.

Pursuant to CVM Instruction 527, EBITDA adjusted for minority stakes' equity income was R\$ 785.6 million in the quarter and R\$ 2.1 billion year-to-date.

2.1.6. FINANCIAL RESULT

Financial Results (R\$ Thousand)	Consolidated					
	3Q19	3Q18	Var	9M19	9M18	Var
Financial Revenue	115,441	101,188	14.1%	479,886	410,214	17.0%
Interest and Monetary Variation	124,590	95,772	30.1%	530,956	307,240	72.8%
Use of Public Good	-	-	-	-	-	-
Hedge and Swap Operations	13,083	9,473	38.1%	13,083	40,055	-67.3%
Gain with Investment Acquisition	-	63,694	n.a.	-	63,694	n.a.
Variações em moeda estrangeira	(1,029)	(589)	74.7%	138	-	n.a.
Adjustments to Present Value	1,651	(2,349)	n.a.	2,885	7,298	-60.5%
(-) Capitalized Interests	(17,151)	(852)	1913.0%	(49,279)	(1,235)	3890.2%
(-) Taxes on Financial Income	(7,500)	(6,132)	22.3%	(21,211)	(18,569)	14.2%
Other Financial Revenues	1,874	1,992	-5.9%	3,391	7,858	-56.8%
Financial Expenditures	(194,407)	(172,598)	12.6%	(779,767)	(657,322)	18.6%
Debt Charges	(138,305)	(144,065)	-4.0%	(412,441)	(447,084)	-7.7%
Interest and Monetary Variations	(48,612)	(15,957)	204.6%	(344,998)	(175,564)	96.5%
Variations in Foreign Currency	-	(1,281)	n.a.	-	(1,690)	n.a.
Swap and Hedge Operations	-	(290)	n.a.	-	(313)	n.a.
Adjustments to Present Value	(412)	(356)	15.7%	(725)	(3,699)	-80.4%
(-) Capitalized Interests	423	-	n.a.	456	-	n.a.
Other Financial Expenditures	(7,501)	(11,731)	-36.1%	(22,059)	(28,483)	-22.6%
Total	(78,966)	(71,410)	10.6%	(299,881)	(247,108)	21.4%

Financial revenue was up 14.1% in the quarter and 17.0% in the year-to-date, due to:

- (i) An increase in the interest and monetary restatement line, reflecting an increase in return on financial investments in turn the result of higher cash balances. In the year-to-date, the effect is due to higher interest and tax penalty fees as a consequence of the exclusion of ICMS from the PIS and COFINS tax base; and
- (ii) A reduction in capitalized interest due to the capitalization of return on financial investments for the funding of transmission lines.

Financial expense was up 12.6% in the quarter and 18.6% in the year-to-date, due to:

- (i) An increase in the debt charges line arising from funds raised for the funding of transmission lines, partly offset by capitalized interest;
- (ii) An increase in the interest and monetary variations line, mainly in the year-to-date, due to the sectoral financial assets/liabilities line, arising from the booking of the effects of the exclusion of ICMS from the base for calculating PIS and COFINS taxes; and
- (iii) An increase in the GSF line, due to the positive effect in 3Q18 reflecting the reversal of the provisions for applicability of interest at IGP-M+ 1% p.m. on the litigated amount.

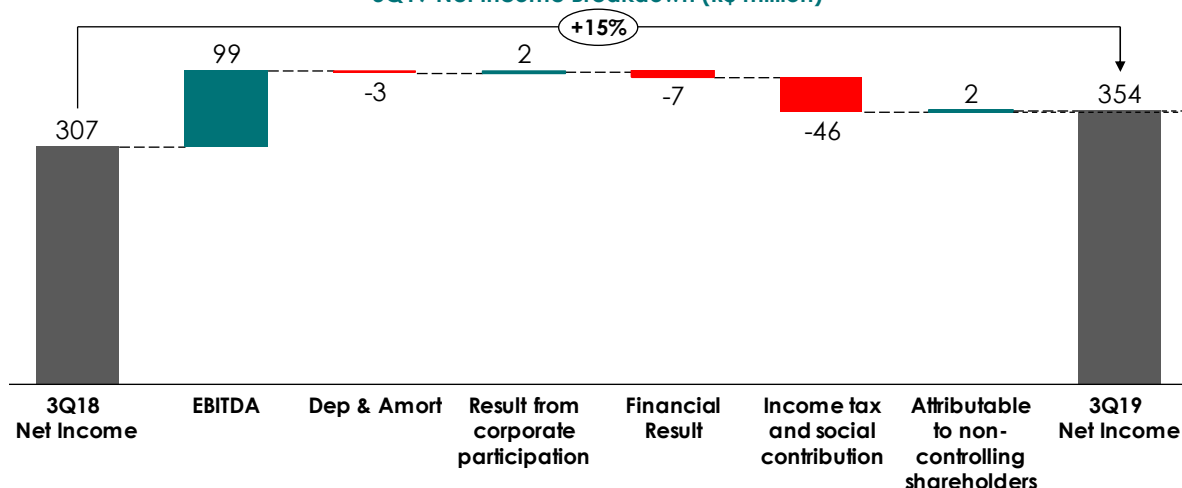
2.1.7. INCOME TAX AND SOCIAL CONTRIBUTION (IR/CS)

	3Q19	3Q18	Var	9M19	9M18	Var
Income Before Taxes on Profit	552,580	461,422	19.8%	1,287,537	1,212,920	6.2%
Tax Rate	34%	34%		34%	34%	
IR/CS	(187,877)	(156,883)	19.8%	(437,763)	(412,393)	6.2%
Additions/Eliminations						
Donations	(832)	(796)	4.5%	(2,025)	(2,289)	-11.5%
Unrecognized Deferred Taxes	(8,639)	(3,945)	119.0%	(19,081)	(34,689)	-45.0%
Adjustment to Prior Years	7,257	(149)	-4970.5%	37,947	1,831	1972.5%
Adjustment Presumed Income	421	1,573	-73.2%	(1,936)	5,498	-135.2%
Results from Corporate Participation	2,306	1,619	42.4%	7,748	(764)	-1114.1%
SUDAM/SUDENE (Tax Benefits)	15,629	33,086	-52.8%	69,858	76,247	-8.4%
Others	(299)	(482)	-37.9%	(2,439)	(2,792)	-12.6%
Total	(172,034)	(125,977)	36.6%	(347,691)	(369,351)	-5.9%
Effective Tax Rate	31.1%	27.3%	3.8%	27.0%	30.5%	-3.4%

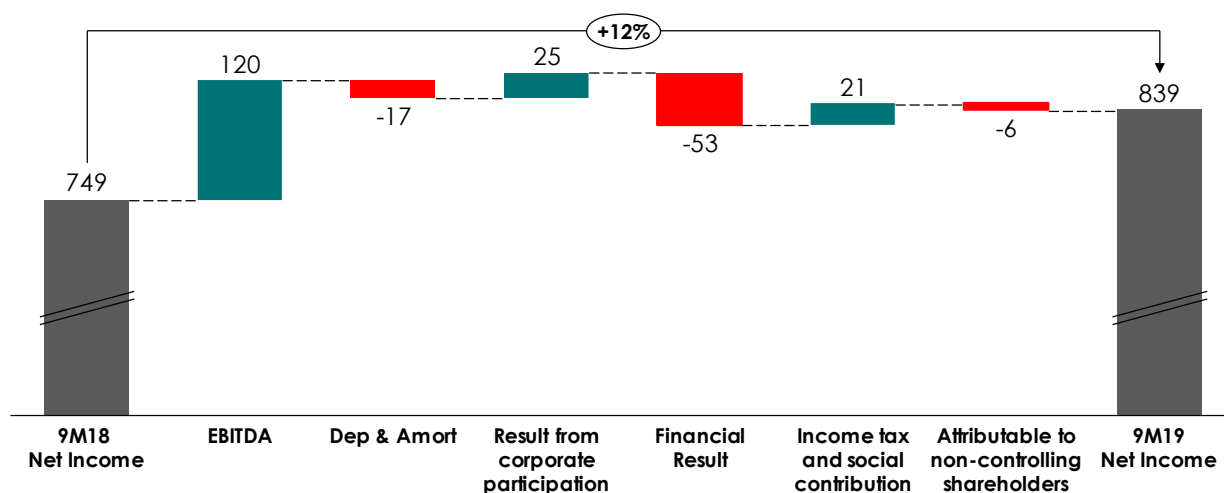
IR/CS was R\$ 172.0 million in the quarter and R\$ 347.7 million in the year-to-date, due to additions and eliminations that reduced the taxable base. The reduction is the product of adjustments arising from previous fiscal years and SUDAM and SUDENE tax benefits.

2.1.8. Net Income

3Q19 Net Income Breakdown (R\$ million)



9M19 Net Income Breakdown (R\$ million)



Net income was R\$ 354.0 million in the quarter, up 15.3%, and R\$ 838.6 million in the year-to-date, up 12.0%.

Items in R\$ Thousand or %	3Q19	3Q18	Var	9M19	9M18	Var
Income	353,979	306,942	15.3%	838,574	748,734	12.0%
Update of Indemnifiable Financial Assets (VNR)	(150,404)	(265)	56587.8%	(169,355)	(29,743)	469.4%
Transmission EBITDA (IFRS)	(31,724)	(3,611)	n.a.	(83,604)	(4,270)	n.a.
Transmission RAP (In Operation)	3,957	-	n.a.	11,669	-	n.a.
Costa Rica Added Value	-	(22,485)	n.a.	(9,588)	(22,485)	-57.4%
Sale of PCH + Santa Fé and Costa Rica (EBITDA)	-	(13,380)	-	-	(55,584)	-
Reimbursement due to the revision of FID	-	(11,573)	n.a.	-	(62,797)	n.a.
Adjusted Net Income	175,809	255,628	-31.2%	587,696	573,855	2.4%

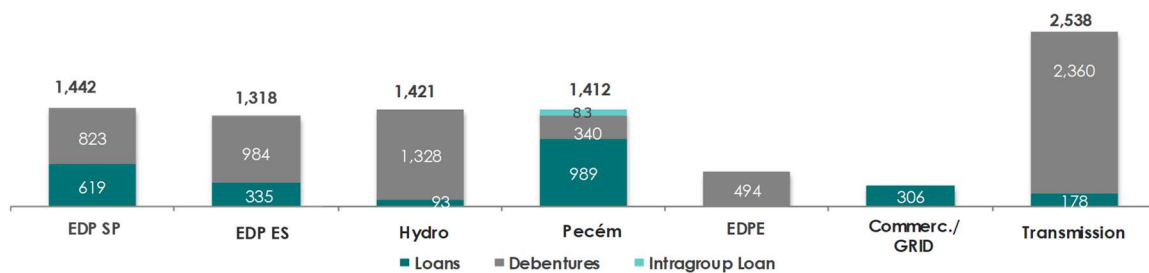
Net Income adjusted for the effects mentioned in the EBITDA section, was R\$ 175.8 million in the quarter, down 31.2%, and R\$ 587.7 million in the year-to-date, up 2.4%.

2.2. DEBT

2.2.1. GROSS DEBT

The Company reached the end of the period with R\$ 8.7 billion in net debt. This excludes the debts of unconsolidated assets, which amount to R\$ 1.3 billion. The period's main funding operations can be seen in Annex IX.

