Energisa S/A | Results for the 3rd quarter of 2016

Cataguases, November 11, 2016 - The management of Energisa S/A ("Energisa" or "Company") hereby presents its results for the third quarter (3Q16) and the first nine months of 2016 (9M16). The following financial and operational information is presented on a consolidated basis, in accordance with international financial reporting standards (IFRS), except when stated otherwise.

Highlights

After the public share offering, the net debt falls by 16.5%
Consolidated net income of R$ 63.3 million in 3Q16 and R$ 160.6 million in 9M16.

- ✓ **Adjusted EBITDA** amounted to R$ 574.3 million in 3Q16, an increase of 26.5% on the same period in 2015. The YTD Adjusted EBITDA for 9M16 amounted to R$ 1,376.6 million, an increase of 7.8% over 9M15, if we disregard the effect of the asset sale.
- ✓ **Consolidated net income** of R$ 63.3 million in 3Q16 compared with a loss of R$ 132.5 million in 3Q15. In YTD 9M16 the consolidated net income was R$ 160.6 million.
- ✓ **Consolidated controllable costs and expenses** fell 14.3% in the quarter (R$ 95.1 million) and 4.5% in 9M16 (R$ 88.6 million);
- ✓ **Cash, cash equivalents, short-term investments and sector credits** amounted to R$ 3,318.7 million in September 2016, against R$ 2,560.8 million recorded in June 2016;
- ✓ **Net debt** amounted to R$ 5,855.5 million in September 2016, a decrease of 16.5% over June 2016 (R$ 7,015.0 million). The ratio between net debt and Adjusted EBITDA (12 months) was 3.2x, down by 1.0x on June 2016 (4.2x).
- ✓ **Investment** of R$ 509.0 million in 3Q16, of which R$ 380.0 million was made in electricity assets. Investment in YTD 9M16 amounted to R$ 1,243.9 million (R$ 947 million in electricity assets).
- ✓ **Subsequent events:** capitalizations result in Energisa increasing its interest in the following distribution companies: Energisa Mato Grosso, Energia Tocantins and Energisa Bragantina (see item 7).

Description	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
Financial indicators - R$ million						
Gross Operating Revenue	4,501.3	4,790.7	- 6.0	13,220.3	13,595.0	- 2.8
Net revenue, without construction revenue	2,559.7	2,589.4	- 1.1	7,409.7	7,791.5	- 4.9
EBITDA[1]	493.0	391.6	+ 25.9	1,198.0	1,137.6	+ 5.3
Adjusted EBITDA	574.3	454.1	+ 26.5	1,376.6	1,276.5	+ 7.8
Adjusted EBITDA, with effect of asset sale	574.3	493.9	+ 16.3	1,376.6	1,721.0	- 20.0
Net Income (loss)	63.3	(132.5)	-	160.6	193.0	- 16.8
Net Indebtedness [2]	5,855.5	6,161.1	- 5.0	5,855.5	6,161.1	- 5.0
Investment	509.0	439.0	+ 15.9	1,243.9	1,140.4	+ 9.1
Consolidated Operating Indicators						
Invoiced captive energy sales (GWh)	6,022.7	6,189.2	- 2.7	18,632.7	18,872.2	-1.3
Captive sales + Invoiced TUSD (GWh)	6,999.0	7,103.3	- 1.5	21,357.1	21,641.3	- 1.3
Captive sales + TUSD + Uninvoiced sales (GWh)	6,921.3	7,121.5	-2.8	21,116.1	21,469.7	- 1.6
Total Electricity Sold in the Group (GWh)	8,555.2	7,934.0	+ 7.8	25,476.2	24,228.6	+ 5.1
Total Number of Consumers	6,484,972	6,378,246	+ 1.7	6,484,969	6,378,246	+ 1.7
Number of Own Staff	11,898	11,896	-	11,898	11,896	-
Work force (own + outsourced staff [3])	15,402	15,121	+ 1.9	15,402	15,121	+ 1.9

(1) EBITDA is the sum of net income, taxes, finance income and depreciation/amortization, as per CVM Directive 527/12. Adjusted EBITDA = EBITDA + Arrears surcharge revenue.
(2) Includes sector credits (CDE, CCC, CVA).
(3) Excludes outsourced construction workers.

3Q16 Conference Call

Date: November 16, 2016
1:00 PM (Eastern time)
☎ Telephone: + 1 646 843 6054
Access code: Energisa

✓ **Investor Relations**
For further information and clarification please visit Energisa's IR site or contact us: Site www.energisa.com.br/ri
Energisa S/A's IR Department - E-mail: ri@energisa.com.br

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1 Corporate structure profile

Energisa Group has 111 years of history and is the sixth largest energy distribution group in Brazil in terms of consumers. In our segment we serve approximately 6.5 million consumers in nine Brazilian states - equal to 8.1% of the total number of consumers in Brazil. Its activities include the provision of energy generation services and studies.

ENERGISA GROUP COVERAGE AREA

13 power distribution concessions across Brazil

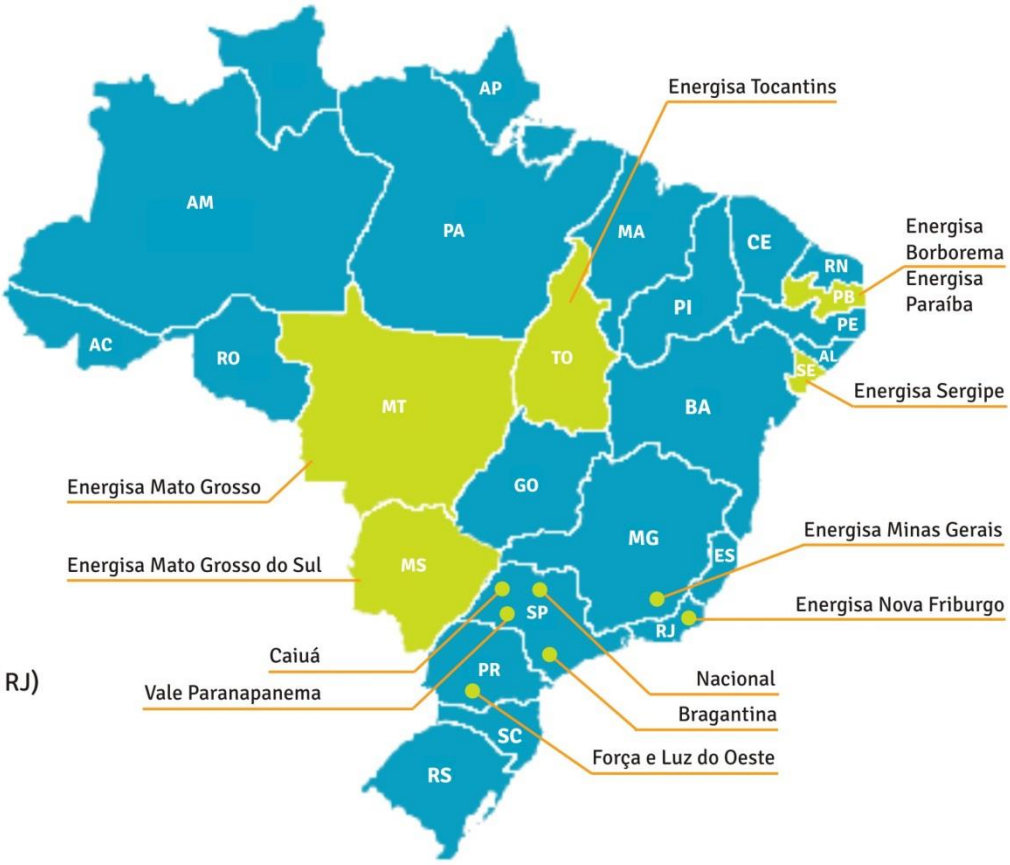
788
municipalities served

6.5 million
clients

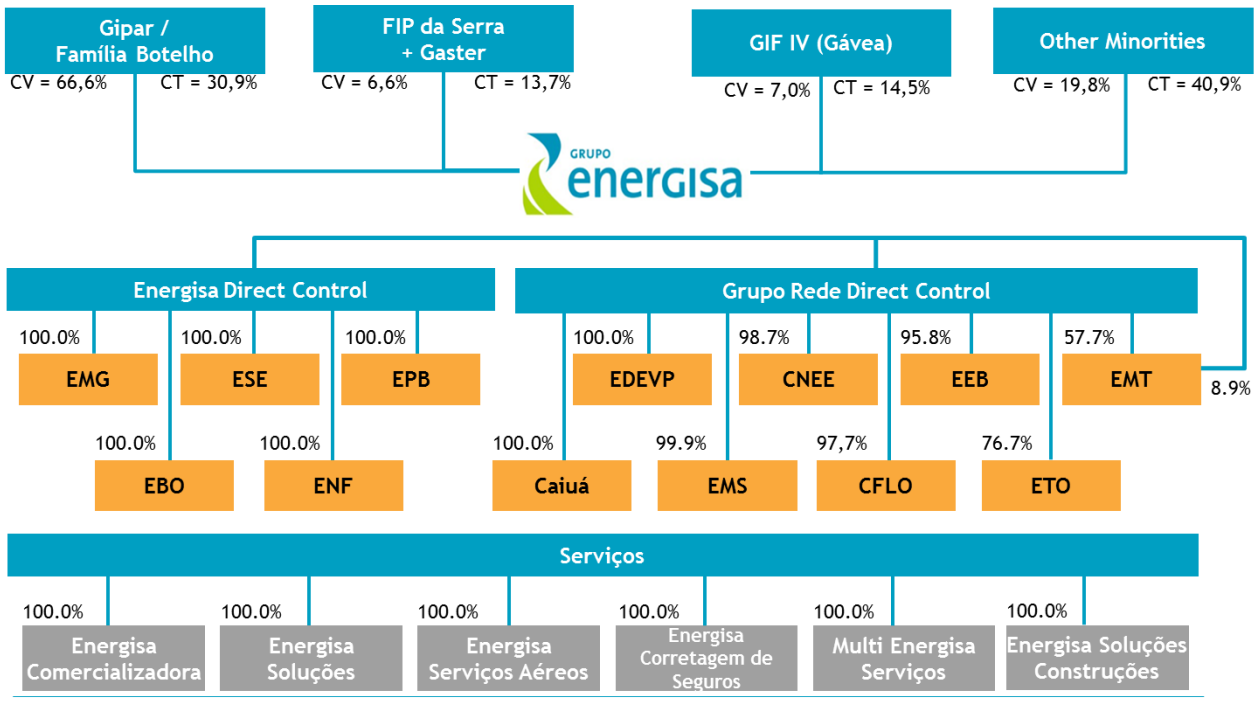
16.3 million
people served
(8.1% of Brazil population)

1,630,000 km²
total area covered
(19.1% of Brazil's territory)

6 Service companies (MG and RJ)



CORPORATE STRUCTURE OF ENERGISA GROUP
After the public share offering and capital increase in the subsidiaries



VC = Voting Capital | TC = Total Capital
(1) Potencial restructuring at Grupo Rede's holding companies to consolidate the ownership of Rede's assets.
(2) Energisa holds 96.2% of Rede Energia

2 Operating performance

2.1 Electricity sales

Still feeling the effects of the market slowdown triggered by the struggling macroeconomy, in 3Q16 invoiced captive electricity consumption dropped by 2.7% in the quarter compared with 3Q15. Contrastingly, free-market (TUSD), closed 3Q16 up by 6.8%, primarily due to the migration of clients from the captive sector. Uninvoiced consumption, in turn, dropped by 95.2 GWh, due to the change in the number of calendar days invoiced.

The following Energisa Group distribution companies experienced consumption growth (captive + free) in 3Q16: Energisa Bragantina (+1.9%), Energisa Nova Friburgo (+1.0%), Energisa Sergipe (+1.0%), Energisa Tocantins (+0.6%) and Forca e Luz do Oeste (+0,2%), boosted by residential consumption.

Energy sales by the sale subsidiary in the Free Contracts System - ACL amounted to 658.8 GWh in 3Q16, an increase of 19.5%. Energy sales to concession operators and CCEE sales, due to energy surpluses, amounted to 975.1 GWh, against 261.3 GWh in 3Q15, an increase of 273.2%. In 3Q16 the total energy sold by Energisa Group was consequently 8,555.2 GWh, an increase of 7.8%.

Total energy sales in the first nine months of 2016 amounted to 25,476.2 GWh, an increase of 5.1% over the same period last year. This performance was primarily driven by the 120.2% increase in energy sales to other concession operators and 10.4% in energy sales to free consumers (ACL – Free Contracts). Furthermore, electricity sales to end consumers (captive market) of Energisa Group's concession operators, including energy associated with free consumers (TUSD), decreased by 1.3% in the period.

Total Electricity Sold in Energisa Group

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
✓ Invoiced captive energy sales	6,022.7	6,188.9	- 2.7	18,632.7	18,872.2	- 1.3
✓ Energy transmitted to free clients (TUSD)	976.3	914.4	+ 6.8	2,724.4	2,769.1	- 1.6
Subtotal (Captive Sales + Invoiced TUSD)	**6,999.0**	**7,103.3**	- 1.5	**21,357.1**	**21,641.3**	- 1.3
✓ Uninvoiced consumption	(77.7)	18.2	-	(241.0)	(171.6)	+ 40.4
Subtotal (Captive Sales + TUSD + Uninvoiced sales)	**6,921.3**	**7,121.5**	**- 2.8**	**21,116.1**	**21,469.7**	**- 1.6**
✓ Energy sales to distributors	975.1	261.3	+ 273.2	2,637.2	1,197.6	+ 120.2
✓ Sales to free consumers (sales)	658.8	551.2	+ 19.5	1,722.9	1,561.3	+ 10.4
Total Electricity Sold - Energisa consolidated	**8,555.2**	**7,934.0**	**+ 7.8**	**25,476.2**	**24,228.6**	**+ 5.1**

The residential and rural sectors experienced strong consumption in 3Q16:

- **Residential sector (33.9% of total captive + free sales):** growth of 2.2% over 3Q15, driven by growth of 2.1% in the number of clients in this sector and the increase in family consumption, primarily in the concession areas of Energisa Tocantins (+8.9%) and Energisa Paraíba (+5.6%), due to the high temperatures experienced in the period.

- **Rural sector (10.5% of total captive + free sales):** growth of 6.8% over 3Q15, positively influenced by exports of agricultural commodities, late seeding of crops for the 2015/2016 harvest and the connection of clients in the *Luz para Todos* program in Mato Grosso state.

The following sectors experienced consumption contractions:

- **Industrial sector (23.1% of total captive + free sales):** the consumption sector most affected by the recession. Industrial consumption contracted by 8.4% over 3Q15, of which 5.8% is attributed to the following distribution companies: Energisa Minas Gerais (-23.0% in the sector, mainly due to the environmental disaster that affected a client in this distribution company's concession area), Energisa Paraíba (-14.2% in the sector, mostly due to the decrease in consumption by a textile company) and Energisa Mato Grosso (-7.4%, mainly due to the contraction in food products). We emphasize that the Industrial Business Confidence Index reached 53.7 points in September, the highest value since January 2014, moving away from the benchmark point of 50 points, demonstrating greater business confidence.

- **Commercial sector (19.2% of total captive + free sales):** decrease of 3.0% over 3Q15, primarily explained by the lower consumption in this sector in the distribution companies in the Central Western region, which experienced lower temperatures, diminishing the use of air conditioning.

- **Other sectors (13.2% of total captive + free sales):** decrease of 1.0% over 3Q15, due to the contraction in energy consumption by government authorities.

Compared with the first nine months of 2015, the residential, rural and other sectors have experienced year-to-date growth of 3.2%, 5.2% and 0.3% respectively. There was also a 10.5% contraction in industrial consumption and 1.3% contraction in the commercial segment.

Captive Sales Invoiced by Consumption Class + TUSD (Consolidated)

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
✓ **Residential**	**2,370.2**	**2,318.8**	**+ 2.2**	**7,511.4**	**7,280.8**	**+ 3.2**
✓ **Industrial**	**1,617.2**	**1,765.2**	**- 8.4**	**4,805.4**	**5,367.8**	**- 10.5**
▪ Captive	740.3	912.9	- 18.9	2,326.9	2,791.0	- 16.6
▪ Free	876.9	852.3	+ 2.9	2,478.5	2,576.8	- 3.8
✓ **Commercial**	**1,348.3**	**1,390.6**	**- 3.0**	**4,277.3**	**4,333.8**	**- 1.3**
▪ Captive	1,257.7	1,328.2	- 5.3	4,040.7	4,141.5	- 2.4
▪ Free	90.6	62.4	+ 45.2	236.6	192.3	+ 23.0
✓ **Rural**	**737.9**	**690.7**	**+ 6.8**	**1,955.0**	**1,858.9**	**+ 5.2**
▪ Captive	729.0	690.7	+ 5.5	1,945.7	1,858.9	+ 4.7
▪ Free	8.9	-	-	9.3	-	-
✓ **Other sectors**	**925.5**	**938.3**	**- 1.4**	**2,808.0**	**2,800.0**	**+ 0.3**
Energy sales to consumers (Invoiced Captive Sales)	**6,022.7**	**6,188.9**	**- 2.7**	**18,632.7**	**18,872.2**	**- 1.3**
Energy associated with free consumers (TUSD)	976.3	914.4	+ 6.8	2,724.4	2,769.1	- 1.6
Invoiced Captive Sales + TUSD	**6,999.0**	**7,103.3**	**- 1.5**	**21,357.1**	**21,641.3**	**- 1.3**
Uninvoiced consumption	(77.7)	18.2	-	(241.0)	(171.6)	+ 40.4
Invoiced Captive Sales + Uninvoiced TUSD	**6,921.3**	**7,121.5**	**- 2.8**	**21,116.1**	**21,469.7**	**- 1.6**

Note: Information per distribution company can be seen in Appendix I.

Of the total sales in the first nine months of 2016, 45.1% was made in the Central Western region, 27.1% in the North-East region of Brazil, 20.1% in the South and Southeast regions and 7.7% in the North region, the latter being served by Energisa Tocantins, which reported an impressive growth in energy sales of 7.0%.

Captive Sales + TUSD (Invoiced) by Distribution Company and Region

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
North Region	**561.7**	**558.1**	**+ 0.6**	**1,646.9**	**1,539.6**	**+ 7.0**
✓ Energisa Tocantins	561.7	558.1	+ 0.6	1,646.9	1,539.6	+ 7.0
Northeast Region	**1,895.4**	**1,910.5**	**- 0.8**	**5,792.6**	**6,080.5**	**- 4.7**
✓ Energisa Paraíba	1,010.2	1,029.8	- 1.9	3,046.7	3,185.5	- 4.4
✓ Energisa Sergipe	732.3	724.8	+ 1.0	2,284.3	2,383.6	- 4.2
✓ Energisa Borborema	152.9	155.9	- 1.9	461.6	511.4	- 9.7
Central and Western Region	**3,169.0**	**3,229.0**	**- 1.9**	**9,628.0**	**9,614.0**	**+ 0.1**
✓ Energisa Mato Grosso	2,025.1	2,068.8	- 2.1	5,980.1	5,915.3	+ 1.1
✓ Energisa Mato Grosso do Sul	1,143.9	1,160.2	- 1.4	3,647.9	3,698.7	- 1.4
South/Southeast Region	**1,372.8**	**1,405.7**	**- 2.3**	**4,289.6**	**4,407.2**	**- 2.7**
✓ Energisa Minas Gerais	359.0	383.0	- 6.3	1,097.5	1,175.9	- 6.7
✓ Energisa Nova Friburgo	81.9	81.1	+ 1.0	244.5	248.4	- 1.5
✓ Caiuá	248.9	257.9	- 3.5	830.4	842.7	- 1.5
✓ Vale Paranapanema	207.4	211.4	- 1.9	667.1	680.9	- 2.0
✓ Bragantina	271.5	266.4	- 1.9	803.9	808.2	- 0.5
✓ Nacional	132.9	134.8	- 1.4	433.2	433.5	- 0.1
✓ Força e Luz do Oeste	71.2	71.1	+ 0.2	213.0	217.6	- 2.1
Total - Distribution in Brazil's five regions	**6,999.0**	**7,103.3**	**- 1.5**	**21,357.1**	**21,641.3**	**- 1.3**

Energisa closed the first nine months of 2016 with 6,484,582 captive consumer units, or 1.7% more than at the end of September 2015. The portfolio of free consumers reached 390 consumers in September 2016, against 241 in September 2015. In 9M16 Energisa invoiced these consumers for R$ 511.8 million (R$ 177.8 million in 3Q16), against R$ 355.0 million in 9M16 (R$ 128.7 million in 3Q15).

Number of captive and free consumers by region

Distribution company	Number of Consumers	
	Captive	Free
North Region	**560,288**	**10**
✓ Energisa Tocantins	560,288	10
Northeast Region	**2,326,603**	**67**
✓ Energisa Paraíba	1,373,042	28
✓ Energisa Sergipe	745,804	34
✓ Energisa Borborema	207,757	5
Central and Western Region	**2,303,616**	**220**
✓ Energisa Mato Grosso	1,317,827	147
✓ Energisa Mato Grosso do Sul	985,789	73
South/Southeast Region	**1,294,075**	**90**
✓ Energisa Minas Gerais	437,478	37
✓ Energisa Nova Friburgo	103,797	1
✓ Caiuá	242,366	11
✓ Vale Paranapanema	180,590	15
✓ Bragantina	155,866	20
✓ Nacional	116,218	5
✓ Força e Luz do Oeste	57,760	4
Total	**6,484,582**	**390**

2.1.1 Energy Balance Sheet

Energy Balance Sheet - Energisa Distribution Companies

Description Amounts in GWh	Nine months (9M16)						
	EMG	ENF	ESE	EBO	EPB	EMT	EMS
(a) Energy required (a=b+c+d+e+h+i)	1,246.3	277.5	2,882.1	524.0	3,595.7	7,068.5	4,207.6
(b) Energy sold in the captive market	905.4	244.4	1,802.3	455.7	2,756.0	5,103.8	3,232.6
✓ Residential	371.3	120.3	765.6	175.8	1,218.7	1,921.0	1,255.8
✓ Industrial	107.4	36.7	184.5	99.8	342.7	572.4	356.2
✓ Commercial	178.6	52.7	385.1	110.0	525.1	1,146.5	783.3
✓ Rural	132.6	4.1	79.5	17.8	184.6	806.6	354.8
✓ Public sector and own consumption	115.5	30.5	387.6	52.2	484.9	657.2	482.5
(c) Transmission of energy free clients (TUSD)	192.1	0.1	482.0	6.0	290.7	876.3	415.3
(d) Unbilled consumption	(9.7)	(2.4)	(18.8)	(2.9)	(32.5)	(74.1)	(73.3)
(e) Energy sales to concession operators	-	-	332.7	0.9	-	0.0	-
(f) Sale of Electricity CCEE	82.5	-	273.5	87.8	386.1	226.8	573.6
(g) Total Energy Sold (g=b+d+e+f)	**978.2**	**242.1**	**2,389.7**	**541.5**	**3,109.6**	**5,256.4**	**3,732.8**
(h) Energy exchange	30.5	22.1	16.3	24.4	97.3	4.3	15.2
(i) Distribution losses	128.0	13.3	267.6	40.0	484.3	1,158.2	617.8
(j) Losses in High-Voltage National Grid	11.4	-	58.0	10.9	77.9	94.1	57.7
(k) Total Electricity Received (k=b+d+e+f+i+j)	**1,117.6**	**255.4**	**2,715.4**	**592.4**	**3,671.7**	**6,508.7**	**4,408.3**

Energy Balance Sheet - Energisa Distribution Companies (continued)

Description Amounts in GWh	Nine months (9M16)						
	ETO	Caiuá	EDEVP	EEB	CNEE	CFLO	Consolidated
(a) Energy required (a=b+c+d+e+h+i)	1,941.1	944.1	716.9	845.6	493.4	220.4	24,963.2
(b) Energy sold in the captive market	1,602.2	793.2	609.1	511.1	410.4	206.6	18,632.7
✓ Residential	683.9	338.2	237.1	184.5	170.9	68.3	7,511.4
✓ Industrial	201.1	82.6	89.4	129.9	61.9	62.2	2,326.9
✓ Commercial	309.0	199.5	116.4	98.2	90.6	45.9	4,040.7
✓ Rural	158.7	44.3	78.1	50.0	29.5	5.1	1,945.7
✓ Public sector and own consumption	249.5	128.7	88.1	48.4	57.6	25.2	2,808.0
(c) Transmission of energy free clients (TUSD)	44.8	37.2	58.0	292.7	22.8	6.4	2,724.4
(d) Unbilled consumption	(4.0)	(10.0)	(5.2)	(2.2)	(5.1)	(0.8)	(241.0)
(e) Energy sales to concession operators	-	-	-	-	22.4	-	356.0
(f) Sale of Electricity CCEE	312.8	106.0	90.9	89.7	51.6	-	2,281.3
(g) Total Energy Sold (g=b+d+e+f)	**1,910.9**	**889.3**	**694.8**	**598.5**	**479.3**	**205.8**	**21,028.9**
(h) Energy exchange	1.6	51.4	-	-	-	-	263.0
(i) Distribution losses	296.6	72.2	54.9	44.1	42.9	8.2	3,228.1
(j) Losses in High-Voltage National Grid	30.7	30.1	20.7	19.0	10.6	-	421.0
(k) Total Electricity Received (k=b+d+e+f+i+j)	**2,238.2**	**991.5**	**770.5**	**661.6**	**532.8**	**214.0**	**24,678.1**

The Electricity Purchase Contracts in a Regulated Environment (ACRs), bilateral contacts, distributed energy contracts and the settlement of differences in the Electricity Trading Chamber (CCEE) of Energisa Group amounted to 24,678.1 GWh in 9M16 to meet the energy demanded by the Group's system.

Portfolio of Contracts - Energisa Group's Distribution Companies

Description Amounts in GWh	Nine months (9M16)						
	EMG	ENF	ESE	EBO	EPB	EMT	EMS
(a) Energy purchased	1,117.6	254.9	2,715.4	592.4	3,671.7	5,584.7	4,378.0
✓ Bilateral	428.6	-	96.7	67.0	329.6	1,613.5	40.1
✓ Energy Auctions	163.1	-	1,489.8	292.8	1,796.6	1,722.5	2,037.4
✓ Itaipu Quota	214.0	-	-	-	-	994.6	645.1
✓ PROINFA Quota	22.1	6.1	49.7	12.4	68.0	123.5	81.0
✓ ANGRA Quota	35.8	-	82.6	20.8	111.2	180.0	123.6
✓ Physical Guarantee Quota (95%)	253.9	-	996.5	199.5	1,366.4	946.2	1,152.2
✓ Supply Contract	-	248.8	-	-	-	-	-
✓ Generation distributed	-	-	-	-	-	4.4	298.7
(b) Internal Generation / Embedded / Desverticalized	-	0.5	-	-	-	901.3	0.7
(c) Settlement at CCEE	-	-	-	-	-	22.7	29.6
(d) Total Electricity Received (d=a+b+c)	**1,117.6**	**255.4**	**2,715.4**	**592.4**	**3,671.7**	**6,508.7**	**4,408.3**

Portfolio of Contracts - Energisa Group Distribution Companies (Continued)

Description Amounts in GWh	Nine months (9M16)						
	ETO	CAIUÁ	EDEVP	EEB	CNEE	CFLO	Consolidated
(a) Energy purchased	2,084.0	985.7	770.5	661.6	527.4	214.0	23,557.9
✓ Bilateral	143.5	144.9	144.3	148.6	-	-	3,156.7
✓ Energy Auctions	1,315.9	345.6	274.4	252.0	234.8	-	9,924.7
✓ Itaipu Quota	-	196.8	140.9	131.4	99.6	-	2,422.5
✓ PROINFA Quota	36.1	20.0	15.5	12.5	10.3	5.3	462.4
✓ ANGRA Quota	50.8	34.1	26.6	22.1	17.3	-	705.0
✓ Physical Guarantee Quota (95%)	497.3	244.4	168.9	95.1	165.3	-	6,085.7
✓ Supply Contract	-	-	-	-	-	208.7	457.5
✓ Generation distributed	40.5	-	-	-	-	-	343.6
(b) Internal Generation / Embedded / Desverticalized	154.2	-	-	-	-	-	1,056.8
(c) Settlement at CCEE	-	5.8	-	-	5.3	-	63.4
(d) Total Electricity Received (d=a+b+c)	**2,238.2**	**991.5**	**770.5**	**661.6**	**532.8**	**214.0**	**24,678.1**

2.1.2 Electricity losses

Total consolidated losses in the past 12 months ended September 2016 amounted to 4,218 GWh, accounting for 12.53% of the Required Energy, 0.18 percent more than that reported in June 2016. This modest increase in total percentage losses is the direct result of lower energy consumption, the worsening of the macroeconomy and changes in technical losses.

Energisa Group is committed to reducing losses, especially at Energisa Mato Grosso and Energisa Tocantins, and has been intensifying combat actions such as:

- Expanding the operations of the Intelligence Centre for Combating Losses;
- Increase in the number of meter inspection and verification teams;
- Replacement of obsolete meters and “CP network”;
- Intensifying the recount of public lighting points
- Expanding partnerships with local media and police authorities, and
- Exchanging professionals between pioneering companies and acquired companies.

DisCos Last 12 Months % Required Energy	Technical Losses (%)				Non-techinal Losses (%)				Total Losses (%)				
	sep/15	jun/16	sep/16	Regulatory level	sep/15	jun/16	sep/16	Regulatory level	sep/15	jun/16	sep/16	Regulatory level	
Energisa Minas Gerais	9.91	9.22	9.45	8.64	-0.39	0.54	0.65	0.52	9.52	9.76	10.10	9.16	🔴
Energisa Nova Friburgo	5.13	5.26	5.12	5.53	-0.31	-0.79	-0.60	0.35	4.83	4.47	4.52	5.88	🟢
Energisa Sergipe	6.04	6.39	6.66	8.04	2.88	2.67	2.39	3.29	8.92	9.06	9.04	11.33	🟢
Energisa Borborema	6.44	6.88	7.13	4.51	-0.12	0.43	0.30	3.56	6.32	7.31	7.42	8.07	🟢
Energisa Paraíba	10.38	10.06	9.92	9.30	2.09	2.53	3.37	4.66	12.47	12.60	13.29	13.96	🟢
Energisa Mato Grosso	10.07	9.74	9.71	9.91	3.98	5.54	6.03	3.76	14.05	15.28	15.74	13.67	🔴
Energisa Mato Grosso do Sul	9.49	10.05	10.09	12.29	4.72	4.36	4.18	3.02	14.21	14.40	14.27	15.31	🟢
Energisa Tocantins	11.83	11.71	11.57	12.64	2.50	3.12	3.19	1.27	14.33	14.83	14.76	13.91	🔴
Caiuá	6.39	6.29	6.28	6.78	1.70	1.34	1.03	0.70	8.09	7.63	7.31	7.48	🟡
Vale Paranapanema	6.91	6.77	6.83	7.01	0.43	0.81	0.49	0.23	7.33	7.58	7.32	7.24	🟡
Bragantina	4.92	4.97	5.05	4.95	0.21	0.28	0.03	0.06	5.13	5.24	5.08	5.01	🟡
Nacional	8.46	8.26	8.37	7.17	-0.32	-0.18	-0.23	0.16	8.14	8.08	8.14	7.34	🔴
Força e Luz do Oeste	3.40	3.43	3.48	3.39	0.66	0.48	-0.05	-	4.06	3.90	3.43	3.39	🟡
Energisa's Consolitaded	**9.02**	**9.01**	**9.03**	**9.53**	**2.80**	**3.33**	**3.50**	**2.87**	**11.82**	**12.35**	**12.53**	**12.40**	🔴

Notes: To calculate the percentages presented above, we considered the values of Uninvoiced Energy.
The percentage of the regulatory targets and trajectories for losses are determined in the periodical rate review process. ESE, EBO, EPB, EMT, EMS are in the 3rd CRTP and the other distribution companies are in the 4th CRTP. Regulatory loss without basic grid and A1 market.

Losses 12 Months GWh	Technical Losses (GWh)				Non-Technical Losses (GWh)				Total Losses (GWh)			
	Sep/15	Jun/16	Sep/16	Change (%) Sep/16 vs. Jun/16	Sep/15	Jun/16	Sep/16	Change (%) Sep/16 vs. Jun/16	Sep/15	Jun/16	Sep/16	Change (%) Sep/16 vs. Jun/16
Energisa Minas Gerais	175.1	158.2	159.9	+ 1.1	-6.9	9.3	11.0	+ 18.0	168.2	167.5	170.9	+ 2.1
Energisa Nova Friburgo	19.6	19.5	19.0	- 2.9	-1.2	-2.9	-2.2	- 24.7	18.4	16.6	16.8	+ 1.0
Energisa Sergipe	236.4	246.2	257.4	+ 4.5	112.7	103.0	92.3	- 10.4	349.1	349.3	349.7	+ 0.1
Energisa Borborema	51.1	49.0	50.4	+ 2.9	-1.0	3.1	2.1	- 31.7	50.1	52.0	52.5	+ 0.8
Energisa Paraíba	513.3	485.1	481.4	- 0.8	103.2	121.9	163.3	+ 33.9	616.5	607.1	644.6	+ 6.2
Energisa Mato Grosso	945.1	935.7	924.5	- 1.2	374.1	531.6	573.8	+ 7.9	1,319.2	1,467.3	1,498.3	+ 2.1
Energisa Mato Grosso do Sul	556.7	580.9	578.0	- 0.5	276.4	251.9	239.1	- 5.1	833.1	832.8	817.1	- 1.9
Energisa Tocantins	284.3	301.6	299.1	- 0.8	60.2	80.4	82.5	+ 2.6	344.5	382.0	381.6	- 0.1
Caiuá	84.1	81.8	80.8	- 1.2	22.4	17.5	13.3	- 24.0	106.5	99.3	94.1	- 5.2
Vale Paranapanema	68.2	65.5	65.7	+ 0.3	4.2	7.9	4.7	- 39.8	72.4	73.3	70.4	- 4.0
Bragantina	56.2	55.8	56.9	+ 2.0	2.4	3.1	0.3	- 89.6	58.6	58.9	57.2	- 2.8
Nacional	56.6	55.8	56.5	+ 1.2	-2.2	-1.2	-1.6	+ 29.5	54.4	54.6	54.9	+ 0.6
Força e Luz do Oeste	10.4	10.1	10.2	+ 1.3	2.0	1.4	-0.2	- 111.1	12.4	11.5	10.0	- 12.4
Energisa - Consolidated	**3,057.0**	**3,045.1**	**3,039.7**	**- 0.2**	**946.5**	**1,127.0**	**1,178.3**	**+ 4.6**	**4,003.4**	**4,172.0**	**4,218.0**	**+ 1.1**

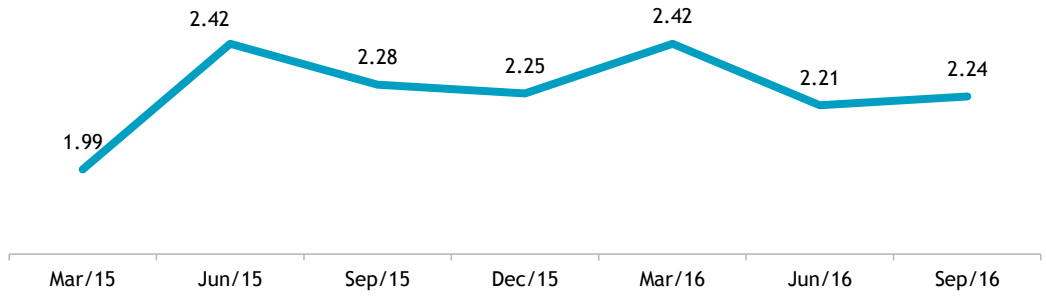
Note: We considered the values of Uninvoiced Energy.

2.1.3 Default management

Energisa Group's distribution companies have been intensifying initiatives to collect electricity bills to combat the increase in default, with easy non-bureaucratic payment mechanisms at service centers, online and through the call center and intensifying blacklisting and energy cut-off actions. As a result, default amongst Energisa Group's consumers in the last 12 months ended September 2016 was slightly lower (2.24%) than September 2015.

Distribution company	Default Last 12 months (%)		
	9M16	9M15	Change %
Energisa Minas Gerais	1.35	1.44	- 6.2
Energisa Nova Friburgo	1.23	1.46	- 15.8
Energisa Sergipe	1.96	2.05	- 4.4
Energisa Borborema	1.40	1.51	- 7.3
Energisa Paraíba	2.24	2.11	+ 6.2
Energisa Mato Grosso	2.55	2.40	+ 6.3
Energisa Mato Grosso do Sul	3.00	3.13	- 4.2
Energisa Tocantins	2.91	2.90	+ 0.3
Caiuá	0.88	1.16	- 24.1
Bragantina	1.11	1.76	- 36.9
Nacional	0.93	1.33	- 30.1
Vale Paranapanema	0.77	1.08	- 28.7
Força e Luz do Oeste	0.70	2.35	- 70.2
Energisa - Consolidated	**2.24**	**2.28**	- 1.8

Default - Last 12 months (%)



2.2 Service quality indicators - DEC and FEC

The DEC and FEC indicators (moving average 12 months) improved substantially in the concessions in the North-east and Central Western regions.

See below the important reductions at Energisa Sergipe (DEC: -15.3% and FEC: -18.2%), Energisa Borborema (DEC: -21.4% and FEC: -31.7%) and Energisa Paraíba (DEC: -9.5% and FEC: -16,5%), which reported the lowest ever levels, due to the prioritization of quality investments made by Energisa Group since the privatization of these distribution companies.

Of the companies acquired from Rede Group, Energisa Mato Grosso experienced a sharp reduction in the DEC (-15.0%) and FEC (-18.9%) indicator.

However, the distribution companies in São Paulo and Tocantins states were heavily impacted by the intensification of high winds and lightning strikes in the concession areas, especially during the 2016/16 summer time.

In order to continually enhance the quality indicators, not only to meet regulatory targets but above all to ensure the well-being of their consumers, we present the following initiatives implemented by Energisa Group:

- Automation of substations
- Individual productivity targets for electricians
- High-performance logistics (reduction in the average time taken for the departure of field vehicles);
- Use of mobility (tablets/smartphones)
- Intensification and enhancement of pruning activities
- Thermal vision and correction of hot points
- Installation of spacer rings and lightning arrestors; and
- Acquisition of portable equipment to carry out emergency and preventive maintenance.

The quality indicators performed as follows in the last 12 months ended September:

Quality Indicators Moving Average 12 months	DEC (hours)			FEC (times)			DEC limit	FEC limit
	Sep/15	Sep/16	Change %	Sep/15	Sep/16	Change %	Dec/16	Dec/16
Energisa Minas Gerais	10.01	10.70	+ 6.9	6.64	8.18	+ 23.1	11.57	9.43
Energisa Nova Friburgo	7.16	8.79	+ 22.8	5.56	8.65	+ 55.6	11.37	10.31
Energisa Sergipe	13.89	11.76	- 15.3	8.26	6.76	- 18.2	13.60	10.22
Energisa Borborema	6.22	4.89	- 21.4	4.64	3.17	- 31.7	13.79	10.49
Energisa Paraíba	18.34	16.59	- 9.5	8.14	6.80	- 16.5	19.31	12.43
Energisa Mato Grosso	28.79	24.48	- 15.0	22.18	17.99	- 18.9	24.99	20.97
Energisa Tocantins	31.11	31.90	+ 2.6	14.07	16.52	+ 17.4	28.48	20.50
Energisa Mato Grosso do Sul	13.61	12.79	- 6.1	7.46	6.19	- 17.0	12.79	9.77
Energisa Sul Sudeste	9.40	9.87	+ 5.0	7.65	7.64	- 0.1	8.70	9.21
Caiuá	*10.30*	*11.28*	*+ 9.6*	*8.21*	*9.06*	*+ 10.3*	*7.79*	*8.53*
Vale Paranapanema	*7.07*	*7.17*	*+ 1.4*	*6.14*	*4.71*	*- 23.4*	*9.45*	*9.33*
Bragantina	*14.19*	*14.13*	*- 0.4*	*9.24*	*8.67*	*- 6.1*	*9.91*	*11.10*
Nacional	*6.93*	*7.81*	*+ 12.7*	*8.42*	*9.62*	*+ 14.2*	*8.48*	*8.56*
Força e Luz do Oeste	*5.20*	*5.08*	*- 2.2*	*4.30*	*4.08*	*- 5.1*	*7.40*	*8.00*

Note: Weighted averages according to the number of clients were calculated for the presentation of Energisa Sul Sudeste.

3 Financial performance

3.1 Net operating revenue

In 3Q16 consolidated net operating revenue, excluding construction revenue, amounted to R$ 2,559.7 million, in line with the R$ 2,589.4 million reported in 3Q15.

In the first nine months of 2016, net operating revenue minus construction revenue was R$ 7,409.7 million, a decrease of 4.9%, on the amount determined in 9M15 (R$ 7,791.5 million).

This decrease in 9M16 was primarily due to the 2.8% decrease in sales (captive + free market + uninvoiced consumption), partially offset by positive rate adjustments for distribution companies.

See below the net operating revenue by consumption sector:

Description	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
(+) Electricity revenue (captive market)	3,407.7	3,759.7	- 9.4	10,813.0	10,795.3	+ 0.2
✓ Residential	1,461.9	1,516.5	- 3.6	4,739.2	4,474.8	+ 5.9
✓ Industrial	417.2	580.5	- 28.1	1,334.9	1,656.6	- 19.4
✓ Commercial	809.4	899.1	- 10.0	2,619.2	2,615.9	+ 0.1
✓ Rural	316.4	319.0	- 0.8	870.3	812.7	+ 7.1
✓ Other sectors	402.8	444.6	- 9.4	1,249.4	1,235.3	+ 1.1
(+) Electricity sales to distributors	207.5	102.6	+ 102.2	425.2	342.8	+ 24.0
(+) Net Unbilled Sales	(38.9)	(4.3)	+ 804.7	(140.9)	66.5	- 311.9
(+) Electricity network usage charges	177.8	128.7	+ 38.2	511.8	355.0	+ 44.2
(+) Construction revenue	414.8	377.9	+ 9.8	1,036.6	907.5	+ 14.2
(+) Creation and amortization - CVA assets and liabilities	(15.5)	86.5	- 117.9	(466.6)	102.3	- 556.1
(+) Subsidies for services awarded under concession	203.0	196.4	+ 3.4	595.6	605.7	- 1.7
(+) Other revenue	144.9	143.2	+ 1.2	445.6	419.9	+ 6.1
(=) Gross revenue	**4,501.3**	**4,790.7**	**- 6.0**	**13,220.3**	**13,595.0**	**- 2.8**
(-) Sales taxes	1,161.8	1,204.7	- 3.6	3,628.8	3,523.8	+ 3.0
(-) Rate flag deductions	(0.1)	104.3	- 100.1	(1.2)	223.4	- 100.5
(-) Sector charges	365.1	514.4	- 29.0	1,146.4	1,148.8	- 0.2
(=) Net revenue	**2,974.5**	**2,967.3**	**+ 0.2**	**8,446.3**	**8,699.0**	**- 2.9**
(-) Construction revenue	414.8	377.9	+ 9.8	1,036.6	907.5	+ 14.2
(=) Net revenue, without construction revenue	**2,559.7**	**2,589.4**	**- 1.1**	**7,409.7**	**7,791.5**	**- 4.9**

See below the net operating revenue of the subsidiaries by segment:

Net revenue by segment Amounts in R$ million	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
I Segment - Electricity distribution	**2,848.4**	**2,785.1**	**+ 2.3**	**8,082.7**	**8,185.7**	**- 1.3**
✓ Energisa Minas Gerais	148.2	169.3	- 12.5	405.6	444.6	- 8.8
✓ Energisa Nova Friburgo	37.7	42.1	- 10.5	110.9	107.7	+ 3.0
✓ Energisa Sergipe	248.6	245.0	+ 1.5	751.2	755.0	- 0.5
✓ Energisa Borborema	57.2	49.1	+ 16.5	163.5	145.3	+ 12.5
✓ Energisa Paraíba	401.2	360.6	+ 11.3	1,118.4	1,100.9	+ 1.6
✓ Energisa Mato Grosso	829.9	874.9	- 5.1	2,361.5	2,519.7	- 6.3
✓ Energisa Mato Grosso do Sul	477.6	462.2	+ 3.3	1,406.1	1,498.7	- 6.2
✓ Energisa Tocantins	338.0	251.7	+ 34.3	858.9	673.6	+ 27.5
✓ Companies in south southeast	**310.0**	**330.2**	**- 6.1**	**906.6**	**940.2**	**- 3.6**
✓ *Caiuá*	*90.8*	*102.5*	*- 11.4*	*262.3*	*289.5*	*- 9.4*
✓ *Vale Paranapanema*	*76.4*	*81.3*	*- 6.0*	*213.8*	*229.1*	*- 6.7*
✓ *Bragantina*	*76.2*	*74.7*	*+ 2.0*	*217.0*	*204.4*	*+ 6.2*
✓ *Nacional*	*44.0*	*45.1*	*- 2.4*	*135.5*	*138.9*	*- 2.4*
✓ *Força e Luz do Oeste*	*22.6*	*26.6*	*- 15.0*	*78.0*	*78.3*	*- 0.4*
II - Segment - Electricity sales and services	**183.2**	**156.4**	**+ 17.1**	**535.3**	**448.0**	**+ 19.5**
✓ Energisa Comercializadora	117.3	97.9	+ 19.8	309.5	297.5	+ 4.0
✓ Energisa Soluções e Energisa Soluções Construções	38.7	37.2	+ 4.0	139.6	85.2	+ 63.8
✓ Energisa S/A	17.2	14.5	+ 18.6	50.4	42.7	+ 18.0
✓ Multi Energisa	8.7	6.2	+ 40.3	32.5	20.4	+ 59.3
✓ Others	1.3	0.6	+ 116.7	3.3	2.2	+ 50.0
(=) Total - Segments I+II	**3,031.6**	**2,941.5**	**+ 3.1**	**8,618.0**	**8,633.7**	**- 0.2**
(=) Energisa Consolidated	**2,974.5**	**2,967.3**	**+ 0.2**	**8,446.3**	**8,699.0**	**- 2.9**
(-) Construction revenue	414.8	377.9	+ 9.8	1,036.6	907.5	+ 14.2
(=) Energisa Consolidated, without construction revenue	**2,559.7**	**2,589.4**	**- 1.1**	**7,409.7**	**7,791.5**	**- 4.9**

Note: Net revenue by consumption sector and distribution company can be seen in Appendix I.

3.2 Regulatory environment

3.2.1 Rate flags

The "Rate Flag System" came into force in January 2015, which automatically passes through to end consumers the cost incurred by the distribution company whenever energy purchases are affected by more expensive thermal energy. This mechanism aims to diminish the financial burden between the rate adjustments and to alleviate the cash outflows incurred by the distribution companies in the short term.

In February 2016 Aneel value of the yellow flag surcharge by 40%: from R$ 2.50 to R$ 1.50. The red flag was also split into two levels: level 1 with an additional charge of R$ 3.00 for each 100 KWh consumed; and level 2, maintained at R$ 4.50 per 100 kWh.

Energisa's consolidated revenue from rate flags in 9M16 was R$ 227.2 million, compared with R$ 835.9 million in the same period of 2015.

3.2.2 Rate reviews and adjustments

In 2016 Aneel ratified the 4th Cycle of the Periodical Rate Reviews ("4CRT") of eight subsidiaries of Energisa S/A. Energisa Tocantins' rate review in July had its Remuneration Base provisionally ratified by Aneel. This review is provisional due to the measurement of the distribution company's remuneration base in respect of written-off assets only. Aneel will only determine the adequate value of the write-offs at the next rate event (in August 2017), whereupon the Company expects to reverse up to R$ 31 million of write-offs in the amounts already included in the Ratified Base. This effect is equal to 5.3% of the Remuneration Base already recognized in the last rate event.

Energisa Group's other distribution companies will have their review processes ("4CRTP") ratified in February 2017 (Energisa Borborema), August 2017 (Energisa Paraíba) and April 2018 (Energia Mato Grosso, Energia Mato Grosso do Sul and Energia Sergipe).

The effect for consumers deriving from the review processes in the last twelve months were as follows:

Distribution company	Effect on Consumers (%)			Start of term	Case Review
	Low Voltage	High and Medium Voltage	Medium		
Energisa Minas Gerais	1.68	3.86	2.16	6/22/2016	4CRTP
Energisa Nova Friburgo	6.69	17	8.86	6/22/2016	4CRTP
Energisa Sergipe	5.55	4.74	5.24	4/22/2016	Annual Adjustment
Energisa Borborema	7.47	5.97	6.91	2/4/2016	Annual Adjustment
Energisa Paraíba	5.17	5.04	5.13	8/28/2016	Annual Adjustment
Energisa Mato Grosso	9.11	7.58	8.6	4/8/2016	Annual Adjustment
Energisa Mato Grosso do Sul	7.4	6.75	7.19	4/8/2016	Annual Adjustment
Energisa Tocantins	13.79	9.99	12.81	7/4/2016	4CRTP
Caiuá	-2.32	2.84	-0.94	5/10/2016	4CRTP
Vale Paranapanema	-0.33	6.2	1.69	5/10/2016	4CRTP
Bragantina	1.68	2.06	1.84	5/10/2016	4CRTP
Nacional	-1.15	1.9	-0.37	5/10/2016	4CRTP
Força e Luz do Oeste	-13.84	-20.09	-16.48	6/29/2016	4CRTP

3.2.3 Regulatory remuneration base

The process of valuing assets of the regulatory remuneration base uses the VNR – New Replacement Value, which denotes the value at current market prices of an identical, similar or equivalent asset subject to replacement, which provide the same services and have the same capacity as the existing asset, including all the expenses necessary to install it.

The Regulatory remuneration base consists of the values of the following items:

i) Property Plant and Equipment in Service (AIS)
   - Land
   - Buildings, civil works and improvements
   - Machinery and equipment

ii) Intangible assets - Easements

iii) Operations Warehouse

iv) Special Obligations

The Net Remuneration Base of the distribution companies that underwent the 4th cycle rose by 70.3% to R$ 1,471.7 million.

The performance of the net remuneration bases (BRL) of Energisa Group's distribution companies and the dates of the next Rate Reviews (RT) are as follows:

Distribution company	Net Remuneration Base (BRL) (In R$ million) [1]		Change (%)	Rate review date	
	Cycle 3	Cycle 4		Cycle 4	Cycle 5
Caiuá	101.4	154.3	+ 52.2	May/16	May/21
Nacional	47.3	75.8	+ 60.3	May/16	May/21
Bragantina	87.5	139.9	+ 59.9	May/16	May/21
Vale Paranapanema	68.3	100.8	+ 47.6	May/16	May/21
Força e Luz do Oeste	14.9	20.8	+ 39.6	Jun/16	Jun/21
Energisa Minas Gerais	218.3	308	+ 41.1	Jun/16	Jun/21
Energisa Nova Friburgo	69.2	95	+ 37.3	Jun/16	Jun/21
Energisa Tocantins	257.1	577.1	+ 124.5	Aug/16	Aug/20
Subtotal 4th Cycle	**864.0**	**1,471.7**	**+ 70.3**		
Energisa Borborema	67,0	- [2]		Feb/17 [2]	Feb/21
Energisa Paraíba	827.3	- [2]		Aug/17 [2]	Aug/21
Energisa Sergipe	497.6	- [2]		Apr/18 [2]	Apr/23
Energisa Mato Grosso	1,693.5	- [2]		Apr/18 [2]	Apr/23
Energisa Mato Grosso do Sul	1,152.6	- [2]		Apr/18 [2]	Apr/23
Total	**5,102.1**	**-**			
WACC (before tax)	**11.36%**	**12.26%**			

[1] RT date prices (months before the adjustment in each cycle). | [2] BRL not ratified by ANEEL, distribution companies have not yet had the rate review in the cycle.

3.2.4 Rate reviews (B Portion)

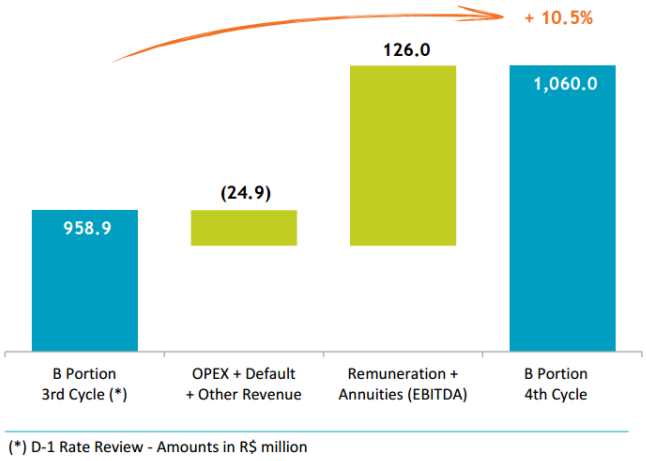
A summary of the results of the 4th cycle of rate reviews of these eight distribution companies resulted in positive variance in both the "B" Portion and Net Remuneration Base (Net RAB).

Portion B rose by 10.5% in real terms over the previous date (D-1) in the rate review applied, reaching R$ 1,060.0 million. The growth in the B Portion was primarily influenced by the intensification and rate recognition of the investments made.

Distribution company	B portion (R$ million)			
	Cycle 3 (*DRA)	Cycle 4	Change (R$ million)	Change %
Bragantina	80.0	84.0	+ 4.0	+ 5.0
Caiuá	95.8	105.7	+ 9.9	+ 10.3
Nacional	53.9	56.9	+ 3.0	+ 5.6
Vale Paranapanema	78.8	86.1	+ 7.3	+ 9.3
Energisa Minas Gerais	200.1	211.2	+ 11.1	+ 5.5
Energisa Nova Friburgo	40.1	46.2	+ 6.1	+ 15.2
Força e Luz do Oeste	21.7	23.9	+ 2.2	+ 10.1
Energisa Tocantins	388.5	446.0	+ 57.5	+ 14.8
Total	**958.9**	**1,060.0**	**+ 101.1**	**+ 10.5**

(*) D-1 of the Rate review. DRA – Previous Reference Date: defined as the date the last rate process ratified by Aneel is effective from, be it an adjustment or rate review, which includes the costs incurred and revenue earned in the twelve months relating to the rate process.

Growth of B Portion between 3rd and 4th Rate Review Cycles (R$ million)



(*) D-1 Rate Review - Amounts in R$ million

3.2.5 Rate adjustments (B Portion)

The rate adjustments made in 2016 had the following impacts on the B Portion to be reflected in the 12 months following ratification:

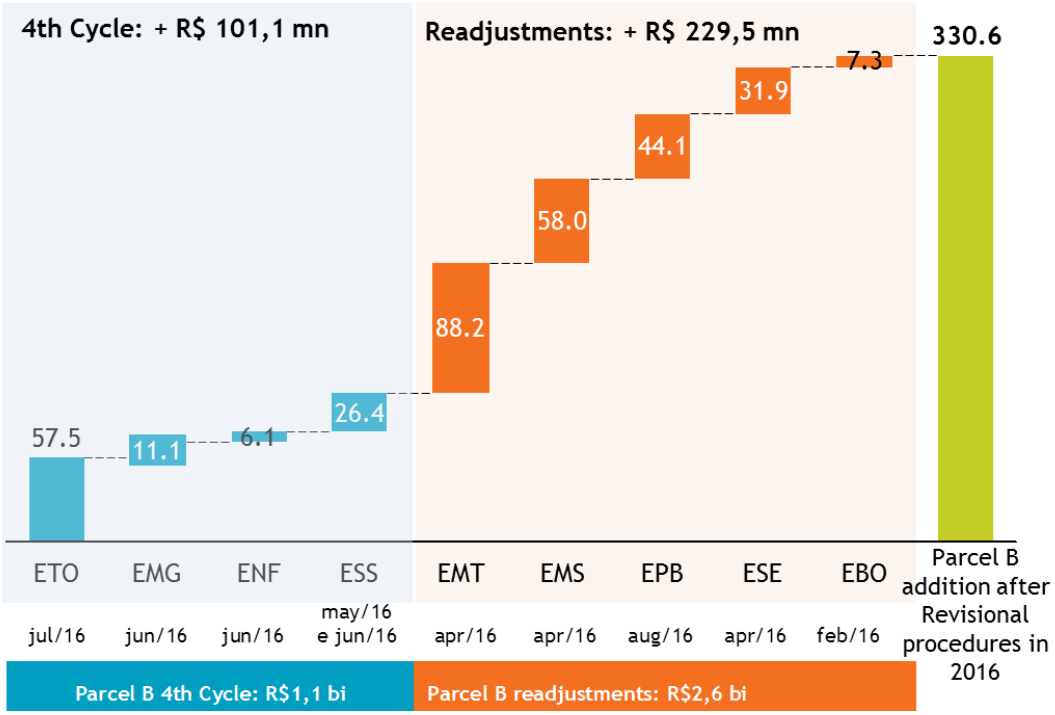
Distribution company	B portion (R$ million)		
	DRA (*)	DRP (**)	Change (R$ million)
Borborema	64.9	72.2	+ 7.3
Energisa Mato Grosso do Sul	592.6	650.6	+ 58.0
Energisa Mato Grosso	899.6	987.8	+ 88.2
Energisa Sergipe	325.6	357.8	+ 31.9
Energisa Paraíba	502.1	546.2	+ 44.1
Total	**2,384.8**	**2,614.6**	**+ 229.5**

(*) DRA – Previous Reference Date: defined as the date the last rate process ratified by Aneel is effective from, be it an adjustment or rate review, which includes the costs incurred and revenue earned in the twelve months relating to the rate process.

(**) DRP – Processing Reference Date: the DRP is defined as the date the rate process under analysis to be ratified by Aneel is effective from, be it an adjustment or rate review, which includes the costs and revenue projected for the twelve months relating to the rate process.

The review processes taking place in 2016 (readjustments and reviews) reflected an increase of R$ 330.6 million in the distribution companies' B portion, of which R$ 101.1 million derives from Cycle 4 of the Periodical Rate Review and R$ 229.5 million of the annual readjustments, as shown in the graph below. Note that the effects of the increase in B portion are influenced by the market's performance in the coming months.

Change in B Portion after Rate Reviews and Readjustments (R$ million)



Aneel also authorized the pass-through of R$ 202.7 million in the quarter and R$ 595.5 million in the first nine months of 2016, consisting of rate subsidies awarded to low income consumers, rural irrigation consumers and public services, by way of the Energy Development Account (CDE), in accordance with Decree 7891 in 2013. These funds, in turn, were recorded as operating revenue.

The amounts per distribution company are the following:

Funds - Decree 7891 and Low Income (R$ million)	3Q16	9M16
Energisa Minas Gerais	18.1	50.9
Energisa Nova Friburgo	0.9	2.5
Energisa Sergipe	16.0	55.6
Energisa Borborema	3.2	9.6
Energisa Paraíba	31.4	90.7
Energisa Mato Grosso	72.2	183.8
Energisa Mato Grosso do Sul	23.2	89.1
Energisa Tocantins	18.1	51.8
Caiuá	4.6	14.3
Bragantina	5.0	13.6
Nacional	3.4	13.6
Vale Paranapanema	5.7	17.1
Força e Luz do Oeste	0.9	2.9
Total	**202.7**	**595.5**

3.2.6 Rate subsidy, low income and CCC sub-rogation credits

As of September 30, 2016 Energisa Group's distribution companies have rate subsidy and low income credits receivable amounting to R$ 155.6 million, which will be reimbursed in full via the Energy Development Account (CDE).

In addition to this balance, Energisa Group holds CCC subrogation credits (Fossil Fuel Consumption Account) of R$ 25.8 million, due to the implementation of electricity ventures that led to a decrease in the CCC expense.

3.3 Operating costs and expenses

Consolidated operating expenses and costs, excluding construction costs, amounted to R$ 2,239.3 million in 3Q16 and R$ 6,729.2 million in 9M16, a decrease of 5.0% (R$ 118.6 million) and 6.4% (R$ 462.6 million) respectively, compared with the same period of 2015.

Consolidated operating costs and expenses break down as follows:

Breakdown of operating costs and expenses	Quarter			Accumulated		
Amounts in R$ million	3Q16	3Q15	Change %	9M16	9M15	Change %
1 - Uncontrollable costs and expenses	**1,671.3**	**1,694.8**	**- 1.4**	**4,843.3**	**5,217.3**	**- 7.2**
1.1 Energy purchased	1,501.6	1,482.3	+ 1.3	4,309.0	4,670.4	- 7.7
1.2 Transmission of electricity	169.7	212.5	- 20.1	534.3	546.9	- 2.3
2 - Controllable costs and expenses	**568.0**	**663.1**	**- 14.3**	**1,885.9**	**1,974.5**	**- 4.5**
2.1 PMSO	468.2	474.2	- 1.3	1,468.8	1,430.6	+ 2.7
2.2 Provisions/Reversals	(65.9)	19.1	-	(110.5)	(61.3)	+ 80.3
2.2.1 Contingencies	(9.6)	(3.2)	+ 200.0	(30.2)	(83.5)	- 63.8
2.2.2 Doubtful accounts	(56.3)	22.3	-	(80.3)	22.2	-
Subtotal (2.1 + 2.2)	**402.3**	**493.3**	**- 18.4**	**1,358.3**	**1,369.3**	**- 0.8**
2.3 Depreciation and amortization	172.6	160.2	+ 7.7	517.4	537.8	- 3.8
2.4 Other expenses/revenue	(6.9)	9.6	-	10.2	67.4	- 84.9
Total Operating Costs and Expenses (1+2, without construction	**2,239.3**	**2,357.9**	**- 5.0**	**6,729.2**	**7,191.8**	**- 6.4**
Construction cost (*)	414.8	377.9	+ 9.8	1,036.6	907.5	+ 14.2
Total Operating Costs and Expenses (1+2, with construction costs)	**2,654.1**	**2,735.8**	**- 3.0**	**7,765.8**	**8,099.3**	**- 4.1**

Note: Operating costs and expenses by distribution company can be seen in Appendix I.
(*) The construction costs are represented by the same amount in construction revenue. These amounts must be recognized under ICPC 01 – Concession Agreements and denote the construction costs of assets in the electricity distribution concession, where the construction cost is the same as the construction revenue.

3.3.1 Uncontrollable operating costs and expenses

Uncontrollable costs and expenses (A Portion) contracted by 1.4% in 3Q16 (decrease of 7.2% in 9M16) to R$ 1,671.3 million (R$ 4,843.3 million in 9M16).

✓ **Costs of Energy Purchased for Resale**

Costs of energy purchased for resale in 3Q16 rose by 1.3% or R$ 19.3 million, compared with 3Q15, amounting to R$ 1,501.6 million. This increase was due to the increase in physical guarantee quotas, which were partially offset by cutting costs on Itaipu energy due to the rate decrease (from USD 38.07/KW in 2015 to USD 25.78/KW in 2016) and exchange variance.

Costs of energy purchased for resale in 9M16 fell by 7.7% or R$ 361.4 million, compared with 9M15, amounting to R$ 4,309.0 million. The reduction was primarily due to the decrease in spot market energy purchases and decrease in Itaipu energy acquisition costs.

✓ **Charges for Using the Transmission System**

In 3Q16, charges for using the transmission system amounted to R$ 169.7 million, a decrease of 20.1% caused by the decrease in System Service Charges (ESS).

Charges for using the transmission system amounted to R$ 534.3 million in 9M16, a decrease of 2.3% caused by the decrease in Electricity grid usage charges, which was partially offset by the increase in ESS and Reserve Energy Charges (ERR).

3.3.1 Controllable operating costs and expenses

Controllable costs and expenses in 3Q16 amounted to R$ 568.0 million, a decrease of 14.3% over 3Q15 (R$ 663.1 million). In the first nine months of the year controllable expenses and costs amounted to R$ 1,885.9 million, a decrease of 4.5% over 9M15 (R$ 1,974.5 million).

✓ **PMSO (Personnel, Materials, Services and Other)**

Reflecting management's endeavors to contain controllable expenses, the reported PMSO was R$ $468.2 million, a decrease of 1.3% over 3Q15, while inflation in the last twelve months was 8.5% (IPCA/IBGE) and 10.7% (IGP-M/FGV).

In the first nine months of the year the PMSO amounted to R$ 1,468.8 million, growth of 2.7% over 9M15 (R$ 1,430.6 million).

Consolidated PMSO	Quarter			Accumulated		
Amounts in R$ million	3Q16	3Q15	Change %	9M16	9M15	Change %
Personnel	212.5	188.9	+ 12.5	657.6	547.8	+ 20.0
✓ Compensatory costs	11.1	5.1	+ 117.6	32.8	17.1	+ 91.7
Pension fund	14.0	7.3	+ 91.8	43.4	30.3	+ 43.2
Material	30.0	39.2	- 23.5	102.9	100.9	+ 2.0
Outsourced services	148.1	172.6	- 14.2	455.2	523.0	- 13.0
Others	63.6	66.2	- 3.9	209.7	228.6	- 8.3
✓ Fines and compensation	10.6	13.9	- 23.6	41.6	40.4	+ 3.0
✓ Contingencies (settlement of civil claims)	14.7	17.9	- 17.9	46.9	38.4	+ 22.1
✓ Other	18.0	16.7	+ 7.7	42.9	67.3	- 36.3
Total consolidated PMSO	**468.2**	**474.2**	**- 1.3**	**1,468.8**	**1,430.6**	**+ 2.7**
IPCA / IBGE (last 12 months)			**+ 8.5**			
IPCA / FGV (last 12 months)			**+ 10.7**			

The main changes in PMSO expenses are detailed below:

✓ **Personnel and Pension Fund Expenses**

Personnel and pension fund expenses amounted to R$ 226.5 million in 3Q16, an increase of 15.4% or R$ 30.3 million over 3Q15. This change was primarily due to:

(i) + R$ 16.8 million, due to collective labor agreements leading to average pay rises of 10.2% at the companies of Energisa Group;

(ii) + R$ 6.2 million in compensation costs, of which R$ 4.4 million was incurred by companies acquired (in the quarter compensation costs amounted to R$ 11.1 million, with R$ 8.0 million incurred by the acquired companies);

(iii) + R$ 3.5 million in pension fund expenses at Energisa Paraíba and Energisa Sergipe, both due to the actuarial restatement to the original pension plan.

(iv) + R$ 2.5 million, as a result of the strategy throughout 2015 of insourcing teams formally outsourced at Energisa Mato Grosso, Energisa Mato Grosso do Sul and Energisa Tocantins.

Personnel and pension fund expenses amounted to R$ 701.0 million in 9M16, an increase of 21.3% or R$ 122.9 million over the same period of 2015. This increase was primarily due to:

(i) + R$ 20.4 million, due to the process of insourcing field teams at the acquired companies and increasing the number of employees at Energisa Soluções to handle the new contracts (+ R$ 3.9 million);

(ii) + R$ 54.7 million from average pay rises of approximately 10.2% the companies of Energisa group (collective agreements);

(iii) + R$ 15.7 million in compensation costs, of which R$ 11.1 million was incurred by companies acquired (in 9M16 compensation costs amounted to R$ 32.8 million, with R$ 23.0 million incurred by the acquired companies);
(iv) + R$ 11.5 million deriving from the actuarial restatement of Energisa Paraíba, Energisa Sergipe and Energisa Mato Grosso.

✓ **Expenses on Materials and Outsourced Services**

Expenses on materials and outsourced services amounted to R$ 178.1 million in 3Q16, a decrease of 15.9% or R$ 33.7 million over 3Q15, primarily due to:

(i) A decrease of R$ 22.0 million in outsourced services, of which R$ 16.8 million was at Energisa Mato Grosso, due to the insourcing of certain operations, such as preventive and corrective maintenance services, reading and losses are reducing IT costs by migrating systems. Decrease of R$ 4.2 million at Energisa Tocantins due to the insourcing strategy.

(ii) Decrease of R$ 7.1 million in materials expenses at Energisa Mato Grosso (R$ 4.2 million), Energisa Mato Grosso do Sul (R$ 2.1 million) and Energisa Tocantins (R$ 0.8 million), due to the rationalization of preventive maintenance expenses.

Expenses on materials and outsourced services amounted to R$ 558.1 million in 9M16, a decrease of 10.5% or R$ 65.8 million over 9M15, primarily due to:

(i) Decrease of R$ 37.6 million in outsourced services due to the strategy of insourcing activities previously outsourced.
(ii) Decrease of R$ 15.7 million due to termination of IT infrastructure and consultancy contracts for the process of migrating systems at Energisa Mato Grosso.
(iii) Decrease of R$ 21.4 million in strategic consultancy relating to the sale of assets in 2015.
(iv) Increase of R$ 8.9 million in other items.

✓ **Other Expenses**

Other expenses amounted to R$ 63.6 million in 3Q16, a decrease of 3.9% or R$ 2.6 million, primarily due to the decrease in regulatory compensation and fines.
Other expenses amounted to R$ 209.7 million in 9M16, a decrease of 8.3% on 9M15.

See below a table of PMSO amounts by distribution company.

PMSO expenses of distribution companies Amounts in R$ million	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
Energisa Minas Gerais	32.4	27.6	+ 17.4	92.2	83.4	+ 10.6
Energisa Nova Friburgo	8.4	7.0	+ 20.0	25.5	22.4	+ 13.8
Energisa Sergipe	41.4	38.6	+ 7.3	120.5	114.4	+ 5.3
Energisa Borborema	8.7	7.9	+ 10.1	26.0	24.3	+ 7.0
Energisa Paraíba	69.3	61.7	+ 12.3	199.0	178.6	+ 11.4
Energisa Mato Grosso	114.0	113.2	+ 0.7	380.0	377.4	+ 0.7
Energisa Mato Grosso do Sul	87.1	93.4	- 6.7	290.2	275.9	+ 5.2
Energisa Tocantins	54.1	57.6	- 6.1	161.8	172.8	- 6.4
Companies in south/southeast	**52.5**	**46.4**	+ 13.1	**146.3**	**123.2**	+ 18.8
✓ *Caiuá*	*16.9*	*15.2*	*+ 11.2*	*47.6*	*40.0*	*+ 19.0*
✓ *Vale Paranapanema*	*11.5*	*10.2*	*+ 12.7*	*32.6*	*27.4*	*+ 19.0*
✓ *Bragantina*	*12.4*	*10.6*	*+ 17.0*	*33.2*	*27.7*	*+ 19.9*
✓ *Nacional*	*8.0*	*7.1*	*+ 12.7*	*22.4*	*19.2*	*+ 16.7*
✓ *Força e Luz do Oeste*	*3.7*	*3.3*	*+ 12.1*	*10.5*	*8.9*	*+ 18.0*
Total	**467.9**	**453.4**	**+ 3.2**	**1,441.5**	**1,372.4**	**+ 5.0**

✓ **Other operating expenses**

Other operating expenses Amounts in R$ million	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
Provisions/Reversals	**(65.9)**	**19.1**	-	**(110.5)**	**(61.3)**	+ 80.3
Contingency	(9.6)	(3.2)	+ 200.0	(30.2)	(83.5)	- 63.8
Doubtful accounts (PDD)	(56.3)	22.3	-	(80.3)	22.2	-
Other revenue/expenses	**(6.9)**	**9.6**	-	**10.2**	**67.4**	- 84.9
Total other operating expenses	**(72.8)**	**28.7**	**-**	**(100.3)**	**6.1**	**-**

The group of other operating expenses helped improve net income by R$ 101.5 million in the quarter and R$ 106.4 million in 9M16, compared to that recorded in the same periods of 2015.

This improvement is primarily due to the reversal of the allowance for doubtful accounts, following the successful negotiation of overdue invoices by Energisa Mato Grosso, explained below:

(i) Reversal of R$ 12.5 million in June 2016, after renegotiating debits owned by the public lighting department and other departments of the Cuiabá municipal government in the amount of R$ 12.5 million. The first portion was paid in June and the remainder should be settled by the end of 2016;

(ii) Reversal of R$ 86.6 million in September 2016, after the debt financing and acknowledgement agreement had been signed by Companhia de Saneamento da Capital (SANECAP). However, an adjustment to present value was recorded on this debt of R$ 43.5 million, in Finance Income.

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3.4 EBITDA

In 3Q16, Energisa's Adjusted EBITDA reached R$ 574,3 million, 26.5% more than in 3Q15 (R$ 454.1 million, not including the sale of generating assets).

The increase of R$ 120.2 million in Adjusted EBITDA between 9M16 and 9M15 was primarily due to reversals of provisions at Energisa Mato Grosso (R$ 86.6 million), that was partly offset by costs on labor claims (R$ 6.2 million.

Disregarding these net effects of R$ 80.4 million, the Adjusted EBITDA is R$ 493,9 million, 8.8% more than the Adjusted EBITDA in 3T15.

EBITDA (*) Amounts in R$ million	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
(=) EBITDA, with asset sale	**493.0**	**431.4**	**+ 14.3**	**1,198.0**	**1,582.1**	**- 24.3**
(-) Sale of assets, net of income tax on discontinued operations	-	39.8	-	-	444.5	-
(=) EBITDA, without asset sale	**493.0**	**391.6**	**+ 25.9**	**1,198.0**	**1,137.6**	**+ 5.3**
(+) Arrears surcharge revenue	81.3	62.5	+ 30.1	178.6	138.9	+ 28.6
(+) Equity in net income of subsidiaries and associated companies	-	-	-	-	-	-
(=) Adjusted EBITDA, without asset sale	**574,3**	**454.1**	**+ 26.5**	**1,376.6**	**1,276.5**	**+ 7.8**
(+) Sale of assets, net of income tax on discontinued operations	-	39.8	-	-	444.5	-
(=) Adjusted EBITDA, with asset sale	**574,3**	**493.9**	**+ 16.3**	**1,376.6**	**1,721.0**	**- 20.0**
Adjusted EBITDA margin with the sale of assets (%)	19.3	16.6	+ 2.7	16.3	19.8	- 3.5
Adjusted EBITDA margin without the sale of assets (%)	19.3	15.3	+ 4.0	16.3	14.7	+ 1.6

(*) EBITDA is the sum of net income, taxes, finance income and depreciation/amortization, as per CVM Directive 527/12.
Adjusted EBITDA = EBITDA + Arrears surcharge revenue. Reconciliation of the EBITDA based on net income can be seen in the Appendix.