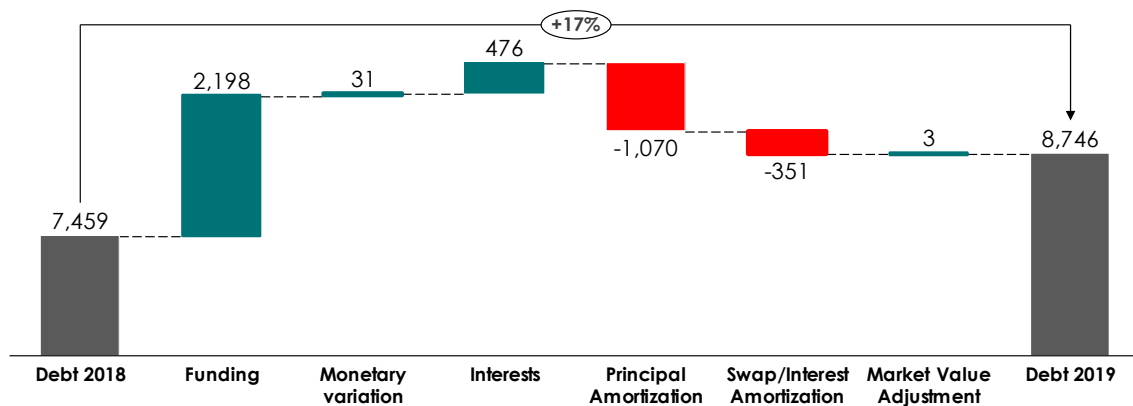
Gross Debt by company (R\$ million)



Note: R\$ 184.7 million not included in intra-group intercompany eliminations (Investco's preferred shares categorized as debt and group intercompany loans).

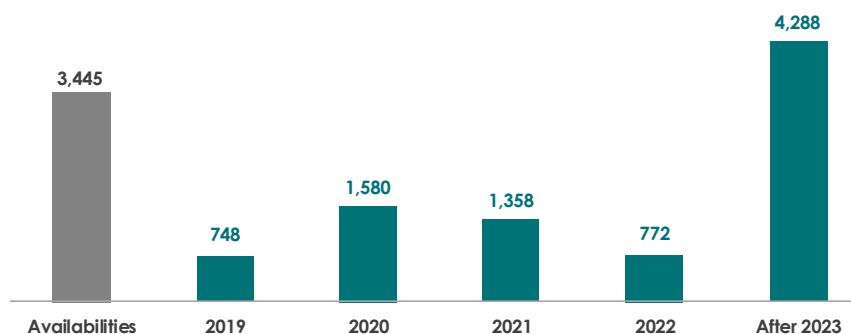
Principal and interest amortization as shown in the chart next relate to: (i) BNDES, FINEM line, for EDP SP, EDP ES, and Pecém; (ii) Bridge Loan for EDP Aliança; (iii) 5th, 7th 8th, 9th and 10th Debentures Issues of EDP SP; (iv) 3rd, 5th, 6th, 7th and 8th Debentures Issues of EDP ES (v) EDP SP Bill of Exchange (vi) Bill of Exchange EDP ES (vii) EDP SP Promissory Note; and (viii) 4th Issue, 2nd Series, EDP Energias do Brasil.

Consolidated Gross Debt Breakdown (2019, in R\$ million)



Note: Funding includes transaction costs incurred with debenture issues

Debt Maturity Profile¹ (R\$ million)

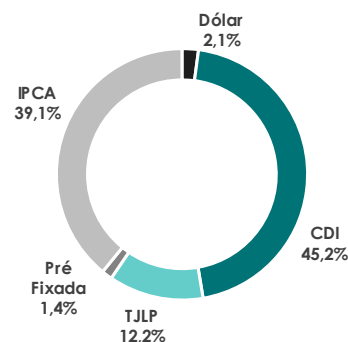


Note: Amounts take into account principal + charges + results from hedge operations

Out of the total cash and cash equivalents amount, 60% is considered restricted cash, since the resources are already remarked for other purposes, of which R\$ 1.4 billion is allocated to the CAPEX of the construction of the transmission lines.

The average cost of debt in the period was 8.5% p.a., versus 8.6% as of year-end 2018, considering the capitalized interest and charges incurred on the debt. The change in average cost reflects the IPCA decrease (from 3.7% p.a. in Dec/2018 to 2.9% p.a. in Sep/2019), while the CDI and TJLP remained steady (from 6.4% p.a. and 6.7% p.a. in Dec/2018 to 6.3% p.a. and 6.0% p.a. in Sep/19, respectively). Average debt maturity was 4.1 years. Considering the debt of companies where the Company has a stake, average maturity would be 4.7 years and average cost would be 8.54% p.a..

Gross Debt by Index as of 09/30/2019

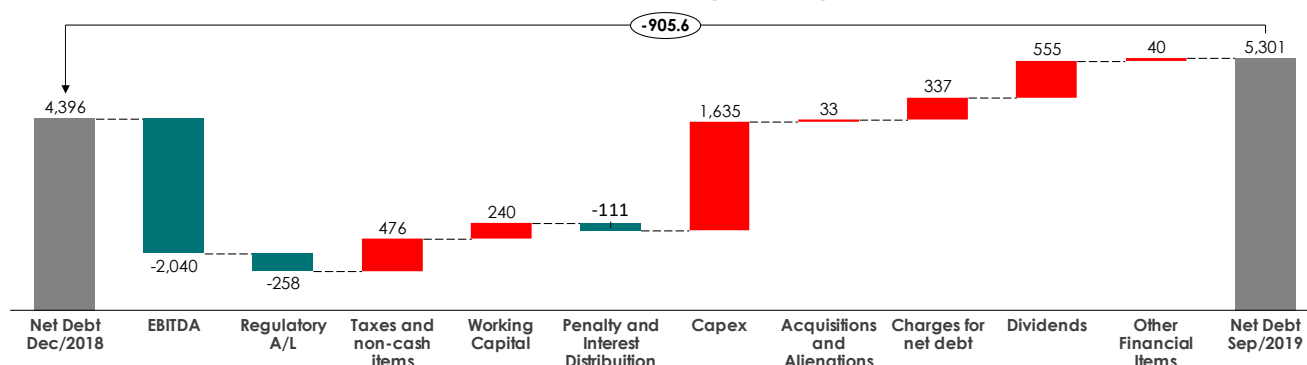


Note: Foreign currency-denominated debt is hedged against FX risk (USD). Therefore, CDI would be 47.3%, with no change to other indexes.

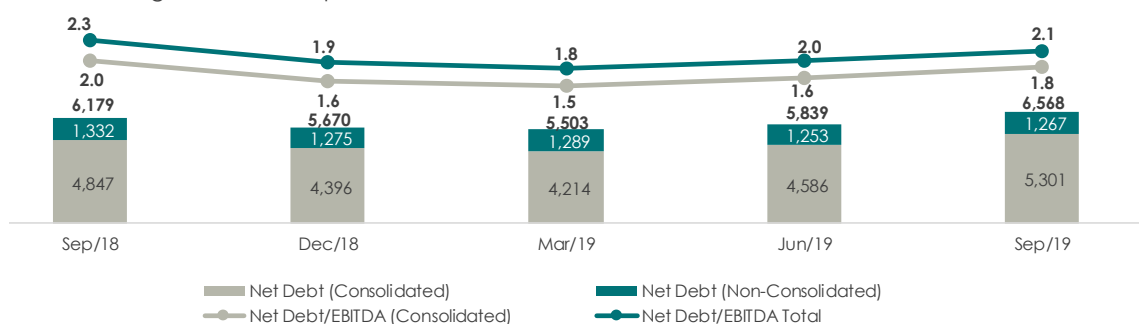
2.2.2 OPERATIONAL CASH FLOW, NET DEBT AND LEVERAGE

Considering the period's operational cash generation and outlays, in addition to the pledge associated with the Transmission debt, Net Debt reached R\$ 5.3 billion, up 20.6% from the balance as of year-end 2018.

Net Debt Evolution (R\$ million)



Net Debt-to-EBITDA of the consolidated assets was 1.8X and 2.1X considering the proportional stake in Jari, Cachoeira Caldeirão and São Manoel. Ex non-recurring effects of the past 12 months, the Net Debt-to-EBITDA ratio would be 2.5X.



Note: Considers EDP's proportional stake in unconsolidated projects. Cash considers cash, securities and the security deposit associated with funding for the Santa Catarina Transmission Line.

2.3. VARIATION IN FIXED ASSETS

Fixed Assets were up R\$ 562.2 million and R\$ 1.6 billion, in the quarter and in the year-to-date, respectively, due to work in progress in the Transmission segment.

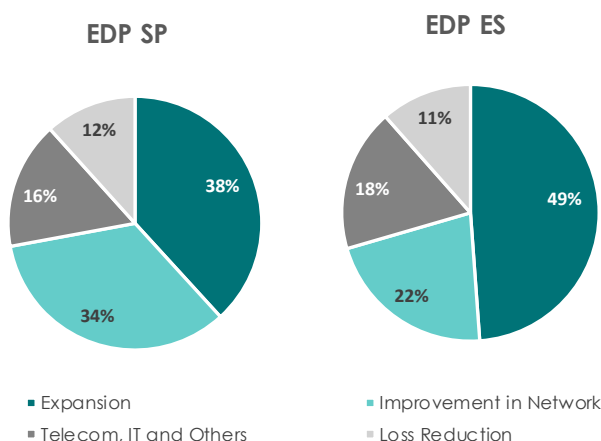
Total						
Capex (R\$ Thousand)	3Q19	3Q18	Var	9M19	9M18	Var
Distribution	150,968	192,030	-21.4%	442,373	443,673	-0.3%
EDP São Paulo	86,435	88,981	-2.9%	223,069	210,436	6.0%
EDP Espírito Santo	64,533	103,049	-37.4%	219,304	233,237	-6.0%
Generation	8,838	45,535	-80.6%	33,912	72,014	-52.9%
Enerpeixe	729	832	-12.4%	2,289	3,101	-26.2%
Energest	418	193	116.6%	1,146	732	56.6%
EDP PCH	-	1,493	-100.0%	-	5,837	-100.0%
Lajeado / Investco	2,689	2,101	28.0%	4,012	4,522	-11.3%
Pecém	5,002	40,777	-87.7%	26,465	57,458	-53.9%
Costa Rica	-	-	n.a.	-	44	-100.0%
Pantanal	-	-	n.a.	-	-	n.a.
Transmission	326,325	157,232	107.5%	1,071,244	222,736	380.9%
Others	76,043	3,319	2191.1%	84,035	5,468	1436.9%
Total	562,174	398,116	41.2%	1,631,564	743,891	119.3%

In the Distribution segment, investments were R\$ 151.0 million¹ in the quarter, down 21.4%, because of reduced investment scheduling between tariff cycles.

EDP São Paulo						
Capex - Distribution (R\$ Thousand)	3Q19	3Q18	Var	9M19	9M18	Var
Total Capex Net of Special Obligations	90,125	94,012	-4.1%	238,000	220,184	8.1%
(+) Special Obligations	1,151	929	23.9%	2,495	1,800	38.6%
Gross Value	91,276	94,941	-3.9%	240,495	221,984	8.3%
(-) Interest Capitalization	(4,842)	(5,961)	-18.8%	(17,427)	(11,548)	50.9%
Value net of Interest Cap.	86,434	88,980	-2.9%	223,069	210,436	6.0%

EDP Espírito Santo						
Capex - Distribution (R\$ Thousand)	3Q19	3Q18	Var	9M19	9M18	Var
Total Capex Net of Special Obligations	71,392	104,091	-31.4%	240,789	244,715	-1.6%
(+) Special Obligations	1,083	1,260	-14.0%	2,412	2,752	-12.4%
Gross Value	72,475	105,351	-31.2%	243,201	247,467	-1.7%
(-) Interest Capitalization	(7,941)	(2,301)	245.1%	(23,897)	(14,230)	67.9%
Value net of Interest Cap.	64,534	103,049	-37.4%	219,304	233,237	-6.0%
Distribution	150,969	192,028	-21.4%	442,373	443,673	-0.3%

The distribution companies' investments in the year-to-date were allocated as follows:



The main change in Generation arises from maintenance (major overhaul) conducted in 2018 at Pecém. In Transmission, the variation reflects advancing construction work, in particular lots 11 and 18. In other segments (Holding, Services and Grid), investment in new energy efficiency projects, IT investments and investments related to the acquisition of Lot Q concession rights are noteworthy. The Company's investments including unconsolidated assets were R\$ 569.0 million, up 35.7%. In the year-to-date, the investments amounted R\$ 1.6 billion, up 104.4%.

¹ Net of special obligations and excess demand revenues.