In 9M16, Adjusted EBITDA reached R$ 1,376.6 million, against to R$ 1,276.5 million in 9M15, an increase of 7.8%.

The increase of R$ 100.1 million in Adjusted EBITDA between 9M16 and 9M15 was primarily due to reversals of provisions at Energisa Mato Grosso (R$ 99.1 million in 9M16), that was partly offset by costs on labor claims (increase of R$ 15.7 million). Disregarding these net effects of R$ 83.4 million, the Adjusted EBITDA is R$ 1,293.2 million, 1.3% more than the Adjusted EBITDA in 9M15.

The EBITDA and adjusted EBITDA by Energisa subsidiary are as follows:

EBITDA Amounts in R$ million	EBITDA			Adjusted EBITDA (*)		
	3Q16	3Q15	Change %	3Q16	3Q15	Change %
Electricity distribution	**450.0**	**369.4**	**+ 21.8**	**531.5**	**431.9**	**+ 23.1**
✓ Energisa Minas Gerais	16.8	31.3	- 46.3	19.3	33.5	- 42.4
✓ Energisa Nova Friburgo	3.5	6.3	- 44.4	4.1	8.2	- 50.0
✓ Energisa Sergipe	37.7	53.4	- 29.4	42.5	58.3	- 27.1
✓ Energisa Borborema	5.6	4.0	+ 40.0	6.7	5.0)	+ 34,0
✓ Energisa Paraíba	75.5	80.8	- 6.6	83.6	88.3	- 5.3
✓ Energisa Mato Grosso	164.6	63.7	+ 158.4	191.6	78.1	+ 145.3
✓ Energisa Mato Grosso do Sul	41.2	56.0	- 26.4	68.7	76.2	- 9.8
✓ Energisa Tocantins	63.4	37.0	+ 71.4	68.3	42.1	+ 62.2
✓ **Companies in south/southeast**	**41.7**	**36.9**	**+ 13.0**	**46.7**	**42.2**	**+ 10.7**
✓ *Caiuá*	6.8	13.6	- 50.0	8.2	15.1	- 45.7
✓ *Vale Paranapanema*	12.0	11.2	+ 7.1	13.0	12.3	+ 5.7
✓ *Bragantina*	17.7	11.6	+ 52.6	19.0	12.8	+ 48.4
✓ *Nacional*	3.0	(0.5)	-	3.7	0.3	+ 1,133.3
✓ *Força e Luz do Oeste*	2.2	1.0	+ 120.0	2.8	1.7	+ 64.7
Electricity sales and services	**7.1**	**1.3**	**+ 446.2**	**7.1**	**1.3**	**+ 446.2**
✓ Energisa Comercializadora	2.8	1.2	+ 133.3	2.8	1.2	+ 133.3
✓ Energisa Soluções e Energisa Soluções Construções	4.3	0.1	+ 4,200.0	4.3	0.1	+ 4,200.0
✓ Other operating expenses	3.3	(0.8)	-	9.3	5.9	+ 57.6
Energisa - Consolidated, without asset sale	**493.0**	**391,6**	**+ 25.9**	**574.3**	**454.1**	**+ 26.5**

3.5 Financial income

In 3Q16 the net financial result consisted of financial expenses of R$ 204.2 million (compared with financial expenses of R$ 501.6 million in 3Q15), an improvement of 59.3%.

Consolidated Finance Income Amounts in R$ million	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
Finance income	**209.0**	**190.5**	**+ 9.7**	**663.4**	**685.4**	**- 3.2**
Revenue on short-term investments	82.0	2.6	+ 3,053.8	212.1	120.2	+ 76.5
Arrears charge on power sales	80.9	62.5	+ 29.4	178.6	138.9	+ 28.6
Restatement of accounts receivable from the concession (VNR)	20.6	41.4	- 50.2	100.0	133.5	- 25.1
Financial restatement of regulatory assets	1.6	20.4	- 92.2	102.2	159.7	- 36.0
Other financial revenue	23.9	63.6	- 62.4	70.5	133.1	- 47.0
Finance costs	**(413.2)**	**(692.1)**	**- 40.3**	**(1,075.3)**	**(1,634.3)**	**- 34.2**
Debt charges - interest	(160.9)	(182.4)	- 11.8	(592.7)	(537.2)	+ 10.3
Debt charges - monetary and exchange variance	(64.5)	(704.4)	- 90.8	386.4	(1,051.3)	-
Mark-to-market of derivatives	29.7	(107.5)	-	204.2	(205.0)	-
Derivative financial instruments	(44.0)	371.7	-	(617.0)	535.3	-
Financial restatement of regulatory liabilities	(28.8)	(20.7)	+ 39.1	(105.0)	(107.0)	- 1.9
Mark-to-market of debt securities	(16.0)	45.7	-	(47.6)	45.7	-
Other financial expenses	(128.7)	(94.5)	+ 36.2	(303.6)	(314.8)	- 3.6
Financial income	**(204.2)**	**(501.6)**	**- 59.3**	**(411.8)**	**(948.8)**	**- 56.6**

Financial revenue increased by 9.7% (R$ 18.5 million), mainly due to the following factors:

(i) Increase of R$ 79.4 million in earnings on short-term investments due to the greater balance of cash in the period, after the public share offering of R$ 1.5 billion in the re-IPO, in addition to the higher accumulated CDI rate in relation to September 2015.

(ii) Increase of R$ 18.4 million in monetary variance revenue and arrears charges on energy sales due to interest and arrears charged to consumers paying their energy bills late.

These increases were partly absorbed by the following decreases:

(i) R$ 39.6 million of VNR restatement and financial sector assets

(ii) R$ 25.8 million in other financial revenue.

Financial expenses decreased by 40.3% (R$ 278.9 million), from R$ 692.1 million in 3Q15 to R$ 413.2 million in 3Q16, primarily due to:

(i) Positive variance of R$ 299.7 million in exchange income (monetary/exchange variance, mark-to-market of derivatives and derivative financial instruments), due to appreciation of the Brazilian real against the dollar between 3Q16 and 3Q15, with a lower impact on the mark-to-market of interest swaps (Law 4131).

(ii) Decrease of R$ 21.5 million in debt charges

(iii) Recording of the adjustment to present value on the debt negotiated with SANECAP, in the amount of R$ 43.5 million.

In the YTD 9M16 the consolidated financial income (consolidated financial revenue less consolidated financial expenses) reflected the effects of the Real's valuation against the US dollar (16.9%), above all from the mark-to-market of hedge derivatives, amounting to a net financial expense of R$ 411.8 million, compared with a net financial expense of R$ 948.8 million in the same period the previous year (decrease of 56.6%).

3.6 Net Income

Energisa presented consolidated net income of R$ 63.3 million in 3Q16 compared with a loss of R$ 132.5 million in 3Q15. In the first nine months of 2016 (9M16), the Company presented consolidated net income of R$ 160.6 million, compared with R$ 193.0 million in the same period of 2015 (9M15).

Note that the performance in 9M15 was boosted by revenue from the sale of assets, before tax, of R$ 404.7 million and diminished by amortizations of goodwill on the acquisition and fair value of the companies acquired from Rede Group, in the amount of R$ 101.7 million net of tax. The pro-forma consolidated net income in 9M15 is therefore a loss of R$ 110.0 million.

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

	Quarter			Accumulated		
Net Income Amounts in R$ million	3Q16	3Q15	Change %	9M16	9M15	Change %
Electricity distribution	**134.6**	**(3.2)**	-	**401.6**	**287.6**	+ 39.6
✓ Energisa Minas Gerais	3.1	4.7	- 34.0	(3.3)	16.0	-
✓ Energisa Nova Friburgo	(1.7)	2.9	-	(1.3)	7.2	-
✓ Energisa Sergipe	9.0	(33.9)	-	77.6	(26.9)	-
✓ Energisa Borborema	2.4	2.4	-	13.9	13.5	+ 3.0
✓ Energisa Paraíba	35.4	(11.2)	-	112.8	64.8	+ 74.1
✓ Energisa Mato Grosso	41.5	(22.5)	-	95.4	29.5	+ 223.4
✓ Energisa Mato Grosso do Sul	2.6	17.1	- 84.8	36.3	76.5	- 52.5
✓ Energisa Tocantins	34.0	28.7	+ 18.5	42.0	73.1	- 42.5
✓ **Companies in south/southeast**	**8.3**	**8.6**	- 3.5	**28.2**	**33.9**	- 16.8
✓ *Caiuá*	(3.5)	3.1	-	(8.5)	9.6	-
✓ *Vale Paranapanema*	4.0	6.8	- 41.2	14.3	13.9	+ 2.9
✓ *Bragantina*	6.3	(1.6)	-	10.2	(0.6)	-
✓ *Nacional*	0.9	0.1	+ 800.0	10.0	5.9	+ 69.5
✓ *Força e Luz do Oeste*	0.6	0.2	+ 200.0	2.2	5.1	- 56.9
Sales and services	**1.7**	**(2.8)**	-	**1.4**	**(5.0)**	-
✓ Energisa Comercializadora	0.3	(0.1)	-	(2.3)	(2.0)	+ 15.0
✓ Energisa Soluções e Energisa Soluções Construções	0.8	(2.3)	-	3.7	(4.0)	-
✓ Other operating expenses	0.6	(0.4)	-	-	1.0	-
Energisa - Consolidated	**63.3**	**(132.5)**	**-**	**160.6**	**193.0**	**- 16.8**

4 Capital structure

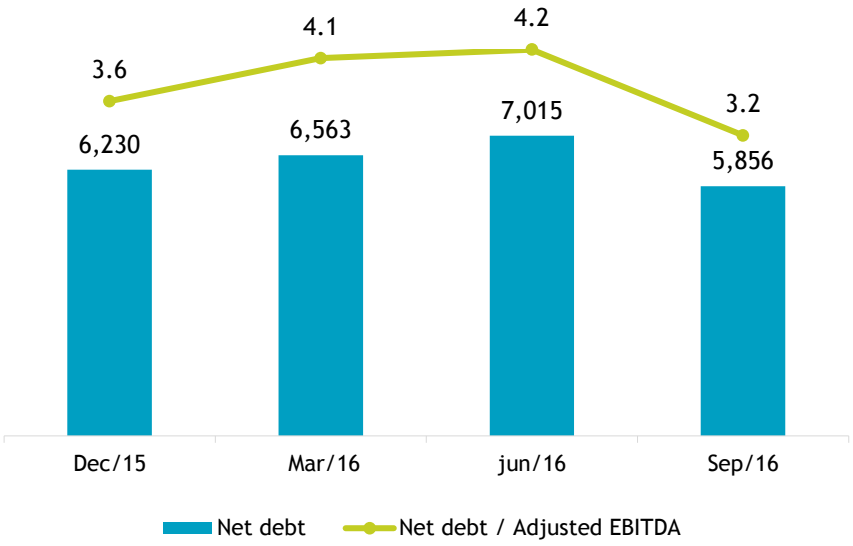
4.1 Cash and debt

The consolidated position of cash, cash equivalents and short-term investments amounted to R$ 3,318.7 million at the end of September 2016, against R$ 2,607.1 million as of December 31, 2015. We emphasize that these balances include credits relating to the Energy Development Account (CDE), Fossil Fuel Consumption Account (CCC) and the memorandum account for amounts of the A portion (CVA), in the amount of R$ 124.1 million as of September 30, 2016 (R$ 707.3 million as of December 31, 2015).

Energisa's net debt as of September 30, 2016 amounted to R$ 5,979.6 million, compared with R$ 7,165.2 million as of June 30, 2016. In turn, the net debt minus sector credits defined below changed from R$ 7,015.0 million as of June 30, 2016 to R$ 5,855.5 million as of September 30, 2016. This reduction was fundamentally due to the funds raised under the public share offering at the start of August, in the net amount of R$ 1,473.0 million. As a result, the ratio between net debt and consolidated Adjusted EBITDA in the past 12 months fell from 4.2 times in June 2016 to 3.2 times in September 2016, a decrease of 1.0 time.

Consolidated Leverage

- Net Debt (R$ million) and net debt / Adjusted EBITDA 12 months (times) -



In the first half of 2016 the caps on the swaps associated with the US dollar were completely eliminated. The total net debt in foreign currency has been hedged against adverse exchange variance.

See below the short- and long-term debt net of financial resources (cash, cash equivalents, short-term investments and sector credits) as of September 30, 2016 and December 31, 2015:

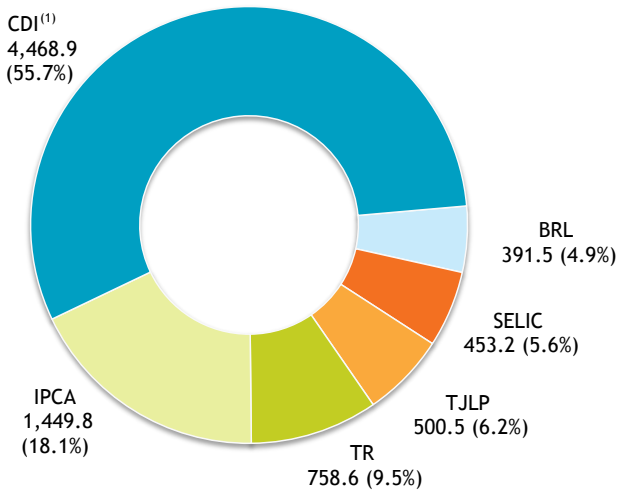
Description Amounts in R$ million	Parent company			Consolidated		
	9/30/2016	6/30/2016	12/31/2015	9/30/2016	6/30/2016	12/31/2015
Short-term	**253.7**	**399.6**	**455.6**	**2,137.5**	**2,257.3**	**1,667.8**
Loans, financing and leasing	128.6	227.4	321.7	1,501.0	1,519.9	1,193.4
Debentures	74.9	123.2	178.8	237.1	294.4	315.7
Debt charges	2.1	2.6	4.1	58.8	78.0	45.0
Financing of taxes and actuarial deficit	-	-	-	43.0	44.3	45.8
Financing of sector charges	-	-	-	58.6	49.1	20.4
Financing of energy purchased from Itaipu	-	-	-	117.0	97.5	39.0
Derivative financial instruments, net	48.1	46.4	(49.0)	122.0	174.1	8.5
Long-term	**1,604.7**	**1,646.9**	**1,426.0**	**7,036.7**	**7,318.5**	**7,169.6**
Loans, financing and leasing	176.7	174.1	97.6	4,183.3	4,366.6	4,222.1
Debentures	1,417.0	1,454.6	1,337.8	2,042.4	2,116.3	2,200.8
Financing of taxes and actuarial deficit	-	-	-	267.5	271.9	263.0
Financing of sector charges	-	-	-	110.1	124.4	153.1
Financing of energy purchased from Itaipu	-	-	-	224.3	253.6	312.1
Derivative financial instruments, net	11.0	18.2	(9.4)	209.1	185.7	18.5
Total debts	**1,858.4**	**2,046.5**	**1,881.6**	**9,174.2**	**9,575.8**	**8,837.4**
(-) Cash and cash equivalents	1,420.0	359.6	274.3	3,194.6	2,410.6	1,899.8
Total net debts	**438.4**	**1,686.9**	**1,607.3**	**5,979.6**	**7,165.2**	**6,937.6**
(-) CDE Credits	-	-	-	155.6	133.9	242.5
(-) CCC Credits	-	-	-	25.8	26.7	39.7
(-) CVA Credits	-	-	-	(57.3)	(10.4)	425.1
Total net debts less sector credits	**438.4**	**1,686.9**	**1,607.3**	**5,855.5**	**7,015.0**	**6,230.3**
Relative indicator						
Net debt / Adjusted EBITDA 12 months [1]	1.2	6.1	5.2	3.2	4.2	3.6

(1) Adjusted EBITDA = EBITDA + Late charges revenue (last 12 months)
Each distribution company's debt can be seen in Appendix I.

4.2 Cost and average debt tenor

The highly successful public share offering substantially changed the Company's consolidated leverage. The average debt tenor rose to 7.5 years through the end of September 2016 (against 6.5 years in June 2016) and the average gross cost of the debt was 14.58% (103.2% of the CDI rate) against 14.31% (101.3% of the CDI rate) in June 2016.

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



Nb: The foreign currency debt is subject to swaps for the CDI rate and other currency hedge instruments. This balance was a net liability of R$ 331.1 million in September 2016.
(1) Dollar debt converted to CDI, without a hedge cap.

4.3 Ratings

See below Energisa's current ratings issued by the agencies Standard & Poor's, Moody's and Fitch Ratings:

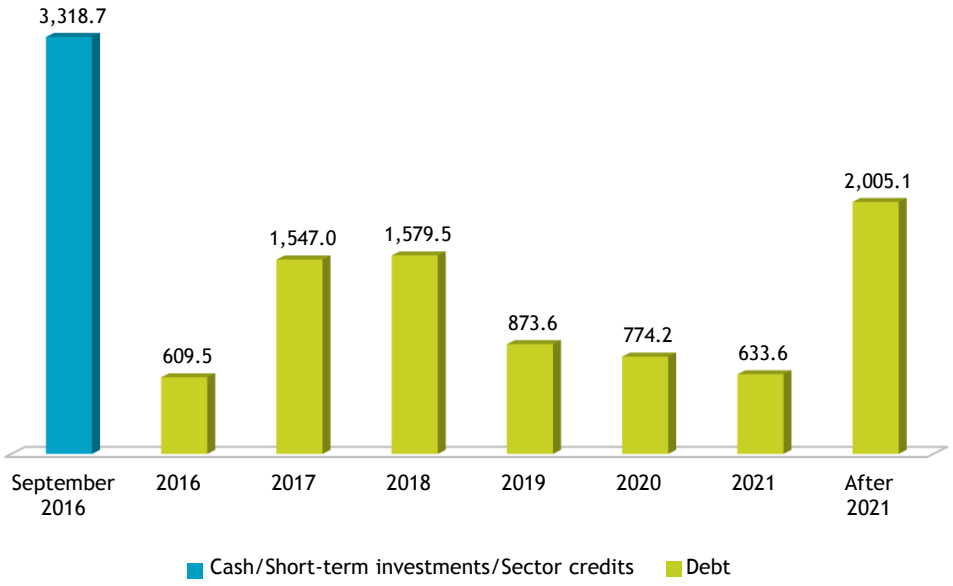
Agency	Domestic Rating/Outlook	Global Rating/Outlook	Last Report
Standard & Poor's	brAA- (negative)	BB (negative)	Aug/2016
Moody's	Aa2.br (negative)	Ba2 (negative)	Mar/2016
Fitch Ratings	AA (bra) (stable)	BB (stable)	Oct/2016

On October 24 the risk rating agency Fitch Ratings upgraded Energisa S/A's Long-term National Scale Rating to "AA(bra)" from "AA-(bra)", with a stable outlook. Fitch Ratings also upgraded the ratings of Energisa Sergipe, Energisa Paraíba and Energisa Minas Gerais, Company subsidiaries, to "AA+(bra)" from de "AA(bra)", with a stable outlook. Fitch stated that the new rating aims to calibrate the Brazilian national scale rating after successive downgrades in the country's sovereign risk rating over the last seven months.

4.4 Debt repayment schedule

The repayment schedule for Energisa's consolidated loans, financing, debt charges and debentures vis-à-vis cash as of September 30, 2016 is shown in the graph below:

Schedule for amortization of bank debt and issuance (R$ million)



5 Investments

In 3Q16, Energisa and its subsidiaries invested R$ 509.0 million, an increase of 16.0% on the R$ 439.0 million invested in the same period the previous year, of which 81.9% (R$ 417.0 million) was made by the distribution companies acquired from Rede Group.

The investments in electricity assets (excluding the funds from Special Obligations) amounted to R$ 380.0 million, 74.6% of the total. Most of the investments in electricity assets were made in the concession operators that will undergo 4CRTP in 2018, Energisa Mato Grosso (R$ 165.2 million) and Energisa Mato Grosso do Sul (R$ 60.0 million). These investments are being made to expand and bolster the electricity grid and to continuously improve the quality of energy supplied. The investments resulting from Special Obligations[1]

[1]The "Special Obligations" are funds the Government, states, municipalities and consumers contribute to the concession and do not comprise the distribution company's Regulatory Remuneration Base.

amounted to R$ 71.2 million (13.9% of the total), of which R$ 24.8 million was invested in Energisa Mato Grosso, primarily related to the universal electricity access program (PLPT).

In the first nine months of 2016 (9M16), the investments amounted to R$ 1,243.9 million, an increase of 9.1% on the amount invested in 9M15, of which 79.1% (R$ 984.3 million) was made in the distribution companies acquired from Rede Group. Energisa Mato Grosso was the distribution company making the greatest investment in 9M16 (R$ 498.5 million), followed by Energisa Tocantins (R$ 222.1 million) and Energisa Mato Grosso do Sul (R$ 175.7 million). The investments made by Energisa subsidiary in the quarter and 9M16 are as follows:

Investment Quarter	Electricity Assets			Special Obligations			Non-electric assets			Total Investment		
Amounts in R$ million	3Q16	3Q15	Change %	3Q16	3Q15	Change %	3Q16	3Q15	Change %	3Q16	3Q15	Change %
Energisa Minas Gerais	9.8	17.4	- 43.7	0.9	0.4	+ 125.0	3.4	1.7	+ 100.0	14.1	19.5	- 27.7
Energisa Nova Friburgo	1.6	7.2	- 77.8	-	-	-	0.3	0.3	-	1.9	7.5	- 74.7
Energisa Sergipe	12.9	18.7	- 31.0	8.4	0.6	+ 1,300.0	3.6	4.6	- 21.7	24.9	23.9	+ 4.2
Energisa Borborema	2.2	3.7	- 40.5	0.4	11.3	- 96.5	0.5	0.8	- 37.5	3.1	15.8	- 80.4
Energisa Paraíba	29.9	22.3	+ 34.1	8.0	3.5	+ 128.6	4.3	5.7	- 24.6	42.2	31.5	+ 34.0
Energisa Mato Grosso	165.2	104.9	+ 57.5	24.8	7.2	+ 244.4	25.9	10.0	+ 159.0	215.9	122.1	+ 76.8
Energisa Mato Grosso do Sul	60.1	46.1	+ 30.4	6.5	9.6	- 32.3	1.8	6.6	- 72.7	68.4	62.3	+ 9.8
Energisa Tocantins	79.5	82.2	- 3.3	1.1	10.9	- 89.9	6.8	6.4	+ 6.3	87.4	99.5	- 12.2
Empresas Sul Sudeste	**18.8**	**36.3**	**-48.2**	**21.1**	**9.6**	**+119.8**	**5.3**	**2.2**	**+140.9**	**45.2**	**48.1**	**-6.0**
Caiuá	*5.8*	*12.6*	*- 54.0*	*8.3*	*4.0*	*+ 107.5*	*1.6*	*0.7*	*+ 128.6*	*15.7*	*17.3*	*- 9.2*
Bragantina	*4.2*	*9.6*	*- 56.3*	*2.3*	*1.8*	*+ 27.8*	*1.3*	*0.2*	*+ 550.0*	*7.8*	*11.6*	*- 32.8*
Nacional	*2.8*	*7.7*	*- 63.6*	*6.0*	*1.8*	*+ 233.3*	*0.8*	*0.2*	*+ 300.0*	*9.6*	*9.7*	*- 1.0*
Vale Paranapanema	*5.2*	*5.4*	*- 3.7*	*4.3*	*1.7*	*+ 152.9*	*1.3*	*0.7*	*+ 85.7*	*10.8*	*7.8*	*+ 38.5*
Força e Luz do Oeste	*0.8*	*1.0*	*- 20.0*	*0.2*	*0.3*	*- 33.3*	*0.3*	*0.4*	*- 25.0*	*1.3*	*1.7*	*- 23.5*
Total distribution companies	**380.0**	**338.8**	**+ 12.2**	**71.2**	**53.1**	**+ 34.1**	**51.9**	**38.3**	**+ 35.5**	**503.1**	**430.2**	**+ 16.9**
Energisa Soluções e Construções	-	-	-	-	-	-	3.0	6.3	- 52.4	3.0	6.3	- 52.4
Generating assets sold (*)	-	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	2.9	2.5	+ 16.0	2.9	2.5	+ 16.0
Total	**380.0**	**338.8**	**+ 12.2**	**71.2**	**53.1**	**+ 34.1**	**57.8**	**47.1**	**+ 22.7**	**509.0**	**439.0**	**+ 15.9**

(*) Assets sold on March 31, 2015

Investment 9 months	Electricity Assets			Special Obligations			Non-electric assets			Total Investment		
Amounts in R$ million	9M16	9M15	Change %	9M16	9M15	Change %	9M16	9M15	Change %	9M16	9M15	Change %
Energisa Minas Gerais	26.3	40.7	- 35.4	2.3	1.1	+ 109.1	7.7	7.5	+ 2.7	36.3	49.3	- 26.4
Energisa Nova Friburgo	4.0	13.3	- 69.9	0.2	+ 0.2	-	1.0	1.8	- 44.4	5.2	15.3	- 66.0
Energisa Sergipe	42.6	44.8	- 4.9	18.2	+ 1.8	+ 911.1	7.0	11.5	- 39.1	67.8	58.1	+ 16.7
Energisa Borborema	9.5	11.5	- 17.4	2.0	+ 12.3	- 83.7	1.9	1.7	+ 11.8	13.4	25.5	- 47.5
Energisa Paraíba	84.8	82.0	+ 3.4	22.2	+ 7.8	+ 184.6	14.1	11.7	+ 20.5	121.1	101.5	+ 19.3
Energisa Mato Grosso	391.8	281.5	+ 39.2	36.4	20.2	+ 80.2	70.3	33.9	+ 107.4	498.5	335.6	+ 48.5
Energisa Mato Grosso do Sul	152.3	112.0	+ 36.0	17.2	22.2	- 22.5	6.2	17.9	- 65.4	175.7	152.1	+ 15.5
Energisa Tocantins	187.9	165.5	+ 13.5	18.0	22.0	- 18.2	16.1	16.0	+ 0.6	222.0	203.5	+ 9.1
Empresas Sul Sudeste	**47.8**	**60.3**	**-20.7**	**29.9**	**25.6**	**+ 16.8**	**10.4**	**8.2**	**+ 26.8**	**88.1**	**94.1**	**-6.4**
Caiuá	14.7	21.1	- 30.3	10.9	7.3	+ 49.3	3.4	3.0	+ 13.3	29.0	31.4	- 7.6
Bragantina	12.2	15.0	- 18.7	4.3	5.6	- 23.2	2.6	1.0	+ 160.0	19.1	21.6	- 11.6
Nacional	8.1	13.3	- 39.1	8.7	5.6	+ 55.4	1.7	1.3	+ 30.8	18.5	20.2	- 8.4
Vale Paranapanema	10.3	8.7	+ 18.4	5.3	6.1	- 13.1	2.2	2.0	+ 10.0	17.8	16.8	+ 6.0
Força e Luz do Oeste	2.5	2.2	+ 13.6	0.7	1.0	- 30.0	0.5	0.9	- 44.4	3.7	4.1	- 9.8
Total distribution companies	**947.0**	**811.6**	**+ 16.7**	**146.4**	**113.2**	**+ 29.3**	**134.7**	**110.2**	**+ 22.2**	**1,228.1**	**1,035.0**	**+ 18.7**
Energisa Soluções e Construções	-	-	-	-	-	-	7.3	21.9	- 66.7	7.3	21.9	- 66.7
Generating assets sold (*)	-	-	-	-	-	-	-	68.6	-	-	68.6	-
Others	-	-	-	-	-	-	8.5	14.9	- 43.0	8.5	14.9	- 43.0
Total	**947.0**	**811.6**	**+ 16.7**	**146.4**	**113.2**	**+ 29.3**	**150.5**	**215.6**	**- 30.2**	**1,243.9**	**1,140.4**	**+ 9.1**

(*) Assets sold on March 31, 2015

6 Capital market

6.1 Stock performance

Energisa's more liquid shares are traded at BM&FBovespa in the form of Units (ENGI11), consisting of 1 common share and 4 preferred shares. In addition to the share certificates, common shares (ENGI3) and preferred shares (ENGI4) are traded. See below market indicators for the end of September:

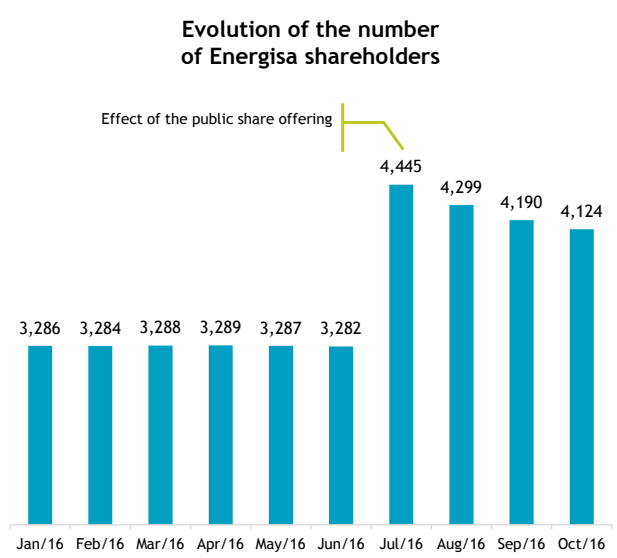
Market Indexes	September/2016	September/2015	Change %
Market Value (R$ million)	7,175.3	3,406.7	+ 110.6
Enterprise Value (EV - R$ million) (1)	13,039.9	10,487.4	+ 24.3
Dividend yield of ENGI11 (Units) - % (2)	5.0	7.0	- 28.6
Market Value / Shareholders' Equity (times)	2.0	1.9	+ 5.3

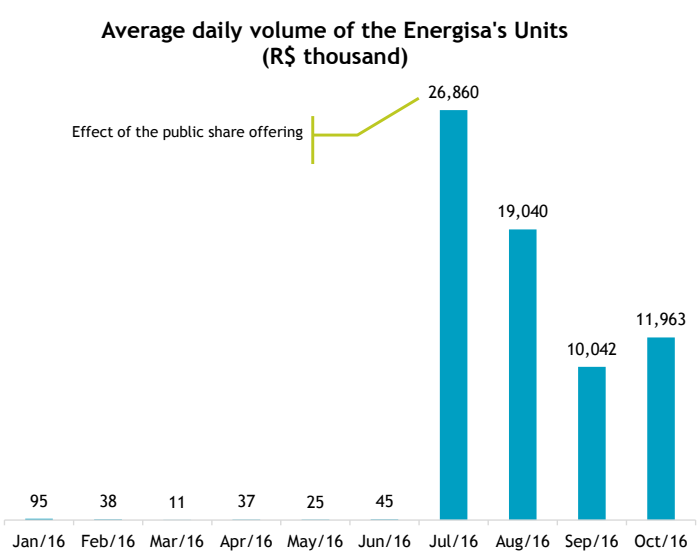
(1) EV = Market value + net debt
(2) Proceedings paid out in the last four quarters / closing price of the Units.

Following the success of the public share offering of R$ 1,536 million completed in August, the Company's share capital rose to R$ 2,796.0 million, consisting of 1,729,827,305 shares, i.e. 720,210,378 common shares and 1,009,616,927 preferred shares, comprising 250,068,694 units.

The company used the proceeds raised in the offering to reduce its leverage and attract new partners, significantly improving the liquidity of the Units traded on the stock exchange, which currently account for approximately 40.5% of the Company's total capital.

The graphs below show the increase in the share base and the average daily volume of the Company's Units traded on BM&FBOVESPA in the period January to October 2016:





6.2 Accession to Level 2 Corporate Governance of BM&FBOVESPA

On August 28 the Company confirmed it had signed up to BM&FBOVESPA Level 2 Governance and would begin trading its shares in this special segment. This places Energisa amongst companies listed on the stock exchange that follow the best market transparency and governance practices.

7 Subsequent events: Energisa Group completes capital increases at subsidiaries

The following capitalizations were completed in November 2016 to bolster the subsidiaries' capital structure to enable the necessary modernization and expansion of their electricity distribution activities:

At **Rede Energia S/A**: share capital increase via a private subscription (in progress) of R$ 351.6 million, through the issuance of 342,979,104 shares, consisting of 236,464,040 common shares and 106,515,064 preferred shares. Through this operation Energisa S/A will increase its direct and indirect interest in Rede Energia from 95.1% to approximately 96.2%.

At **Energisa Mato Grosso**: share capital increase via a private subscription (in progress) of R$ 350.9 million, through the issuance of 42,582,129 shares (14,695,622 common shares and 27,886,507 preferred shares). Following the ratification of the increase, Energisa will increase its direct and indirect interest in Energisa Mato Grosso from 58.8% to approximately 66.6%.

At Energisa Tocantins: increase of R$ 152.6 million, via the increase of 119,684 preferred shares. The subsidiary Rede Energia increased its interest in the Company from 71.4% to 76.7%.

At Empresa Elétrica Bragantina: increase of R$ 50.4 million, via the increase of 1,195,802 common shares. The subsidiary Rede Energia increased its interest in the Company from 91.6% to 95.8%.

In addition to these increases, Energisa Group also made the following capitalizations at the subsidiaries **Energisa Minas Gerais** (R$ 85.0 million), **Caiuá** (R$ 30.0 million) and **Energisa Nova Friburgo** (R$ 15.0 million), companies it holds the entire capital of.

8 Services rendered by the independent auditor.

The total remuneration of Deloitte Touche Tohmatsu Auditores Independentes for the services provided to Energisa S/A in the first nine months of 2016 was R$ 7.9 million, including R$ 7.5 million for reviewing the financial statements.

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

Management.

Appendix I - Supplementary Information

A.1 Energy Sales by Concession Area

Energisa Minas Gerais - Total Electricity Sold

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
1 Energy sales to captive consumers	**293.0**	**293.5**	- 0.2	**905.4**	**912.7**	**- 0.8**
✓ Residential	117.1	112.6	+ 4.0	371.3	363.0	+ 2.3
✓ Industrial	101.6	131.9	- 23.0	299.5	392.0	- 23.6
✓ Captive	35.7	42.4	- 15.8	107.4	128.8	- 16.6
✓ Free	65.9	89.5	- 26.4	192.1	263.2	- 27.0
✓ Commercial	54.4	53.7	+ 1.3	178.6	177.0	+ 0.9
✓ Rural	47.2	47.6	- 0.8	132.6	130.8	+ 1.4
✓ Other Sectors	38.6	37.2	+ 3.8	115.5	113.1	+ 2.1
2 Energy associated with free consumers (TUSD)	66.0	89.5	-26.3	192.1	263.2	- 27.0
3 Captive sales + TUSD (1+2)	**359.0**	**383.0**	- 6.3	**1,097.5**	**1,175.9**	**- 6.7**
4 Not invoiced	(2.5)	0.4	-	(9.7)	(7.8)	+ 24.4
5 Energy sales to distributors	33.2	(2.0)	-	82.5	44.2	+ 86.7
6 Total Electricity Distributed (3+4+5)	**389.7**	**381.4**	+ 2.2	**1,170.3**	**1,212.3**	**- 3.5**

Energisa Nova Friburgo - Total Electricity Sold

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
1 Energy sales to captive consumers	**81.8**	**81.1**	**+0.9**	**244.4**	**248.4**	**- 1.6**
✓ Residential	40.6	39.8	+ 2.0	120.3	121.0	- 0.6
✓ Industrial	12.5	12.7	- 1.6	36.7	38.7	- 5.2
✓ Commercial	16.9	17.3	- 2.3	52.8	54.9	- 3.8
✓ Captive	16.8	17.3	- 2.9	52.7	54.9	- 4.0
✓ Free	0.1	-	-	0.1	-	-
✓ Rural	1.5	1.3	+ 15.4	4.1	4.1	-
✓ Other Sectors	10.4	10.0	+ 4.0	30.6	29.7	+ 3.0
2 Energy associated with free consumers (TUSD)	0.1	-	-	0.1	--	-
3 Captive sales + TUSD (1+2)	**81.9**	**81.1**	**+ 1.0**	**244.5**	**248.4**	**- 1.6**
4 Not invoiced	(2.1)	(0.2)	+ 950.0	(2.5)	(2.4)	+ 4.2
5 Energy sales to distributors	-	-	-	-	-	-
6 Total Electricity Distributed (3+4+5)	**79.8**	**80.9**	**- 1.4**	**242.0**	**246.0**	**- 1.6**

Energisa Sergipe - Total Electricity Sold

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
1 Energy sales to captive consumers	**569.1**	**562.8**	**+ 1.1**	**1,802.3**	**1,837.1**	**- 1.9**
✓ Residential	239.7	229.1	+ 4.6	765.6	755.6	+ 1.3
✓ Industrial	208.4	227.3	- 8.3	634.6	745.6	- 14.9
✓ Captive	59.0	71.8	- 17.8	184.5	220.0	- 16.1
✓ Free	149.4	155.5	- 3.9	450.1	525.6	- 14.4
✓ Commercial	131.8	128.7	+ 2.4	417.0	422.6	- 1.3
✓ Captive	118.0	122.1	- 3.4	385.1	401.7	- 4.1
✓ Free	13.8	6.6	+ 109.1	31.9	20.9	+ 52.6
✓ Rural	22.8	19.7	+ 15.7	79.5	80.3	- 1.0
✓ Other Sectors	129.6	120.1	+ 7.9	387.6	379.5	+ 2.1
2 Energy associated with free consumers (TUSD)	163.2	162.0	+ 0.7	482.0	546.5	- 11.8
3 Captive sales + TUSD (1+2)	**732.3**	**724.8**	**+ 1.0**	**2,284.3**	**2,383.6**	**- 4.2**
4 Not invoiced	(13.5)	(8.3)	+ 62.7	(18.8)	(42.8)	- 56.1
5 Energy sales to distributors	212.1	135.6	+ 56.4	606.2	355.1	+ 70.7
6 Total Electricity Distributed (3+4+5)	**930.9**	**852.1**	**+ 9.2**	**2,871.7**	**2,695.9**	**+ 6.5**

Energisa Borborema - Total Electricity Sold

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
1 Energy sales to captive consumers	**149.8**	**154.8**	**- 3.2**	**455.6**	**507.9**	**- 10.3**
✓ Residential	57.8	54.9	+ 5.3	175.8	174.6	+ 0.7
✓ Industrial	34.0	41.9	- 18.9	99.8	144.7	- 31.0
✓ Commercial	37.5	36.8	+ 1.9	116.0	120.6	- 3.8
✓ Captive	34.4	35.8	- 3.9	110.0	117.1	- 6.1
✓ Free	3.1	1.0	+ 210.0	6.0	3.5	+ 71.4
✓ Rural	6.2	5.6	+ 10.7	17.8	18.4	- 3.3
✓ Other Sectors	17.3	16.6	+ 4.2	52.2	53.1	- 1.7
2 Energy associated with free consumers (TUSD)	3.1	1.0	+ 210.0	6.0	3.5	+ 71.4
3 Captive sales + TUSD (1+2)	**152.9**	**155.8**	**- 1.9**	**461.6**	**511.4**	**- 9.7**
4 Not invoiced	(1.7)	(2.8)	- 39.3	(2.9)	(9.1)	- 68.1
5 Energy sales to distributors	30.3	16.4	+ 84.8	88.7	19.4	+ 357.2
6 Total Electricity Distributed (3+4+5)	**181.5**	**169.4**	**+ 7.1**	**547.5**	**521.7**	**+ 4.9**

Energisa Paraíba - Total Electricity Sold

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
1 Energy sales to captive consumers	**898.8**	**904.7**	**- 0.7**	**2,756.0**	**2,841.6**	**- 3.0**
✓ Residential	394.2	373.3	+ 5.6	1,218.7	1,200.6	+ 1.5
✓ Industrial	204.4	238.3	- 14.2	591.3	692.7	- 14.6
✓ Captive	106.9	126.0	- 15.2	342.7	389.4	- 12.0
✓ Free	97.5	112.3	- 13.2	248.6	303.3	- 18.0
✓ Commercial	183.5	180.8	+ 1.5	567.2	577.6	- 1.8
✓ Captive	169.6	168.0	+1.0	525.1	537.0	- 2.2
✓ Free	13.9	12.8	+ 8.6	42.1	40.6	+ 3.7
✓ Rural	68.2	61.0	+ 11.8	184.6	199.0	- 7.2
✓ Other Sectors	159.9	176.4	- 9.4	484.9	515.6	- 6.0
2 Energy associated with free consumers (TUSD)	111.4	125.1	- 11.0	290.7	343.9	- 15.5
3 Captive sales + TUSD (1+2)	**1,010.2**	**1,029.8**	**- 1.9**	**3,046.7**	**3,185.5**	**- 4.4**
4 Not invoiced	(21.9)	(16.4)	+ 33.5	(32.5)	(68.4)	- 52.5
5 Energy sales to distributors	133.6	76.3	+ 75.1	386.1	109.3	+ 253.2
6 Total Electricity Distributed (3+4+5)	**1,121.9**	**1,089.7**	**+ 3.0**	**3,400.3**	**3,226.4**	**+ 5.4**

Energisa Mato Grosso - Total Electricity Sold

	Description Amounts in GWh	Quarter			Accumulated		
		3Q16	3Q15	Change %	9M16	9M15	Change %
1	**Energy sales to captive consumers**	**1,717.9**	**1,791.1**	**- 4.1**	**5,103.8**	**5,079.1**	**+ 0.5**
	✓ Residential	610.9	616.5	- 0.9	1,921.0	1,850.5	+ 3.8
	✓ Industrial	464.7	502.0	- 7.4	1,362.4	1,459.4	- 6.6
	✓ Captive	197.5	242.9	- 18.7	572.4	679.1	- 15.7
	✓ Free	267.1	259.1	+ 3.1	790.0	780.4	+ 1.2
	✓ Commercial	390.8	415.1	- 5.9	1,223.4	1,237.4	- 1.1
	✓ Captive	359.7	396.5	- 9.3	1,146.4	1,181.5	- 3.0
	✓ Free	31.1	18.6	+ 67.2	77.0	55.8	+ 38.0
	✓ Rural	341.3	310.7	+ 9.8	816.0	717.7	+ 13.7
	✓ Captive	332.5	310.7	+ 7.0	806.7	717.7	+ 12.4
	✓ Free	8.9	-	-	9.3	-	-
	✓ Other Sectors	217.3	224.5	- 3.2	657.2	650.3	+ 1.1
2	Energy associated with free consumers (TUSD)	307.2	277.7	+ 10.6	876.3	836.2	+ 4.8
3	**Captive sales + TUSD (1+2)**	**2,025.1**	**2,068.8**	**- 2.1**	**5,980.1**	**5,915.3**	**+ 1.1**
4	Not invoiced	(35.2)	33.7	-	(74.1)	31.1	-
5	Energy sales to distributors	2.4	(9.7)	-	226.8	482.3	- 53.0
6	**Total Electricity Distributed (3+4+5)**	**1,992.3**	**2,092.8**	**- 4.8**	**6,132.8**	**6,428.7**	**- 4.6**

Energisa Mato Grosso do Sul - Total Electricity Sold

	Description Amounts in GWh	Quarter			Accumulated		
		3Q16	3Q15	Change %	9M16	9M15	Change %
1	**Energy sales to captive consumers**	**988.3**	**1,037.9**	**- 4.8**	**3,232.6**	**3,334.2**	**- 3.0**
	✓ Residential	370.2	375.9	- 1.5	1,255.8	1,242.1	+ 1.1
	✓ Industrial	248.3	244.8	+ 1.4	728.2	774.8	- 6.0
	✓ Captive	107.4	135.9	- 21.0	356.2	453.1	- 21.4
	✓ Free	140.9	108.9	+ 29.4	372.0	321.7	+ 15.6
	✓ Commercial	250.1	269.5	- 7.2	826.6	856.8	- 3.5
	✓ Captive	235.3	256.0	- 8.1	783.3	814.0	- 3.8
	✓ Free	14.8	13.5	+ 9.6	43.3	42.8	+ 1.2
	✓ Rural	120.8	115.2	+ 4.9	354.8	349.1	+ 1.6
	✓ Other Sectors	154.7	154.9	- 0.1	482.6	475.9	+ 1.4
2	Energy associated with free consumers (TUSD)	155.6	122.3	+ 27.2	415.3	364.5	+ 13.9
3	**Captive sales + TUSD (1+2)**	**1,143.9**	**1,160.2**	**- 1.4**	**3,647.9**	**3,698.7**	**- 1.4**
4	Not invoiced	(9.0)	14.0	-	(73.3)	(46.3)	+ 58.3
5	Energy sales to distributors	265.7	4.3	+ 6,079.1	573.7	74.1	+ 674.2
6	**Total Electricity Distributed (3+4+5)**	**1,400.8**	**1,178.5**	**+ 18.9**	**4,148.3**	**3,726.5**	**+ 11.3**

Energisa Tocantins - Total Electricity Sold

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
1 Energy sales to captive consumers	**546.1**	**544.0**	**+ 0.4**	**1,602.2**	**1,499.2**	**+ 6.9**
✓ Residential	233.9	214.7	+ 8.9	683.9	601.4	+ 13.7
✓ Industrial	74.3	89.3	- 16.8	226.4	240.8	- 6.0
✓ Captive	65.7	81.5	- 19.4	201.1	217.8	-7.7
✓ Free	8.6	7.8	+ 10.3	25.3	23.0	+ 10.0
✓ Commercial	110.7	109.3	+ 1.3	328.4	309.7	+ 6.0
✓ Captive	103.7	103.0	+ 0.7	309.0	292.3	+ 5.7
✓ Free	7.0	6.3	+ 11.1	19.4	17.4	+ 11.5
✓ Rural	58.9	60.6	- 2.8	158.7	151.5	+ 4.8
✓ Other Sectors	83.9	84.2	- 0.4	249.5	236.2	+ 5.6
2 Energy associated with free consumers (TUSD)	15.6	14.1	+ 10.6	44.7	40.4	+ 10.6
3 Captive sales + TUSD (1+2)	**561.7**	**558.1**	**+ 0.6**	**1,646.9**	**1,539.6**	**+ 7.0**
4 Not invoiced	4.7	(3.0)	-	(4.0)	3.1	-
5 Energy sales to distributors	120.8	-	-	312.8	-	-
6 Total Electricity Distributed (3+4+5)	**687.2**	**555.1**	**+ 23.8**	**1,955.7**	**1,542.7**	**+ 26.8**

Energisa Cauiá - Total Electricity Sold

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
1 Energy sales to captive consumers	**236.6**	**246.3**	**- 3.9**	**793.2**	**808.3**	**- 1.9**
✓ Residential	97.7	97.6	+ 0.1	338.2	328.1	+ 3.1
✓ Industrial	33.5	38.5	- 13.0	106.8	121.8	- 12.3
✓ Captive	25.8	29.9	- 13.7	82.6	97.2	- 15.0
✓ Free	7.7	8.6	- 10.5	24.2	24.6	- 1.6
✓ Commercial	62.4	65.2	- 4.3	212.6	218.2	- 2.6
✓ Captive	57.8	62.2	- 7.1	199.5	208.3	- 4.2
✓ Free	4.6	3.0	+ 53.3	13.1	9.9	+ 32.3
✓ Rural	13.8	14.9	- 7.4	44.2	47.2	- 6.4
✓ Other Sectors	41.5	41.7	- 0.5	128.7	127.5	+ 0.9
2 Energy associated with free consumers (TUSD)	12.3	11.6	+ 6.0	37.2	34.4	+ 8.1
3 Captive sales + TUSD (1+2)	**248.9**	**257.9**	**- 3.5**	**830.4**	**842.7**	**- 1.5**
4 Not invoiced	0.8	0.5	+ 60.0	(10.0)	(10.8)	- 7.4
5 Energy sales to distributors	53.7	14.3	+ 275.5	106.0	35.2	+ 201.1
6 Total Electricity Distributed (3+4+5)	**303.4**	**272.7**	**+ 11.3**	**926.4**	**867.1**	**+ 6.8**

Energisa Vale Paranapanema - Total Electricity Sold

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
1 Energy sales to captive consumers	**182.4**	**196.8**	**- 7.3**	**609.1**	**639.6**	**- 4.8**
✓ Residential	73.6	73.3	+ 0.4	237.1	231.9	+ 2.2
✓ Industrial	43.0	44.1	- 2.5	144.4	159.3	- 9.4
✓ Captive	19.8	29.8	- 33.6	89.4	118.7	- 24.7
✓ Free	23.2	14.3	+ 62.2	55.0	40.6	+ 35.5
✓ Commercial	37.2	39.6	- 6.1	119.3	122.4	- 2.5
✓ Captive	35.4	39.3	- 9.9	116.4	121.6	- 4.3
✓ Free	1.8	0.3	+ 500.0	2.9	0.8	+ 262.5
✓ Rural	25.2	25.6	- 1.6	78.1	78.5	- 0.5
✓ Other Sectors	28.4	28.8	- 1.4	88.1	88.9	- 0.9
2 Energy associated with free consumers (TUSD)	25.0	14.6	+ 71.2	58.0	41.3	+ 40.4
3 Captive sales + TUSD (1+2)	**207.4**	**211.4**	**- 1.9**	**667.1**	**680.9**	**- 2.0**
4 Not invoiced	0.8	0.1	+ 700.0	(5.2)	(6.9)	- 24.6
5 Energy sales to distributors	53.2	17.9	+ 197.2	90.9	47.3	+ 92.2
6 Total Electricity Distributed (3+4+5)	**261.3**	**229.4**	**+ 13.9**	**752.8**	**721.3**	**+ 4.4**

Energisa Bragantina - Total Electricity Sold

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
1 Energy sales to captive consumers	**163.4**	**177.4**	**- 7.9**	**511.1**	**540.3**	**- 5.4**
✓ Residential	61.6	58.4	+ 5.5	184.5	178.0	+ 3.7
✓ Industrial	145.3	144.1	+ 0.8	422.6	433.5	- 2.5
✓ Captive	37.2	55.1	- 32.5	129.9	165.5	- 21.5
✓ Free	108.1	89.0	+ 21.5	292.7	268.0	+ 9.2
✓ Commercial	31.5	31.2	+ 1.0	98.2	97.0	+ 1.2
✓ Rural	16.7	16.1	+ 3.7	50.1	50.4	- 0.6
✓ Other Sectors	16.4	16.6	- 1.2	48.4	49.3	- 1.8
2 Energy associated with free consumers (TUSD)	108.1	89.0	+ 21.5	292.7	267.9	+ 9.3
3 Captive sales + TUSD (1+2)	**271.5**	**266.4**	**+ 1.9**	**803.8**	**808.2**	**- 0.5**
4 Not invoiced	0.6	(0.1)	-	(2.2)	(4.4)	- 50.0
5 Energy sales to distributors	31.7	-	-	89.7	-	-
6 Total Electricity Distributed (3+4+5)	**303.8**	**266.3**	**+ 14.1**	**891.3**	**803.8**	**+ 10.9**

Energisa Nacional - Total Electricity Sold

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
1 Energy sales to captive consumers	**127.9**	**127.6**	**+ 0.2**	**410.4**	**406.8**	**+ 0.9**
✓ Residential	49.9	50.4	- 1.0	170.8	167.3	+ 2.1
✓ Industrial	24.1	26.8	- 10.1	84.7	92.2	- 8.1
✓ Captive	19.1	19.6	- 2.6	61.9	65.6	- 5.6
✓ Free	5.0	7.2	- 30.6	22.8	26.6	- 14.3
✓ Commercial	26.6	27.7	- 4.0	90.6	90.8	- 0.2
✓ Rural	13.6	10.9	+ 24.8	29.5	26.6	+ 10.9
✓ Other Sectors	18.8	19.0	- 1.1	57.6	56.5	+ 1.9
2 Energy associated with free consumers (TUSD)	5.0	7.2	- 30.6	22.8	26.7	- 14.6
3 Captive sales + TUSD (1+2)	**132.9**	**134.8**	**- 1.4**	**433.2**	**433.5**	**- 0.1**
4 Not invoiced	1.2	0.9	+ 33.3	(5.1)	(5.5)	-7.3
5 Energy sales to distributors	38.3	8.0	+ 378.8	74.0	30.7	+ 141.0
6 Total Electricity Distributed (3+4+5)	**172.4**	**143.7**	**+ 20.0**	**502.1**	**458.7**	**+ 9.5**

Energisa Força e Luz Oeste - Total Electricity Sold

Description Amounts in GWh	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
1 Energy sales to captive consumers	**67.4**	**70.9**	**- 4.9**	**206.6**	**217.0**	**- 4.8**
✓ Residential	23.1	22.3	+ 3.6	68.3	66.7	+ 2.4
✓ Industrial	23.1	23.3	- 0.9	67.8	72.3	- 6.2
✓ Captive	19.7	23.3	- 15.5	62.2	72.3	- 14.0
✓ Free	3.4	-	-	5.6	-	-
✓ Commercial	14.9	15.5	- 3.9	46.7	48.9	- 4.5
✓ Captive	14.5	15.3	- 5.2	45.9	48.3	- 5.0
✓ Free	0.4	0.2	+ 100.0	0.8	0.6	+ 33.3
✓ Rural	1.6	1.6	-	5.1	5.2	- 1.9
✓ Other Sectors	8.5	8.4	+ 1.2	25.1	24.5	+ 2.4
2 Energy associated with free consumers (TUSD)	3.8	0.2	+ 1,800.0	6.4	0.6	+ 966.7
3 Captive sales + TUSD (1+2)	**71.2**	**71.1**	**+ 0.1**	**213.0**	**217.6**	**- 2.1**
4 Not invoiced	0.1	(0.3)	-	(0.8)	(1.3)	- 38.5
5 Total Electricity Distributed (3+4)	**71.3**	**70.8**	**+ 0.7**	**212.2**	**216.3**	**- 1.9**

A.2 Net Revenue by Consumption Sector by Distribution Company

See below net revenue by consumption sector by Energisa distribution company:

Net revenue by consumption sector in 3Q16 Amounts in R$ million	EMG	ENF	ESE	EBO	EPB	EMT	EMS	ETO
(+) Electricity revenue (captive market)	177.3	58.2	272.5	76.6	445.8	1,045.2	582.9	332.0
✓ Residential	80.9	29.3	132.4	33.1	218.1	397.6	234.6	159.4
✓ Industrial	20.5	8.7	25.1	15.0	46.9	131.5	66.4	30.1
✓ Commercial	36.5	13.4	67.7	19.0	95.5	257.7	150.1	74.5
✓ Rural	22.8	0.9	6.9	2.3	21.7	150.0	60.3	25.7
✓ Other sectors	16.6	5.9	40.4	7.2	63.6	108.4	71.5	42.3
(+) Electricity sales to distributors	5.8	-	51.1	8.7	45.8	14.5	41.7	18.0
(+) Net Unbilled Sales	(2.4)	(0.7)	(6.7)	(0.8)	(9.1)	(19.9)	(5.1)	6.4
(+) Electricity network usage charges	11.7	1.0	13.1	0.3	11.6	92.9	25.9	4.5
(+) Construction revenue	13.4	1.7	20.3	2.8	36.9	184.4	65.0	72.0
(+) Creation and amortization - CVA assets and liabilities	9.4	0.6	(1.8)	0.4	36.3	(63.2)	(16.0)	16.0
(+) Subsidies for services awarded under concession	18.1	0.9	16.0	3.2	31.4	72.2	23.2	18.0
(+) Other revenue	2.1	1.0	1.5	0.5	2.0	(15.9)	(1.0)	0.2
(=) Gross revenue	**235.4**	**62.7**	**366.0**	**91.7**	**600.7**	**1,310.2**	**716.6**	**467.1**
(-) Sales taxes	67.3	19.9	90.4	26.9	159.2	374.0	166.3	106.8
(-) Rate flag deductions	(0.2)	-	0.1	-	-	0.2	0.1	(0.3)
(-) Sector charges	20.1	5.1	26.9	7.6	40.3	106.1	72.6	22.6
(=) Net revenue	**148.2**	**37.7**	**248.6**	**57.2**	**401.2**	**829.9**	**477.6**	**338.0**
(-) Construction revenue	13.4	1.7	20.3	2.8	36.9	184.4	65.0	72.0
(=) Net revenue, without construction revenue	**134.8**	**36.0**	**228.3**	**54.4**	**364.3**	**645.5**	**412.6**	**266.0**

Net revenue by consumption sector (continued)

Revenue by Consumption Sector in 3Q16 Amounts in R$ million	CAIUÁ	EDEVP	EEB	CNEE	CFLO	Total ESS (*)	Energisa - Consolidated
(+) Electricity revenue (captive market)	119.1	95.0	101.5	61.7	40.1	417.4	3,407.7
✓ Residential	52.6	41.3	40.5	26.4	15.6	176.4	1,461.9
✓ Industrial	13.6	12.5	26.4	10.0	10.5	73.0	417.2
✓ Commercial	31.5	20.2	20.1	14.0	9.4	95.2	809.4
✓ Rural	4.8	9.0	7.2	4.2	0.7	25.9	316.4
✓ Other sectors	16.6	12.0	7.3	7.1	3.9	46.9	402.8
(+) Electricity sales to distributors	6.9	7.1	5.2	3.8	-	23.0	207.5
(+) Net Unbilled Sales	(0.1)	0.1	0.2	(0.2)	(0.6)	(0.6)	(38.9)
(+) Electricity network usage charges	2.2	3.6	9.8	1.2	0.3	17.1	177.8
(+) Construction revenue	7.1	5.4	3.7	2.9	0.8	19.9	414.8
(+) Creation and amortization - CVA assets and liabilities	2.9	1.2	0.1	(1.7)	0.2	2.7	(15.5)
(+) Subsidies for services awarded under concession	4.6	5.7	5.2	3.6	0.9	20.0	203.0
(+) Other revenue	1.4	0.6	(0.1)	0.3	0.5	2.7	144.9
(=) Gross revenue	**144.1**	**118.7**	**125.6**	**71.6**	**42.2**	**502.2**	**4,501.3**
(-) Sales taxes	33.9	27.1	34.6	17.4	15.2	128.2	1,161.8
(-) Rate flag deductions	-	-	(0.1)	-	-	(0.1)	(0.1)
(-) Sector charges	19.4	15.2	14.9	10.2	4.4	64.1	365.1
(=) Net revenue	**90.8**	**76.4**	**76.2**	**44.0**	**22.6**	**310.0**	**2,974.5**
(-) Construction revenue	7.1	5.4	3.7	2.9	0.8	19.9	414.8
(=) Net revenue, without construction revenue	**83.7**	**71.0**	**72.5**	**41.1**	**21.8**	**290.1**	**2,559.7**

(*) ESS - Empresas Sul Sudeste (Caiuá, EDEVP, EEB, CNEE and CFLO)

A.3 Operating Costs and Expenses by Distribution Company

See below operating expenses by Energisa distribution company in 3Q16:

Breakdown of operating expenses Amounts in R$ million	EMG	ENF	ESE	EBO	EPB	EMT
1 Uncontrollable expenses	84.5	24.2	149.4	37.0	220.9	426.3
1.1 Purchased energy	72.5	19.8	138.4	33.8	201.3	379.3
1.2 Transmission of electricity	12.0	4.4	11.0	3.2	19.6	47.0
2 Controllable expenses (PMSO)	**41.4**	**10.1**	**54.9**	**14.0**	**83.4**	**89.5**
2.1 PMSO	32.4	8.4	41.4	8.7	69.3	125.3
2.1.1 Personnel	11.9	2.1	16.4	3.7	25.4	36.6
2.1.2 Pension fund	0.2	-	4.1	-	5.5	1.4
2.1.3 Material	1.0	0.3	2.1	0.5	3.8	8.0
2.1.4 Outsourced services	16.5	5.5	13.4	3.9	23.8	46.2
2.1.5 Others	2.8	0.5	5.4	0.6	10.8	33.1
✓ Regulatory fines and compensation	0.2	-	0.1	0.0	0.7	6.6
✓ Contingencies (settlement of civil claims)	0.3	-	0.6	0.2	4.2	9.5
✓ Other	2.3	0.5	4.7	0.4	5.9	17.0
2.2 Provisions/Reversals	0.3	(0.3)	(0.6)	2.6	(1.7)	(76.8)
2.2.1 Contingency	0.7	(0.3)	0.3	(0.1)	(1.5)	(13.4)
2.2.2 Doubtful accounts	(0.4)	-	(0.9)	2.7	(0.2)	(63.4)
Subtotal	**32.7**	**8.1**	**40.8**	**11.3**	**67.6**	**48.5**
2.2 Depreciation and amortization	7.7	1.9	13.9	2.3	15.6	34.7
2.3 Other revenue/expenses	1.0	0.1	0.2	0.4	0.2	6.3
Operating expenses total (1 + 2, without construction cost)	**125.9**	**34.3**	**204.3**	**51.0**	**304.3**	**515.8**
Construction cost (*)	13.4	1.7	20.3	2.8	36.9	184.4
Operating expenses total (1 + 2, with construction cost)	**139.3**	**36.0**	**224.6**	**53.8**	**341.2**	**700.2**

Breakdown of operating expenses by distribution company (continued):

Breakdown of operating expenses Amounts in R$ million	EMS	ETO	CAIUÁ	EDEVP	EBB	CNEE	CFLO
1 Uncontrollable expenses	**275.5**	**146.5**	**60.2**	**47.1**	**42.4**	**29.9**	**16.2**
1.1 Purchased energy	241.4	133.3	53.1	40.8	36.6	26.2	13.6
1.2 Transmission of electricity	34.1	13.2	7.1	6.3	5.8	3.7	2.6
2 Controllable expenses	**114.5**	**64.9**	**20.5**	**14.1**	**15.2**	**10.0**	**3.9**
2.1 PMSO	87.1	54.1	16.9	11.5	12.4	8.0	3.7
2.1.1 Personnel	42.4	22.6	7.5	5.4	5.5	3.9	2.1
2.1.2 Pension fund	0.3	0.8	0.2	0.2	0.1	0.1	0.1
2.1.3 Material	6.0	2.5	1.3	0.9	1.0	0.5	0.2
2.1.4 Outsourced services	30.5	21.2	7.1	4.5	5.1	2.9	1.2
2.1.5 Others	7.9	7.0	0.8	0.5	0.7	0.6	0.1
✓ Regulatory fines and compensation	1.2	0.6	0.1	0.1	0.1	0.1	-
✓ Contingencies (settlement of civil claims)	0.5	1.7	0.2	0.1	0.1	0.3	-
✓ Other	6.2	4.7	0.5	0.4	0.5	0.2	0.1
2.2 Provisions/Reversals	**4.0**	**(0.4)**	**(0.1)**	**0.1**	**(0.4)**	**0.3**	**(0.3)**
2.2.1 Contingency	(0.3)	(2.2)	0.2	0.5	(0.6)	0.2	(0.4)
2.2.2 Doubtful accounts	4.3	1.8	(0.3)	(0.4)	0.2	0.1	0.1
Subtotal (2.1 + 2.2)	**91.1**	**53.7**	**16.8**	**11.6**	**12.0**	**8.3**	**3.4**
2.2 Depreciation and amortization	18.7	9.0	3.8	2.2	2.9	1.7	0.5
2.3 Other revenue/expenses	4.7	2.2	(0.1)	0.3	0.3	-	-
Operating expenses total (1 + 2, without construction cost)	**390.0**	**211.4**	**80.7**	**61.2**	**57.6**	**39.9**	**20.1**
Construction cost (*)	65.0	72.0	7.1	5.4	3.7	2.9	0.8
Operating expenses total (1 + 2, with construction cost)	**455.0**	**283.4**	**87.8**	**66.6**	**61.3**	**42.8**	**20.9**

A.4 Reconciliation of net income and EBITDA

Breakdown of cash generation (EBITDA) in R$ million	Quarter			Accumulated		
	3Q16	3Q15	Change %	9M16	9M15	Change %
(=) Consolidated net income	**63.3**	**(132.5)**	**-**	**160.6**	**193.0**	**- 16.8**
(-) Income and social contribution taxes	(52.9)	97.9	-	(108.2)	97.5	-
(-) Financial income/expenses	(204.2)	(501.6)	- 59.3	(411.8)	(948.8)	- 56.6
(-) Depreciation and amortization	(172.6)	(160.2)	+ 7.7	(517.4)	(537.8)	- 3.8
(=) EBITDA, with asset sale	**493.0**	**431.4**	**+ 14.3**	**1,198.0**	**1,582.1**	**- 24.3**
(-) Sale of assets, net of income tax on discontinued operations	-	39.8	-	-	444.5	-
(=) EBITDA, without asset sale	**493.0**	**391.6**	**+ 25.9**	**1,198.0**	**1,137.6**	**+ 5.3**
(+) Arrears surcharge revenue	81.3	62.5	+ 30.1	178.6	138.9	- 28.6
(+) Equity in net income of subsidiaries and associated companies	-	-	-	-	-	-
(=) Adjusted EBITDA, without asset sale	**574.3**	**454.1**	+ 26.5	**1,376.6**	**1,276.5**	+ 7.8
(+) Sale of assets, net of income tax on discontinued operations	-	39.8	-	-	444.5	-
(=) Adjusted EBITDA, with asset sale	**574.3**	**493.9**	**+ 16.3**	**1,376.6**	**1,721.0**	**- 20.0**
Adjusted EBITDA margin with the sale of assets (%)	19.3	16.6	+ 2.7 p.p	16.3	19.8	- 3.5 p.p.
Adjusted EBITDA margin without the sale of assets (%)	19.3	15.3	+ 4.0 p.p	16.3	14.7	+ 1.6 p.p

A.5 Net debt by distribution company

Net debts (R$ million)	EMG	ENF	ESE	EBO	EPB	EMT	EMS
Short-term	**171.6**	**38.6**	**237.4**	**19.9**	**267.9**	**410.3**	**201.0**
Loans, financing and leasing	152.2	41.3	196.7	16.5	271.4	160.8	123.7
Debentures	-	-	19.2	-	-	69.6	72.8
Debt charges	5.0	0.3	7.7	0.6	5.4	13.4	5.2
Financing of taxes and actuarial deficit	0.6	0.1	14.7	-	10.6	0.6	0.4
Financing of sector charges	-	-	-	-	-	51.2	-
Financing of energy purchased from Itaipu	-	-	-	-	-	117.0	-
Derivative financial instruments, net	13.8	(3.1)	(0.9)	2.8	(19.5)	(2.3)	(1.1)
Long-term	**191.9**	**46.9**	**545.6**	**53.0**	**468.0**	**1,920.1**	**922.2**
Loans, financing and leasing	193.4	43.2	461.0	54.1	446.6	1,342.3	623.4
Debentures	-	-	36.0	-	-	248.9	298.7
Financing of taxes and actuarial deficit	2.2	0.5	105.1	-	75.2	8.3	0.1
Financing of sector charges	-	-	-	-	-	96.3	-
Financing of energy purchased from Itaipu	-	-	-	-	-	224.3	-
Derivative financial instruments, net	(3.7)	3.2	(56.5)	(1.1)	(53.8)	-	-
Total debts	**363.5**	**85.5**	**783.0**	**72.9**	**735.9**	**2,330.4**	**1,123.2**
(-) Cash and cash equivalents	148.3	36.0	114.1	36.1	166.1	348.2	362.0
Total net debts	**215.2**	**49.5**	**668.9**	**36.8**	**569.8**	**1,982.2**	**761.2**
(-) CDE Credits	25.0	0.4	11.1	1.4	14.2	62.3	12.0
(-) CCC Credits	-	-	-	-	-	25.8	-
(-) CVA Credits	4.2	6.0	(27.8)	(9.2)	0.6	(44.4)	20.5
Total net debts less sector credits	**186.0**	**43.1**	**685.6**	**44.6**	**555.0**	**1,938.5**	**728.7**
Relative Indicators							
Net debt / Adjusted EBITDA 12 months [1]	3.1	3.1	3.4	0.7	1.8	4.3	3.0
Net debt / Shareholders' equity + Net debt (%)	42.0	33.9	66.8	28.7	43.2	57.3	49.2

Net debts (R$ million)	ETO	CAIUÁ	EDEVP	EEB	CNEE	CFLO	ESS
Short-term	**301.8**	**56.9**	**25.3**	**135.7**	**3.5**	**5.0**	**226.4**
Loans, financing and leasing	241.9	47.2	20.8	96.2	1.3	0.5	166.0
Debentures	-	-	-	-	-	-	-
Debt charges	6.6	1.3	0.3	5.2	-	0.1	6.9
Financing of taxes and actuarial deficit	1.2	3.8	2.8	2.8	2.2	1.3	12.9
Financing of sector charges	11.8	-	-	-	-	-	-
Financing of energy purchased from Itaipu	-	-	-	-	-	-	-
Derivative financial instruments, net	40.3	4.6	1.4	31.5	-	3.1	40.6
Long-term	**411.6**	**112.4**	**28.9**	**42.1**	**24.5**	**29.7**	**237.6**
Loans, financing and leasing	418.2	111.9	11.4	28.2	10.9	29.3	191.7
Debentures	-	-	-	-	-	-	-
Financing of taxes and actuarial deficit	0.6	23.4	17.5	17.4	13.6	0.4	72.3
Financing of sector charges	13.8	-	-	-	-	-	-
Financing of energy purchased from Itaipu	-	-	-	-	-	-	-
Derivative financial instruments, net	(21.0)	(22.9)	-	(3.5)	-	-	(26.4)
Total debts	**713.4**	**169.3**	**54.2**	**177.8**	**28.0**	**34.7**	**464.0**
(-) Cash and cash equivalents	231.6	85.4	34.1	95.5	23.5	16.3	254.8
Total net debts	**481.8**	**83.9**	**20.1**	**82.3**	**4.5**	**18.4**	**209.2**
(-) CDE Credits	11.8	2.8	3.7	2.4	7.8	0.6	17.3
(-) CCC Credits	-	-	-	-	-	-	-
(-) CVA Credits	1.1	(8.2)	1.0	1.4	(2.6)	0.1	(8.3)
Total net debts less sector credits	**468.9**	**89.3**	**15.4**	**78.5**	**(0.7)**	**17.7**	**200.2**
Relative Indicators							
Net debt / Adjusted EBITDA 12 months [1]	3.4	2.2	0.3	1.7	-	1.5	1.0
Net debt / Shareholders' equity + Net debt (%)	37.4	33.3	10.1	42.8	(1.1)	49.2	27.9

Appendix II - Financial Statements

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Individual Financial Statements - Statement of Financial Position - Assets
(Thousands of Reais)

	Current Quarter 9/30/2016	Previous Year 12/31/2015
Total Assets	**5,841,612**	**4,507,931**
Current Assets	**1,529,184**	**540,793**
Cash and Cash Equivalents	234,419	222,737
Short-term Investments	1,108,855	51,581
Short-term investments appraised at fair value	1,108,855	51,581
Marketable Securities	1,108,855	51,581
Accounts Receivable	6,556	5,808
Trade receivables	6,556	5,808
Inventory	52	64
Recoverable taxes	43,457	19,193
Other Current Assets	135,845	241,410
Other	135,845	241,410
Dividends receivable	3,048	47,682
Derivative financial instruments	1,296	65,793
Other accounts receivable	131,501	127,935
Noncurrent Assets	**4,312,428**	**3,967,138**
Noncurrent Assets	863,825	757,710
Short-term investments appraised at fair value	76,751	-
Related-party credits	780,467	717,411
Other noncurrent assets	6,607	40,299
Restricted deposits and escrows	85	48
Recoverable taxes	4,183	-
Derivative Financial Instruments	2,339	40,232
Other	-	19
Investments	**3,427,506**	**3,192,259**
Equity Interests	3,427,506	3,192,259
Interest in Subsidiaries	3,417,455	3,182,208
Other Equity Interests	10,051	10,051
Property, plant and equipment	**14,835**	**9,368**
Intangible assets	**6,262**	**7,801**
Intangible assets	6,262	7,801

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Individual Financial Statements - Statement of Financial Position - Liabilities
(Thousands of Reais)

	Current Quarter 9/30/2016	Previous Year 12/31/2015
Total Liabilities	**5,841,612**	**4,507,931**
Current Liabilities	**319,820**	**586,272**
Payroll and labor obligations	3,715	4,391
Payroll Obligations	3,715	4,391
Taxes and social contributions	3,715	4,391
Trade accounts payable	1,027	1,703
Domestic Trade Payables	1,027	1,703
Loans and Financing	203,467	500,461
Loans and Financing	128,557	321,678
In foreign currency	128,557	321,678
Debentures	74,910	178,783
Other Obligations	111,611	79,717
Other	111,611	79,717
Dividends and jcp payable	2,764	2,609
Debt charges - foreign currency	2,135	4,113
Estimated obligations	3,103	1,992
Derivative financial instruments	49,415	16,806
Other accounts payable	54,194	54,197
Noncurrent Liabilities	**1,846,526**	**1,710,006**
Loans and Financing	1,593,719	1,435,425
Loans and Financing	176,700	97,620
In foreign currency	176,700	97,620
Debentures	1,417,019	1,337,805
Other Obligations	247,512	267,356
Related-party liabilities	229,356	228,573
Debts to other related parties	229,356	228,573
Other	18,156	38,783
Derivative financial instruments	13,387	30,873
Other accounts payable	4,769	7,910
Deferred Taxes	5,295	7,225
Deferred Income and Social Contribution Taxes	5,295	7,225
Shareholders' Equity	**3,675,266**	**2,211,653**
Realized Capital	2,795,963	1,260,000
Capital Reserves	(105,336)	(25,125)
Funding cost - capital increase	(65,138)	-
Transactions amongst partners	(40,198)	(25,125)
Revaluation reserves	-	-
Profit Reserves	981,616	1,056,817
Legal Reserve	113,753	113,753
Profit Retention Reserve	867,863	910,538
Additional dividend proposed	-	75,201
Treasury Stock	-	(42,675)
Retained earnings/Accumulated losses	83,298	-
Other Comprehensive Income	(80,275)	(80,039)