Capex (R\$ Thousand)	3Q19	3Q18	Var	9M19	9M18	Var
Distribution	150,968	192,030	-21.4%	442,373	443,673	-0.3%
Generation	15,693	66,887	-76.5%	42,915	130,845	-67.2%
Generation Others	8,838	45,535	-80.6%	33,912	72,014	-52.9%
Santo Antonio do Jari HPP ¹	78	45	72.3%	217	294	-26.1%
Cachoeira Caldeirão HPP ¹	564	371	52.0%	963	864	11.4%
São Manoel HPP ¹	6,214	20,936	-70.3%	7,824	57,673	-86.4%
Transmission	326,325	157,232	107.5%	1,071,244	222,736	380.9%
Others	76,043	3,319	2191.1%	84,035	5,468	1436.9%
Total	569,029	419,468	35.7%	1,640,567	802,722	104.4%

¹Considering EDP's 50% stake; ² Considering EDP's 33.3% stake.

3. PERFORMANCE BY BUSINESS SEGMENT

3.1. DISTRIBUTION

3.1.1. PERIODIC TARIFFS REVISION

EDP's Distribution Companies concluded the Periodic Tariffs Revision process on August 7 for EDP Espírito Santo and October 23 for EDP São Paulo, as mentioned in the relevant events section. Taking place every four years for EDP SP and every three years for EDP ES, ANEEL revises all of the components comprising the tariffs to adjust efficiency gains or losses for passing on to consumers.

This year's revisions were very important for EDP, because they showcased the possibility of generating gains for end consumers via tariff reductions while rewarding the Concession Holder for improvements and investments made in the period.

Concerning regulatory remuneration, particular notice is due to significant gains in the Gross and Net Remuneration Base, as a consequence of the recognition of investments made in the period (with haircuts under 0.5%), producing a ratio of book value of investment and VNR around 17.5% (EDP SP 19.3% and EDP ES 15.7%). Over the cycle, the Company's investments totaled R\$ 1.8 billion, representing close to 2x the Regulatory Reintegration Quota, up from the previous cycle. This allowed a gain in indemnifiable financial asset of R\$ 222.8 million (EDP SP R\$ 100.7 million and EDP ES R\$ 122.1 million).

For these results to take place, the Distribution Companies began planning their activities at the beginning of the cycle with a focus on 3 processes: (i) retaining expert equity valuation consultants with extensive experience in regulatory oversight; (ii) retaining of a business partner to simulate the Remuneration Base development process, as well as to train the business teams; and (iii) adoption of KPIs to determine the results achieved in each of the areas involved in the process.

The results achieved led to a regulatory EBITDA increase of 30.7% (EDP SP 35.7% and EDP ES 26.2%) and Parcel B increase of 20.1% (EDP SP 24.8% and EDP ES 15.7%), which will feed through to improved results from the Distribution Companies in the upcoming cycle (2019-2023).

	Tariff Revision	
	EDP SP	EDP ES
Technical Losses	4.06%	7.06%
Low-Tension Non-Technical Losses	8.57%	10.74%
Component B (R\$ million)	987	979
Regulatory EBITDA (R\$ million)	475	492
Gross Base (R\$ million)	4,280	4,198
Net Base (R\$ million)	2,423	2,581
Average Effect to be notice by consumers	-5.33%	-4.84%

3.1.2. RESULTS

Items in R\$ Thousand or %	EDP São Paulo			EDP Espírito Santo			Consolidated		
	3Q19	3Q18	Var	3Q19	3Q18	Var	3Q19	3Q18	Var
Net Operating Revenue	1,151,065	1,124,468	2.4%	976,718	878,131	11.2%	2,127,783	2,002,599	6.3%
Non-Manageable Expenditures	(788,258)	(906,678)	-13.1%	(621,333)	(634,639)	-2.1%	(1,409,591)	(1,541,317)	-8.5%
Energy Purchased to Resell	(664,097)	(802,561)	-17.3%	(538,290)	(563,911)	-4.5%	(1,202,387)	(1,366,472)	-12.0%
Charges for Usage of Basic Network	(123,918)	(103,868)	19.3%	(82,851)	(70,539)	17.5%	(206,769)	(174,407)	18.6%
Other	(243)	(249)	-2.4%	(192)	(189)	1.6%	(435)	(438)	-0.7%
Gross Margin	362,807	217,790	66.6%	355,385	243,492	46.0%	718,192	461,282	55.7%
Manageable Expenditures	(252,450)	(235,447)	7.2%	(214,752)	(244,439)	-12.1%	(467,202)	(479,886)	-2.6%
PMTO	(125,736)	(108,666)	15.7%	(109,061)	(98,230)	11.0%	(234,797)	(206,896)	13.5%
Personnel	(43,660)	(39,168)	11.5%	(38,165)	(33,319)	14.5%	(81,825)	(72,487)	12.9%
Material	(3,835)	(4,414)	-13.1%	(3,919)	(3,773)	3.9%	(7,754)	(8,187)	-5.3%
Third-Party Services	(42,564)	(41,675)	2.1%	(43,226)	(44,785)	-3.5%	(85,790)	(86,460)	-0.8%
Provision	(27,115)	(16,798)	61.4%	(18,544)	(13,399)	38.4%	(45,659)	(30,197)	51.2%
Other	(8,562)	(6,611)	29.5%	(5,207)	(2,954)	76.3%	(13,769)	(9,565)	44.0%
Gain and Loss on the Deactivation and Asset Sale	(10,113)	(12,583)	-19.6%	(10,471)	(16,644)	-37.1%	(20,584)	(29,227)	-29.6%
EBITDA	226,958	96,541	135.1%	235,853	128,618	83.4%	462,811	225,159	105.5%
EBITDA Margin	19.7%	8.6%	11.1%	24.1%	14.6%	9.5%	21.8%	11.2%	10.5%

Items in R\$ Thousand or %	EDP São Paulo			EDP Espírito Santo			Consolidated		
	9M19	9M18	Var	9M19	9M18	Var	9M19	9M18	Var
Net Operating Revenue	3,009,479	2,993,828	0.5%	2,613,456	2,363,143	10.6%	5,622,935	5,356,971	5.0%
Non-Manageable Expenditures	(2,144,755)	(2,296,255)	-6.6%	(1,756,471)	(1,685,885)	4.2%	(3,901,226)	(3,982,140)	-2.0%
Energy Purchased to Resell	(1,797,123)	(1,907,961)	-5.8%	(1,523,424)	(1,447,116)	5.3%	(3,320,547)	(3,355,077)	-1.0%
Charges for Usage of Basic Network	(346,902)	(387,474)	-10.5%	(232,474)	(238,086)	-2.4%	(579,376)	(625,560)	-7.4%
Other	(730)	(820)	-11.0%	(573)	(683)	-16.1%	(1,303)	(1,503)	-13.3%
Gross Margin	864,724	697,573	24.0%	856,985	677,258	26.5%	1,721,709	1,374,831	25.2%
Manageable Expenditures	(715,073)	(652,850)	9.5%	(673,712)	(665,834)	1.2%	(1,388,785)	(1,318,684)	5.3%
PMTO	(375,663)	(339,067)	10.8%	(334,538)	(318,720)	5.0%	(710,201)	(657,787)	8.0%
Personnel	(137,660)	(124,319)	10.7%	(116,206)	(102,230)	13.7%	(253,866)	(226,549)	12.1%
Material	(13,442)	(12,204)	10.1%	(11,117)	(10,081)	10.3%	(24,559)	(22,285)	10.2%
Third-Party Services	(125,564)	(121,367)	3.5%	(133,992)	(131,079)	2.2%	(259,556)	(252,446)	2.8%
Provision	(66,142)	(48,570)	36.2%	(55,398)	(56,502)	-2.0%	(121,540)	(105,072)	15.7%
Other	(32,855)	(32,607)	0.8%	(17,825)	(18,828)	-5.3%	(50,680)	(51,435)	-1.5%
Gain and Loss on the Deactivation and Asset Sale	(28,985)	(28,721)	0.9%	(29,228)	(37,135)	-21.3%	(58,213)	(65,856)	-11.6%
EBITDA	460,076	329,785	39.5%	493,219	321,403	53.5%	953,295	651,188	46.4%
EBITDA Margin	15.3%	11.0%	4.3%	18.9%	13.6%	5.3%	17.0%	12.2%	4.8%

Note: Gross Margin excludes Construction Revenues.

Net Revenue in the quarter, excluding Construction Revenue, was R\$ 2.1 billion, up 6.3% due to the recognition of VNR for both distribution companies as a result of the Tariffs Revision which revaluated the equity report. At EDP SP, revenues were also impacted by the increase in average tariffs from the annual tariff readjustment of October 2018. In the year-to-date, Net Revenue was R\$ 5.6 billion (+5.0%), reflecting the increased volume in Distribution Companies in the first half, besides the effects described above.

The distributed volume of energy remained stable in the quarter and was up 2.6% year-to-date, according to the [Market Release](#) provided. Average tariff was up 8.9% for EDP SP because of the 2018 tariff adjustment, as noted earlier, and down 0.3% for EDP ES, reflecting the 8th Periodic Tariffs Revision of EDP Espírito Santo in August 2019.

Average Tariff (R\$/MWh)						
	EDP São Paulo			EDP Espírito Santo		
	3Q19	3Q18	Var	3Q19	3Q18	Var
Residential	580.15	530.69	9.3%	552.70	555.92	-0.6%
Industrial	559.46	507.37	10.3%	562.51	561.59	0.2%
Commercial	586.84	529.45	10.8%	579.09	580.66	-0.3%
Rural	432.38	490.59	-11.9%	384.57	378.46	1.6%
Others	443.11	407.64	8.7%	443.09	442.51	0.1%
Total	561.53	511.4	9.8%	515.5	516.9	-0.3%

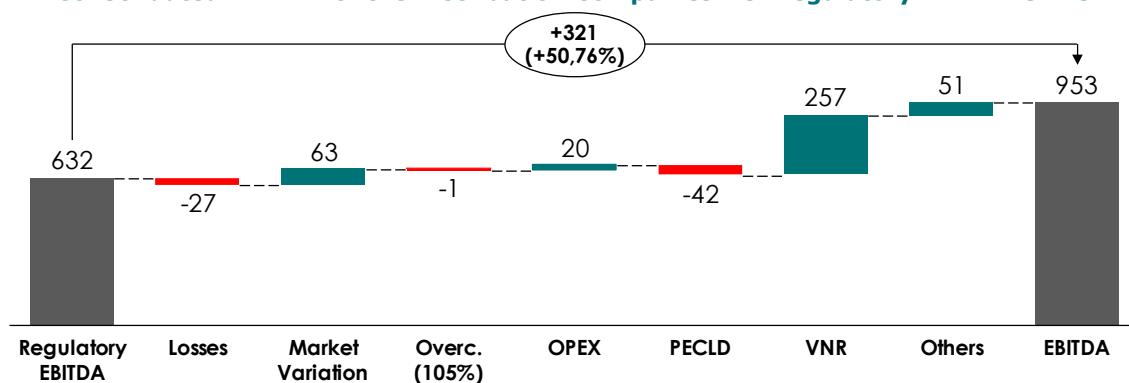
Non-manageable expenditures were R\$ 1.4 billion, down 8.5% because of the lower cost of energy purchased for resale, due to the improved energy scenario and reduced thermal plant dispatch, as well as to the lower grid usage charges. In the year-to-date, expenditures were R\$ 3.9 billion, down 2.0% because of reduced costs arising from the lower PLD (Differences Settlement Price) in the past two quarters. Gross Margin was R\$ 718.2 million in the quarter and R\$ 1.7 billion in the year-to-date, due to the effects mentioned before, plus:

R\$ Million	EDP São Paulo			EDP Espírito Santo			Total Distribution		
	3Q19	3Q18	Var	3Q19	3Q18	Var	3Q19	3Q18	Var
Non-Indemnified Financial Asset	102.8	1.7	101.1	125.1	(1.3)	126.4	227.9	0.4	227.5
Losses	(5.7)	(7.9)	2.2	(0.6)	(8.0)	7.3	(6.3)	(15.9)	9.5
Overcontracting	0.2	5.9	(5.7)	-	21.1	(21.1)	0.2	27.1	(26.8)
Market	3.8	-	3.8	7.5	-	7.5	11.3	-	11.3
Tariff Effect	22.2	-	22.2	9.9	-	9.9	32.1	-	32.1
Other Revenues	17.2	15.5	1.7	9.2	8.3	0.9	26.5	23.8	2.6
Other Effects	19.8	-	19.8	(22.1)	-	(22.1)	(2.3)	-	(2.3)
Total	160.4	15.2	145.1	128.9	20.2	108.7	289.3	35.4	253.8

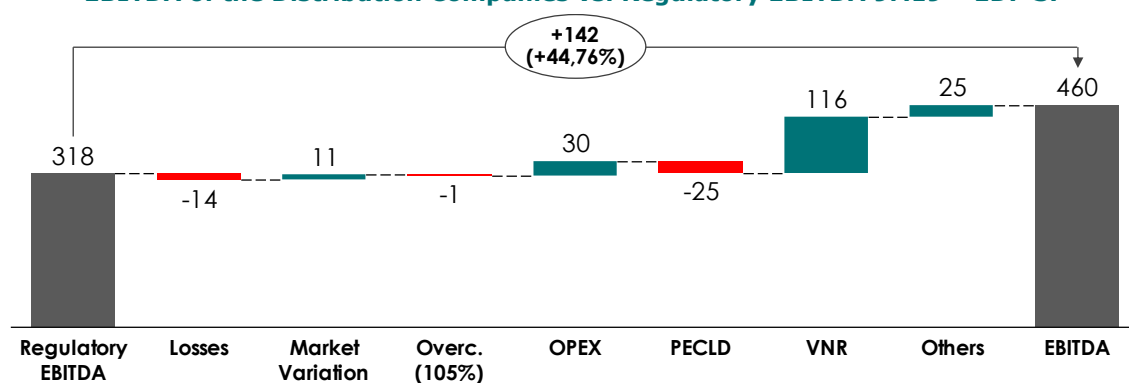
R\$ Million	EDP São Paulo			EDP Espírito Santo			Total Distribution		
	9M19	9M18	Var	9M19	9M18	Var	9M19	9M18	Var
Non-Indemnified Financial Asset	115.8	18.2	97.6	140.8	26.8	114.0	256.6	45.1	211.5
Losses	(13.9)	(16.7)	2.9	(12.8)	(18.7)	5.9	(26.7)	(35.4)	8.8
Overcontracting	(1.4)	7.2	(8.6)	-	22.5	(22.5)	(1.4)	29.7	(31.0)
Market	11.4	-	11.4	51.7	-	51.7	63.1	-	63.1
Tariff Effect	81.7	-	81.7	43.7	-	43.7	125.4	-	125.4
Other Revenues	50.3	46.9	3.4	26.2	21.3	4.9	76.5	68.2	8.2
Other Effects	(21.2)	-	(21.2)	(18.0)	-	(18.0)	(39.2)	-	(39.2)
Total	222.8	55.6	167.2	231.6	51.9	179.7	454.4	107.5	346.9

Manageable expenditures were R\$ 467.2 million in the quarter, down 2.6% due to reduced construction costs. PMTO was up 13.5%, driven by the increase in the personnel line arising from insourcing and salary adjustments, and the increase in the provisions line due to the higher PECLD for the period, which will be explained below. In the year-to-date, expenditures were up 5.3% due to increased spending on personnel and provisions because of the factors mentioned above.

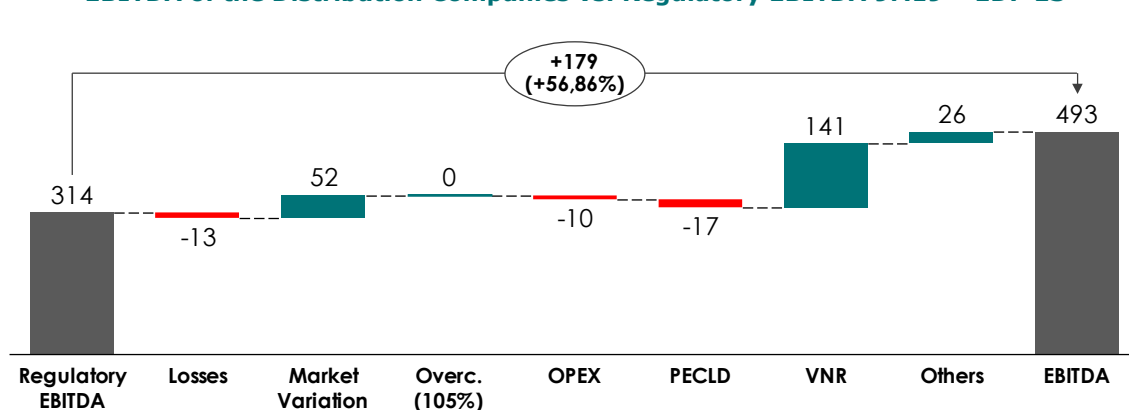
Consolidated EBITDA of the Distribution Companies' vs. Regulatory EBITDA 9M19



EBITDA of the Distribution Companies vs. Regulatory EBITDA 9M19 – EDP SP



EBITDA of the Distribution Companies vs. Regulatory EBITDA 9M19 – EDP ES



3.1.3 CONSOLIDATED ENERGY BALANCE

Out of the total Required Energy for the quarter, 47.8% were allocated to EDP SP and 52.2% to EDP ES.

	EDP São Paulo	EDP Espírito Santo	EDP Distribution
Itaipu + Proinfa	618,534	394,720	1,013,254
Auction	2,283,992	1,757,316	4,041,308
Others ¹	3,242	82,611	85,853
Energy in Transit	1,863,063	1,095,852	2,958,915
Total Required Energy	4,768,831	3,330,499	8,099,330
Transmission Losses (+)	37,723	29,474	67,196
Losses from Itaipu (+)	32,732	20,625	53,357
Short Term Sales (-)	-342,850	-411,061	-753,911
Short Term Adjustments (-)	-22,762	1,621,290	1,598,529
Total Losses	436,066	-1,160,131	-724,065
MCSD New Energy Assignment (+)	38,605	-128,617	-90,013
MVE (Surplus Commercialization Mechanism)	162,344	103,957	266,301
Total Sales	200,949	-24,660	176,288
Required Energy	4,131,816	4,515,290	8,647,107
Wholesale Supply	12,121	336,346	348,467
Retail Supply	1,928,785	1,373,373	3,302,158
Losses and Differences	327,847	1,709,719	2,037,567
Energy in Transit	1,863,063	1,095,852	2,958,915
Total Energy Distributed	4,131,816	4,515,290	8,647,107

¹ Bilateral agreements and short-term purchases. Note: the energy balance considers metered energy.

3.1.4 LOSSES

Accumulated Losses in the Last 12 Months (GWh or %)	EDP São Paulo						EDP Espírito Santo					
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	ANEEL	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	ANEEL
Input of Energy in Grid (A)	16,585	16,595	16,680	16,704	16,717	-	11,519	11,655	11,886	12,116	12,015	-
Technical (B)	927	928	936	938	939	-	885	878	899	925	928	-
Non-technical (C)	472	472	438	449	406	-	537	513	557	585	557	-
Total (B+C)	1,399	1,400	1,374	1,388	1,346	-	1,422	1,391	1,455	1,510	1,484	-
Technical (B/A)	5.59%	5.59%	5.61%	5.61%	5.62%	4.59%	7.69%	7.53%	7.56%	7.63%	7.72%	7.06%
Non-technical (C/A)	2.85%	2.84%	2.63%	2.69%	2.43%	3.02%	4.66%	4.40%	4.68%	4.83%	4.63%	4.54%
Total (B+C/A)	8.43%	8.43%	8.24%	8.30%	8.05%	7.61%	12.35%	11.94%	12.24%	12.46%	12.36%	11.60%

Low Tension Accumulated Losses in the Last 12 Months (GWh or %)	EDP São Paulo						EDP Espírito Santo					
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	ANEEL	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	ANEEL
Low Tension Demand (D)	5,551	5,577	5,634	5,644	5,685	-	4,535	4,604	4,723	4,847	4,878	-
Low Tension Commercial Losses (C/D)	8.51%	8.46%	7.78%	7.97%	7.15%	8.87%	11.84%	11.15%	11.78%	12.07%	11.41%	10.74%
Total (C/D)	8.51%	8.46%	7.78%	7.97%	7.15%	8.87%	11.84%	11.15%	11.78%	12.07%	11.41%	10.74%

Total losses at EDP SP were down 0.38 p.p. YoY. Technical losses remained practically stable, despite the increased load in the system, which is fruit of work on expansion conducted over the course of 2018, contributing to stabilization losses and guaranteeing demand, as well as improved quality indicators.

Non-technical low-voltage losses were down 1.36 p.p., due to the Company's constant improvements and innovations involving internal processes at the distribution companies, such as operations automation, as well as use of technology to the loss combat program, meters and remote metering modernization, and low- and medium-voltage inspections. Investments were R\$ 39.1 million in the year-to-date, and more than 60 thousand inspections were conducted, leading to the recovery of R\$ 13.7 million in revenues.

At EDP ES, total losses remained stable, despite the increased load injected into the system due to higher temperatures in the period. Non-technical low-voltage losses were down 0.43 p.p. because of innovation initiatives, the use of technology, and the loss-combat program mentioned before. Investments in the program were R\$ 36.5 million in the year-to-date, and more than 50 thousand inspections were conducted, leading to the recovery of R\$ 31.2 million in revenues.

3.1.5. QUALITY INDICATORS

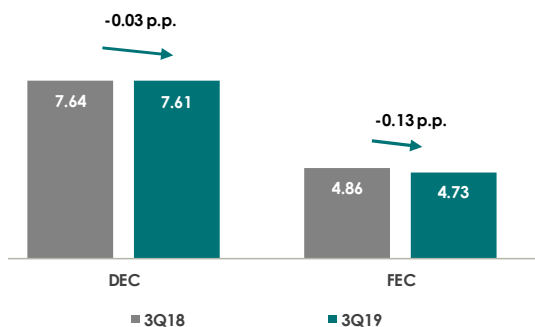
At both Distribution Companies, despite the impact of weather-related factors seen over the course of 2019, EDP has been on a trend of improving quality indicators, in line with regulatory limits.

In the quarter, EDP SP showed a reduction for both indicators, remaining under the regulatory ceiling. At EDP ES, indicators remained within the standards set by ANEEL, despite the DEC increase arising from strong winds in the state in september.

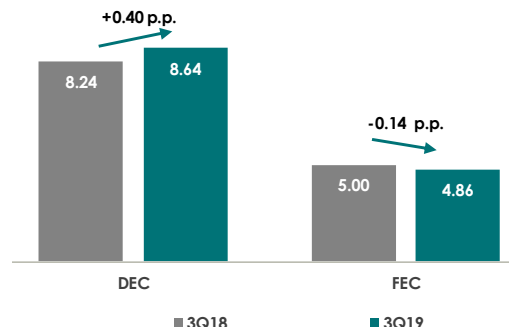
The main initiatives to improve quality indicators were:

- Structuring the "DEC Down Project" which led, over the course of the quarter, to 90 new actions intended to ensure the positive trend in continuity indicators;
- Investment in structural work for predictive and preventive maintenance, where such funds are strategically allocated and prioritized based on the market's conditions and the system's performance.
- Hiring of new teams and purchase of new vehicles for service and maintenance initiatives.]

EDP SP



EDP ES



ANEEL Annual Regulatory Target for 2019

EDP São Paulo: DEC 7.68 / FEC: 6.04

EDP Espírito Santo: DEC: 9.55 / FEC: 6.85

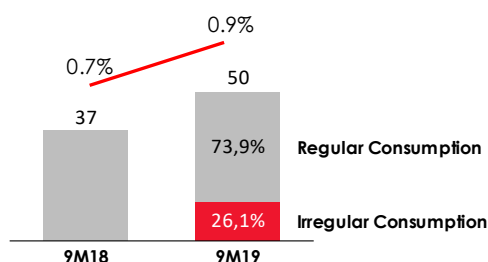
3.1.6. PECLD – ESTIMATED LOSSES FROM DELINQUENCY AND DEFAULT

PECLD was R\$ 33.3 million in the quarter and R\$ 91.5 million in the year-to-date, up R\$ 9.3 million and R\$ 18.0 million, respectively, according to the Estimated Losses and Delinquency and Default (PECLD) methodology as defined by IFRS 9.