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Individual Financial Statements / Income Statement (Thousands of Reais)

	Current Quarter 7/1/2016 to 9/30/2016	Accrued Value of the Current Year 1/1/2016 to 9/30/2016	Same Quarter of the Prior Year 7/1/2015 to 9/30/2015	Accrued Value of the Prior Year 1/1/2015 to 9/30/2015
Revenue from Goods and Services Sold	**17,231**	**50,352**	**14,540**	**42,735**
Cost of goods sold and/or services sold	**(6,552)**	**(20,484)**	**(6,852)**	**(24,026)**
Personnel and management	(6,074)	(15,932)	(4,902)	(13,092)
Material	(60)	(140)	(47)	(129)
Outsourced services	(820)	(3,006)	(1,008)	(8,120)
Depreciation and amortization	625	(626)	(490)	(1,469)
Other	(223)	(780)	(405)	(1,216)
Gross Profit	**10,679**	**29,868**	**7,688**	**18,709**
Operating Income/Expenses	**48,593**	**172,096**	**(56,958)**	**108,071**
General and Administrative Expenses	(5,120)	(14,425)	(5,019)	(32,074)
Personnel and management	(1,402)	(3,817)	(1,201)	(3,208)
Private Pension Fund	(88)	(236)	(86)	(2,219)
Material	(158)	(367)	(123)	(332)
Outsourced Services	(1,989)	(7,833)	(3,179)	(25,579)
Depreciation and Amortization	(1,531)	(2,108)	(239)	(678)
Other	48	(64)	(191)	(58)
Other Operating Income	-	13	(83)	-
Other	-	13	(83)	-
Other Operating Expenses	-	(35)	62	62
Other expenses	-	(35)	62	62
Equity in Net Income of Subsidiaries	53,713	186,543	(51,918)	140,083
Earnings before Financial Income and Tax	**59,272**	**201,964**	**(49,270)**	**126,780**
Financial Income/Loss	**(16,282)**	**(84,763)**	**(147,306)**	**(303,172)**
Financial Revenue	**68,104**	**139,372**	**19,653**	**96,838**
Revenue from short-term investments	40,659	55,429	729	7,569
Restatement of loan	23,419	68,200	12,996	71,267
Endorsement revenue	6,466	19,255	6,764	18,651
Taxes on finance revenue	(3,192)	(7,042)	(1,625)	(2,725)
Other revenue	752	3,530	789	2,076
Financial Expenses	**(84,386)**	**(224,135)**	**(166,959)**	**(400,010)**
Charges and debts - interest	(47,930)	(196,405)	(53,536)	(194,272)
Mark-to-market of derivatives	8,008	51,046	(17,764)	(63,088)
Derivative financial instruments	(10,484)	(82,574)	62,821	126,097
Debt charges - exchange variance	(20,500)	43,863	(160,329)	(241,401)
Mark-to-market of debt securities	(358)	(1,171)	(54)	(54)
Bank expenses	(1,667)	(4,776)	(1,507)	(3,153)
IOF	(44)	(1,115)	(381)	(1,454)
Restatement of loans	(7,375)	(21,916)	-	-
Endorsement Expenses	(2,500)	(7,500)	-	-
Other financial expenses	(1,536)	(3,587)	3,791	(22,685)
Earnings before tax on net income	**42,990**	**117,201**	**(196,576)**	**(176,392)**
Income and Social Contribution Taxes on Profit	**-**	**5,883**	**(5,107)**	**(26,215)**
Current	-	-	(5,107)	(26,215)
Deferred charges	-	5,883	-	-
Net Income from Continued Operations	**42,990**	**123,084**	**(201,683)**	**(202,607)**
Net earnings from Discontinued Operations	**-**	**-**	**75,174**	**376,805**
Net income (loss) from discontinued operations	-	-	75,174	376,805
Net Income/Loss for the Period	**42,990**	**123,084**	**(126,509)**	**174,198**
Earnings per share - (Reais / Share)				
Basic Earnings per Share				
Common	0.25	0.08	(0.10)	0.14
Preferred	0.25	0.08	(0.10)	0.14
Diluted Earnings per Share				
Common	0.25	0.08	(0.10)	0.14
Preferred	0.25	0.08	(0.10)	0.14

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Individual Financial Statements / Statement of Comprehensive Income
(Thousands of Reais)

	Current Quarter 7/1/2016 to 9/30/2016	Accrued Value of the Current Year 1/1/2016 to 9/30/2016	Same Quarter of the Prior Year 7/1/2015 to 9/30/2015	Accrued Value of the Prior Year 1/1/2015 to 9/30/2015
Net income for the period	**42,990**	**123,084**	**(126,509)**	**174,198**
Other Comprehensive Income	**-**	**(236)**	**-**	**-**
Other comprehensive income - Actuarial losses	-	(236)	-	-
Comprehensive Income for the Period	42,990	122,848	(126,509)	174,198

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Individual Financial Statements / Statement of Cash Flows – Indirect Method
(Thousands of Reais)

	Accrued Value of the Current Year 1/1/2016 to 9/30/2016	Accrued Value of the Prior Year 1/1/2015 to 9/30/2015
Net Cash from Operating Activities	**(15,497)**	**(174,025)**
Cash Provided by Operating Activities	**16,942**	**(12,961)**
Net income for the period	123,084	174,198
Current and deferred income and social contribution taxes	(5,883)	26,215
Net income for the year from discontinued operations	-	(376,805)
Expenses on interest and monetary and exchange variance - net	50,829	364,384
Depreciation and amortization	2,734	2,147
Equity in income of associates	(186,543)	(140,083)
Derivative financial instruments	82,574	(126,097)
Mark-to-market of derivatives	(51,046)	63,088
Mark-to-market of debts	1,171	54
(Gain) Loss on the sale of assets	22	(62)
Changes in Assets and Liabilities	(32,439)	(161,064)
(Increase) decrease in receivables	(748)	62
(Increase) in escrow deposits	(37)	(29)
Decrease (increase) in inventory	12	(14)
(Increase) in recoverable taxes	(28,447)	(21,301)
(Increase) in other accounts receivable	(3,786)	(44,887)
(Decrease) in suppliers payable	(676)	(451)
Increase in taxes and social contributions	3,276	6,551
Increase in estimated obligations	1,111	1,594
Income and social contribution taxes paid	-	(97,803)
(Decrease) in other accounts payable	(3,144)	(4,786)
Net Cash from Investment Activities	**(1,120,625)**	**1,628,442**
Short-term investments and secured funds	(1,078,596)	(11,337)
Acquisition of property, plant and equipment	(6,696)	(1,252)
Additions to Intangible assets	-	(2,824)
Receipts of dividends	245,139	137,798
Sale of generation assets	-	1,376,853
Related parties	(15,989)	191,944
Capital increase and acquisition of shares in subsidiaries and other investments	(264,518)	(62,740)
Proceeds from the sale of assets	35	-
Net Cash from Financing Activities	1,147,804	(1,503,572)
Payment of loans, debentures - principal	(402,172)	(1,468,768)
Payments of loans, debentures - interest	(162,002)	(305,826)
New loans and financing obtained	270,000	460,000
Settlement of derivative financial instruments	85,985	42,766
Payment of dividends	(114,832)	(231,744)
Transaction costs incurred on share issuances	(65,138)	-
Capital increase through share subscription	1,535,963	-
Increase (Decrease) in Cash and Cash Equivalents	**11,682**	**(49,155)**
Opening Balance of Cash and Cash Equivalents	222,737	50,249
Closing Balance of Cash and Cash Equivalents	234,419	1,094

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Individual Financial Statements - Statements of Changes in Shareholders' Equity - 1/1/2016 to 9/30/2016
(Thousands of Reais)

	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders ' Equity
Opening Balances	**1,260,000**	**(67,800)**	**1,099,492**	**-**	**(80,039)**	**2,211,653**
Prior-year Adjustments	**-**	**-**	**-**	**-**	**-**	**-**
Adjusted opening balance	**1,260,000**	**(67,800)**	**1,099,492**	**-**	**(80,039)**	**2,211,653**
Capital transactions with shareholders	**1,535,963**	**(37,536)**	**(117,876)**	**(39,786)**	**-**	**1,340,765**
Capital increases	1,535,963	-	-	-	-	1,535,963
Interim dividends	-	-	-	(39,786)	-	(39,786)
Treasury Stock canceled	-	42,675	(42,675)	-	-	-
Dividends 2015	-	-	(75,201)	-	-	(75,201)
Acquisition of minority interest	-	3,865	-	-	-	3,865
Transaction costs incurred on share issuances	-	(65,138)	-	-	-	(65,138)
Other transaction - reflexive PUT	-	(18,938)	-	-	-	(18,938)
Total Comprehensive Income	**-**	**-**	**-**	**123,084**	**(236)**	**122,848**
Net income for the period	-	-	-	123,084	-	123,084
Other Comprehensive Income	-	-	-	-	(236)	(236)
Equity Income on Comp. Income Subsidiaries and Associated Companies	-	-	-	-	(236)	(236)
Closing Balances	**2,795,963**	**(105,336)**	**981,616**	**83,298**	**(80,275)**	**3,675,266**

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Individual Financial Statements - Statements of Changes in Shareholders' Equity - 1/1/2015 to 9/30/2015
(Thousands of Reais)

	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity
Opening Balances	**1,010,000**	**(55,528)**	**1,005,758**	**-**	**(77,291)**	**1,882,939**
Prior-year Adjustments	**-**	**-**	**-**	**-**	**-**	**-**
Adjusted opening balance	**1,010,000**	**(55,528)**	**1,005,758**	**-**	**(77,291)**	**1,882,939**
Capital transactions with shareholders	**-**	**(4,115)**	**(130,946)**	**(100,351)**	**-**	**(235,412)**
Dividends	-	-	(130,946)	-	-	(130,946)
Interim dividends	-	-	-	(100,351)	-	(100,351)
Losses on new subsidiaries acquisitions	-	(2,864)	-	-	-	(2,864)
Other transaction - reflexive PUT	-	(1,251)	-	-	-	(1,251)
Total Comprehensive Income	**-**	**-**	**-**	**174,198**	**-**	**174,198**
Net income for the period	-	-	-	174,198	-	174,198
Closing Balances	**1,010,000**	**(59,643)**	**874,812**	**73,847**	**(77,291)**	**1,821,725**

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Individual Financial Statements - Statements of Added Value
(Thousands of Reais)

	Accrued Value of the Current Year 1/1/2016 to 9/30/2016	Accrued Value of the Prior Year 1/1/2015 to 9/30/2015
Revenue	**56,801**	**48,155**
Sales of Goods, Products and Services	56,788	48,155
Other Revenue	13	-
Consumables acquired from third parties	**(12,116)**	**(37,996)**
Material, Energy, Outsourced Services and Other	(11,345)	(34,159)
Other	(771)	(3,837)
Gross Added Value	**44,685**	**10,159**
Retentions	**(2,734)**	**(2,147)**
Depreciation, Amortization and Depletion	(2,734)	(2,147)
Net Added Value Produced	41,951	8,012
Transferred Added Value	332,957	239,646
Equity in Net Income of Subsidiaries	186,543	140,083
Financial Revenue	146,414	99,563
Total Added Value to be Distributed	**374,908**	**247,658**
Distribution of Added Value	**374,908**	**247,658**
Personnel	17,017	16,079
Direct Remuneration	13,694	13,227
Benefits	2,349	2,092
F.G.T.S.	974	760
Taxes, Duties and Contributions	10,567	34,080
Federal	9,418	33,110
Municipal	1,149	970
Interest expenses	224,240	400,106
Interest	224,135	400,010
Rent	105	96
Interest earnings	123,084	174,198
Dividends	39,786	100,351
Retained Earnings/Loss for the Period	83,298	73,847
Other	-	(376,805)
Earnings from discontinued operations	-	(376,805)

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Consolidated Financial Statements - Statement of Financial Position - Assets
(Thousands of Reais)

	Current Quarter 9/30/2016	Previous Year 12/31/2015
Total Assets	**20,124,005**	**18,502,182**
Current Assets	**6,963,878**	**5,879,295**
Cash and Cash Equivalents	963,053	1,083,627
Short-term Investments	2,020,464	719,058
Short-term investments appraised at fair value	2,011,220	711,322
Marketable Securities	2,011,220	711,322
Short-term investments valued at amortized cost	9,244	7,736
Securities Held to Maturity	9,244	7,736
Accounts Receivable	2,001,826	2,054,044
Trade receivables	2,001,826	2,054,044
Inventory	37,896	36,162
Recoverable taxes	578,463	390,192
Recoverable current taxes	578,463	390,192
Other Current Assets	1,362,176	1,596,212
Other	1,362,176	1,596,212
Credit receivables	10,091	4,676
Derivative financial instruments	92,178	117,780
Financial sector assets	671,817	801,051
Other accounts receivable	588,090	672,705
Noncurrent Assets	**13,160,127**	**12,622,887**
Noncurrent Assets	**5,372,165**	**5,058,492**
Short-term investments valued at amortized cost	211,071	97,072
Securities Held to Maturity	211,071	97,072
Accounts Receivable	189,282	140,466
Trade receivables	189,282	140,466
Other noncurrent assets	4,971,812	4,820,954
Credit receivables	18,675	1,624
Recoverable taxes	189,862	177,558
Tax credits	812,427	774,658
Restricted deposits and escrows	215,312	194,710
Derivative financial instruments	170,695	369,848
Accounts receivable from the concession	3,230,592	2,858,710
Financial sector assets	168,722	261,854
Other accounts receivable	165,527	181,992
Investments	**23,747**	**28,635**
Equity Interests	23,747	28,635
Other Equity Interests	23,747	28,635
Property, plant and equipment	**129,347**	**114,778**
Property, plant and equipment in operation	129,347	114,778
Intangible assets	**7,634,868**	**7,420,982**
Intangible assets	7,634,868	7,420,982

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Consolidated Financial Statements - Statement of Financial Position - Liabilities (Thousands of Reais)

	Current Quarter 9/30/2016	Previous Year 12/31/2015
Total Liabilities	**20,124,005**	**18,502,182**
Current Liabilities	**5,060,874**	**4,716,057**
Trade payables	1,168,462	1,204,877
Domestic Trade Payables	1,168,462	1,204,877
Loans and Financing	1,738,058	1,511,118
Loans and Financing	1,500,996	1,195,369
In local currency	432,183	418,947
In foreign currency	1,068,813	776,422
Debentures	237,062	315,749
Other Obligations	2,154,354	2,000,062
Other	2,154,354	2,000,062
Dividends and jcp payable	5,029	8,140
Financing of taxes	13,111	17,116
Estimated obligations	106,987	79,027
Public lighting fee	48,382	65,809
Employee benefits - pension plan	29,872	28,692
Debt charges - local currency	29,962	25,051
Debt charges - foreign currency	28,784	17,970
Taxes and Payroll Contributions	448,681	480,206
Sector charges	259,720	372,295
Financial sector liabilities	647,218	494,740
Regulatory fees	58,635	20,373
Incorporation of grids	96,406	109,463
CCRBT Rate flags	195	4,880
Derivative financial instruments	214,158	126,251
Other accounts payable	167,214	150,049
Noncurrent Liabilities	**10,248,900**	**10,467,955**
Loans and Financing	**6,225,752**	**6,422,878**
Loans and Financing	4,183,325	4,222,050
In local currency	2,873,626	2,405,075
In foreign currency	1,309,699	1,816,975
Debentures	2,042,427	2,200,828
Other Obligations	2,504,300	2,469,963
Other	2,504,300	2,469,963
Trade accounts payable	236,882	326,010
Derivative financial instruments	379,813	388,376
Taxes and social contributions	164,058	138,440
Payments of taxes in instalments	73,540	78,031
Employee benefit - Pension plan	193,901	185,018
Provision for labor, civil and tax risks	578,874	572,629
Regulatory fees	110,062	153,127
Financial sector liabilities	250,616	143,103
Sector charges	221,597	152,788
Incorporation of grids	233,741	185,162
Other accounts payable	61,216	147,279
Deferred Taxes	1,518,848	1,575,114
Deferred Income and Social Contribution Taxes	1,518,848	1,575,114
Consolidated shareholders' equity	**4,814,231**	**3,318,170**
Realized Capital	**2,795,963**	**1,260,000**
Capital Reserves	(105,336)	(25,125)
Funding cost - capital increase	(65,138)	-
Transactions amongst partners	(40,198)	-
Profit Reserves	981,616	1,056,817
Legal Reserve	113,753	113,753
Profit Retention Reserve	867,863	910,538
Additional dividend proposed	-	75,201
Treasury Stock	-	(42,675)
Retained earnings/Accumulated losses	83,298	-
Other Comprehensive Income	(80,275)	(80,039)
Minority interests	1,138,965	1,106,517

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Consolidated Financial Statements - Statement of Income
(Thousands of Reais)

	Current Quarter 7/1/2016 to 9/30/2016	Accrued Value of the Current Year 1/1/2016 to 9/30/2016	Same Quarter of the Prior Year 7/1/2015 to 9/30/2015	Accrued Value of the Prior Year 1/1/2015 to 9/30/2015
Revenue from Goods and Services Sold	**2,974,473**	**8,446,255**	**2,967,275**	**8,699,029**
Cost of goods sold and/or services sold	**(2,527,049)**	**(7,353,086)**	**(2,565,188)**	**(7,546,229)**
Electricity purchased for resale	(1,501,639)	(4,309,004)	(1,482,282)	(4,670,430)
Charge for using transmission and distribution system	(169,691)	(534,325)	(212,527)	(546,894)
Personnel and management	(168,988)	(525,573)	(135,683)	(396,135)
Private pension fund	(5,979)	(18,122)	(1,627)	(8,121)
Material	(25,643)	(89,421)	(34,918)	(85,736)
Outsourced services	(120,843)	(360,685)	(108,616)	(335,275)
Depreciation and amortization	(147,287)	(443,761)	(135,309)	(455,193)
Allowance for doubtful accounts	56,348	80,322	(22,324)	(22,205)
Construction cost	(414,821)	(1,036,641)	(377,906)	(907,525)
Provisions for labor, civil and tax risks	3,162	3,430	(18,863)	(3,009)
Other	(31,668)	(119,306)	(35,133)	(115,706)
Gross Profit	**447,424**	**1,093,169**	**402,087**	**1,152,800**
Operating Income/Expenses	**(127,011)**	**(412,632)**	**(170,723)**	**(553,054)**
General and Administrative Expenses	(133,924)	(402,475)	(161,062)	(485,597)
Personnel and management	(43,555)	(132,001)	(53,194)	(151,631)
Private pension fund	(8,004)	(25,229)	(5,722)	(22,138)
Material	(4,354)	(13,499)	(4,247)	(15,127)
Outsourced services	(27,209)	(94,493)	(63,999)	(187,693)
Depreciation and amortization	(25,361)	(73,621)	(24,842)	(82,650)
Provisions for labor, civil and tax risks	6,466	26,739	22,020	86,489
Other	(31,907)	(90,371)	(31,078)	(112,847)
Other Operating Income	31,683	53,914	12,607	21,585
Other	31,683	53,914	12,607	21,585
Other Operating Expenses	(24,770)	(64,071)	(22,254)	(89,005)
Other	(24,770)	(64,071)	(22,254)	(89,005)
Equity in Net Income of Subsidiaries	-	-	(14)	(37)
Earnings before Financial Income and Tax	**320,413**	**680,537**	**231,364**	**599,746**
Financial Income/Loss	**(204,220)**	**(411,762)**	**(501,614)**	**(948,804)**
Financial Revenue	**209,039**	**663,440**	**190,468**	**685,436**
Revenue from short-term investments	81,957	212,098	2,604	120,241
Monetary variation and arrears surcharge on energy	81,337	178,600	62,472	138,870
Restatement of accounts receivable from the concession - VNR	20,522	99,935	41,431	133,481
Exchange Variance	-	-	30,169	30,169
Interest earned/Selic base interest rate	11,156	26,034	(29,403)	5,943
Restatement of judicial deposits	345	2,655	3,631	13,540
Restatement of financial sector assets	1,617	102,151	20,364	159,714
Adjustment to present value	-	-	15,769	-
Taxes on finance revenue	(20,686)	(38,958)	(2,709)	(2,709)
Restatement of CCEE accounts receivable	11,455	11,455	-	-
Other revenue	21,336	69,470	46,140	86,187
Financial Expenses	**(413,259)**	**(1,075,202)**	**(692,082)**	**(1,634,240)**
Debt charges - interest	(161,842)	(593,578)	(182,350)	(537,158)
Debt charges - monetary and exchange variance	(78,394)	345,868	(704,360)	(1,051,291)
(-) Transfer to orders in progress	14,348	36,467	5,288	11,431
Restatement of assets	(42,966)	(47,555)	(203)	(7,385)
Mark-to-market of derivatives	29,685	204,194	(107,512)	(205,013)
Derivative financial instruments	(44,008)	(617,029)	371,701	535,347
Restatement PEE and P&D	(7,515)	(21,295)	(6,201)	(19,372)

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Consolidated Financial Statements - Statement of Income
(Thousands of Reais)

	Current Quarter 7/1/2016 to 9/30/2016	Accrued Value of the Current Year 1/1/2016 to 9/30/2016	Same Quarter of the Prior Year 7/1/2015 to 9/30/2015	Accrued Value of the Prior Year 1/1/2015 to 9/30/2015
Bank Expenses	(5,225)	(18,380)	(10,671)	(26,834)
Restatement of financial sector liabilities	(28,825)	(104,953)	(20,659)	(107,023)
Mark-to-market of debt	(15,958)	(47,573)	45,681	45,681
Incorporation of grids	(10,937)	(38,841)	(9,005)	(31,980)
Endorsement expense	(2,500)	(7,500)	(6,764)	(18,651)
Restatement of contingencies	(8,448)	(36,414)	(27,547)	(40,888)
Other financial expenses	(50,674)	(128,613)	(39,480)	(181,104)
Earnings before tax on net income	**116,193**	**268,775**	**(270,250)**	**(349,058)**
Income and Social Contribution Taxes on Profit	**(52,878)**	**(108,225)**	**97,937**	**97,549**
Current	(275,911)	(395,560)	(34,844)	(113,838)
Deferred charges	223,033	287,335	132,781	211,387
Net Income from Continued Operations	**63,315**	**160,550**	**(172,313)**	**(251,509)**
Net earnings from Discontinued Operations	**-**	**-**	**39,826**	**444,537**
Net income (loss) from discontinued operations	-	-	39,826	444,537
Consolidated Net Income/Loss for the Period	**63,315**	**160,550**	**(132,487)**	**193,028**
Attributed to Partners of the Parent Company	42,990	123,084	(126,509)	174,198
Attributed to Minority Partners	20,325	37,466	(5,978)	18,830
Earnings per share - (Reais / Share)				
Basic Earnings per Share				
Common	0.02	0.08	(0.10)	0.14
Preferred	0.02	0.08	(0.10)	0.14
Diluted Earnings per Share				
Common	0.02	0.08	(0.10)	0.14
Preferred	0.02	0.08	(0.10)	0.14

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Consolidated Financial Statements / Statement of Comprehensive Income
(Thousands of Reais)

	Current Quarter 7/1/2016 to 9/30/2016	Accrued Value of the Current Year 1/1/2016 to 9/30/2016	Same Quarter of the Prior Year 7/1/2015 to 9/30/2015	Accrued Value of the Prior Year 1/1/2015 to 9/30/2015
Consolidated net income for the period	**63,315**	**160,550**	**(132,487)**	**193,028**
Other Comprehensive Income	**831**	**(385)**	**-**	**-**
Other comprehensive income - Actuarial losses	831	(385)	-	-
Consolidated comprehensive income for the period	**64,146**	**160,165**	**(132,487)**	**193,028**
Attributed to Partners of the Parent Company	42,990	122,848	(126,509)	174,198
Attributed to Minority Partners	21,156	37,317	(5,978)	18,830

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Consolidated Financial Statements / Statement of Cash Flows – Indirect Method
(Thousands of Reais)

	Accrued Value of the Current Year 1/1/2016 to 9/30/2016	Accrued Value of the Prior Year 1/1/2015 to 9/30/2015
Net Cash from Operating Activities	**1,189,796**	**328,420**
Cash Provided by Operating Activities	1,195,495	1,042,904
Net income for the period	160,550	193,028
Income for the period from discontinued operations	-	(444,537)
Depreciation and amortization	517,382	537,843
Allowance for doubtful accounts	(80,322)	22,205
Provisions for labor, civil and tax risks	(30,169)	(83,480)
Equity in income of associates	-	37
Residual value of retired fixed assets	10,157	67,420
Current and deferred income and social contribution taxes	108,225	(97,549)
Mark-to-market of derivatives	(204,194)	205,013
Derivative financial instruments	617,029	(535,347)
Mark-to-market of debt	47,573	(45,681)
Expenses on interest and monetary and exchange variance - net	49,264	1,223,952
Changes in Assets and Liabilities	**(5,699)**	**(714,484)**
Decrease (increase) in consumers and concessionaires	34,255	(389,351)
Increase in credit receivables	(11,897)	(1,723)
(Increase) in inventories	(3,732)	(2,696)
(Increase) in recoverable taxes	(200,575)	(110,784)
(Increase) in escrow deposits	(20,602)	(20,033)
Decrease (increase) in other accounts receivable	102,352	(98,559)
(Decrease) increase in suppliers payable	(84,752)	27,575
(Decrease) in taxes and social contributions	(114,516)	(103,198)
Income and social contribution taxes paid	(68,335)	(162,582)
Increase in estimated obligations	27,960	67,532
Decrease in financial sector assets	324,517	4,998
Increase (decrease) in financial sector liabilities	155,038	(107,305)
(Decrease) increase in other accounts payable	(145,412)	181,642
Net Cash from Investment Activities	**(2,242,084)**	**1,281,414**
Short-term investments and secured funds	(1,203,307)	531,695
Allocations to PPE and intangible assets	(1,080,423)	(811,725)
Sale of generation assets	-	1,552,466
Sale of PP&E and intangible assets	41,646	8,978
Net Cash from Financing Activities	**931,714**	**(1,805,601)**
New loans and financing obtained	1,568,443	1,506,883
Payment of loans, debentures – principal	(1,231,373)	(2,635,421)
Payment of loans, debentures – interest	(542,986)	(376,600)
Settlement of derivative financial instruments	(108,736)	216,519
Dividend payments	(123,223)	(240,073)
Capital increase through share subscription	1,535,963	-
Payment of tax financing	(8,496)	(12,295)
Financing of sector charges	(5,806)	(277,240)
Related parties	-	12,626
Payment of grid acquisition	(36,681)	-
Payment of financed payables	(50,253)	-
Transaction costs incurred on share issuances	(65,138)	-
Increase (Decrease) in Cash and Cash Equivalents	**(120,574)**	**(195,767)**
Opening Balance of Cash and Cash Equivalents	1,083,627	576,072
Closing Balance of Cash and Cash Equivalents	963,053	380,305

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Consolidated Financial Statements - Statements of Changes in Shareholders' Equity - 1/1/2016 to 9/30/2016
(Thousands of Reais)

	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders ' Equity	Minority interests	Consolidated shareholders ' equity
Opening Balances	1,260,000	(67,800)	1,099,492	-	(80,039)	2,211,653	1,106,517	3,318,170
Adjusted opening balance	1,260,000	(67,800)	1,099,492	-	(80,039)	2,211,653	1,106,517	3,318,170
Capital transactions with shareholders	1,535,963	(37,536)	(117,876)	(39,786)	-	1,340,765	(4,869)	1,335,896
Capital increases	1,535,963	-	-	-	-	1,535,963	-	1,535,963
Dividends	-	-	(75,201)	-	-	(75,201)	(5,125)	(80,326)
Interim dividends	-	-	-	(39,786)	-	(39,786)	-	(39,786)
Minority Interest	-	3,865	-	-	-	3,865	263	4,128
Cancelation of treasury stock	-	42,675	(42,675)	-	-	-	-	-
Transaction costs incurred on share issuances	-	(65,138)	-	-	-	(65,138)	-	(65,138)
Other transaction - reflexive PUT	-	(18,938)	-	-	-	(18,938)	(7)	(18,945)
Total Comprehensive Income	-	-	-	123,084	(236)	122,848	37,317	160,165
Net income for the period	-	-	-	123,084	-	123,084	37,466	160,550
Other Comprehensive Income	-	-	-	-	(236)	(236)	(149)	(385)
Equity Income on Comp. Income Associated companies	-	-	-	-	(236)	(236)	(149)	(385)
Closing Balances	2,795,963	(105,336)	981,616	83,298	(80,275)	3,675,266	1,138,965	4,814,231

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Consolidated Financial Statements - Statements of Changes in Shareholders' Equity - 1/1/2015 to 9/30/2015
(Thousands of Reais)

	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	Minority interests	Consolidated shareholders' equity
Opening Balances	1,010,000	(55,528)	1,005,758	-	(77,291)	1,882,939	1,115,921	2,998,860
Prior-year Adjustments	-	-	-	-	-	-	-	-
Adjusted opening balance	1,010,000	(55,528)	1,005,758	-	(77,291)	1,882,939	1,115,921	2,998,860
Capital transactions with shareholders	-	(4,115)	(130,946)	(100,351)	-	(235,412)	(5,465)	(240,877)
Dividends	-	-	(130,946)	-	-	(130,946)	-	(130,946)
Interim dividends	-	-	-	(100,351)	-	(100,351)	(8,329)	(108,680)
Losses on new subsidiaries acquisitions	-	(2,864)	-	-	-	(2,864)	2,864	-
Other transaction - reflexive PUT	-	(1,251)	-	-	-	(1,251)	-	(1,251)
Total Comprehensive Income	-	-	-	174,198	-	174,198	(6,851)	167,347
Net income for the period	-	-	-	174,198	-	174,198	18,830	193,028
Other Comprehensive Income	-	-	-	-	-	-	(25,681)	(25,681)
Equity appraisal adjustment	-	-	-	-	-	-	(25,681)	(25,681)
Closing Balances	1,010,000	(59,643)	874,812	73,847	(77,291)	1,821,725	1,103,605	2,925,330

ITR - Quarterly Information - 9/30/2016 - ENERGISA SA
Consolidated Financial Statements - Statements of Added Value
(Thousands of Reais)

	Accrued Value of the Current Year 1/1/2016 to 9/30/2016	Accrued Value of the Prior Year 1/1/2015 to 9/30/2015
Revenue	13,391,001	13,655,791
Sales of Goods, Products and Services	12,183,657	12,734,474
Other Revenue	53,914	21,585
Revenue relating to construction of company assets	1,073,108	921,937
Allowance/(Reversal of allowance) for doubtful accounts	80,322	(22,205)
Consumables acquired from third parties	(7,155,216)	(6,496,653)
Cost of goods and services sold	(5,398,906)	(4,733,025)
Material, Energy, Outsourced Services and Other	(733,504)	(763,676)
Other	(1,022,806)	(999,952)
Gross Added Value	6,235,785	7,159,138
Retentions	(517,382)	(537,843)
Depreciation, Amortization and Depletion	(517,382)	(537,843)
Net Added Value Produced	5,718,403	6,621,295
Transferred Added Value	702,398	685,399
Equity in Net Income of Subsidiaries	-	(37)
Financial Revenue	702,398	685,436
Total Added Value to be Distributed	6,420,801	7,306,694
Distribution of Added Value	6,420,801	7,306,694
Personnel	610,642	553,289
Direct Remuneration	406,678	440,912
Benefits	154,592	77,711
F.G.T.S.	49,372	34,666
Taxes, Duties and Contributions	4,521,072	5,339,054
Federal	2,025,719	2,941,128
State	2,482,593	2,389,707
Municipal	12,760	8,219
Interest expenses	1,128,537	1,665,860
Interest	1,111,669	1,645,671
Rent	16,868	20,189
Interest earnings	160,550	193,028
Dividends	39,786	145,206
Retained Earnings/Loss for the Period	83,298	28,992
Minority interests in retained earnings	37,466	18,830
Other	-	(444,537)
Earnings from discontinued operations	-	(444,537)

Notes to the Financial Statements

Energisa S/A
Notes to the quarterly information for the period ended September 30, 2016
(In thousands of reais, unless stated otherwise)

1. Operations

Energisa S/A ("Energisa" or "Company") is a publicly traded company listed on the São Paulo Stock Exchange (BOVESPA), with its head office in Cataguases, Minas Gerais state. In addition to holding equity interests in other companies, its core activity is to provide administrative services to its distribution companies and other subsidiaries listed in note 4.

Accession to Level 2 Corporate Governance of BM&FBOVESPA

On July 7 the Company confirmed it had signed up to BM&FBOVESPA Level 2 Governance and would begin trading its shares in this special segment. This places Energisa amongst companies listed on the stock exchange that follow the best market transparency and governance practices.

Energisa S/A holds the share control of electricity distribution companies, generation companies and traders, that are subject to regulatory obligations as stated in the electricity distribution concession agreements.

The distribution, generation and trading subsidiaries are subject to regulatory obligations as stated in the electricity distribution concession agreements and the authorizations awarded to the generation and sale companies, as follows:

Electricity distribution:

I - to supply electricity to consumers located in their concession area, at the levels of quality and continuity established in specific legislation

II - to carry out the work necessary to provide the concession services, replace assets and operate the infrastructure so as to ensure the regular, continuous, efficient and safe provision of services and charging of rates, in accordance with the specific technical and legal standards

III – to organize and maintain a record and inventory of the concession assets and strive for the integrity thereof, where concession operator may not sell or submit as collateral such assets without the prior explicit consent of the regulatory agency

IV - to meet all tax, labor, social security and regulatory obligations, including the provision of information to consumers

V - to implement measures to combat energy waste, through energy consumption reduction programs and innovations

VI – to submit to the prior approval of the National Electricity Regulatory Agency ("ANEEL") any changes in equity positions that could result in control changing hands. In the event share control is transferred, the new controlling shareholders should sign an agreement accepting the terms of the concession arrangement and the concession legislation and regulations;

The concession may be discontinued by terminating the agreement, expropriation of the service, cessation, rescission, irregularities or bankruptcy of the concession operator, and may be extended by way of an application from the concession operator and at the sole discretion of the concession authority. The Concession Agreements of the subsidiaries Energisa Minas Gerais ("EMG"), Energisa Nova Friburgo ("ENF"), CAIUÁ Distribuição de Energia ("CAIUÁ"), Companhia Nacional de Energia Elétrica ("CNEE"), Empresa de Distribuição de Energia Vale Paranapanema ("EDEVP"), Empresa Elétrica Bragantina ("EEB") and Companhia Força e Luz do Oeste ("CFLO"), expired in July/2015, were renewed by the Concession Authority (Ministry of Mines and Energy –

MME) for a further 30 years, i.e. until July/2045. In December 2015 the amendments extending the agreements were signed.

The information regarding rate reviews and adjustments, sector financial assets and liabilities accounts receivable of the concession, concession assets and construction revenue can be seen in notes 11, 12, 16, 19 and 30 respectively.

Concession Renewals:

The concession agreements of the subsidiaries EMG, ENF, CAIUÁ, CNEE, EDEVP, EEB and CFLO expired on July 07, 2015. Amendments to the concession agreements were signed in December 2015, extending them until July 07, 2045. The amendments were made official by the publication of the order by the State Ministry of Mines and Energy on December 09, 2015, in Law 12783 issued January 11, 2013, Decree 7805 issued September 14, 2012 and Decree 8461 issued June 02, 2015.

These amendments required the distribution companies meet the following criteria:

I - efficiency in relation to quality of the service provided;
II - efficiency in relation to economic and financial management;
III - operational and economic rationalization; and
IV - minimum rate increases.

The scope of said indicators will be monitored by the regulatory agencies, and there could be penalties if they are not complied with. As a result of the new amendments extending the concession term until 2045, the property, plant and equipment in progress receivable recorded by the subsidiaries as a financial asset until the signing of said amendments, were transferred to intangible assets, to be amortized over the remaining useful life of the assets in the course of the concession's term.

The other concession agreements are in force until January/2020 (Energisa Tocantins – Distribuidora de Energia S/A – "ETO"), December/2027 (Energisa Sergipe Distribuidora de Energia S/A – "ESE"), (Energisa Mato Grosso – Distribuidora de Energia - "EMT") and (Energisa Mato Grosso do Sul – Distribuidora de Energia S/A - "EMS"), February/2030 (Energisa Borborema – Distribuidora de Energia S/A - "EBO") and January/2031 (Energisa Paraíba – Distribuidora de Energia S/A - "EPB").

Electricity generation:

Energisa has ventures to install wind farms in Bahia state, a small energy generation plant in Nova Friburgo (RJ) and solar generation ventures.