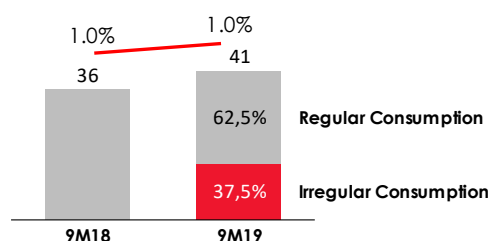
The increase is the result of the creation of a new expected losses table for Irregular Consumption, with provision percentages higher than applicable to Regular Consumption (see Explanatory Notes 7.6). As a result, a specific provisioning table came into effect in 2019, whereas in 2018 Irregular Consumption billings were provisioned under the general expected losses table.

Consumers	Estimated PECLD							
	EDP São Paulo				EDP Espírito Santo			
	Non-regular Consumption		Regular Consumption		Non-regular Consumption		Regular Consumption	
	Low Voltage	High Voltage	Low Voltage	High Voltage	Low Voltage	High Voltage	Low Voltage	High Voltage
Residential	29.86%	n/a	0.92%	0.00%	26.55%	n/a	1.16%	0.00%
Industrial	23.18%	79.62%	1.39%	0.49%	32.82%	1.50%	1.23%	0.19%
Commercial, Services and Others	11.27%	n/a	0.66%	0.46%	7.65%	n/a	0.63%	0.45%
Rural	26.80%	n/a	0.38%	0.00%	10.51%	n/a	1.47%	0.34%
Public Authority	n/a	n/a	0.04%	0.04%	n/a	n/a	0.00%	0.00%
Public Illumination	n/a	n/a	0.00%	0.00%	n/a	n/a	0.08%	0.03%
Public Service	n/a	n/a	0.01%	0.02%	n/a	n/a	0.15%	0.03%

EDP SP



EDP ES



3.1.7. REGULATORY ASSETS AND LIABILITIES

As of september 30, the balance of regulatory liability was R\$ 679.8 million, due to:

- Energy acquisition: reduction due to realized CCEAR energy costs lower than the cost of energy recognized under the tariff readjustment, particularly in the energy availability category, impacted by low thermal dispatch. In addition, the cost of power purchasing agreements is lower than the certified coverage tariff, leading to a reduction in the sectoral asset component;
- Cost of energy from Itaipu: difference in US Dollar exchange rate between periods;
- Charges (ESS/EER): constitution of regulatory liability, as the cost of ESS/ERR was below projections in relation to the respective tariff covers for the period under analysis. A portion of the liability is already covered by the October 2018 tariffs adjustment, and another portion will be covered in the 2019 tariff revision.
- Electric Energy Development Account (CDE): a sectoral charge defined annually and costed to all end-consumers of electric energy. The CDE variation in the period is due mainly to the sectoral fund's budget revision, certified by Certifying Resolutions 2,446/2018 and 2,521/2019;
- Overcontracting: the change is due to the distribution companies' participation in the MVE, a mechanism under which energy was decontracted for the Feb-Dec 2019 period; and
- Others: variation includes the balances of Excess Demand and Sectoral Charges Neutrality. In addition, relevant impacts occurred after analyses of the 2019 Tariffs Revision, including entry into bilateral agreements as prescribed by REN 508/2012 and further improved by REN 711/2016. At EDP ES, the main impact stems from the booking of PIS and COFINS calculated on ICMS tax payments and to be returned to consumers.

	EDP Consolidated						
	Dec-18	Appropriation	Amortization	Update	Others	Sep-19	Accumulated Variation
Energy Acquisition / Cost of Energy Itaipu	911,732	55,461	(541,954)	41,909	-	467,148	(444,584)
Charges	(179,049)	(45,008)	129,920	(8,338)	-	(102,475)	76,574
Overcontracting (100% to 105%)	(105,179)	36,012	51,957	(4,954)	-	(22,164)	83,015
Others	(311,923)	(623,588)	114,688	(201,510)	-	(1,022,333)	(710,410)
Total	315,581	(577,123)	(245,389)	(172,893)	-	(679,824)	(995,405)

	EDP São Paulo						
	Dec-18	Appropriation	Amortization	Update	Others	Sep-19	Accumulated Variation
Energy Acquisition / Cost of Energy Itaipu	513,127	13,122	(306,872)	24,520	-	243,897	(269,230)
Charges	(86,523)	(32,085)	57,830	(3,878)	-	(64,656)	21,867
Overcontracting (100% to 105%)	3,973	9,277	(8,369)	(30)	-	4,851	878
Others	(228,736)	(19,689)	62,406	(10,242)	-	(196,261)	32,475
Total	201,841	(29,375)	(195,005)	10,370	-	(12,169)	(214,010)

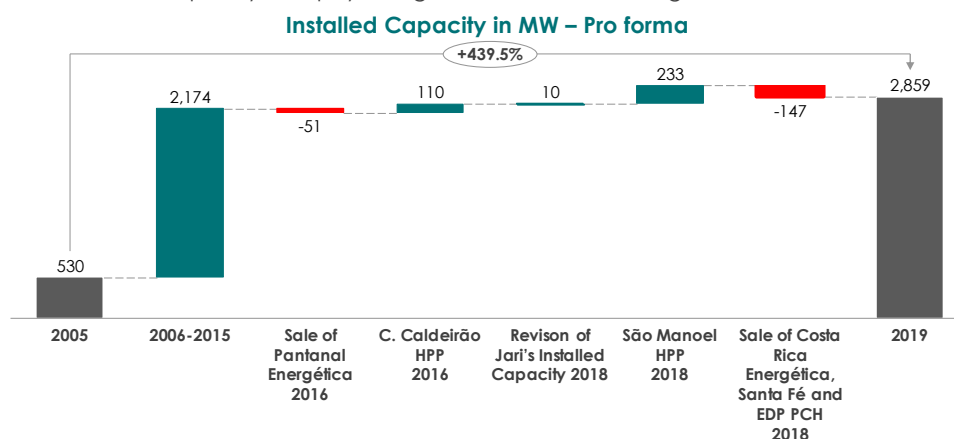
	EDP Espírito Santo						
	Dec-18	Appropriation	Amortization	Update	Others	Sep-19	Accumulated Variation
Energy Acquisition / Cost of Energy Itaipu	398,605	42,339	(235,082)	17,389	-	223,251	(175,354)
Charges	(92,526)	(12,923)	72,090	(4,460)	-	(37,819)	54,707
Overcontracting (100% to 105%)	(109,152)	26,735	60,326	(4,924)	-	(27,015)	82,137
Others	(83,187)	(603,899)	52,282	(191,268)	-	(826,072)	(742,885)
Total	113,740	(547,748)	(50,384)	(183,263)	-	(667,655)	(781,395)

¹ Adjusted balance of R\$ 751.8 million in sectorial financial liabilities, associated with the exclusion of ICMS of PIS/COFINS base (of which R\$ 564.7 million in principal and R\$187.1 million in financial restatement)

3.2. GENERATION

3.2.1 INSTALLED CAPACITY

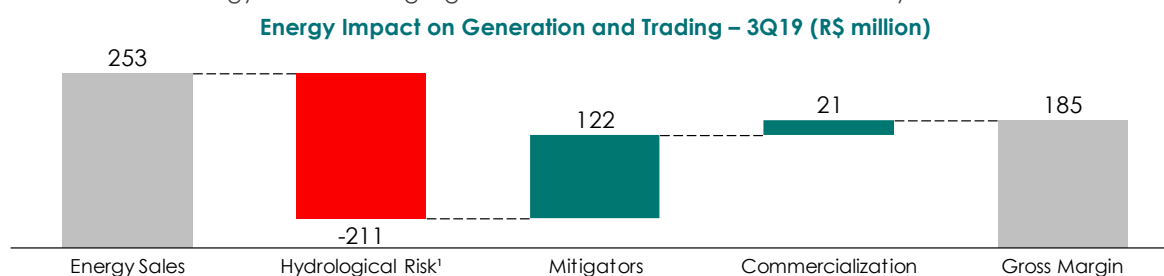
The company has 2.9 GW in installed capacity and physical guarantee of 1.9 average GW.



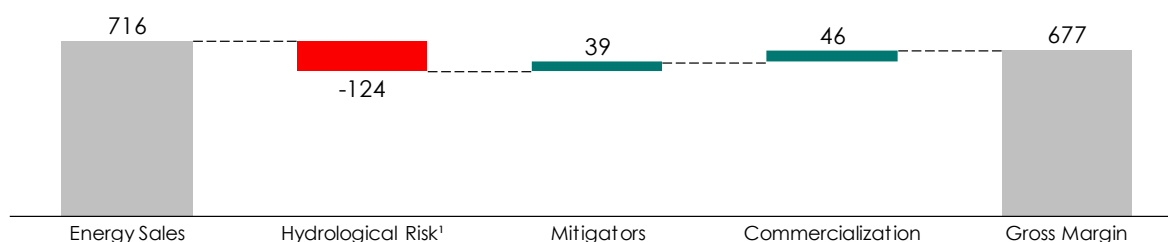
Note: Considers the proportional share of Jari, Cachoeira Caldeirão and São Manoel. Installed capacity does not use the percentage stakes in the Lajeado and Enerpeixe HPPs according to the consolidation criteria.

3.2.2 INTEGRATED ENERGY MANAGEMENT

The Trading Company has been operating as a management instrument for the Company's energy portfolio, operating in concert with the generation companies in energy purchase and sale transactions. The energy allocation strategy considers the annual seasonal weighting of both agreements and physical guarantee. In the quarter, the seasonal weighting of the physical guarantee exceeded the agreements, in line with the strategy of maintaining higher allocation to the second half of the year.



Energy Impact on Generation and Trading – 9M19 (R\$ million)



3.2.3 HYDRO GENERATION

Ítems em R\$ mil ou %	Geração Hídrica					
	3T19	3T18	Var	9M19	9M18	Var
Receita Operacional Líquida	488,175	352,266	38.6%	1,164,850	988,363	17.9%
Gastos Não Gerenciáveis	(324,669)	(144,589)	124.5%	(534,200)	(261,858)	104.0%
Energia Elétrica Comprada para Revenda	(301,550)	(121,970)	147.2%	(468,256)	(195,092)	140.0%
Encargos de Uso da Rede Elétrica	(22,940)	(22,349)	2.6%	(65,432)	(66,232)	-1.2%
Outros	(179)	(270)	-33.7%	(512)	(534)	-4.1%
Margem Bruta	163,506	207,677	-21.3%	630,650	726,505	-13.2%
Gastos Gerenciáveis	(52,769)	(65,665)	-19.6%	(165,379)	(187,413)	-11.8%
Total do PMSO	(20,230)	(23,570)	-14.2%	(59,816)	(67,847)	-11.8%
Pessoal	(10,077)	(10,147)	-0.7%	(32,030)	(31,900)	0.4%
Material	(842)	(1,124)	-25.1%	(2,018)	(3,458)	-41.6%
Serviços de Terceiros	(7,731)	(10,304)	-25.0%	(20,981)	(26,111)	-19.6%
Provisões	(160)	(42)	281.0%	(794)	1,276	n.d.
Outros	(1,420)	(1,953)	-27.3%	(3,993)	(7,654)	-47.8%
Ganhos e Perdas na Desativação e Alienação de Bens	31	69	-55.1%	33	(69)	n.d.
EBITDA	143,307	184,176	-22.2%	570,867	658,589	-13.3%
Margem EBITDA	29%	52%	-43.9%	49%	67%	-26.5%

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	3Q19	3Q18	Var	3Q19	3Q18	Var
Lajeado	1,477,718	905,264	63.2%	189.6	184.9	2.5%
Investco	9,471	9,223	2.7%	199.7	183.4	8.8%
Enerpeixe	529,850	532,410	-0.5%	175.2	169.4	3.4%
Energest	981,832	212,615	361.8%	193.7	203.9	-5.0%
PCH	-	110,953	n.a.	-	252.2	n.a.
Santa Fé	-	32,681	n.a.	-	239.8	n.a.
Costa Rica	-	16,294	n.a.	-	251.4	n.a.
Total HPPs	2,998,872	1,819,440	64.8%	188.5	188.3	0.1%

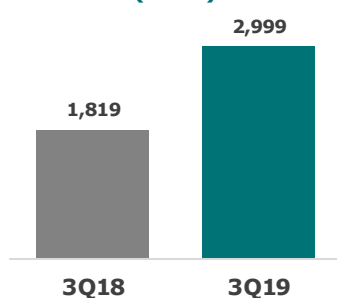
Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	9M19	9M18	Var	9M19	9M18	Var
Lajeado	3,548,778	2,352,091	50.9%	186.1	181.1	2.7%
Investco	26,417	25,918	1.9%	196.5	183.4	7.1%
Enerpeixe	1,689,797	1,466,512	15.2%	151.1	174.6	-13.5%
Energest	1,702,146	861,348	97.6%	195.3	194.3	0.5%
PCH	-	322,376	n.a.	0.0	249.4	n.a.
Santa Fé	-	103,977	n.a.	0.0	237.1	n.a.
Costa Rica	-	70,888	n.a.	0.0	198.7	n.a.
Total HPPs	6,967,139	5,203,110	33.9%	179.9	187.1	-3.8%

Total Tariff of the hydro plants does not consider intragroup exclusions and concerns the average tariff for the quarter and year..

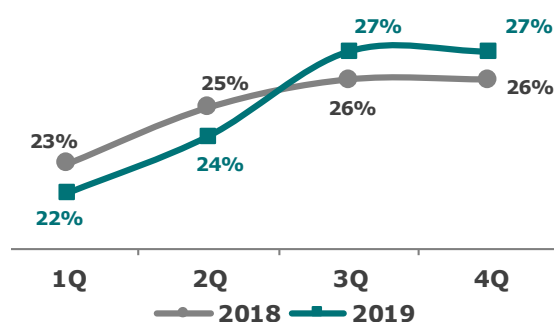
Net Revenue was R\$ 488.2 million in the quarter due to the Company's seasonal weighting strategy involving the allocation of more energy to the second half of the year compared with the previous year, in addition to the increase in energy volume sold under bilateral agreements, as explained in the [Market Release](#). The volume of energy sold was up 64.8% in the quarter because of the higher volumes sold at Energest (+769.2 GWh) and Lajeado (+572.5 GWh).

In the year-to-date, Net Revenue was R\$ 1,164.9 million, driven by the results of 1Q19, when, in addition to the higher volume of energy sold, there was secondary energy from a weighted average GSF of 148.5% and average PLD of R\$ 290.1/MWh.

Consolidated Sales of Hydroelectric Generation (GWh)



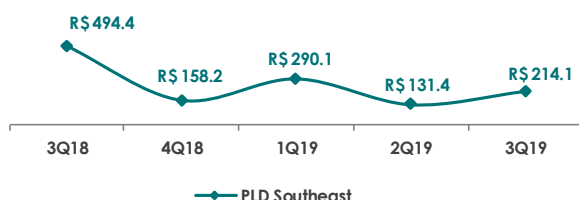
Seasonal Weighting of Hydro Sales Agreements (%)



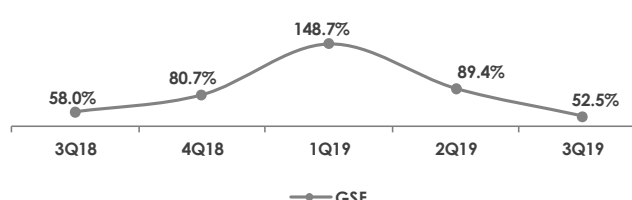
Non-manageable expenses were up 124.5% in the quarter and 104.0% in the year-to-date, due to the Company's seasonal weighting strategy and continued hedge, with increased energy allocated to the quarter, aiming for integrated management of the generation and trading portfolios;

Gross Margin was down 21.3% in the quarter and 13.2% in the year-to-date.

PLD Evolution (MWh)



GSF Evolution² (%)



EDP has in place a portfolio-protection hedge strategy based on the de-contracting and/or purchase of energy to mitigate GSF risks and the oscillation of PLD. In the quarter, the Company kept around 40% of energy decontracted, and 20% for the year.

3.2.4 UNCONSOLIDATED PROJECTS

The Jari and Cachoeira Caldeirão Plants lie in the North submarket, where the average PLD was R\$ 202.4 in the quarter versus R\$ 494.6 in 3Q18. Average PLD was R\$ 104.5 YtD, versus R\$ 262.4 year-to-date in the previous year.

3.2.4.1 SANTO ANTÔNIO DO JARI HPP

Consolidated Jari						
Income Statement (R\$ Thousand)	3Q19	3Q18	Var	9M19	9M18	Var
Net Operating Revenue	32,825	31,306	4.9%	97,672	93,098	4.9%
Non-Manageable Expenditures	(8,426)	(9,463)	-11.0%	(15,811)	(18,394)	-14.0%
Gross Margin	24,400	21,843	11.7%	81,861	74,704	9.6%
Manageable Expenditures	(4,019)	(7,834)	-48.7%	(19,475)	(24,859)	-21.7%
EBITDA	23,001	20,224	13.7%	77,465	69,638	11.2%
EBITDA Margin	70.1%	64.6%	0.1 p.p.	79.3%	74.8%	4.5 p.p.
Net Financial Result	(4,851)	(8,008)	-39.4%	(17,754)	(24,937)	-28.8%
Net Income	13,222	4,010	229.7%	38,772	16,584	133.8%

Note: Amounts correspond to EDP Energias do Brasil's 50% stake in Jari.

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	3Q19	3Q18	Var	3Q19	3Q18	Var
Jari (50%)	228,270	226,342	0.9%	165.7	156.0	6.3%

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	9M19	9M18	Var	9M19	9M18	Var
Jari (50%)	684,121	683,774	0.1%	162.8	154.4	5.5%

Net Revenue was up 4.9% in the quarter, reflecting the 6.3% increase in the energy sale tariff following the annual adjustment to agreements. Non-manageable expenses were down 11.0%, reflecting the purchase of energy for resale. Gross Margin was up 11.7% to R\$ 24.4 million. Manageable expenses were down 48.7%, reflecting the reduction in the Depreciation and Amortization line due to the reversal of the balance of the provisions for environmental licenses, in addition to reduced expenditures with Third-Party Services due to lower maintenance and conservation outlays on electrical systems and vehicles.

EBITDA was R\$ 23.0 million, up 13.7%, and Financial Result was a loss of R\$ 4.9 million, down 39.4% due to the redemption of debentures in september 2018.

² Weighted average calculations.

3.2.4.2 CACHOEIRA CALDEIRÃO HPP

Cachoeira Caldeirão						
Income Statement (R\$ Thousand)	3Q19	3Q18	Var	9M19	9M18	Var
Net Operating Revenue	16,754	16,062	4.3%	51,126	48,023	6.5%
Non-Manageable Expenditures	(6,780)	(7,093)	-4.4%	(12,726)	(13,447)	-5.4%
Gross Margin	9,974	8,970	11.2%	38,400	34,576	11.1%
Manageable Expenditures	(8,196)	(3,366)	143.5%	(23,321)	(18,427)	26.6%
EBITDA	7,279	11,661	-37.6%	31,789	34,302	-7.3%
EBITDA Margin	43.4%	72.6%	-29.2 p.p.	62.2%	71.4%	-9.3 p.p.
Net Financial Result	(7,056)	(9,858)	-28.4%	(26,272)	(27,886)	-5.8%
Net Income	(3,573)	(2,809)	27.2%	(7,403)	(7,746)	-4.4%

Note: Amounts correspond to EDP Energias do Brasil's 50% stake in Cachoeira Caldeirão.

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	3Q19	3Q18	Var	3Q19	3Q18	Var
Cachoeira Caldeirão (50%)	141,090	140,319	0.5%	135.2	130.1	4.0%

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	9M19	9M18	Var	9M19	9M18	Var
Cachoeira Caldeirão (50%)	422,518	422,389	0.0%	135.8	130.1	4.4%

The quarter's Net Revenues increased by 4.3%, reflecting the 4.0% increase in average sale tariffs due to the annual adjustment in agreements. Non-manageable expenditures were down 4.4%, reflecting the lower PLD between periods. Gross Margin was R\$ 10.0 million, up 11.2%. Manageable expenditures were up R\$ 4.8 million, reflecting the non-recurring effect in 3Q18, when there was a receipt on an insurance claim involving a construction works incident in 2015. EBITDA was R\$ 7.3 million, down 37.6%. Financial Result was a loss of R\$ 7.1 million, down 28.4% due to lower financial expenses arising from the amortization of debt, as well as monetary restatement of debt arising from the lower IPCA vis-à-vis the previous period.

3.2.4.3 SÃO MANOEL HPP

São Manoel						
Income Statement (R\$ Thousand)	3Q19	3Q18	Var	9M19	9M18	Var
Net Operating Revenue	30,084	28,424	5.8%	97,622	76,199	28.1%
Non-Manageable Expenditures	(18,613)	(15,774)	18.0%	(47,450)	(29,883)	58.8%
Gross Margin	11,471	12,651	-9.3%	50,172	46,315	8.3%
Manageable Expenditures	(13,636)	(14,643)	-6.9%	(41,404)	(38,176)	8.5%
EBITDA	8,436	9,140	-7.7%	41,364	38,760	6.7%
EBITDA Margin	28.0%	32.2%	-12.8%	42.4%	50.9%	-16.7%
Net Financial Result	(13,305)	(15,908)	-16.4%	(45,615)	(41,294)	10.5%
Net Income	(10,213)	(11,817)	-13.6%	(24,327)	(21,891)	11.1%

Note: Amounts correspond to EDP Energias do Brasil's 33.3% stake in São Manoel

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	3Q19	3Q18	Var	3Q19	3Q18	Var
São Manoel (33.3%)	288,041	284,300	1.3%	119.3	114.3	4.4%

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	9M19	9M18	Var	9M19	9M18	Var
São Manoel (33.3%)	862,097	732,814	17.6%	121.2	118.6	2.2%

Net Revenue was R\$ 30.1 million in the quarter, up 5.8%, reflecting the 4.4% increase in average sales tariffs due to the annual adjustment in agreements. Non-manageable expenditures were up 18.0% due to increased expenditures on electric energy purchased for resale. Gross Margin was R\$ 11.5 million, down 9.3%. Manageable Expenditures were down 6.9% due to higher insurance-related expenditures in 3Q18. EBITDA was R\$ 8.4 million, down 7.7% in the period. Financial Result was a R\$ 13.3 million expense, down 16.4% due to the lower effect of monetary restatement of the UBP balance compared with the previous year.