In addition to these projects, the subsidiary EMT has Generation Concession Agreement 04/1997 for 3 thermal power plants, with the respective associated substations, expiring on December 10, 2027.

According to article 8 of Law 10848 issued March 15, 2004, and regulated by Decree 5163 issued July 30, 2004, concession operators engaged in electricity distribution cannot carry out generation activities in the national interconnected transmission system. An exception was made for cases of serving the insulated electric grid, i.e. those not connected to the interconnected transmission grid. Although it has 3 of its own thermoelectric plants in the insulated system, the subsidiary EMT's core activities are the distribution of electricity, and the requirement to maintain the generation assets only applies for serving these insulated communities. The subsidiary EMT's management therefore considers its core activity to be electricity distribution and its minor generation activity to be an integral part of its core activity, which required the segregation of the concession's assets into financial assets and intangible assets as the agreement guarantees the right to indemnification.

The obligations established in the ANEEL authorizations/concessions to explore energy generation are as follows:

I - Operate thermal power plants

II - Enter into the contracts for connecting to and using the transmission and distribution systems;

III - Organize and maintain permanently up-to-date the record of generating facilities and assets;

IV - Maintain a file at the disposal of the ANEEL audit all the studies and projects of the plants;

V - In an adequate operating and conservation structure permanently maintain the equipment and facilities of the SHPs, and wind farm and solar ventures in a perfect state of repair and conservation with an inventory of spare parts, technical and administrative personnel legally qualified and trained in order to ensure the continuity, regularity, efficiency and safety of the exploration of the generation asset.

VI - Perform all tax, labor, social security, environmental and regulatory obligations and any other related obligations; and

VII – Request the prior consent of ANEEL, in the event the share control is transferred.

Electricity trading:

The sale of electricity and related services proposing integrated solutions with objectives to optimize costs is made through the subsidiary Energisa Comercializadora de Energia Ltda ("ECOM"), which also participate in the Free Contracts System (ACL).

Services:

By way of its subsidiaries Energisa Soluções S/A ("ESOL") and Multi Energisa Serviços S/A ("MULTI"), Energisa provides operating, maintenance services and services related to electricity distribution generation, commission, preparation, remote and local operation and electrical and mechanical maintenance of plants, substations, transmission lines and facilities. The subsidiary Energisa Serviços Aéreos de Aeroinspeção S/A ("ESER") provides aerial surveying services (SAE), mainly supporting companies operating high-voltage lines, oil pipelines and reforestation engineering works.

History of the acquisition of the share control of Rede Energia and its subsidiaries:

The main events that succeeded Energisa's acquisition of the control of Rede Energia and its subsidiaries took place over the following time line:

- On August 31, 2012 the National Electricity Regulatory Agency - ANEEL imposed administrative intervention in the subsidiaries: EMT, ETO, EMS, CFLO, CAIUÁ, EEB, EDEVP and CNEE. On this date and due to losing the control over the electricity distribution companies, the Company reclassified its investments to "financial assets classified as available-for-sale".

- November 26, 2012: Rede Energia S/A ("REDE") announced it had filed for judicial reorganization ("RJ"). On the same date applications for judicial reorganization were submitted by Companhia Técnica de Comercialização de Energia ("CTCE"), QMRA Participações S/A. ("QMRA"), Empresa de Eletricidade Vale Paranapanema S/A. ("EEVP") and Denerge Desenvolvimento Energético S/A. ("Denerge").

- September 9, 2013: The RJ Plan was ratified at the 2nd Bankruptcy and Judicial Reorganizations Court for the companies Rede, CTCE, EEVP, Denerge and QMRA, accepting the proposal submitted by Energisa.

- October 16, 2013: The operation subject to the ratified Plan was approved by the Administrative Council for Economic Defense – CADE.

- December 17, 2013: ANEEL approved the reorganization plan of the distribution concession operators under intervention ("ANEEL Plan") submitted by Rede, which was detailed and updated by Energisa.

- January 28, 2014: ANEEL consented to the transfer of the share control from Rede to Energisa.

- April 8, 2014: ANEEL declared the end of intervention in the concession operators and on April 11, 2014 a company announcement was made on that date informing that the share control had been officially transferred from Rede to Energisa. Following the end of the intervention, the Company's consolidated financial statements then reflected the assets and liabilities of the subsidiaries, electricity distribution companies, as measured at fair value at the transaction date.

All of the provisions of the reorganization plans submitted to ANEEL are currently being strictly complied with, and we are now merely waiting for completion of the judicial organization process.

The position as of September 30, 2016 of the remaining balance of the debts qualified under the RJ is as follows:

Description	Rede	Denerge	CTCE	Total
= Balances at December 31, 2014	**128,507**	**231,252**	**38,936**	**398,695**
(+) Restatement (1)	10,111	39,033	3,019	**52,163**
Reversal of the provision for adjustment to present value (1) and (2)	5,456	2,171	3,328	**10,955**
(-) Settlement/Assignment of Credits (3)	(4,561)	(28,226)	(3,247)	**(36,034)**
= Balances at December 31, 2015	**139,513**	**244,230**	**42,036**	**425,779**
1st quarter change				
(+) Restatement (1)	2,960	10,614	944	**14,518**
Reversal of the provision for adjustment to present value (1) and (2)	2,160	729	723	**3,612**
(-) Settlement/Assignment of Credits (3)	-	-	(548)	**(548)**
2nd quarter change				
(+) Restatement (1)	2,907	11,096	870	**14,873**
Reversal of the provision for adjustment to present value (1) and (2)	2,321	730	763	**3,814**
3rd quarter changes				
(+) Restatement (1)	2,932	11,208	842	**14,982**
Reversal of the provision for adjustment to present value (1) and (2)	11,680	729	825	**13,234**
(-) Settlement/Assignment of Credits (3)	(15,143)	(28,842)	(465)	**(44,450)**
= Balance at September 30, 2016	**149,330**	**250,494**	**45,990**	**445,814**

(1) Adjustments made to other finance revenue in the statement of income of Rede, Denerge and CTCE. At Energisa these amounts were recorded in finance income in the income statement.

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

(3) The payments stipulated in the judicial reorganization plan began to be made on April 11, 2014. In the period January 1, 2015 to September 30, 2016 around R$ 81,032 was directly settled by Energisa (R$ 19,704 debt of the subsidiary Rede Energia, R$ 4,260 debt of the indirect subsidiary CTCE and R$ 57,068 debt of the indirect subsidiary Denerge S/A.).

2. Presentation of the interim financial information (quarterly information)

Approved by the Board of Directors on November 11, 2016, the Company's interim financial information (quarterly information) consists of:

- The individual and consolidated interim financial information prepared and presented in accordance with CPC Technical Pronouncement 21 (R1) - Interim Statements and the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, and in accordance with the standards issued by the Brazilian Securities Commission, that apply to the preparation of Quarterly Information - ITR.

The other information regarding the preparation bases, presentation of the interim financial information and summary of the main accounting practice has not changed in relation to that disclosed in Note 2 to the Annual Financial Statements for the financial year ended December 31, 2015 (hereinafter referred to as "Financial Statements as of December 31, 2015"), published in the official press on March 23, 2016.

This interim financial information (quarterly information) should therefore be read in conjunction with the aforesaid financial statements.

Company management represents that all the material information from the interim financial, and that alone, corresponds to the information used by Management.

3. Adoption of international accounting standards

3.1 New accounting pronouncements issued by IASB - International Accounting Standards Board

The information about the new accounting pronouncements issued by the IASB has not undergone any significant changes in relation to that disclosed in Note 3.1 to the Financial Statements as of December 31, 2015, except for the adoption of IAS 16/CPC 27 and IAS 38/CPC 04 (R1) - Clarification of acceptable methods of depreciation and

amortization. In the period ended September 30, 2016 the effect of this change recorded in net income for the period was R$ 1,590.

3.2 Reclassifications from prior periods

Management made reclassifications in the statement of changes in shareholders' equity as of December 31, 2015, September 30, 2015 and January 1, 2015, transferring the amounts of R$ 24,580, R$ 15,953 and R$ 14,701 respectively from the item "other comprehensive income" to " transactions between partners". The amount of R$ 383,044 was reclassified in the income statement as of September 30, 2015 from "income from the sale of generation assets" to "net earnings from discontinued operations" in the individual and consolidated statements. In the statement of comprehensive income transferring the amounts respectively from the item "other comprehensive income" to " transactions between partners", as follows:

. The reclassifications made in the statement of changes in shareholders' equity denote the recording of derivative financial instruments made by the subsidiaries which were initially recorded in other comprehensive income and are being reallocated to shareholders' equity as capital transactions with partners, as they are part of the process of acquiring a minority interest in an indirect subsidiary, as per note 34.

. The reclassification made in the income statement as of September 30, 2015 denotes the reallocation of the gain made by the parent company in the sale of the generating assets, complementing the income from discontinued operations, previously stated at R$ 383,044 and generating no change to net income for the period.

. The reclassifications made in the statement of comprehensive income denote the recording of derivative financial instruments made by the subsidiaries which were initially recorded in other comprehensive income and are being reallocated to shareholders' equity as capital transactions with partners, as they are part of the process of acquiring a minority interest in an indirect subsidiary.

See details below of this reclassification:

Other comprehensive income:

Parent company	12/31/2015	9/30/2015	1/1/2015
JQMJ Participações S/A	3,676	2,386	2,198
BBPM Participações S/A	8,787	5,702	5,255
Denerge S/A	12,117	7,865	7,248
Total reflected financial instrument	24,580	15,953	14,701

Statement of changes in shareholders' equity:

Parent company	Disclosed 12/31/2015	Adjustments	Re-presented 12/31/2015
Other comprehensive income	(104,619)	24,580	(80,039)
Capital reserves, options awarded and treasury stock:			
Capital transactions with shareholders			
Financial instrument - reflection	(43,220)	(24,580)	(67,800)
Total Shareholders' Equity	2,211,653	-	2,211,653

Consolidated	Disclosed 12/31/2015	Adjustments	Re-presented 12/31/2015
Other comprehensive income	(104,619)	24,580	(80,039)
Capital reserves, options awarded and treasury stock:			
Capital transactions with shareholders			
Financial instrument - reflection	(43,220)	(24,580)	(67,800)
Total Shareholders' Equity	3,318,170	-	3,318,170

Parent company	Disclosed 9/30/2015	Adjustments	Re-presented 9/30/2015
Other comprehensive income	(93,243)	15,952	(77,291)
Capital reserves, options awarded and treasury stock:			
Capital transactions with shareholders			
Financial instrument - reflection	(43,691)	(15,952)	(59,643)
Total Shareholders' Equity	1,821,725	-	1,821,725

Consolidated	Disclosed 9/30/2015	Adjustments	Re-presented 9/30/2015
Other comprehensive income	(93,243)	15,952	(77,291)
Capital reserves, options awarded and treasury stock:			
Capital transactions with shareholders			
Financial instrument - reflection	(43,691)	(15,952)	(59,643)
Total Shareholders' Equity	2,925,330	-	2,925,330

Parent company	Disclosed 1/1/2015	Adjustments	Re-presented 1/1/2015
Other comprehensive income	(91,992)	14,701	(77,291)
Capital reserves, options awarded and treasury stock:			
Capital transactions with shareholders			
Financial instrument - reflection	(40,827)	(14,701)	(55,528)
Total Shareholders' Equity	1,882,939	-	1,882,939

Consolidated	Disclosed 1/1/2015	Adjustments	Re-presented 1/1/2015
Other comprehensive income	(91,992)	14,701	(77,291)
Capital reserves, options awarded and treasury stock:			
Capital transactions with shareholders			
Financial instrument - reflection	(40,827)	(14,701)	(55,528)
Total Shareholders' Equity	2,998,860	-	2,998,860

Income statement for the period:

Parent company	Disclosed 7/1/2015 to 9/30/2015	Adjustments	Re-presented 7/1/2015 to 9/30/2015
Income statement			
Net income from the sale of generation assets	113,899	(113,899)	-
Income and social contribution taxes on profit	(43,832)	38,725	(5,107)
Net Earnings from Continued Operations	(126,509)	(75,174)	(201,683)
Net income from discontinued operations	-	75,174	75,174

Parent company	Disclosed 1/1/2015 to 9/30/2015	Adjustments	Re-presented 1/1/2015 to 9/30/2015
Income statement			
Net income from the sale of generation assets	580,369	(580,369)	-
Income and social contribution taxes on profit	(223,540)	197,325	(26,215)
Net Earnings from Continued Operations	180,437	(383,044)	(202,607)
Net income (loss) from discontinued operations	(6,239)	383,044	376,805

Consolidated	Disclosed 7/1/2015 to 9/30/2015	Adjustments	Re-presented 7/1/2015 to 9/30/2015
Income statement			
Net income from the sale of generation assets	113,899	(113,899)	-
Income and social contribution taxes on profit	23,864	74,073	97,937
Net Earnings from Continued Operations	(132,487)	(39,826)	(172,313)
Net income from discontinued operations	-	39,826	39,826

Consolidated	Disclosed 1/1/2015 to 9/30/2015	Adjustments	Re-presented 1/1/2015 to 9/30/2015
Income statement			
Net income from the sale of generation assets	684,332	(684,332)	-
Income and social contribution taxes on profit	(135,124)	232,673	97,549
Net Earnings from Continued Operations	200,150	(451,659)	(251,509)
Net income (loss) from discontinued operations	(7,122)	451,659	444,537

Comprehensive statement of income:

Parent company	Disclosed 7/1/2015 to 9/30/2015	Adjustments	Re-presented 7/1/2015 to 9/30/2015
Comprehensive statement of income			
Comprehensive income for the period	33,990	(33,990)	-

Parent company	Disclosed 1/1/2015 to 9/30/2015	Adjustments	Re-presented 1/1/2015 to 9/30/2015
Comprehensive statement of income			
Comprehensive income for the period	(1,251)	1,251	-

Consolidated	Disclosed 7/1/2015 to 9/30/2015	Adjustments	Re-presented 7/1/2015 to 9/30/2015
Comprehensive statement of income			
Consolidated comprehensive income for the period	33,990	(33,990)	-
Attributed to partners of the subsidiary	(92,519)	(33,989)	(126,508)
Attributed to minority partners	(5,978)	-	(5,978)

Consolidated	Disclosed 1/1/2015 to 9/30/2015	Adjustments	Re-presented 1/1/2015 to 9/30/2015
Comprehensive statement of income			
Consolidated comprehensive income for the period	(1,251)	1,251	-
Attributed to partners of the subsidiary	172,947	1,252	174,199
Attributed to minority partners	18,830	-	18,830

4. Interim consolidated financial information (quarterly information)

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

	Line of business	9/30/2016 and 12/31/2015
Energisa Sergipe - Distribuidora de Energia S/A (ESE) (2)	Electricity distribution	100
Energisa Borborema - Distribuidora de Energia S/A (EBO)	Electricity distribution	100
Energisa Paraíba - Distribuidora de Energia S/A (EPB) (2)	Electricity distribution	100
Energisa Minas Gerais - Distribuidora de Energia S/A (EMG) (2)	Electricity distribution	100
Energisa Nova Friburgo Distribuidora de Energia S/A (ENF)	Electricity distribution	100
Energisa Soluções S/A (ESO) (3)	Energy distribution and generation services	100
Energisa Serviços Aéreos de Aeroinspeção S/A (ESER)	Aerial thermographic inspections	99.99
Energisa Planejamento e Corretagem de Seguros Ltda. (EPLA)	Insurance brokerage	100
Energisa Comercializadora Ltda. (ECOM)	Electricity trading	100
Parque Eólico Sobradinho Ltda (1)	Wind energy generation	100
Energisa Geração Usina Maurício S/A (GUM)	Electricity generation	99.99
Energisa Geração Central Solar Coremas	Solar energy generation	100
FIM Zona da Mata	Exclusive investment fund	100
Caixa FI Energisa	Exclusive investment fund	100
Dinâmica Credit Receivables	Securitization of credits	100
Alvorada Direitos Creditórios	Securitization of credits	100
JQMJ Participações S/A (4)	Holding Company	99.99

(iv) Preoperational.

(v) Publicly held companies

(vi) Company with a 99.99% interest in the capital of Energisa Soluções Construções e Serviços em Linhas e Redes S/A, founded in November 2013.

(vii) Holding company - has a direct equity interest in the share capital of BBPM Participações and Denerge and the indirect control of the Companies: Rede Energia S/A, Energisa Mato Grosso Distribuidora de Energia S/A, Energisa Mato Grosso do Sul Distribuidora de Energia S/A, Energisa Tocantins Distribuidora de Energia S/A, Companhia Força e Luz do Oeste; Empresa Elétrica Bragantina S/A; Companhia Nacional de Energia Elétrica; Empresa de Distribuição de Energia Vale Paranapanema S/A and CAIUÁ - Distribuição de Energia S/A

Description of main consolidation procedures:

a) Inter-company asset and liability account balances are eliminated;

b) Elimination of the balances of investments and corresponding interests in the capital and earnings of subsidiaries, and

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

5. Segment reporting - Consolidated

An operational segment is a component of the Company that develops business activities from which revenue streams can be derived and expenses incurred, including revenue and expenses related to transactions with other Company components. All operational income from segments is reviewed frequently by Management to support decisions about new resources to be allocated to the segment and to evaluate its performance, for which individual interim financial information is made available.

Segment results reported to Management include items directly attributable to the segment and items that can be reasonably allocated. Items not allocated primarily consist of corporate assets.

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

a) Segment reporting

	9/30/2016				
	Distribution	Generation	Sales	Services	Total
External Revenue	8,082,544	242	309,454	54,015	8,446,255
Intersegment Revenue	-	-	-	137,963	137,963
Total	**8,082,544**	**242**	**309,454**	**191,978**	**8,584,218**
Financial Revenue	604,469	36	2,764	165,542	772,811
Financial Expenses	(822,968)	(4)	(6,150)	(355,451)	(1,184,573)
Total	**(218,499)**	**32**	**(3,386)**	**(189,909)**	**(411,762)**
Depreciation and amortization	**494,200**	**24**	**36**	**23,122**	**517,382**
Reportable net income by segment before income and social contribution taxes	**419,313**	**(162)**	**(3,415)**	**(146,961)**	**268,775**

	9/30/2015				
	Distribution	Generation	Sales	Services	Total
External Revenue	8,364,201	219	297,533	37,076	8,699,029
Intersegment Revenue	5,122	-	-	113,394	118,516
Total	**8,369,323**	**219**	**297,533**	**150,470**	**8,817,545**
Financial Revenue	664,975	19	1,998	141,068	808,060
Financial Expenses	(1,209,953)	(282)	(4,752)	(541,877)	(1,756,864)
Total	**(544,978)**	**(263)**	**(2,754)**	**(400,809)**	**(948,804)**
Depreciation and amortization	**506,105**	**24**	**31**	**31,683**	**537,843**
Reportable net income by segment before income and social contribution taxes	**109,079**	**(306)**	**(2,969)**	**(454,862)**	**(349,058)**

	Distribution	Generation	Sales	Services	9/30/2016	12/31/2015
Assets of reportable segments	**17,966,220**	**3,924**	**94,898**	**2,077,923**	**20,142,965**	**18,669,645**
Current assets	5,227,506	574	90,974	1,663,782	6,982,836	6,087,101
Noncurrent assets	12,738,714	3,350	3,924	414,141	13,160,129	12,582,544
Liabilities by reportable segment	**11,736,134**	**100**	**91,431**	**3,501,069**	**15,328,734**	**15,351,475**
Current liabilities	4,639,493	100	57,250	382,991	5,079,834	4,883,520
Noncurrent liabilities	7,096,641	-	34,181	3,118,078	10,248,900	10,467,955

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

	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Revenue				
Total net revenue of reportable segments	3,022,994	8,584,218	3,012,135	8,817,545
Elimination of intersegment revenue	(48,521)	(137,963)	(44,860)	(118,516)
Consolidated net revenue	**2,974,473**	**8,446,255**	**2,967,275**	**8,699,029**
Depreciation and amortization				
Total depreciation and amortization of reportable segments	172,648	517,382	160,151	537,843
Consolidated depreciation and amortization	**172,648**	**517,382**	**160,151**	**537,843**
Financial revenue				
Total financial revenue of reportable segments	246,301	772,811	208,561	808,060
Elimination of intersegment revenue	(37,262)	(109,371)	(18,093)	(122,624)
Consolidated financial revenue	**209,039**	**663,440**	**190,468**	**685,436**
Financial expense				
Total financial expense of reportable segments	(450,521)	(1,184,573)	(710,175)	(1,756,864)
Elimination of intersegment revenue	37,262	109,371	18,093	122,624
Consolidated financial expense	**(413,259)**	**(1,075,202)**	**(692,082)**	**(1,634,240)**
Profit (loss)				
Total earnings (loss) of reportable segments	116,193	268,775	(270,250)	(349,058)
Income (loss) before tax	**116,193**	**268,775**	**(270,250)**	**(349,058)**

	9/30/2016	12/31/2015
Assets		
Total reportable segment assets	20,142,965	18,669,645
Other unallocated amounts	(18,960)	(167,463)
Total consolidated assets	**20,124,005**	**18,502,182**
Liabilities		
Total reportable segment liabilities	15,328,734	15,351,475
Other unallocated amounts	(18,960)	(167,463)
Total consolidated liabilities	**15,309,774**	**15,184,012**

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

6.1 Cash and cash equivalents (stated at fair value through profit and loss)

Description	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Cash and sight deposits	**844**	**8,258**	**67,466**	**148,734**
Liquid financial investments:	**233,575**	**214,479**	**895,587**	**934,893**
Bank Deposit Certificate (CDBs)	42,662	159,941	526,938	149,478
Subject to repurchase commitments (1)	190,913	54,538	368,649	785,415
Total cash and cash equivalents (2)	**234,419**	**222,737**	**963,053**	**1,083,627**

The portfolio of short-term investments primarily consists of Bank Deposit Certificates (CDBs), Securities subject to repurchase agreements and Debentures. Weighted average interest on the portfolio at September 30, 2016 was 101.39% of the CDI rate (99.01% of the CDI at December 31, 2015).

(1) Debentures held under repurchase agreements - Sales of securities subject to a repurchase agreement undertaken by the seller, alongside the resale commitment undertaken by the buyer. These operations have immediately liquidity, yielding 102.5% of the CDI rate.

(2) The dates presented denote the maturity of the security underlying the financial investments. These short-term investments can be redeemed within 90 days of the procurement date at the contracted rates, under a contractual clause.

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

Description	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
1) At fair value through profit or loss	**1,185,606**	**51,581**	**2,222,290**	**808,394**
Bank Deposit Certificate (CDBs)	33,398	4,892	110,971	65,539
Subject to repurchase commitments (1)	17	-	425	23,139
Debentures (2)	127,211	-	127,211	-
Investment Funds (3)	386,478	47	420,189	102,210
Exclusive Investment Funds (4)	**561,751**	**46,642**	**1,400,363**	**576,899**
Bank Deposit Certificate (CDBs)	22,062	-	46,228	-
Bank Credit Note (CCB)	4,342	-	11,962	88,250
Debentures	62,339	-	171,730	162,012
Securities subject to repurchase agreements	3,949	-	10,878	19,705
DPGE (5)	-	7,731	-	17,996
Government securities	165,886	38,911	324,388	90,578
Fixed-Income Fund	250,380	-	689,744	198,358
Financial bill (LF)	49,364	-	135,986	-
Commercial paper	3,429	-	9,447	-
CCB (6)	76,751	-	76,751	-
Other instruments	-	-	314	264
Credit receivables investment funds (7)	-	-	86,066	40,343
2) Held to maturity	**-**	**-**	**9,244**	**7,736**
Credit receivables investment funds (7)	-	-	9,244	7,736
Total balance of money market and secured funds (8)	**1,185,606**	**51,581**	**2,231,535**	**816,130**
Current	1,108,855	51,581	2,020,464	719,058
Noncurrent	76,751	-	211,071	97,072

(1) Debentures held under repurchase agreements - Sales of securities subject to a repurchase agreement undertaken by the seller, alongside the resale commitment undertaken by the buyer. They yield 20.0% to 102.0% of the CDI rate and underlie the debentures issued by the bank.

(2) Debentures - Private credit securities that can be traded in the secondary market, with immediate liquidity and yielding the CDI rate + 2.28% p.a.

(3) Investment Funds - Includes funds classified as fixed income and Multimarket and yield 68.40% to 102.17% of the CDI rate.

(4) Exclusive investment fund, includes investments in CDB, CCB, Debentures, Securities subject to a repurchase agreements, DPGE, Fixed-Income Funds, LFT, LF, LTN, NTN-B and Multimarket Funds and yield 101.32% to 117.82% of the CDI rate.

(5) Time deposit with special guarantee - DPGE - maturing on 4/8/2016 and 4/18/2016.

(6) Bank Credit Notes yield IPCA + spread of 9.0% p.a. and 100.0% of the CDI rate.

(7) Non-standardized credit receivables investment fund IV Energisa Centro Oeste (FIDC) maturing on 10/1/2034 and Credit receivables investment fund (FIDC) Energisa 2008 maturing on 12/1/2020, respectively.

(8) Includes R$ 7,859 (R$ 4,938 as of December 31, 2015) at the parent company and R$ 188,508 (R$ 235,343 as of December 31, 2015) in the consolidated statements referring to funds linked to loans, energy auctions and funds blocked by court.

The investment portfolio consists largely of Closed-End Investment Funds investing in assets selected to improve returns with minimal risk, including fixed-income securities, government bonds, repurchase agreements, debentures and CDBs. Weighted average interest on the consolidated portfolio at September 30, 2016 was 110.36% of the CDI rate (99.01% of the CDI at December 31, 2015).

Accounting estimates: Energisa Group controls its short-term investments via a Financial Market Risk Management Policy, which seeks to mitigate the counterparty risk, i.e. the risk associated with the possibility of the entity not honoring its payment commitments. This policy establishes requirements on eligibility for investment and minimum ratings. It also establishes limits on the concentration of investments (equity investments by banks) in specific investees based on size, rating and assets. The Financial Market Risk Management Policy is in the public domain and can be seen on Energisa's site.

7. Clients, consumers and concessionaires

	Parent company		Consolidated								
			Outstanding balances		Overdue balances				Allowance vffor doubtful accounts [7]	Total	
	9/30/2016	12/31/2015	Up to 60 days	Over 60 days	Up to 90 days	91 to 180 days	181 to 360 days	over 360 days		9/30/2016	12/31/2015
Current amounts: [1]											
Residential	-	-	243,581	24	234,452	26,783	3,340	3,843	(33,966)	478,057	515,394
Industrial	-	-	133,694	3	25,037	3,681	5,597	27,070	(27,070)	168,012	192,000
Commercial	-	-	183,609	5	59,269	10,317	8,205	13,588	(21,793)	253,200	280,708
Rural	-	-	74,870	15	31,181	5,615	2,391	1,252	(1,252)	114,072	105,800
Government:	-	-	62,722	4	19,828	3,473	2,328	7,977	(7,977)	88,355	94,248
Public lighting	-	-	21,827	-	7,380	907	1,141	6,034	(6,034)	31,255	36,431
Public utility	-	-	36,421	-	8,526	2,512	5,353	80,277	(80,277)	52,812	56,359
Unbilled sales	-	-	346,931	-	-	-	-	-	-	346,931	487,828
Collection Classification Process	-	-	51,885	-	-	-	-	-	-	51,885	27,700
Renegotiated amounts:											
Residential	-	-	12,725	38,591	8,399	3,512	6,612	25,890	(47,024)	48,705	42,559
Industrial	-	-	8,315	11,540	3,467	1,204	1,372	12,395	(18,202)	20,091	20,019
Commercial	-	-	8,151	43,089	3,356	1,474	2,634	10,451	(26,178)	42,977	46,368
Rural	-	-	2,340	3,886	1,085	450	571	1,984	(4,808)	5,508	8,323
Government [6]	-	-	10,270	151,762	3,967	866	1,845	21,552	(35,388)	154,874	91,920
Public lighting	-	-	3,348	13,222	571	242	198	329	(4,296)	13,614	15,792
Public utility	-	-	3,174	10,582	809	95	184	1,090	(2,492)	13,442	13,326
(-) Adjustment to present value [3]	-	-	(4,360)	(78,731)	-	-	-	-	-	(83,091)	(42,720)
Subtotal - receivables	-	-	1,199,503	193,992	407,327	61,131	41,771	213,732	(316,757)	1,800,699	1,992,055
Sales to distributors - Local Currency [2]	-	-	127,072	-	18,980	59,208	65,225	30,202	(610)	300,077	111,166
Electricity grid usage charges	-	-	4,069	-	-	-	-	-	-	4,069	3,681
Specialized Services	6,556	5,808	(9,341)	9,584	3,404	5,635	6,892	1,891	(1,891)	16,174	24,304
Others [4]	-	-	42,081	14,369	4,385	636	745	18,146	(22,474)	57,888	51,103
Decrease in use of the distribution system [5]	-	-	12,201	-	-	-	-	-	-	12,201	12,201
Total	**6,556**	**5,808**	**1,375,585**	**217,945**	**434,096**	**126,610**	**114,633**	**263,971**	**(341,732)**	**2,191,108**	**2,194,510**
Current	6,556	5,808								2,001,826	2,054,044
Noncurrent	-	-								189,282	140,466

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

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

The balance of the consolidated sales to distributors account - local currency as of September 30, 2016, includes amounts referring to the sale of energy at the Electricity Trading Chamber – CCEE to the amount of R$ 234,890 (R$ 59,408 as of December 31, 2015). These balances were determined based on calculations prepared and published by the CCEE.

The breakdown of these amounts, including the balances recorded under "suppliers payable" in the current liabilities of R$ 205,745 (R$ 286,452 as of December 31, 2015), derive from the acquisition of electricity and system service charges, as shown below:

	Consolidated	
	9/30/2016	12/31/2015
Outstanding balances	127,072	39,105
Credits linked to court injunctions up to December 2002 [(a)]	17,837	17,535
Overdue credits [(b)]	89,981	2,768
Sub-total credits CCEE	**234,890**	**59,408**
(-) Energy acquisitions at CCEE	(170,289)	(104,294)
(-) System service charges	(60,160)	(182,158)
Total CCEE credits	**4,441**	**(227,044)**

Transactions at the CCEE are being settled 45 days after the accrual month.

(a) Current energy amounts linked to court injunctions are subject to change, depending on the outcome of the legal proceedings in progress. These proceedings have been brought by various companies in the sector relating to the interpretation of existing market rules. Not included in the rationing area, these companies obtained a court injunction which overturned ANEEL Resolution 288 issued May 16, 2002 which aimed to clarify companies operating in the sector about the treatment and means of applying certain MAE (now the CCEE) accounting rules set out in the General Electric Sector Agreement. These companies' claim involves the sale of Itaipu's quota in the southeast/central and western submarket during the period of rationing between 2001 and 2002, when there was a significant discrepancy in short-term energy prices between the submarkets. The subsidiaries ESE, EMG and ENF did not make a provision for possible loan losses referring to the balances bound to these injunctions, as they hold that the amounts will be received in full either from the borrowers judicially contesting the loans or from other companies which the CCEE specifies in the future.

(b) Overdue credits:

AES SUL – R$ 13,921
The subsidiaries EMG, ESE, EPB, EBO and ENF filed collection proceeding against the creditors which had not settled energy acquisitions at CCEE and MAE since 2002, for which an allowance for doubtful accounts was made.

On October 12, 2016 the monition action filed by the subsidiary EMG (representing the other subsidiaries) against AES SUL was made final and unappealable, which placed the award amount in a judicial deposit, leading to the recognition of a duly restated asset receivable and the reversal of part of the provision.

On September 30, 2016 monetary restatement on accounts receivable of R$ 11,455 was recorded under consolidated other financial revenue and the allowance for doubtful accounts of R$ 2,004 was reversed.

CCEE – R$ 76,060
On September 30, 2016 the subsidiaries EMG and ESE had amounts receivable from CCEE for the period February through July 2016, duly restated monetarily, which CCEE has not yet passed through.

Use of estimates: the recording of electric power purchase and sale transactions through the CCEE are recognized on the accrual basis based on calculations prepared and disclosed by the entity or by Management estimate, when this information is not available in time.

(3) Adjustment to present value: refers to the adjustment calculated for renegotiating the contract without interest and/or those with an interest-rate of IPCA or IGPM. The annual average rate of 14.13% p.a. was used for discounting to present value (14.14% p.a. as of December 31, 2015). This rate is compatible with the nature, tenor and risk for similar transactions on market conditions in the current situation. Management believes this discount rate adequately denotes the capital cost. Given the nature, complexity and volume of the renegotiations, the cash flow has not been disclosed, as the net effect on the AVP is not material.

(4) The consolidated figure denotes service fees and other consumer receivables. The subsidiaries EMG and EMT has R$ 19,818 (R$ 11,646 as of December 31, 2015) relating to ICMS on the use of the distribution and transmission system by free consumers and ICMS on energy demand which has been suspended under injunctions. The amount has been recorded in the consolidated financial statement as ICMS in taxes and social contributions, under non-current liabilities.

(5) Decrease in use of the distribution system: ANEEL Ratifying Resolution 1270 issued April 03, 2012 awarded the subsidiary EMT the amounts due to the financial loss of the discounts awarded in the TUSD. The amount is intended to restore the subsidiary's revenue for providing the transmission grid to free consumers, generators and incentivized sources. For the remaining balance of R$ 12,201 suspended by injunction, the same amount is recorded against other accounts payable in the consolidated liabilities.

(6) This includes the renegotiation conducted on August 3, 2016 whereby the indirect subsidiary EMT signed a debt financing and acknowledgment agreement with the municipal government of Cuiabá and Companhia de Saneamento da Capital (SANECAP) for the provision of electricity in the amount of R$ 86,592, net of interest, monetary restatement and fines, to be received in installments equal to 50% of the amount paid monthly by Companhia de Saneamento to the municipal government of Cuiabá, commencing

September 30, 2016. The debit balance incurs interest of 0.5% per month limited to the portion of the concession through the end of the concession (April/2042). In the quarter the subsidiary reversed the entire provision previously made in the same amount. However, it made the adjustment to present value on the debt of R$ 43,445, recorded in the income statement for the period under other financial expenses in the consolidated statement.

(7) Allowance for doubtful accounts - The allowance for doubtful accounts was made to an amount deemed sufficient to cover any losses incurred on the realization of credits on trade accounts receivable, consumers and concession operators, and in accordance with ANEEL instructions, which have been summarized below:

Customers with material debts:

- Individual analysis of the trade accounts receivable by consumption sector, with little prospect of realization.

For the other cases:

- Residential consumers more than 90 days overdue
- Commercial consumers more than 180 days overdue
- Industrial, rural and government consumers, street lighting, public services and others more than 360 days overdue.
- Renegotiated contracts - (i) overdue portions - the portions are provisioned for (ii) more than 3 overdue portions - the overdue and outstanding portions are provisioned for.

For the public service, government and public lighting sectors: the indirect subsidiaries EMT, ETO, EMS, CFLO, EEB, EDEVP, CNEE and CAIUÁ individual assess credits undergoing judicial collection subject to a final and unappealable decision which have been subject to a payment order, as in these cases the realization of the credit is a certainty. An impairment loss is recognized for all other government credits more than 360 days overdue.

See the changes occurring in the period/year:

Changes in provisions	9/30/2016	12/31/2015
Opening balance - current - 12/31/2015 and 12/31/2014	**464,581**	**443,270**
Provisions recorded in the year/period	133,153	38,395
Reversal of provisions in the year/period (*)	(249,000)	(17,084)
Closing balance - current - 9/30/2016 and 12/31/2015	**348,734**	**464,581**
Allocation:		
Clients, consumers and concessionaires	341,732	412,956
Credit receivables	1,625	50,530
Other accounts receivable	5,377	1,095

(*) The reversals of provisions in the period ended September 30, 2016 basically refers to the settlement of energy bill receipt proceedings against the municipal government of Cuiabá, the renegotiation of the debt of Companhia de Saneamento da Capital (Sanecap), the government securities and the end of the decision under the monition action filed against AES SUL regarding electricity sold at CCEE in 2002, as follows:

(i) In the quarter the indirect subsidiary EMT reversed the entire provision previously made of R$ 86,592 regarding the renegotiations conducted with Companhia de Saneamento da Capital de Cuiabá (SANECAP).

On June 17, 2016 the signing of the petition at the Securities Reconciliation Center under security requirement 13699/2004 resulted in the agreement between the indirect subsidiary EMT and the municipal government of Cuiabá/MT. The indirect subsidiary has an allowance for doubtful accounts of R$ 35,524, which was reverted to the item other financial expenses as it consisted of fines, interest and monetary restatement.

(ii) The indirect subsidiary EMT has renegotiated other electricity supply debits for public lighting and other municipal agencies in amount of R$ 10,021, including reductions to the interest, fines and 95% of the monetary restatement. These amounts will be received by the end of December 2016, where the first payment was received on September 30, 2016 in the amount of R$ 7,441.