3.2.5 THERMAL GENERATION

Items in R\$ Thousand or %	Thermal Generation					
	3Q19	3Q18	Var	9M19	9M18	Var
Net Operating Revenue	484,638	485,983	-0.3%	1,249,718	1,408,836	-11.3%
Non-Manageable Expenditures	(340,019)	(274,463)	23.9%	(798,021)	(839,900)	-5.0%
Energy Purchased to Resell	(179,110)	(71,430)	150.7%	(311,413)	(191,643)	62.5%
Charges for Usage of Basic Network	(20,098)	(18,921)	6.2%	(57,597)	(55,712)	3.4%
Other	(140,811)	(184,112)	-23.5%	(429,011)	(592,545)	-27.6%
Gross Margin	144,619	211,520	-31.6%	451,697	568,936	-20.6%
Manageable Expenditures	(70,580)	(68,730)	2.7%	(207,925)	(203,608)	2.1%
PMTO	(24,858)	(27,768)	-10.5%	(66,218)	(81,796)	-19.0%
Personnel	(11,327)	(10,074)	12.4%	(33,679)	(30,340)	11.0%
Material	(2,223)	(4,019)	-44.7%	(7,652)	(10,789)	-29.1%
Third-Party Services	(7,682)	(8,652)	-11.2%	(16,851)	(27,048)	-37.7%
Provision	150	2	7400.0%	(684)	20	n.a.
Other	(3,776)	(5,025)	-24.9%	(7,352)	(13,639)	-46.1%
Gains and Losses on Disposal of Property	(141)	212	n.a.	97	212	-54.2%
EBITDA	119,620	183,964	-35.0%	385,576	487,352	-20.9%
EBITDA Margin	25%	38%	-34.8%	31%	35%	-10.8%

Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	3Q19	3Q18	Var	3Q19	3Q18	Var
Pecém	1,357,920	1,357,920	0.0%	124.6	219.3	-43.2%
Asset	Volume (MWh)			Sales Price (R\$/MWh)		
	9M19	9M18	Var	9M19	9M18	Var
Pecém	4,030,095	4,030,095	0.0%	148.9	188.4	-20.9%

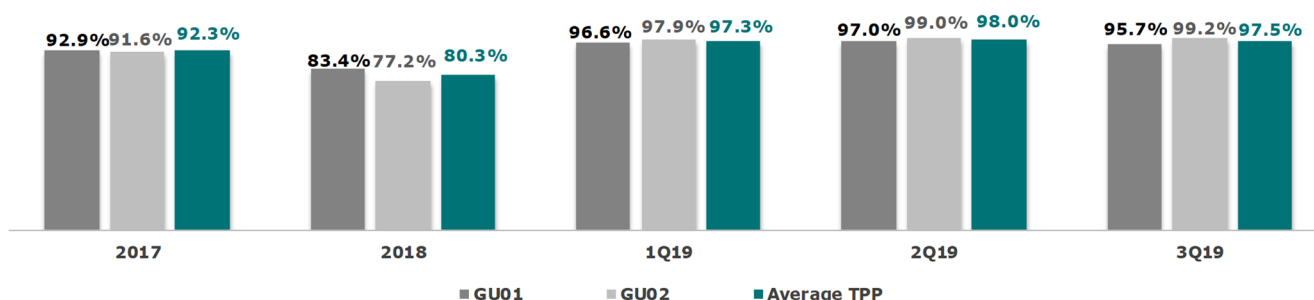
Net Revenue was stable at R\$ 484.6 million in the quarter, despite a non-recurring item of R\$ 17.5 million booked in 3Q18 arising from the FID revision process³. Excluding this effect, revenue would have been up 3.4% because of the annual adjustment and the higher price of short-term energy sales. Variable revenue was down 33.8% because of the 43.2% decrease in average CVU in the period, which offset the 16.4% increase in the volume of energy dispatched by order of merit.

Non-manageable expenditures were up 23.9% because of the higher price of energy purchased for inventory replenishment. Manageable expenditures were up 2.7%, reflecting the increase in fixed assets in service, resulting in higher depreciation, and the increase in the personnel line because of the salary adjustment. EBITDA was R\$ 119.6 million, down 35.0% due to the effects mentioned above.

For year-to-date, Net Revenue was R\$ 1.2 billion, down 11.3% due to the FID revision, which led to a non-recurring result of R\$ 95.1 million in 2018, in addition to the variable revenue line's reduction because of the lower volume of energy generated in January and June, when the plant was shut down the whole month. These effects mitigated the positive impact of R\$ 116.6 million in revenue from ancillary services in 2Q19. Non-Manageable Expenditures were down 5.0% because of reduced expenditures on raw-material purchases. EBITDA was R\$ 385.6 million, down 20.9%.

UPTIME

Pecém's uptime was 97.5%, higher than the 83.75% benchmark. In 2019, FID⁴ has been above 100%, not creating a deficit for the year.



³ Pursuant to ANEEL Official Communication 252/2016 – SRG/ANEEL

⁴ Moving average of the past 60 months' uptime, calculated annually in July for the subsequent calendar year

3.3 TRADING AND SERVICES

Items in R\$ Thousand or %	Commercialization (Consolidated) ¹			Services (Consolidated) ²			Total (Commerc. + Services)		
	3Q19	3Q18	Var	3Q19	3Q18	Var	3Q19	3Q18	Var
Net Operating Revenue	1,112,282	1,278,589	-13.0%	22,245	38,046	-41.5%	1,134,527	1,316,635	-13.8%
Non-Manageable Expenditures	(1,089,789)	(1,209,156)	-9.9%	(2,073)	(2,382)	-13.0%	(1,091,862)	(1,211,538)	-9.9%
Energy Purchased to Resell	(1,086,516)	(1,202,471)	-9.6%	-	-	n.a.	(1,086,516)	(1,202,471)	-9.6%
Charges for Usage of Basic Network	(3,954)	(3,739)	5.8%	-	-	n.a.	(3,954)	(3,739)	5.8%
Others	681	(2,946)	n.a.	(2,073)	(2,382)	-13.0%	(1,392)	(5,328)	-73.9%
Gross Margin	22,493	69,433	-67.6%	20,172	35,664	-43.4%	42,665	105,097	-59.4%
Manageable Expenditures	(5,181)	(4,502)	15.1%	(14,079)	(26,917)	-47.7%	(19,260)	(31,419)	-38.7%
PMTO	(4,961)	(4,323)	14.8%	(13,211)	(25,617)	-48.4%	(18,172)	(29,940)	-39.3%
Personnel	(3,367)	(2,710)	24.2%	(5,195)	(4,101)	26.7%	(8,562)	(6,811)	25.7%
Material	(23)	(36)	-36.1%	(3,380)	(18,272)	-81.5%	(3,403)	(18,308)	-81.4%
Third-Party Services	(1,416)	(1,167)	21.3%	(3,682)	(1,824)	101.9%	(5,098)	(2,991)	70.4%
Provision	(1)	(156)	-99.4%	(368)	(320)	15.0%	(369)	(476)	-22.5%
Others	(154)	(254)	-39.4%	(586)	(1,100)	-46.7%	(740)	(1,354)	-45.3%
Gain and Loss on the Deactivation and Asset Sale	18	-	n.a.	27	2	1250.0%	45	2	2150.0%
EBITDA	17,550	65,110	-73.0%	6,988	10,049	-30.5%	24,538	75,159	-67.4%
EBITDA Margin	1.6%	5.1%	-69.0%	31.4%	26.4%	18.9%	2.2%	5.7%	-62.1%

Items in R\$ Thousand or %	Commercialization (Consolidated) ¹			Services (Consolidated) ²			Total (Commerc. + Services)		
	9M19	9M18	Var	9M19	9M18	Var	9M19	9M18	Var
Net Operating Revenue	2,275,124	2,983,577	-23.7%	47,296	65,346	-27.6%	2,322,420	3,048,923	-23.8%
Non-Manageable Expenditures	(2,226,469)	(2,820,033)	-21.0%	(5,926)	(6,941)	-14.6%	(2,232,395)	(2,826,974)	-21.0%
Energy Purchased to Resell	(2,213,831)	(2,804,818)	-21.1%	-	-	n.a.	(2,213,831)	(2,804,818)	-21.1%
Charges for Usage of Basic Network	(11,368)	(10,999)	3.4%	-	-	n.a.	(11,368)	(10,999)	3.4%
Others	(1,270)	(4,216)	-69.9%	(5,926)	(6,941)	-14.6%	(7,196)	(11,157)	-35.5%
Gross Margin	48,655	163,544	-70.2%	41,370	58,405	-29.2%	90,025	221,949	-59.4%
Manageable Expenditures	(16,636)	(12,466)	33.5%	(38,261)	(56,971)	-32.8%	(54,897)	(69,437)	-20.9%
PMTO	(15,961)	(11,924)	33.9%	(35,039)	(53,403)	-34.4%	(51,000)	(65,327)	-21.9%
Personnel	(10,293)	(8,165)	26.1%	(15,065)	(11,607)	29.8%	(25,358)	(19,772)	28.3%
Material	(112)	(72)	55.6%	(4,447)	(21,406)	-79.2%	(4,559)	(21,478)	-78.8%
Third-Party Services	(4,214)	(3,027)	39.2%	(12,027)	(12,263)	-1.9%	(16,241)	(15,290)	6.2%
Provision	(521)	391	n.a.	(2,130)	(321)	563.6%	(2,651)	70	n.a.
Others	(821)	(1,051)	-21.9%	(1,370)	(7,806)	-82.4%	(2,191)	(8,857)	-75.3%
Gain and Loss on the Deactivation and Asset Sale	18	-	n.a.	27	346	-92.2%	45	346	-87.0%
EBITDA	32,712	151,620	-78.4%	6,358	5,348	18.9%	39,070	156,968	-75.1%
EBITDA Margin	1.4%	5.1%	-71.7%	13.4%	8.2%	64.3%	1.7%	5.1%	-67.3%

Note: EDP Comercializadora considers EDP Comercializadora and Varejista. EDP GRID includes EDP GRID and EDP Soluções.

	Volume (MWh)			Volume (MWh)		
	3Q19	3Q18	Var	9M19	9M18	Var
Related Parties	293,748	579,466	-49.3%	755,056	1,239,617	-39.1%
Others	3,613,941	4,506,380	-19.8%	9,054,783	12,328,673	-26.6%
Total Commercialization	3,907,689	5,085,846	-23.2%	9,809,839	13,568,290	-27.7%
Average Tariff (R\$/MWh)	319.4	281.5	13.5%	262.9	247.0	6.5%

EDP COMERCIALIZAÇÃO:

EDP Comercialização's net revenue was R\$ 1.1 billion in the quarter and R\$ 2.3 billion year-to-date, down 13.0% and 23.7%, respectively because of the lower volume of energy traded, as discussed in the [Market Release](#).

Non-manageable expenditures were down 9.9% and 21.0%, in the quarter and in the year-to-date, respectively, due to the reduced volume of energy purchased for resale, reflecting the short-term market's reduced volatility. Gross Margin was down 67.6% in the quarter and 70.2% year-to-date.

Manageable expenditures were up R\$ 679 thousand in the quarter due to an increase in the personnel line following a salary readjustment, and in the third-party services line because of consultancy services retained. EBITDA was R\$ 17.6 million in the quarter and R\$ 32.7 million in the year-to-date.

SERVICES:

Net Revenue was R\$ 22.2 million in the quarter and R\$ 47.3 million in the year-to-date, down 41.5% and 27.6%, respectively, reflecting the change in scope of contracted projects, due to the larger number of projects for the sale of solar complexes. The projects currently under construction refer to solar complexes for rental purposes (rent and services) and, unlike projects in the previous period, and revenue will be accounted for upon their completion. Gross Margin was down 43.4% and 29.2% in the quarter and in the year-to-date, respectively, influenced by the period's lower income.

The quarter's 47.7% decrease in manageable expenditures reflect the same factors described in the revenue's explanation. Since the projects pending completion are assets for rent, such are being capitalized and have no impact on the period's expenditures. EBITDA was R\$ 7.0 million in the quarter and R\$ 6.4 million in the year-to-date.