(iii) The subsidiaries EMG, ESE, EPB, EBO and ENF reversed a provision of R$ 2,004 against the final and unappealable decision under the monition action filed against AES SUL.

8. Credit receivables - consolidated statement

	Consolidated	
	9/30/2016	12/31/2015
Credit receivables [(b)]	29,015	29,204
Enforcement of PM securities of Cuiabá [(a)]	26,820	50,258
Adjustment to present value [(b)]	(25,444)	(22,632)
Allowance for doubtful accounts	(1,625)	(50,530)
	28,766	**6,300**
Current	10,091	4,676
Noncurrent	18,675	1,624

(a) Enforcement Proceeding (383/2001 - 3rd Lower Treasury Court – Cuiabá) of the indirect subsidiary EMT, filed against the municipality of Cuiabá, which resulted in order 13.699/2004/TJMT. On June 17, 2016 the petition was signed at the Security Reconciliation Center of security requirement 13699/2004 which resulted in the agreement between the indirect subsidiary EMT and the municipal government of Cuiabá/MT, establishing a credit to be paid in installments in the original amount of the security requirement, of R$ 28,320, to be received in 66 fixed installments of R$ 500 restated at the 0.5% per month and the final payment no. 67 of R$ 183. Payment of the portions commenced on August 10, 2016 and the others due on the 25th of each month have all been made. The indirect subsidiary EMT has an allowance for doubtful accounts of R$ 35,524, which was reverted to the item other financial expenses as it consisted of fines, interest and monetary restatement. A provision was made of R$ 1,625 for the acquisition of carbon credits.

In the period ended September 30, 2016, the indirect subsidiary EMT made an adjustment to present value of R$ 3,440 at the average annual rate of the CDI rate of 14.13% per annum, recorded under other financial expenses.

(b) In 2003 the subsidiaries EDEVP, CAIUÁ, EEB, CNEE and CFLO obtained non-tax credits arising from an award against the Federal Government in proceedings seeking a right to offset federal taxes and contributions recognized under a *res judicata* court decision. These credits are under dispute in proceedings brought by the party holding credit rights against the Federal Government. The subsidiaries brought these proceedings with an application for assistance which was rejected by the first instance court for purely procedural reasons. An appeal was brought against the decision which is pending adjudication by the Federal Court of the 1st Region. Following their accession to the Special Tax Financing Program (PAEX) on 12/15/2006 under Provisional Measure 303/2006, the subsidiaries withdrew from their claim to offset those credits but remain party to the proceedings to seek recognition of their credit rights. The realization of these credits depends on a successful outcome from the proceedings, the probability of which has been rated as "possible" by the Company's legal advisers. Management recognized a provision for impairment losses of this asset, recorded as a deduction to consolidated credits receivable in the amount of R$ 44,033.

As of September 30, 2016 the credits mature as follows :

Overdue receivables	Consolidated (*)
	-
2016	4,112
2017	8,265
2018	5,511
2019	4,829
2019 onwards	7,674
Total	**30,391**

(*) Presented net of the adjustment to present value.

9. Dividends receivable

See below a statement of dividends receivable from subsidiaries:

Dividends receivable	Parent company	
	9/30/2016	12/31/2015
Energisa Mato Grosso - Distribuidora de Energia S/A	3	3
Rede Energia S/A	92	3,862
BBPM Participações S/A	-	9,978
Denerge Desenvolvimento Energético S/A	-	17,845
JQMJ Participações S/A	-	4,117
Energisa Minas Gerais Distribuidora de Energia S/A	-	5,926
Energisa Nova Friburgo Distribuidora de Energia S/A	2,208	3,589
Energisa Borborema Distribuidora de Energia S/A	-	763
Energisa Comercializadora de Energia Ltda.	216	216
Energisa Planejamento e Corretagem de Seguros Ltda.	529	1,214
Alvorada Direitos Creditórios S/A	-	3
Dinâmica Direitos Creditórios S/A	-	25
Energisa Geração Usina Maurício S/A	-	141
Total Current Assets	**3,048**	**47,682**

10. Recoverable taxes

	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Value-added tax on sales and services - ICMS [a]	-	-	224,105	198,943
Income tax withheld at source - IRRF [b]	15,995	10,755	60,554	42,751
Corporate Income Tax – IRPJ [c]	28,338	7,261	290,770	168,292
Social contribution on net income – CSSL [c]	3,266	949	69,457	44,905
PIS and COFINS Contributions [d]	40	228	101,725	99,369
Other	1	-	21,714	13,490
	47,640	**19,193**	**768,325**	**567,750**
Current	43,457	19,193	578,463	390,192
Noncurrent	4,183	-	189,862	177,558

(a) Basically relates to ICMS tax credits originating from property, plant and equipment purchases which may be offset monthly by subsidiaries over the following 48 months against taxes incurred on electricity sales. Moreover, R$ 19,924 constitutes a letter of credit provided to the State of Mato Grosso by the indirect subsidiary EMT. The letter of credit was provided as a guarantee to secure tax benefits under Act 9165/2009, for which supporting documentation was provided on November 07, 2014 and is pending approval by the Mato Grosso tax authorities.

(b) Income tax largely originating from withholdings on interest on financial investments and loans, and on services provided to third parties. The balances are offset against monthly prepayments of income tax and the amount unused within the relevant financial year is incorporated into a negative income tax balance for the calendar year.

(c) Negative income and social contribution tax balances for previous calendar years, deriving from overstated tax estimates, which will be offset against federal taxes.

(d) This substantially relates to noncumulative PIS and COFINS tax credits on purchases of equipment, materials and services incorporated into intangible assets, which may be offset over the following 33 months and non-cumulative PIS and COFINS credits on depreciation expenses incurred on machinery and equipment comprising intangible assets, both of which can be offset against tax debits payable on electricity supplies.

11. Periodical rate adjustment and review - consolidated

Rate adjustments:

As consideration for services rendered the concession operator is entitled to charge consumers the rates determined and ratified by the concession authority. The rates are adjusted annually and the concession operator's revenue is divided into two portions: A Portion (consisting of uncontrollable costs) and B Portion

(efficient operating costs and capital costs). The annual rate adjustment aims to pass through uncontrollable costs and to monetarily restate controllable costs.

The subsidiaries' rates have been readjusted as follows:

Distribution company	Ratifying Resolution	Average effect to be faced by (%)	Valid from
CAIUÁ	Resolution 1,888, issued 5/5/2015	1.85%	5/10/2015
CFLO	Resolution 1,907, issued 6/23/2015	16.54%	6/29/2015
CNEE	Resolution 1,889, issued 5/5/2015	-3.62%;	5/10/2015
EBO	Resolution 2,019, issued 2/2/2016	6.91%	2/4/2016
EDEVP	Resolution 1,886, issued 5/5/2015	-0.09%	5/10/2015
EEB	Resolution 1,887, issued 5/5/2015	-0.23%	5/10/2015
EMG	Resolution 1,895, issued 6/16/2015	3.06%	6/18/2015
EMS	Resolution 2,054, issued 4/5/2016	7.19%	4/8/2016
EMT	Resolution 2,055, issued 4/5/2016	8.60%	4/8/2016
ENF	Resolution 1,894, issued 6/16/2015	14.07%	6/18/2015
EPB	Resolution 2,126, issued 8/23/2016	5.13%	8/28/2016
ESE	Resolution 2,062, issued 4/19/2016	5.24%	4/22/2016
ETO	Resolution 1,919, issued 6/30/2015	5.88%	7/4/2015

Extraordinary rate readjustment:

At a meeting held February 27, 2015, the National Electricity Regulatory Agency (ANEEL) resolved to award an Extraordinary Rate Adjustment (RTE) for all electricity distribution concession operators in Brazil, effective from March 02, 2015. The Energisa Group subsidiaries received the following average adjustments:

Average RTE increase by distribution company:

Distribution company	ANEEL Ruling	Average effect on consumers (%)	Valid from
EMG	Resolution 1,858, issued 2/27/2015	26.89%	3/2/2015
ENF	Resolution 1,858, issued 2/27/2015	26.05%	3/2/2015
EPB	Resolution 1,858, issued 2/27/2015	3.82%	3/2/2015
EBO	Resolution 1,858, issued 2/27/2015	0.61% (*)	3/2/2015
ESE	Resolution 1,858, issued 2/27/2015	8.00%	3/2/2015
EMT	Resolution 1,858, issued 2/27/2015	26.80%	3/2/2015
ETO	Resolution 1,858, issued 2/27/2015	4.46%	3/2/2015
EMS	Resolution 1,858, issued 2/27/2015	27.86%	3/2/2015
CNEE	Resolution 1,858, issued 2/27/2015	35.21%	3/2/2015
CAIUÁ	Resolution 1,858, issued 2/27/2015	32.36%	3/2/2015
EDEVP	Resolution 1,858, issued 2/27/2015	29.40%	3/2/2015
EEB	Resolution 1,858, issued 2/27/2015	38.49%	3/2/2015
CFLO	Resolution 1,858, issued 2/27/2015	31.88%	3/2/2015

(*) amount ratified by Ratifying Resolution 1870 issued 4/7/2015.

The extraordinary rate adjustment (RTE) introduced aims to adjust rates to cover the current costs of the Energy Development Account (CDE) and energy purchases.

Rate flags:

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

The rate flags use signals easily understandable by consumers (similar to a stop light) to reflect variable electricity generation costs which before implementation used to be passed through to energy rates in the distribution companies' ordinary rate adjustments. In addition to guaranteeing coverage of variable energy costs for distribution companies, this mechanism plays a fundamental role in demonstrating to the population the real electricity generation costs, thereby enabling it to make behavioral changes with a view to conscientious energy consumption.

By way of a notice, every month ANEEL discloses the color of the Rate Flag that will be in force in the following month. To do this it uses information provided by the National System Operator - ONS projects electricity generation in the country in terms of thermal electric generation costs and exposure to settlement prices in the

spot market which affect distribution agents connected to the National Interconnected Grid - SIN. The Electricity Trading Chamber - CCEE - shall manage the Centralizing Account of Rate Flag Funds.

The green, yellow and red flags indicate whether electricity will cost more or less as a result of the electricity generation conditions in SIN.

- Green Flag: good conditions for energy generation. Electricity rates will not be increased;
- Yellow Flag: less favorable generation conditions. This started to be charged in January 2015 with a rate of R$ 1.50, rising to R$ 3.50 in March and R$ 2.50 in September 2015 for each 100 kilowatt-hour (kWh) consumed. In February 2016 the regulations changed again to establish an additional R$ 1.50 for each 100 kilowatt-hour (kWh) consumed.
- Red Flag: costlier energy generation conditions. This started to be charged in January 2015 with a rate of R$ 3.00, rising to R$ 5.50 in March the same year and R$ 4.50 in September 2015 for each 100 kilowatt-hour (kWh) consumed. In February 2016 a new change was made to the regulations determining the splitting of the red flag into two levels: level 1 with a rate of R$ 3.00 and level 2 with a rate of R$ 4.50 for each 100 kWh consumed.

The changes in rate flag regulations in the second half of 2015 and early 2016 were made by ANEEL to ensure the regulatory mechanism was effectively aligned with the energy generation cost coverage requirements in the country. During application of this mechanism we observed that there were insufficient funds during a period (deficit centralizing revenue), while a surplus was observed in another period (centralizing revenue surplus).

Note that the green flag has been in force since April 2016, which as mentioned does not trigger additional cost in consumers' energy bills.

Rate review:

The subsidiaries' periodic rate reviews take place: (i) every four years for EMG, ENF, EBO, EPB, ETO, CAIUÁ, EEB, CNEE, EDEVP and CFLO, and (ii) every five years for ESE, EMT and EMS.

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

The rate adjustments in force have been summarized below:

Distribution company	ANEEL Ruling	Average effect on consumers (%)	Valid from
CAIUÁ	Resolution 2,071, issued 5/3/2016	-0.94%	5/10/2016
CFLO	Resolution 2,095, issued 6/21/2016	-16.48%	6/29/2016
CNEE	Resolution 2,073, issued 5/3/2016	-0.37%	5/10/2016
EBO	Resolution 1,483, issued 1/29/2013	6.18%	2/4/2013
EDEVP	Resolution 2,072, issued 5/3/2016	1.69%	5/10/2016
EEB	Resolution 2,074, issued 5/3/2016	1.84%	5/10/2016
EMG	Resolution 2,092, issued 6/21/2016	2.16%	6/22/2016
EMS	Resolution 1,505, issued 4/5/2013	-3.17%	4/8/2013
EMT	Resolution 1,506, issued 4/5/2013	0.95%	4/8/2013
ENF	Resolution 2,091, issued 6/21/2016	8.86%	6/22/2016
EPB	Resolution 1,592, issued 8/27/2013	-3.02%	8/28/2013
ESE	Resolution 1,513, issued 4/16/2013	4.08%	4/22/2013
ETO	Resolution 2,105, issued 6/28/2016	12.81%	7/4/2016

12. Consolidated financial sector assets and liabilities

The memorandum account for changes in items of the A portion - CVA is a mechanism intended to record the changes in costs incurred on energy purchases and regulatory charges in the period, including rate adjustments and/or periodical revisions, in order to permit greater neutrality when passing through the changes to the rates.

In FY 2014 ANEEL decided to amend the concession and permission agreements of the electricity distribution companies, in order to eradicate any hitherto existing uncertainty regarding the recognition and realization of temporary differences, the amounts of which are passed through annually to the electricity distribution rate - A Portion and other financial items, which permitted the CVA balances to be recorded on a prospective basis in accordance with OCPC 08.

In its amendment ANEEL guarantees that the CVA amounts and other financial item shall be incorporated into the compensation calculation upon termination of the concession.

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

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

Financial sector assets and liabilities	Balance at 12/31/2015	Operating Revenue		Financial income	Balance at 9/30/2016
		Addition	Amortization		
Items of Portion A (i)					
Electricity purchased for resale	704,527	59,663	(510,016)	20,817	274,991
Alternative Energy Sources Incentive Program - PROINFA	3,664	26,722	(12,752)	1,077	18,711
Transportation of electricity to national grid	54,762	10,897	(41,129)	695	25,225
Transportation of electric power - Itaipu	5,013	2,688	(2,909)	97	4,889
System Service Charges - ESS (iii)	(140,530)	(166,754)	140,874	(12,326)	(178,736)
Energy Development Account - CDE	215,334	(4,853)	(159,083)	5,311	56,709
Fuel Consumption Account - CCC	2,125	-	(2,125)	-	-
Financial components					-
Neutrality of Portion A (iv)	15,650	42,860	(9,594)	1,661	50,577
Overcontracting of energy (ii)	(424,704)	224,579	168,088	(4,364)	(36,401)
Rate Returns (*)	(806)	(12,978)	-	(108)	(13,892)
CUSD	428	110	(300)	23	261
Submarket exposure	7,392	(106,969)	961	(4,224)	(102,840)
Financial Guarantees (v)	5,730	(16,716)	10,203	5,458	4,675
Balance offsettable of the CVA of the previous cycle (vi)	(12,932)	(87,551)	41,697	-	(58,786)
Other financial items (vii)	(10,591)	(190,888)	115,720	(16,919)	(102,678)
Total Assets and Liabilities	**425,062**	**(219,190)**	**(260,365)**	**(2,802)**	**(57,295)**
Current Assets	**801,051**				**671,817**
Noncurrent Assets	**261,854**				**168,722**
Current Liabilities	**(494,740)**				**(647,218)**
Noncurrent Liabilities	**(143,103)**				**(250,616)**

(*) The amount of R$ 12,978 (R$ 806 as of December 31, 2015) denotes the addition of the Excess Demand and Excess Power Factor revenue recognized by the indirect subsidiaries CAIUÁ, EEB, CNEE, EDEVP, ELO and ETO and the direct subsidiaries EMG, ENF and EBO, under ANEEL Order 245/2016, which establishes that for accounting effects to be produced in accordance with the Rate Regulation Procedure, as from the 4th Rate Review cycle any new Excess Demand and Excess Reactive Power amounts should be recognized under Sectoral Financial Liabilities - (IPCA) and will only be amortized following the approval of the 5th Rate Review Cycle (CRTP).

(i) **Recoverable uncontrollable rates of the A Portion - CVA**

Interministerial Ordinance 25, issued January 24, 2002 by the Ministries of State Finance and Mines and Energy, established the Compensation Account for the Variation in the Values of the Items of "A Portion - CVA", as the account for recording negative or positive changes in costs occurring in the period between annual rate adjustments, relating to the items established in the electricity distribution concession agreements.

These changes are determined as the difference between the expense effectively incurred and the expenses estimated when the rate is established in the annual rate adjustments. The amounts included in the CVA are restated monetarily based on the Selic base interest rate.

(ii) **Pass-through of overcontracting/involuntary exposure of energy**

By way of the regulated energy contracts, distribution companies should ensure the entire market demand is met.
Purchases greater than or lower than this parameter will result in ANEEL applying the rate of review and adjustment processes to determine the cost of passing through the acquisition of the excess amount contracted, limited to five percent in relation to the annual regulatory supply charge of the distribution company and the energy cost regarding exposure to the spot market.

(iii) **System Service Charges - ESS**

Denotes a charge intended to cover the system service costs, which includes auxiliary services provided by users.

(iv) **Neutrality**

Denotes the neutrality of sector charges in the rate, determining the monthly differences between the amounts invoiced and the amounts included in the rates.

(v) **Financial Guarantees**

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

(vi) **Balance offsettable of the CVA of the previous cycle**

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

(vii) **Other financial items**

This includes the other nonrecurrent specific financial items of the distribution companies, such as Reversal of the financial RTE2015, Eletronuclear Differential, Eletronuclear Offsetting Pass-through, etc.

13. Other accounts receivable

	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Eletrobrás low-income subsidiary [1]	-	-	40,840	42,458
Service orders in progress - PEE and R&D	-	-	102,247	115,957
Service orders in progress - other	-	-	27,279	29,930
Deactivation orders in progress	-	-	11,403	16,942
Expenses to be reimbursed - ODR	-	-	1,378	2,643
Advances to suppliers and employees	1,819	1,376	33,835	23,633
CDE subsidy - rate discount [2]	-	-	114,726	200,054
Banco Daycoval [3]	-	-	176,791	176,791
Provision for losses Banco Daycoval [3]	-	-	(176,791)	(176,791)
Other credits receivable -CELPA - in 'Judicial Reorganization" [4]	-	-	66,164	63,655
(-) Adjustment to present value - CELPA [4]	-	-	(23,116)	(24,471)
Subrogation of CCC [5]	-	-	25,799	39,677
Acquisition of fuel via CCC account	-	-	39,867	26,826
Low income standard	-	-	3,223	3,589
Universalisation Plan	-	-	2,403	3,343
Pension fund advance	-	-	8,704	8,704
Credit receivable Banco Pine	-	-	1,663	2,017
Prepaid expenses	12,930	9,206	30,153	25,884
Accounts receivable from sale of generation companies [6]	113,500	113,500	113,500	113,500
Credits receivable from third parties [7]	-	-	18,727	22,849
Credits receivable from Tocantins state [8]	-	-	107,344	98,781
(-)Provision for adjustment to realizable value of credits receivable [8]			(20,328)	-
Other [*]	3,252	3,872	47,806	38,726
Total	**131,501**	**127,954**	**753,617**	**854,697**
Current	131,501	127,935	588,091	672,705
Noncurrent	-	19	165,527	181,992

[*] Includes R$ 5,382 (R$ 1,095 as of December 31, 2015) referring to the allowance for doubtful accounts.

(1) Low income - consolidated

These credits consist of the subsidy for the low-income residential sector with monthly consumption of under 220 kWh, subject to certain requirements being met. This revenue is paid for with funds from the RGR - Global Reversal Reserve and the CDE - Energy Development Account, both administrated by Eletrobrás. The balances not yet reimbursed have been recorded in the balance sheet under "other receivables" in the consolidated current assets. The subsidiaries' management does not expect to incur any losses on the realization of the balances.

See the changes occurring in the period:

	EMG	ENF	ESE	EPB	EBO	EMT	ETO	EMS	Companies in south southeast	Total
Consolidated balances on 12/31/2015	**2,550**	**258**	**5,331**	**11,082**	**1,278**	**9,246**	**4,342**	**4,793**	**3,578**	**42,458**
Low-income subsidy	12,011	1,228	26,277	52,126	6,537	28,324	20,702	22,617	12,808	182,630
Eletrobrás Reimbursement	(10,531)	(1,199)	(25,754)	(57,283)	(6,382)	(28,133)	(19,970)	(22,326)	(12,670)	(184,248)
Consolidated balances on 9/30/2016	**4,030**	**287**	**5,854**	**5,925**	**1,433**	**9,437**	**5,074**	**5,084**	**3,716**	**40,840**

(2) CDE subsidy - rate discount - consolidated

Funds transferred to the concession operators authorized by the Federal Government via Decree 7891 dated January 23, 2013 to cover the CDE subsidy for the discounts applicable to the rates applying to the public electricity distribution service users, pursuant to article 13 (VII) of Law 10438 dated April 26, 2002.

The subsidiaries EMG, ENF, CNEE, CAIUÁ, EDEVP, EEB, CFLO and EMS filed an ordinary proceeding on September 2, 2015 claiming the right to monthly offset the CDE and low-income subsidies receivable against the CDE amounts payable to Eletrobrás. Through September 2016, R$ 96,076 was accordingly offset as the CDE subsidy and R$ 122,629 as the low-income subsidy. As of September 30, 2016 the outstanding balances consisted of the subsidy incurred in August and September 2016, the reimbursement of which the subsidiaries' management expect to receive in the four quarter of 2016.

See the changes occurring in the period:

	EMG	EPB	ESE	ENF	EBO	EMT	ETO	EMS	Companies in south southeast	Total
Consolidated balances on 12/31/2015	**5,779**	**18,308**	**3,334**	**110**	**928**	**108,938**	**22,731**	**31,251**	**8,675**	**200,054**
Rate discount due to Irrigation and Rural subsidy	38,927	38,576	29,357	1,302	3,048	155,515	31,052	66,449	49,739	413,965
Eletrobrás Reimbursement	(23,692)	(48,562)	(27,495)	(1,280)	(4,048)	(211,626)	(47,069)	(90,772)	(44,749)	(499,293)
Consolidated balances on 9/30/2016	**21,014**	**8,322**	**5,196**	**132**	**(72)**	**52,827**	**6,714**	**6,928**	**13,665**	**114,726**

(3) Banco Daycoval

Refers to the amounts transferred by Banco Daycoval S/A to the current account of the shareholder Rede Energia S/A - "Under judicial reorganization" on February 28, 2012 to settle outstanding debts of this holding company, as justified by the Financial Institution. Management of the indirect subsidiaries EMT, CAIUÁ and EMS consider these transfers improper and have filed suit to recover this amount.

It transpires that the Transgression and Failure Correction and Recovery Plan that led to the intervention of EMT, CAIUÁ and EMS was amended after the General Creditors' Meeting approved the Judicial Reorganization of Rede Energia S/A - "Under judicial reorganization". On December 17, 2013 ANEEL Authorizing Resolution 4463 approved the ANEEL Plan and accepted ENERGISA's proposal to make an advance for future capital increase (AFAC) in the amount equal to the withdrawal made by Banco Daycoval S/A.

The reimbursement of the short-term investment of the indirect subsidiaries EMT, CAIUÁ and EMS only therefore relied on the suit filed by the subsidiaries, therefore constituting a contingent asset, as the realization thereof will only be confirmed as a result of future events occurring or not, which are uncertain and not completely under the entity's control. Because of this subsidiaries' management decided to provision for losses while the legal issue is in progress.

(4) Credits receivable CELPA

Credit that the subsidiaries EMT, EMS, CAIUÁ, ETO, CNEE, CFLO, EDEVP and Rede Serviços have against Centrais Elétricas do Pará S/A - CELPA - "under judicial reorganization", deriving from related-party transactions. The intercompany credits will be partially assumed by Rede Power do Brasil S/A, to the extent this is worthwhile, which will be liable to the related parties for the portion of the credit assumed and will be offset. Around 69% of the total balance was assumed by Rede Power do Brasil S/A and the remainder will be paid in semi-annual payments from the end of September 2019, ending in September 2034. The indirect subsidiary maintains adjustments of credits receivable to present value of R$ 23,588 (R$ 24,471 as of December 31, 2015).

(5) Subrogation of CCC

In accordance with ANEEL Resolution 784 issued December 24, 2002 and ANEEL Authorizing Resolution 81 issued March 09, 2004, the subsidiary EMT was classified in the subrogation of the right to use the Fuel Consumption Account - CCC due to the implementation of electricity ventures that led to a decrease in the CCC expense, which helped secure rates for end consumers. The following ventures with outstanding receivables were approved to calculate the benefit:

- Juruena Transmission System, with a project and subsidy approved of R$ 40,310, plus an adjustment of R$ 3,549, via Authorizing Resolution 1371 issued May 20, 2008. The amount of R$ 6,558 was received in 2011, R$ 10,649 in 2012, R$ 6,765 in 2013, R$ 8,069 in 2014, R$ 3,234 up to September 30, 2015 and R$ 8,584 in 2016, plus restatement by the IGP-M price index of R$ 3,263, amounting to R$ 47,122.

- Energized on October 31, 2013, Sapezal / Comodoro Transmission System has a project and subsidy approved of R$ 32,254, via Authorizing Resolution 1,877 issued April 07, 2009. R$ 1,215 was received in 2014, R$ 3,111 in 2015 and R$ 2,129 up to September 30, 2016, amounting to R$ 6,455. The remaining balance is R$ 25,799

ANEEL order 4722 issued December 18, 2009 applying to publications in FY 2009 addresses items 53 and 54 regarding the accounting of the subsidy received by the concession operator from the CCC fund due to works deactivating thermal plants, and consequently reducing the diesel oil in energy generation in Brazil.

This order determined that all amounts already received or approved be recorded under group of accounts "223 - Special Obligations linked to the Public Electricity Service Concession". Amounts already received and amounts pending receipt that have been approved by the regulatory agency are segregated in this group.

The subsidiary EMT has recorded the following subsidies:

Project	Status	Amount invested	Amount subrogated	Received	Restatement	Receivable	
						9/30/2016	12/31/2015
Juruena Transmission System	in service	52,135	43,859	47,122	3,263	-	11,749
Sapezal / Comodoro Transmission System	in service	45,166	32,254	6,455	-	25,799	27,928
Total		**97,301**	**76,113**	**53,577**	**3,263**	**25,799**	**39,677**
Current (Principal)						**3,348**	**13,158**
Current (Change in IGP-M)						-	1,292
Total Current						**3,348**	**14,450**
Noncurrent (Principal)						**22,451**	**23,354**
Noncurrent (Change in IGP-M)						-	1,873
Total Noncurrent						**22,451**	**25,227**

(6) Accounts receivable from sale of generation companies

Energisa is entitled to receive R$ 113,500 from the buyers of its generation assets relating to price components subject to other conditions precedent under the purchase and sale agreements, which are currently in the final stages of completion. Management expects these amounts will be received by the end of FY 2016.

(7) Credits receivable from third parties

Denotes mutual use of a pole and sale of scrap.

(8) Credits receivable from state of Tocantins

Denotes the receivables of the indirect subsidiary ETO against the Tocantins state government, as follows:

	9/30/2016	12/31/2015
Balance - opening - noncurrent - 12/31/2015 and 12/31/2014	**98,781**	106,328
Amortization realized in the period/year	(2,326)	(7,078)
Adjustment / Monetary restatement - IGPM	10,889	(469)
Closing balance - noncurrent - 9/30/2016 and 12/31/2015	**107,344**	**98,781**

- Reluz Tocantins Program

The National Efficient Public Lighting Program - RELUZ was introduced in 2000 by Eletrobrás with the support of the Ministry of Mines and Energy, and implemented by electricity concession operators with the participation of state and municipal governments. The Program aims to develop efficient public lighting and traffic light systems and to value public urban areas, thereby improving the population's safety. Authorities are qualified to operate the programs (municipalities, state governments and districts) by way of electricity concession operators. Federal entities wishing to include their projects in the RELUZ Program should directly approach the local electricity concession operators which will negotiate and present the request for Eletrobrás financing, as per the Program's Instructions Manual. The Eletrobrás financing is up to 75% of the project's total value. The remaining 25% should constitute the payment of the federal entities and/or electricity concession operators.

In order to enhance and expand public lighting in municipalities in Tocantins state, the Tocantins State Government introduced the Reluz Tocantins Program, which entails works to improve the energy efficiency of the public lighting system in the 139 municipalities comprising the state.

On June 24, 2010 the State Government entered into a financing agreement with the indirect subsidiary ETO, as authorized by Law 2305 issued 3/24/2010. This contract entails financing of R$ 82,423 from the State government for ETO and the delivery by the Company of the works and services necessary to implement the Reluz Tocantins Program. The means of payment is established in the contract as follows:

i. Transfer of electricity grids and structures owned by the state government

ii. Transfer of common shares accounting for 9% of the capital of ETO and owned by the state government

iii. Use of the entire dividends credited

iv. The remaining balance after the previous items have been realized should be paid over 24 monthly, equal and successive installments.

The indirect subsidiary ETO delivered all the works and services under the Reluz Program and received the approval of the program's finalization by Eletrobrás via letter CTA-DF-5975/2013 dated September 11, 2013. The subsidiary sent to the state government all the payment event notifications, according to the conclusion of the physical events established in the contract schedule and Eletrobrás approval.

By way of a payment in kind, on July 9, 2014 9% of ETO shares owned by the Tocantins State government was transferred, totaling 34,085,056 preferred shares worth R$ 33,063.

The balance receivable related to the Reluz Tocantins Program was restated in accordance with the contractual clauses, which generally entail 7.5% p.a. of the financial restatement on the principal balance and for overdue payments monetary restatements based on the monthly variance of the IGPM/FGV price index, plus interest of 0.5% (zero point five percent) and a fine of 10% (ten percent) on the total overdue amount, which stood at R$ 83,050 as of September 30, 2016 (R$ 76,977 as of December 31, 2015), including the deduction from the debit balance of dividends credited for the 2009, 2010, 2011, 2014, 2015 and 2016 financial years, and the payment in kind consisting of the transfer of 9% of the shares.

As stipulated in the contract of the Reluz Tocantins Program, the indirect subsidiary ETO retained the dividends credited to the shareholder Tocantins state, in compliance with the contractual provision stating that at any time ETO can use the dividends credited to settle overdue installments of the Program's debt. On 9/29/2013 the shareholder Tocantins state filed suit to receive the dividends and an injunction ordered the amounts be placed in a court deposit until the substance of the demand be judged. After the chief justice of the High Court of Appeal had stayed the injunction, the frozen amounts were returned to the indirect subsidiary ETO on April 07 and 09, 2014. If the final decision goes against the indirect subsidiary ETO, the debit balance will be recalculated net of the payment made via the dividend offset.

Arrangement made to implement 125 km of transmission lines interconnecting Tocantinópolis and Xambioá. The accounting for completion of the works was submitted to the state government by way of correspondence CE – 003/2012-DFC, dated February 29, 2012. The restated amount receivable is R$ 24,294 (R$ 21,804 as of December 31, 2015). By the closure of this interim financial information Tocantins state had not released the funds in accordance with the work plan established in the Arrangement.

On July 1, 2016 the Tocantins state government issued Official Notice 909/2016/SEFAZ/GASEC confirming the debit balance to the indirect subsidiary ETO of R$ 103,185, as of March 31, 2016 under arrangement 028/2008 - the Xambioá to Tocantinópolis transmission line and the Reluz program. This Official Notice also confirms that the parties are in the process of finding a means of financing and settling this balance, where the final amount will be confirmed upon completion of the work of the committee analyzing active contracts between Tocantins state and Energisa Group S/A, created via Decree 5346 issued May 25, 2016 by the State Governor. In light of these new facts and prospects of completing negotiations due to the creation of this Committee, management has reassessed the expected realization of the credits held by the indirect subsidiary ETO against the shareholder Tocantins state and estimated a provision of R$ 20,328 for the adjustment to realization value of credits receivable, recorded other under finance expenses in profit or loss for the period.

14. Related-party transactions

The Company is the holding company of Energisa Group, which holds the share control of the companies presented in note 4, and is directly controlled by Gipar S/A (40.70% of the voting stock).

Gipar S/A is controlled by Nova Gipar (100% of the voting stock), which in turn is controlled by Itacatu S/A (63.28% of the voting stock) and by Multisetor Ltda (27.82% of the voting stock). Itacatu S/A is controlled by

Multisetor S/A (72.15% of the voting stock).

Multisetor is controlled by Mr. Ivan Muller Botelho (77.64% of the voting stock).

The related-party balances are as follows:

Parent Company:

	9/30/2016		12/31/2015	
	Assets	Liabilities	Assets	Liabilities
Clients, consumers and concessionaires	6,675		5,760	-
Loans (1):				
. Energisa Soluções S/A [1]	20,839	-	17,299	-
. Rede Energia S/A [1]	-	102,096	-	161,259
. Companhia Técnica de Comercialização de Energia S/A [1]	2,225	-	1,174	-
. Empresa de Eletricidade Vale Paranapanema S/A [2]	-	36,290	-	2,475
. Companhia Técnica de Comercialização de Energia S/A- RJ [3]	97,217		88,421	-
. QMRA Participações (option "C" credits – RJ) [3]	21,682		20,008	-
. BBPM Participações S/A	-		1,627	-
. QMRA Participações [1]	-	70,601	-	64,839
. Rede Energia S/A - RJ [3 and 4]	637,824		583,133	-
. Denerge Desenvolvimento Energético S/A [2]	-	20,369	4,983	-
. Multi Energisa Serviços S/A [1]	680		621	-
. JQMJ Participações S/A [1]	-		145	-
Loans Subtotal – noncurrent	**780,467**	**229,356**	**717,411**	**228,573**
Investments - Funds allocated to future capital increase [5]:				
. Energisa Minas Gerais Distribuidora de Energia S/A	-	-	35,600	-
. Energisa Geração Central Solar Coremas S/A	25	-	963	-
. Parque Eólico Sobradinho S/A	3,321	-	2,506	-
. Energisa Geração Usina Maurício S/A		-	965	-
. Energisa Geração Central Eólica Boa Esperança S/A	11	-	22	-
. Energisa Geração Central Eólica Mandacaru S/A	11	-	23	-
. Energisa Geração Central Eólica Alecrim S/A	11	-	23	-
. Energisa Geração Central Eólica Muquim S/A	11	-	22	-
. Energisa Geração Energia S/A	14	-	20	-
. Energisa Nova Friburgo – Distribuidora de Energia S/A	-	-	8,600	-
. Rede Energia S/A	152,595	-	-	-
. Energisa Serviços Aéreos de Aeroinspeção S.A	180	-	10,948	-
. Energisa Soluções S/A	-	-	38,000	-
Subtotal Investments	**156,179**	**-**	**97,692**	**-**
Total related-party transactions	**943,321**	**229,356**	**820,863**	**228,573**

(1) The loans have a term of 24 months under the contracts, and can be extended for equal and successive periods. The loans with related parties are charged interest at the average borrowing rate, which in the period was an average of the CDI rate + 1.1306 p.a. (CDI + 1.1079 p.a. as of December 31, 2015), and includes the private assignment and acquisition of credit receivables and other covenants entered by Energisa on September 30, 2016 with the subsidiaries Rede Energia and Rede Power, as follows:

(2) Credit facility agreements with a maturity of 24 months extendable for equal and successive periods, with the borrower paying only IOF (financial transaction) tax or other charges incurred on financial transactions over the term of the agreement.

(3) Acquisition of credits assigned under judicial reorganization.

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

(5) The funds intended for future capital increase are not remunerated and are recorded under investments. The amount of R$ 152,595, recorded on September 28, 2016, denotes funds provided by the Company to Rede Energia S/A as "funds for the capital increase".