3.4. Transmission

Items in R\$ thousand or %	Consolidated Transmission					
	3Q19	3Q18	Var	9M19	9M18	Var
Total Revenue	377,586	164,130	130.1%	1,207,369	234,148	n.a.
Construction Revenue	326,325	157,233	107.5%	1,071,244	222,736	n.a.
Construction Margin	2,915	(704)	n.a.	35,323	(1,163)	n.a.
Net Operating Revenue	48,346	7,601	536.0%	100,802	12,575	701.6%
Non-Manageable Expenditures	-	-	n.a.	-	-	n.a.
Gross Margin	51,261	6,897	n.a.	136,125	11,412	n.a.
Manageable Expenditures	(329,600)	(158,659)	n.a.	(1,080,944)	(227,678)	n.a.
PMTO	(3,195)	(1,426)	124.1%	(9,452)	(4,942)	91.3%
Personnel	(1,328)	(969)	37.0%	(4,048)	(3,813)	6.2%
Material	(27)	(10)	170.0%	(78)	(19)	310.5%
Third-Party Services	(1,677)	(357)	369.7%	(4,958)	(854)	480.6%
Provision	97	-	n.a.	115	-	n.a.
Other	(260)	(90)	188.9%	(483)	(256)	88.7%
Construction Cost	(326,325)	(157,233)	n.a.	(1,071,244)	(222,736)	n.a.
EBITDA	48,066	5,471	n.a.	126,673	6,470	n.a.
EBITDA Margin	93.8%	79.3%	18.2%	93.1%	56.7%	64.1%

Transmission Net Revenue - 3Q19							
	Transmissão	Transmissão MA I	Transmissão MA II	Transmissão Aliança SC	Transmissão SP-MG	Litoral Sul Transmissora	Total
Construction Revenue	3,252	29,557	73,700	91,223	168,898	1,146	367,776
Update of Concession Assets	6,219	2,565	3,123	20,274	14,464	-	46,645
Operation and Maintenance Revenue (O&M)	1,788	-	-	-	-	-	1,788
PIS/CORINS	(1,055)	(2,971)	(7,106)	(10,314)	(16,961)	(129)	(38,536)
R&D	(53)	-	-	-	-	-	(53)
Other Charges	(34)	-	-	-	-	-	(34)
Total	10,117	29,151	69,717	101,183	166,401	1,017	377,586

For accounting purposes, the results are the product of the booking of construction costs and revenues based on work in progress. It is worth emphasizing that revenue reflects a margin over the amounts invested (costs) and yield on the investment calculated based on its WACC. During the construction phase, expenses are capitalized, except for corporate expenditures.

Lot 24 became operational in December 2018 with a RAP of R\$ 6.0 million in the quarter and R\$ 17.7 million YTD.

Other lots, with the exception of lot Q, which was purchased in the secondary market in May 2019, are in their construction phase, and ahead of schedule given the dates of entry into operation as defined in the bidding documents.

Manageable expenditures are concentrated in the "Infrastructure Construction Cost" line, reflecting the progress of projects underway. In the year-to-date, R\$ 1.1 billion has been invested in land surveys, engineering projects and construction works. So far, R\$ 1.4 billion has been invested in transmission projects.

Variação do Imobilizado (R\$ mil)							
Linhas de Transmissão (Lote)	3T19	3T18	Var	Var	9M19	9M18	Var
Transmissão	2.459	30.975	-92,1%	(28.516)	9.874	62.096	-84,1%
Transmissão MA I	26.670	7.749	244,2%	18.921	64.407	10.151	534,5%
Transmissão MA II	63.532	4.565	1291,7%	58.967	117.680	9.051	1200,2%
Transmissão Aliança SC	82.587	106.318	-22,3%	(23.731)	416.948	122.582	240,1%
Transmissão SP-MG	150.132	7.626	1868,7%	142.506	461.390	18.856	2346,9%
Litoral Sul Transmissora de Energia	945	-	n.d.	945	945	-	n.d.
Total	326.325	157.233	107,5%	169.092	1.071.244	222.736	380,9%

4. SUSTAINABILITY PERFORMANCE

EDP's commitment to sustainable development is illustrated by transparent communication with all stakeholders and the inculcating internally of best environmental, social and economic management practices. The Company has for thirteen years been listed in B3's Corporate Sustainability Stock Index (ISE), substantiating the robustness of the Group's sustainability strategy and reinforcing the alignment with the United Nations' Sustainable Development Goals (SDGs). The Company also aims to align its commitments to IIRC guidelines, extending the EDP Purpose – Our Energy for Better and Better Care – to all of our stakeholders.

4.1. PERFORMANCE RELATIVE TO SUSTAINABLE DEVELOPMENT COMMITMENTS

The commitments to Sustainability are a part of our strategy not only at EDP Brasil, but at the Global level as well. This commitment is confirmed by the EDP Group's results according to the Dow Jones Sustainability Index, scoring over 90 points for the best performance since it was first included, 12 years ago.

The study reviews the environmental, economic and social dimensions of sustainability. The Company earned maximum score in hydro resources management, climate-change, and environmental reporting as well as in social criteria such as human rights, community development, and stakeholders' outreach.

The Company's performance relative to its [commitments to Sustainability](#) and in line with the 2020 vision is as follows:

4.1.1. The Environment

As is the case at the global level, best environmental practices and efficient natural resources management are present in EDP's operations. Considering the EDP 2020 objective of internalizing the circular economy concept, Pecém achieved further improvements to its production process, increasing its effluent reuse index from 23% to 40%, leading to a reduction in water consumption of more than 38 thousand cubic meters per month.

4.1.2. People

Valorizing diversity and promoting inclusion are commitments under the EDP Objectives that have practical reflections on the agenda spearheaded by the EDP Inclusion and Diversity Program. Launched officially in 2019, the program approved, in the last quarter, the Affinity Groups actions roadmap (Gender Equality, Special Needs Persons, Race, Generations, LGBTI+, and Cultures and Spirituality). It covers an action plan for 2019-2021 to address the challenges of recruiting and selection, development, leadership engagement, cultural change, policies and benefits, accessibility and more.

4.1.3. Society

Given that one of the EDP 2020 Objectives is to foster social business and invest in sustainable lifestyles, EDP has been supporting several book shows as a means to boost culture and education, and as a tool for citizen development and societal understanding.

After its successful support for FLIP (Paraty International Book Show), the Company also supported FLIT (Taubaté Children's Book Show) and FLIM (Vicentina Araújo Park Book Show, in São José dos Campos), in both cases with musical performances, arts workshops and literature panels that attracted over 70 thousand.

4.1.4. Knowledge

Support for innovation and the production of knowledge is not limited to R&D investments, which are associated with one of the EDP 2020 Objectives, but is also reflected on the Company's internal practices. Again, EDP brought together innovation and sustainability when providing financial support.

EDP Ventures, the EDP Group's risk capital investment vehicle, announced a R\$ 4.5 million co-investment in a Santa Catarina state company that develops solutions intended to forecast hydrological events and smart systems that can help manage dams, fostering the automation of processes and increasing the security level of the country's hydroelectric power plants.

4.2 Sustainability Indicators

[Annual Sustainability Report](#) (link):

Indicator ¹	Unit	9M18	9M19
Water consumption	m ³	8,355,885	6,506,996
Energy savings at clients	MWh	64,741.38	28,018.52
Hazardous waste	Ton	1,080.97	1,317.48
Non-hazardous waste	Ton	111,914.62	79,953.36
Direct CO2 emissions (scope 1)	Ton CO2e	3,672,543	3,054,576
Indirect CO2 emissions (scope 2)	Ton CO2e	182,254	174,963
NOX emission	Ton	3,318	2,676
SO2 emissions	Ton	9,826	8,684
Particulate materials emissions	Ton	1,393	960
Frequency rate – Own employees	Rate	0.78	0.19
Frequency rate – Third-party employees	Rate	1.26	0.72
Severity rate – Own employees	Rate	72	2
Severity rate – Third-party employees	Rate	491	20
Supplier Performance Index (IDF)	Index	86	89 ²
Private Social Investment	R\$ thousand	4,538.14	6,567.79

¹ The above indicators do not include the Sto Antonio do Jari, Cachoeira Caldeirão and São Manoel HPPs quarterly quantas. ² Concerns the latest Supplier Evaluation Report (6M 2019). 9M19 results will be fully compiled by late July.

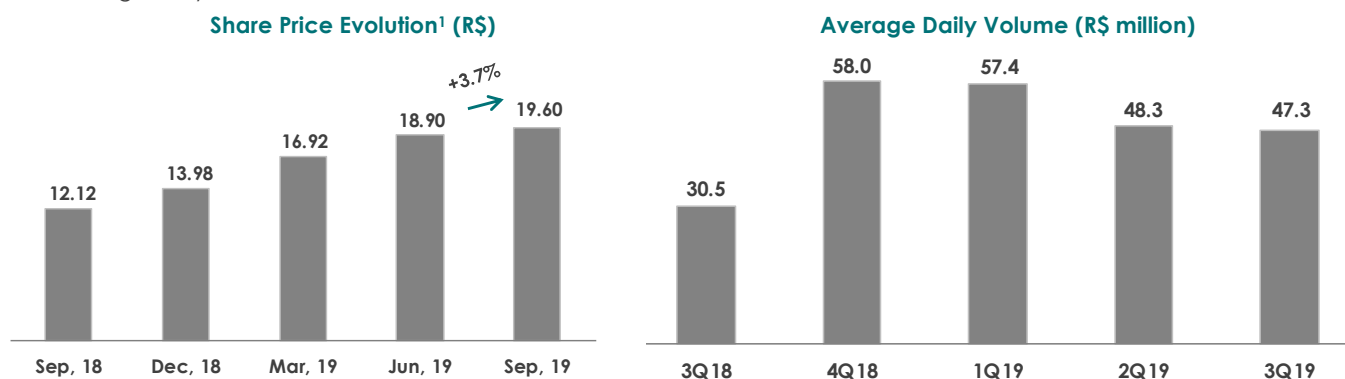
Considering the Jan-Sep/2019 period, the Company was able to revert 78% of ashes produced in Pecém to industrial re-use, the highest ash conversion rate since actions involving this kind of waste began. Because of lower dispatching from the thermal plant, emissions, CO2 equivalence, pollutants, and water consumption indicators continue to drop. The lower production of non-hazardous waste is also associated with Pecém, which generated more ash and had greater topical waste generation in the same period in 2018.

As the Safety performance indicators show, frequency and severity rates have dropped compared with the previous period. This was mainly a result of the VIVA Program's initiatives, which are responsible for strengthening a culture of safety. In the light of the initiatives adopted involving procedures, practices, standards and training program reviews, there were no fatal accidents involving own and third-party employees in the Jan-Sep/2019 period

5. CAPITAL MARKETS

5.1. SHARE PERFORMANCE

On september 30, the Company's market capitalization was R\$ 11.9 billion, with its shares (ENBR3) trading at R\$ 19.60, up 3.7% in the quarter, a performance on a par with Ibovespa (+3.7%) and below the IEE's (+6.7%). In the year-to-date, the Company's shares gained 40.2%, whereas Ibovespa and IEE appreciated by 19.2% and 38.3%, respectively. EDP's shares were traded on all days the stock market was open for business, totaling 157.0 million shares in the quarter and 524.4 million in the year-to-date. The daily average was 2.4 million and 2.8 million shares in the quarter and in the year-to-date, respectively. Financial volume exceeded R\$ 9.5 billion YtD in 2019, with R\$ 50.9 million average daily volume.



¹ Considering adjustments for proceeds up to 09/30/2019

5.2. CAPITAL STOCK

On september 30, the Company's capital stock was fully represented by 606,850,394 common nominative shares. Of the total, 293,946,117 shares made up the free float pursuant to the Novo Mercado Listing Regulations of B3, and 2,044,344 shares were held as treasury shares within the context of the Company's current Stock Based Compensation Policy.



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Report on the review of quarterly information - ITR

To the Shareholders, Board of Directors and Management of
EDP Energias do Brasil S.A.
São Paulo - SP

Introduction

We have reviewed the individual and consolidated interim accounting information of EDP Energias do Brasil S.A. ("Company"), contained in the Quarterly Financial Information – (ITR) Form for the quarter ended September 30, 2019, which comprise the statements of financial position as of September 30, 2019 and related statements of income and other comprehensive income for the three and nine-month periods then ended, and changes in shareholders' equity and cash flows for the nine-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of these interim accounting information in accordance with Technical Pronouncement CPC 21(R1) and the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of the Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on these interim accounting information based on our review.

Scope of the review

Our review was conducted in accordance with the Brazilian and International Standards on Review Engagements of interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim accounting information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim accounting information included in the Quarterly Information referred to above were not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Quarterly Financial



Information - ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission - CVM.

Other matter - Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2019, prepared under the responsibility of the Company's management, presented as supplementary information for the purposes of IAS 34. These statements were submitted to the same review procedures followed together with the review of the quarterly information with the objective to form a conclusion that they are reconciled with the interim accounting information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added were not prepared, in all material respects, according to the criteria defined in this Standard and consistently in relation to the individual and consolidated interim accounting information taken as a whole.

São Paulo, October 23, 2019

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
Rosane Palharim
Accountant CRC 1SP220280/O-9