Contract conditions:

Subsidiaries	Rate	Maturity
. Energisa Soluções S/A [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	1/1/2017
. Rede Energia S/A [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	6/30/2018
. Companhia Técnica de Comercialização de Energia S/A [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	1/1/2017
. Empresa de Eletricidade Vale Paranapanema S/A [2]	Interest-free	6/30/2018
. Companhia Técnica de Comercialização de Energia S/A (option "C" credits – RJ) [3]	1% p.a	4/11/2036
. QMRA Participações (option "C" credits – RJ) [3]	1% p.a	2/13/2036
. BBPM Participações S/A [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	12/3/2018
. QMRA Participações [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	6/30/2018
. Rede Energia S/A (option "C" credits – RJ) [3 and 4]	1% p.a	10/11/2036
. Denerge Desenvolvimento Energético S/A [2]	Interest-free	5/6/2017
. Multi Energisa Serviços S/A [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	1/1/2017
. JQMJ Participações S/A [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	6/30/2018

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

Subsidiaries	Administrative services provided [a]	Endorsement commission [b] /Restatement of loans (Financial expense/revenue)	Balance receivable (Receivables, consumers and concession operators)
. Energisa Minas Gerais - Distribuidora de Energia S/A	9,831	3,866	1,108
. Energisa Paraíba - Distribuidora de Energia S/A	19,975	7,073	2,250
. Energisa Sergipe - Distribuidora de Energia S/A	12,135	7,008	1,367
. Energisa Borborema - Distribuidora de Energia S/A	5,330	413	600
. Energisa Soluções S/A	1,438	2,664	163
. Energisa Nova Friburgo – Distribuidora de Energia S/A	4,366	895	492
. Energisa Mato Grosso - Distribuidora de Energia S/A	2,517	-	0
. Energisa Tocantins - Distribuidora de Energia S/A	694	-	694
. Energisa Serviços Aéreos de Aeroinspeção S.A	(109)	-	-
. QMRA Participações S/A	-	5,163	-
. Companhia Técnica de Comercialização de Energia	-	8,996	-
. BBPM Participações S/A	-	99	-
. Alvorada Direitos Creditórios S/A	8	-	1
. Multi Energisa Serviços S/A	-	66	-
. JQMJ Participações S/A	-	2	-
. Gipar S/A	-	(7,500)	-
. Rede Energia S/A	-	39,620	-
9/30/2016	**56,185**	**58,039**	**6,675**
9/30/2015	**47,803**	**89,918**	**4,990**
12/31/2015	**64,084**	**98,291**	**5,760**

(a) Refers to administrative services provided to its subsidiaries. The costs are benchmarked to the benchmark company model used by the ANEEL regulated department for rate purposes. The contracts have been approved by ANEEL.

(b) Refers to the endorsement commission on loans incurring 0.12% p.m.

D&O compensation

In the period ended September 30, 2016 the members of the Board of Directors and Audit Committee received remuneration of R$ 583 (R$ 466 as of September 30, 2015) and the Executive Board R$ 163 (R$ 379 as of September 30, 2015), at the parent company, and R$ 4,702 (R$ 4,464 as of September 30, 2015) and R$ 16,000 (R$ 12,466 as of September 30, 2015) in the consolidated statement.

In addition to this remuneration, the Company and its subsidiaries provide private pension, health insurance and

life insurance benefits to their directors, generating an expense of R$ 26 (R$ 112 as of September 30, 2015) at the parent company and R$ 2,450 (R$ 1,584 as of September 30, 2015) in the consolidated statement. Payroll charges on compensation amounted to R$ 88 (R$ 103 as of September 30, 2015) at the parent company and R$ 3,442 (R$ 2,716 as of September 30, 2015) in the consolidated statement.

The highest and lowest compensation attributed to directors for September 2016 was R$ 17 and R$ 1 for the parent company and R$ 156 and R$ 2 in the consolidated statement (R$ 16 and R$ 3 for the parent company and R$ 135 and R$ 2 in the consolidated statement as of September 30, 2015) respectively. The average monthly compensation in the period ended September 30, 2016 was R$ 7 at the parent company and R$ 39 in the consolidated statement (R$ 5 at the parent company and R$ 26 in the consolidated statement as of September 30, 2015).

The AGM/EGM held April 27, 2016 ratified the overall annual compensation limit of D&O for the FY 2016 at R$ 3,225 (R$ 3,000 in FY 2015) at the parent company.

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

Refers to tax credits deriving from tax loss carryforwards, negative social contribution bases and temporary differences recorded in accordance with CPC 32 (IAS 12) and presented in accordance with CPC 26 (IAS 1).

The consolidated estimated for the realization of deferred taxes can be seen below, and the earnings projections used in the recoverability study of these assets were approved by the Boards of Directors of the Company and its subsidiaries.

Deferred taxes recognized in the interim financial information as follows:

	Consolidated	
	9/30/2016	12/31/2015
Assets		
Tax loss carryforward	272,679	347,173
Negative basis of social contribution	109,793	137,588
Temporary differences	429,955	289,897
Total noncurrent assets	**812,427**	**774,658**

	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Liabilities				
Temporary Differences:				
Income Tax	3,893	5,313	1,116,800	1,158,172
Social Contribution	1,402	1,912	402,048	416,942
Total - noncurrent liabilities	**5,295**	**7,225**	**1,518,848**	**1,575,114**
Total net noncurrent assets (liabilities)	**(5,295)**	**(7,225)**	**(706,421)**	**(800,456)**

The deferred credits have the following nature:

	Parent company			
	9/30/2016		12/31/2015	
	Calculation basis	IRPJ + CSSL	Calculation basis	IRPJ + CSSL
Assets/Liabilities				
Mark-to-market - derivatives	(14,812)	(5,036)	(19,703)	(6,699)
Mark-to-market of debt securities	1,310	445	497	169
Adjustments to present value	(4,109)	(1,397)	(591)	(201)
Other temporary additions (exclusions)	5,731	1,949	2,702	919
Unappropriated cost of the debt	(3,694)	(1,256)	(4,156)	(1,413)
Total	**(15,574)**	**(5,295)**	**(21,251)**	**(7,225)**
Total Noncurrent Assets			-	-
Total - Noncurrent Liabilities	**(15,574)**	**(5,295)**	**(21,251)**	**(7,225)**

	Consolidated			
	9/30/2016		12/31/2015	
	Calculation basis	IRPJ + CSSL	Calculation basis	IRPJ + CSSL
Assets/Liabilities				
Tax loss carryforward	1,090,717	272,679	1,388,694	347,173
Negative basis of social contribution	1,219,927	109,793	1,528,754	137,588
Tax credits - goodwill (1)	318,593	108,322	341,211	116,012
Provision for actuarial adjustment	223,773	76,083	218,540	74,304
Provisions for risks	578,874	196,817	572,629	194,694
Allowance for doubtful accounts - (PCLD and Daycoval)	525,520	178,677	641,372	218,066
Other provisions (PEE; R&D; Fees and Other)	207,882	70,680	193,099	65,654
Exchange variance losses	216,931	73,757	451,570	153,534
Mark-to-market - derivatives	331,098	112,573	(310,855)	(105,692)
Mark-to-market of debt securities	33,332	11,333	(14,241)	(4,842)
Financial sector assets (liabilities) (CVAs)	(57,295)	(19,480)	(390,520)	(132,777)
Other temporary additions	-	-	176,521	60,018
IRPJ and CSSL on the portion of the VNR of the concession receivables and restatement	(417,454)	(141,934)	(340,686)	(115,833)
Adjustments to present value	(2,764,485)	(939,925)	(2,898,264)	(985,409)
Negative goodwill on interest in EMS	(188,407)	(64,058)	(188,407)	(64,058)
Revaluation reserve charges	(224,902)	(76,467)	(239,430)	(81,406)
Intangible assets - appreciation	(1,802,315)	(612,787)	(1,942,736)	(660,530)
Other temporary exclusions	(298,370)	(101,446)	(49,858)	(16,952)
Total	**(891,986)**	**(706,421)**	**(862,607)**	**(800,456)**
Total Noncurrent Assets	**2,389,491**	**812,427**	**2,977,675**	**774,658**
Total - Noncurrent Liabilities	**(4,467,200)**	**(1,518,848)**	**(4,632,687)**	**(1,575,114)**

(1) The tax credits - goodwill of R$ 108,322 (R$ 116,012 as of December 31, 2015) are being realized over the remaining term of the subsidiaries' concession term: EBO (16 years) and EPB (17 years) by the straight-line method.

Tax credits were realized as follows:

Year	Consolidated
2016	23,157
2017	113,954
2018	133,399
2019	100,083
2020	124,825
2021 to 2025	317,009
Total	**812,427**

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

	Parent company			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Income before income tax and social contributions on net income	42,990	117,201	(196,576)	(176,392)
Combined tax bracket	34%	34%	34%	34%
Income and social contribution taxes calculated at the total tax bracket	(14,617)	(39,848)	66,836	59,973
Adjustments for:				
Permanent items:				
Equity in net income of subsidiaries	13,416	58,578	(10,039)	55,241
Tax credits - IR and CS not recorded in the period	1,201	(12,847)	(61,904)	(141,429)
Income tax and social contribution	**-**	**5,883**	**(5,107)**	**(26,215)**
Effective rate	-	(5.02%)	(2.60%)	(14.86%)

	Consolidated			
	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Net income before income and social contribution taxes on net income	116,193	268,775	(270,250)	(349,058)
Combined tax bracket	34%	34%	34%	34%
Income and social contribution taxes calculated at the total tax bracket	(39,505)	(91,383)	91,885	118,680
Adjustments for:				
Permanent items:				
Decrease in income tax and surcharges (*)	14,197	48,062	20,969	75,814
Effect of Tax Losses not used	(17,189)	(51,948)	(3,622)	(88,222)
Other	(10,381)	(12,956)	(11,295)	(8,723)
Income tax and social contribution	**(52,878)**	**(108,225)**	**97,937**	**97,549**
Effective rate	45.51%	40.27%	36.24%	27.95%

(*) The subsidiaries ESE, EPB, EBO, ETO and EMT have qualified for income tax and surcharge incentives. In December/2012 ESE, EPB and EBO obtained approval from the Ministry of Social Integration of their tax incentive applications, thereby reducing the income tax and surcharges by 75% on exploration profit for the period 1/1/2012 to 12/31/2021. Its applications to the federal tax authorities were approved by the following acts: ESE - Decision 126 – DRF/ASJU dated 3/4/2013, EPB - Decision 128 – DRF/JPA dated 5/23/2013, EBO – Decision 206 – DRF/JPA dated 12/19/2012.

The subsidiaries ETO and EMT located in the area embraced by SUDAM – Amazônia Development Department had their income tax and surcharge reduction applications approved by the Ministry of Social Integration in December 2014, accordingly, reducing the income tax surcharges calculated on operating profit for the period 1/1/2014 to 12/31/2023 by 75%. Its applications to the federal tax authorities were approved as follows: EMT- Executive Declaration 17 – DRF/CBA, issued February 02, 2015 and SUDAM Constitutive Report 114/2014 and e ETO - Executive Declaration 3 issued March 18, 2015 and Constitutive Report SUDAM 113/2014.

The decreases to the income tax and surcharges obtained by the subsidiaries amount to R$ 48,062 (R$ 75,814 as of September 30, 2015), where: R$ 4,379 (R$ 4,420 on September 30, 2015) at EBO, R$ 8,478 (R$ 24,423 on September 30, 2015) at ETO and R$ 35,205 at EMT. These amounts were recorded directly in the income statement for the period under "current income and social contribution taxes", and will be allocated to the tax incentive reserve at the subsidiaries. The subsidiaries EPB and ESE did not determine the calculation base for the exploration profit in the period ended September 30, 2016.

Use of estimates: the tax credits are recognized on tax losses and the negative basis of social contribution in relation to temporary differences between the book values of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes. If they are recognized to the extent it is probable that the taxable income in coming years will be able to be used to offset tax credits, based on projected future earnings relying on internal assumptions and future economic scenarios, which are therefore subject to change. The recorded amounts are periodically revised and any effects of realization or settlement are recorded in accordance with the legislation.

16. Accounts receivable from the concession - consolidated

Preliminary Law 579/2012, enacted as Law 12783/2013, confirmed the concession authority's intention to use the VNR – New replacement value to determine the value of credits receivable at the end of the concession as compensation for investments made and not recovered when providing the concession services.

Company Management believes that this fact changed the contractual terms of the concession regarding the means of compensating the Company for investments made in concession assets, which was recognized at historic cost until FY 2011.

On December 31, 2012 the subsidiaries EMG, ENF, ESE, EPB, EBO, EDEVP, EMT, CAIUÁ, ETO, EEB, CNEE, CFLO and EMS began recognizing the VNR - New Replacement Value, ratified by ANEEL, for assets comprising the concession, restated by the variance of the IGP-M price index. In November 2015, ANEEL Normative Resolution 686/2015 approved a revision of Submodule 2.3 of the Rate Review Procedures (PRORET) for the Regulatory Asset Base (BRR), which determined the compensation basis be restated by the IPCA price index.

Financial revenue was recognized in the period ended September 30, 2016 - restatement of the consolidated concessions' accounts receivable - VNR of R$ 99,935 (R$ 133,481 as of September 30, 2015).

The concession's accounts receivable are classified as available-for-sale in the consolidated non-current assets.

See the changes occurring in the period:

	Balance 12/31/2015	Additions	Write-offs	Monetary restatement (1)	Balance 9/30/2016
EMG	9,091	2	(294)	3,306	12,105
EPB	349,759	31,237	(1,158)	15,608	395,446
ESE	274,526	20,129	(862)	11,945	305,738
ENF	3,555	26	-	(503)	3,078
EBO	40,871	5,143	(9)	1,234	47,239
EMT	1,074,263	126,614	(1,802)	37,688	1,236,763
ETO	635,021	49,723	(7,485)	16,468	693,727
EMS	438,954	51,601	(941)	11,056	500,670
South and southeast (**)	32,670	25	(2)	3,133	35,826
	2,858,710	**284,500**	**(12,553)**	**99,935**	**3,230,592**

(1) Assets are adjusted for inflation on a monthly basis by the IPCA index as established by the Rate regulator. Any variation resulting from New Replacement Value (NRV) calculation criteria is also taken into account.

(**) Includes the subsidiaries CFLO, CNEE, EEB, CAIUÁ and EDEVP.

	Balance 12/31/2014	Additions	Write-offs	Monetary restatement (1)	Transfer to intangible assets (2)	Balance 12/31/2015
EMG	329,497	14,701	(1,279)	20,078	(353,906)	9,091
EPB	276,224	53,975	(2,093)	21,653	-	349,759
ESE	228,574	30,440	(1,265)	16,777	-	274,526
ENF	93,026	4,600	(339)	6,296	(100,028)	3,555
EBO	31,644	7,060	(218)	2,385	-	40,871
EMT	878,868	118,221	(3,844)	81,018	-	1,074,263
ETO	428,596	186,934	(15,278)	34,769	-	635,021
EMS	318,859	96,807	(1,574)	24,862	-	438,954
South southeast (**)	438,766	84,840	(10,839)	35,571	(515,668)	32,670
GRAND total	**3,024,054**	**597,578**	**(36,729)**	**243,409**	**(969,602)**	**2,858,710**

(1) Assets are adjusted for inflation on a monthly basis by the IPCA index as established by the Rate regulator. Any variation resulting from New Replacement Value (NRV) calculation criteria is also taken into account.

(2) In December 2015, the concession renewal processes for subsidiaries EMG, ENF, CAIUÁ, CNEE, EDEVP, EEB and CFLO were concluded and ordinances were published under which the Ministry of Mining and Energy (MME) granted extensions, and invited legal representatives to sign amendments, to the concession agreements. Extracts of the signed amendments to the concession agreements were published in the Official Journal on December 18, 2015, formalizing the extension of the concession agreements to July 07, 2045.

Under the renewed concession agreements, the subsidiaries recalculated their assets based on the new concession terms and reclassified R$ 969,602 in concession accounts receivable to intangible assets in service in the financial year ended December 31, 2015.

The subsidiaries EMG, ENF, CNEE, EEB, CAIUÁ and EDEVP underwent the 4th cycle of the rate review and consequently recognized the VNR - New Replacement Value in accordance with ANEEL Resolutions, recording the amount of R$ 4,401 in other financial revenue.

(**) Includes the subsidiaries CFLO, CNEE, EEB, CAIUÁ and EDEVP.

17. Investment

	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Interest in subsidiaries	3,417,455	3,182,208	-	-
Other	10,051	10,051	23,747	28,635
Total	**3,427,506**	**3,192,259**	**23,747**	**28,635**

Interest in subsidiaries:

9/30/2016									
Information about subsidiaries								Information about the parent company's investment	
Subsidiaries	%	No. shares/quotas held/thousand	Capital	Assets	Liabilities	Shareholders' Equity	Net income in the period	Equity in net income of subsidiaries and associated companies	Investment
Distribution								**211,765**	**1,559,003**
Energisa Minas Gerais (EMG)	100.00	514	228,428	851,843	589,770	262,073	(3,334)	(3,334)	262,073
Energisa Sergipe (ESE)	100.00	196	382,900	1,536,101	1,190,278	345,823	88,485	88,485	345,823
Energisa Paraíba (EPB)	100.00	918	526,991	2,056,488	1,328,161	728,327	112,816	112,816	728,327
Energisa Borborema (EBO)	100.00	293	73,540	283,244	169,032	114,212	13,939	13,939	114,212
Energisa Nova Friburgo (ENF)	100.00	16	63,343	221,314	136,499	84,815	(1,305)	(1,305)	84,815
Energisa Mato Grosso (EMT) (1)	1.23	2,044	1,118,910	5,802,663	3,875,598	1,927,065	86,966	1,164	23,753
Generation								**(840)**	**3,825**
Parque Eólico Sobradinho	100.00	4,102	4,102	2,717	60	2,657	(111)	(111)	2,657
Energisa Geração Usina Maurício	100.00	612	1,577	879	29	850	26	(639)	850
Energisa Geração Solar Coremas	100.00	1	964	323	2	321	(24)	(24)	321
Energisa Geração Eólica Boa Esperança	100.00	10	23	1	2	(1)	(13)	(13)	(1)
Energisa Geração Eólica Mandacaru	100.00	10	24	1	-	1	(11)	(11)	1
Energisa Geração de Energia S.A	100.00	10	22	1	2	(1)	(16)	(16)	(1)
Energisa Geração Eólica Alecrim	100.00	10	23	1	2	(1)	(13)	(13)	(1)
Energisa Geração Eólica Umbuzeiro - Muquim	100.00	10	23	1	2	(1)	(13)	(13)	(1)
Sales								**(2,298)**	**3,467**
Energisa Comercializadora	100.00	1	1	94,898	91,431	3,467	(2,299)	(2,298)	3,467
Rendering of Services								**4,756**	**88,355**
Energisa Soluções	100.00	39,000	77,000	140,562	61,428	79,134	3,712	3,713	79,134
Energisa Serviços Aéreos de Aeroinspeção	100.00	1,000	6,313	5,659	183	5,476	(1,017)	(1,017)	5,476
Energisa Planejamento	100.00	1,685	1,685	5,204	1,459	3,745	2,060	2,060	3,745
Holding companies and other companies								**(15,932)**	**1,568,055**
Alvorada Direitos Creditórios S.A	100.00	200	251	135	2	133	(42)	(42)	133
Dinâmica Credit Receivables	100.00	7,570	7,570	2,391	1,166	1,225	29	29	1,225
BBPM Participações	89.61	177,817	553,324	453,086	9,453	443,633	(3,772)	(6,222)	397,543
Denerge S/A	49.28	27,234,389	1,275,420	1,560,260	545,285	1,014,975	(17,341)	(12,463)	500,198
JQMJ Participações	99.99	71,302	200,364	157,837	223	157,614	(2,212)	(3,405)	157,598
Rede Energia S/A	15.42	264,360	2,245,787	3,945,913	1,466,033	2,479,880	35,470	6,171	511,358
Goodwill paid in the acquisition of subsidiaries								**(10,908)**	**194,750**
Total								**186,543**	**3,417,455**

(1) The Company acquired a total of 47 shares up to September 30, 2016, consisting of 16 and 31 preferred shares.

12/31/2015									
Information about subsidiaries								Information about the parent company's investment	
Subsidiaries	%	No. shares/quotas held/thousand	Capital	Assets	Liabilities	Shareholders' Equity	Net income in the period	Equity in net income of subsidiaries and associated companies	Investment
Distribution								**159,936**	**1,444,011**
Energisa Minas Gerais (EMG)	100	514	107,828	764,341	566,157	198,184	24,951	24,951	198,184
Energisa Sergipe (ESE)	100	196	382,898	1,492,951	1,167,518	325,433	(22,044)	(22,044)	325,434
Energisa Paraíba (EPB)	100	918	487,457	2,156,430	1,461,623	694,807	106,964	106,964	694,805
Energisa Borborema (EBO)	100	293	65,539	290,066	157,956	132,110	44,053	44,053	132,111
Energisa Nova Friburgo (ENF)	100	16	39,743	201,130	129,734	71,396	5,815	5,815	71,396
Energisa Mato Grosso (EMT) (1)	1.2	2,044	1,118,910	5,509,375	3,669,276	1,840,099	17,531	197	22,081
Generation								**2,307**	**3,771**
Parque Eólico Sobradinho	100	4,102	4,102	2,180	226	1,954	(460)	(460)	1,953
Energisa Geração Usina Maurício	100	612	612	1,636	146	1,490	(103)	(103)	1,489
Energisa Geração Solar Coremas	100	1	1	323	-	323	(69)	(69)	324
Energisa Geração Eólica Boa Esperança	100	10	1	1	-	1	(12)	(12)	1
Energisa Geração Eólica Mandacaru	100	10	1	1	-	1	(12)	(12)	1
Energisa Geração de Energia S.A	100	10	1	1	-	1	(21)	(20)	1
Energisa Geração Eólica Alecrim	100	10	1	1	-	1	(12)	(12)	1
Energisa Geração Eólica Umbuzeiro - Muquim	100	10	1	1	-	1	(12)	(12)	1
Energisa Geração Rio Grande	100	133,179	177,422	260,964	115,410	145,554	(674)	2,060	-
SPE Cristina S/A	100	21,100	24,612	28,524	7,178	21,346	(337)	139	-
Zé Tunin Small Hydroelectric Power Station	100	61,448	61,448	106,585	42,105	64,480	183	830	-
Energisa Geração Vista Alegre	100	1	1	21	-	21	(11)	(22)	-
Sales								**862**	**5,765**
Energisa Comercializadora	100	1	1	75,627	69,861	5,766	862	862	5,765
Rendering of Services								**(10,706)**	**84,725**
Energisa Soluções	100	39,000	39,000	123,140	47,716	75,424	(10,515)	(10,515)	75,421
Energisa Serviços Aéreos de Aeroinspeção	100	1,000	1,000	6,589	276	6,313	(1,932)	(1,932)	6,313
Energisa Planejamento	100	1,685	1,685	4,783	1,792	2,991	1,741	1,741	2,991
Holding companies and other companies								**181,248**	**1,438,278**
Energisa Bioeletricidade S/A	100	151,597	1	402,847	-	402,847	(12,766)	(10,954)	-
Energisa Geração Centrais Eólicas RN	100	167,468	63,500	207,237	6	207,231	11,594	18,638	-
Alvorada Direitos Creditórios S.A	100	200	251	192	16	176	(92)	(51)	175
Dinâmica Credit Receivables	100	7,570	7,570	2,027	831	1,196	731	594	1,196
BBPM Participações	89.61	177,818	553,324	473,775	21,336	452,439	52,624	45,902	405,430
Denerge S/A	49.28	251,966,233	1,275,420	1,589,412	545,613	1,043,799	157,464	75,868	514,292
JQMJ Participações	99.99	71,302	200,364	166,130	4,478	161,652	18,795	18,259	161,636
Rede Energia S/A	15.02	257,656	2,245,787	3,761,689	1,395,245	2,366,444	224,026	32,992	355,549
Goodwill paid in the acquisition of subsidiaries								**(19,665)**	**205,658**
Balance reclassified to available-for-sale assets								**6,241**	**-**
Total								**320,223**	**3,182,208**

(1) The Company acquired a total of 217,654 shares in 2015, consisting of 140,509 and 77,145 preferred shares.

Changes in the investments:

Subsidiaries	Balance at 12/31/2015	Acquisition/Advances for future capital increase	Gain/Loss on share acquisition (1)	Capital transactions (2)	Dividends	Other comprehensive income	Equity in net income of subsidiaries and associated companies	Balance at 9/30/2016
Distribution	**1,444,011**	**100,414**	**94**	**-**	**(197,281)**	**-**	**211,765**	**1,559,003**
Energisa Minas Gerais (EMG)	198,184	85,000	-	-	(17,777)	-	(3,334)	262,073
Energisa Sergipe (ESE)	325,433	-	-	-	(68,096)	-	88,485	345,823
Energisa Paraíba (EPB)	694,805	-	-	-	(79,294)	-	112,816	728,327
Energisa Borborema (EBO)	132,111	-	-	-	(31,838)	-	13,939	114,212
Energisa Nova Friburgo (ENF)	71,396	15,000	-	-	(276)	-	(1,305)	84,815
Energisa Mato Grosso (EMT)	22,082	414	94	-	-	-	1,164	23,753
Generation	**3,771**	**894**					**(840)**	**3,825**
Parque Eólico Sobradinho	1,953	815	-	-	-	-	(111)	2,657
Energisa Geração Usina Maurício	1,489	-	-	-	-	-	(639)	850
Energisa Geração Solar Coremas	324	21	-	-	-	-	(24)	321
Energisa Geração Eólica Boa Esperança	1	11	-	-	-	-	(13)	(1)
Energisa Geração Eólica Mandacaru	1	11	-	-	-	-	(11)	1
Energisa Geração Eólica Alecrim	1	14	-	-	-	-	(16)	(1)
Energisa Geração de Energia S/A	1	11	-	-	-	-	(13)	(1)
Energisa Geração Eólica Umbuzeiro - Muquim	1	11	-	-	-	-	(13)	(1)
Sales	**5,765**						**(2,298)**	**3,467**
Energisa Comercializadora	5,765	-	-	-	-	-	(2,298)	3,467
Rendering of Services	**84,725**	**180**	**-**	**-**	**(1,306)**	**-**	**4,756**	**88,355**
Energisa Soluções	75,421	-	-	-	-	-	3,713	79,134
Energisa Serviços Aéreos de Aeroinspeção	6,313	180	-	-	-	-	(1,017)	5,476
Energisa Planejamento	2,991	-	-	-	(1,306)	-	2,060	3,745
Holding companies and other companies	**1,438,278**	**163,030**	**3,771**	**(18,938)**	**(1,918)**	**(236)**	**(15,932)**	**1,568,055**
Alvorada Direitos Creditórios S.A	175	-	-	-	-	-	(42)	133
Dinâmica Credit Receivables	1,196	-	-	-	-	-	29	1,225
BBPM Participações	405,430	-	1,647	(6,771)	3,531	(72)	(6,222)	397,543
Denerge S/A	514,292	-	2,273	(9,335)	5,529	(98)	(12,463)	500,198
JQMJ Participações	161,636	-	689	(2,832)	1,540	(30)	(3,405)	157,598
Rede Energia S/A	355,549	163,030	(838)	-	(12,518)	(36)	6,171	511,358
Goodwill paid in the acquisition of subsidiaries	**205,658**	**-**	**-**	**-**	**-**	**-**	**(10,908)**	**194,750**
Total	**3,182,208**	**264,518**	**3,865**	**(18,938)**	**(200,505)**	**(236)**	**186,543**	**3,417,455**

(1) Gains/losses on share purchase transactions. In the period ended September 30, 2016 Energisa S/A purchased shares from minority shareholders in the companies: EMT and Rede Energia, resulting in a capital gain of R$ 3,865 (R$ 2,393 as of December 31, 2015) and an increase in the interest.

(2) Includes a portion resulting from the percentage interest in the subsidiary EEVP, referring to the derivative financial instrument described in note 34.

Subsidiaries	Balance at 12/31/2014	Acquisition	Gain/Loss on share acquisition (1)	Subscription, AFAC	Dividends	Other comprehensive income	Equity in net income of subsidiaries and associated companies	Balance at 12/31/2015
Distribution	**1,309,212**	**1,620**	**10,218**	**97,996**	**(129,548)**	**(5,423)**	**159,936**	**1,444,011**
Energisa Minas Gerais (EMG)	91,253	-	-	89,396	(7,322)	(94)	24,951	198,184
Energisa Sergipe (ESE)	385,873	-	-	-	(39,800)	1,405	(22,044)	325,434
Energisa Paraíba (EPB)	671,474	-	-	-	(76,972)	(6,661)	106,964	694,805
Energisa Borborema (EBO)	91,950	-	-	-	(3,892)	-	44,053	132,111
Energisa Nova Friburgo (ENF)	58,460	-	-	8,600	(1,381)	(98)	5,815	71,396
Energisa Mato Grosso (EMT)	10,202	1,620	10,218	-	(181)	25	197	22,081
Generation	**1,763**	**-**	**-**	**2,967**	**(141)**	**4**	**2,307**	**3,771**
Parque Eólico Sobradinho	562	-	-	1,847	-	4	(460)	1,953
Energisa Geração Usina Maurício	768	-	-	965	(141)	-	(103)	1,489
Energisa Geração Solar Coremas	307	-	-	86	-	-	(69)	324
Energisa Geração Vista Alegre	22	-	-	-	-	-	(1)	-
Energisa Geração Santa Candida	100	-	-	-	-	-	1	-
Energisa Geração Eólica Boa Esperança	1	-	-	12	-	-	(12)	1
Energisa Geração Eólica Mandacaru	1	-	-	12	-	-	(12)	1
Energisa Geração Eólica Alecrim	1	-	-	12	-	-	(12)	1
Energisa Geração de Energia S/A	-	-	-	21	-	-	(20)	1
Energisa Geração Eólica Umbuzeiro - Muquim	1	-	-	12	-	-	(12)	1
Energisa Geração Rio Grande	-	-	-	-	-	-	2,060	-
SPE Cristina S/A	-	-	-	-	-	-	139	-
Zé Tunin Small Hydroelectric Power Station	-	-	-	-	-	-	830	-
Energisa Geração Vista Alegre	-	-	-	-	-	-	(22)	-
Sales	**4,991**	**-**	**-**	**-**	**(215)**	**127**	**862**	**5,765**
Energisa Comercializadora	4,991	-	-	-	(215)	127	862	5,765
Rendering of Services	**48,775**	**-**	**-**	**48,948**	**(1,215)**	**1,626**	**(10,706)**	**84,725**
Energisa Soluções	46,325	-	-	38,000	-	1,611	(10,515)	75,421
Energisa Serviços Aéreos de Aeroinspeção	-	-	-	10,948	-	-	(1,932)	6,313
Energisa Planejamento	2,450	-	-	-	(1,215)	15	1,741	2,991
Holding companies and other companies	**1,338,440**	**(6,707)**	**(12,611)**	**(9,752)**	**(35,695)**	**(8,961)**	**181,248**	**1,438,278**
Energisa Bioeletricidade S/A	-	-	-	-	-	-	(10,954)	-
Energisa Geração Centrais Eólicas RN	-	-	-	-	-	-	18,638	-
Alvorada Direitos Creditórios S.A	137	91		-	(2)	-	(51)	175
Dinâmica Credit Receivables	9,983	370	-	(9,752)	-	1	594	1,196
BBPM Participações	371,127	373	1,228	-	(9,945)	(3,255)	45,902	405,430
Denerge S/A	475,821	114	(15,222)	-	(17,800)	(4,489)	75,868	514,292
JQMJ Participações	148,193	161	489	-	(4,103)	(1,363)	18,259	161,636
Rede Energia S/A	333,179	(7,816)	894	-	(3,845)	145	32,992	355,549
Goodwill paid in the acquisition of subsidiaries	**220,811**	**4,512**	**-**	**-**	**-**	**-**	**(19,665)**	**205,658**
Balance reclassified to available-for-sale assets	**-**	**-**	**-**	**-**	**-**	**-**	**6,241**	**-**
Total	**2,923,992**	**(575)**	**(2,393)**	**140,159**	**(166,814)**	**(12,627)**	**320,223**	**3,182,208**

(1) Gains/losses on share purchase transactions. In FY 2015 Energisa S/A purchased shares from minority shareholders in the companies: EMT, Rede Energia, JQMJ and BBPM, resulting in a capital loss of R$ 2,393 and an increase in the equity interest. Denerge's losses relate to treasury stock transactions affecting Energisa through equity accounting.

Amortization of intangible assets in the period ended September 30, 2016, which are recorded in the income statement under income tax and social contribution amortization and depreciation: These originate on profit as follows.

				Total	
	EMT	ETO	EMS	9/30/2016	9/30/2015
Amortization in the period	(47,900)	(47,726)	(53,556)	(149,182)	(149,182)
IR and CSSL	16,286	16,227	18,209	50,722	50,722
Net amortization	**31,614**	**31,499**	**35,347**	**(98,460)**	**(98,460)**

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

9/30/2016					
Indirect subsidiaries	% indirect	Assets	Liabilities	Shareholders' Equity	Net income in the period
Distribution					
Empresa Elétrica Bragantina S/A	91.48	422,305	313,606	108,699	9,667
Companhia Nacional de Energia Elétrica	94.20	215,496	132,377	83,119	10,008
Companhia Força e Luz do Oeste	93.82	90,806	71,705	19,101	1,966
Energisa Tocantins	73.18	2,211,204	1,253,841	957,363	15,124
Energisa Mato Grosso	55.04	5,802,662	3,875,598	1,927,065	86,966
Energisa Mato Grosso do Sul	95.38	3,407,932	2,115,722	1,292,210	(448)
CAIUÁ Distribuição de Energia S/A	95.44	549,230	364,649	184,581	(8,500)
Empresa de Distrib. de Energia Vale Paranapanema S/A	95.44	329,498	193,380	136,118	13,480

12/31/2015					
Indirect subsidiaries	% indirect	Assets	Liabilities	Shareholders' Equity	Net income in the period
Electricity Distribution					
Empresa Elétrica Bragantina S.A.	86.92	357,912	305,834	52,078	(1,154)
Companhia Nacional de Energia Elétrica	93.8	245,331	156,872	88,459	20,529
Companhia Força e Luz do Oeste	92.86	94,201	72,735	21,466	2,087
Energisa Tocantins	67.88	1,973,277	1,180,738	792,539	28,200
Energisa Mato Grosso	54.82	5,509,375	3,669,276	1,840,099	17,531
Energisa Mato Grosso do Sul	94.99	3,451,721	2,088,233	1,363,488	61,046
Caiuá Distribuição de Energia S.A.	95.05	563,749	400,765	162,984	93,629
Empresa de Distrib. De Energia Vale Paranapanema S.A.	95.05	338,004	197,699	140,305	24,644

18. Property, plant and equipment

PARENT COMPANY						
	Balance at 12/31/2015	Addition	Transfers	Write-offs	Amortization / Depreciation	Balance at 9/30/2016
Property, plant and equipment In service						
Cost:						
Land	16	-	-	-	-	16
Buildings and improvements	4,300	-	-	-	-	4,300
Machinery and equipment	7,793	-	6	(3)	-	7,796
Vehicles	8,451	-	105	(106)	-	8,450
Furniture and fixtures	13,741	-	17	(2)	-	13,756
Total property, plant and equipment in service	**34,301**	**-**	**128**	**(111)**	**-**	**34,318**
Accumulated depreciation:						
Buildings and improvements	(2,184)	-	-	-	(112)	(2,296)
Machinery and equipment	(3,149)	-	-	1	(657)	(3,805)
Vehicles	(7,891)	-	-	73	(84)	(7,902)
Furniture and fixtures	(11,944)	-	-	2	(341)	(12,283)
Total accumulated depreciation	**(25,168)**	**-**	**-**	**76**	**(1,194)**	**(26,286)**
Subtotal Property, Plant and Equipment	**9,133**	**-**	**128**	**(35)**	**(1,194)**	**8,032**
Property, plant and equipment in progress	235	6,696	**(128)**	-	-	**6,803**
Total of Property, plant and equipment	**9,368**	**6,696**	**-**	**(35)**	**(1,194)**	**14,835**

	Parent company					
	Balance at 12/31/2014	Addition	Transfers	Low	Depreciation	Balance at 12/31/2015
Property, plant and equipment In service						
Cost:						
Land	16	-	-	-	-	16
Buildings and improvements	4,249	-	51	-	-	4,300
Machinery and equipment	6,500	-	1,293	-	-	7,793
Vehicles	8,478	-	54	(81)	-	8,451
Furniture and fixtures	13,509	-	235	(3)	-	13,741
Total property, plant and equipment in service	**32,752**	**-**	**1,633**	**(84)**	**-**	**34,301**
Accumulated depreciation:						
Buildings and improvements	(2,034)	-	-	-	(150)	(2,184)
Machinery and equipment	(2,389)	-	-	-	(760)	(3,149)
Vehicles	(7,820)	-	-	35	(106)	(7,891)
Furniture and fixtures	(11,448)	-	-	3	(499)	(11,944)
Total accumulated depreciation	**(23,691)**	**-**	**-**	**38**	**(1,515)**	**(25,168)**
Subtotal Property, Plant and Equipment	**9,061**	**-**	**1,633**	**(46)**	**(1,515)**	**9,133**
Property, plant and equipment in progress	37	1,831	(1,633)	-	-	235
Total of Property, plant and equipment	**9,098**	**1,831**	**-**	**(46)**	**(1,515)**	**9,368**

	CONSOLIDATED					
	Balance at 12/31/2015	Addition (*)	Transfers	Write-offs	Amortization / Depreciation	Balance at 9/30/2016
Property, plant and equipment In service						
Cost:						
Software	23	-	-	-	-	23
Land	1,092	-	312	-	-	1,404
Reservoirs, Dams and Water Pipelines.	2,191	-	-	-	-	2,191
Buildings and improvements	15,689	326	-	-	-	16,015
Machinery and equipment	104,632	31,771	3,347	(1,937)	-	137,813
Vehicles	46,986	38,311	1,975	(705)	-	86,567
Furniture and fixtures	45,602	6,821	594	(22)	-	52,995
Total property, plant and equipment in service	**216,215**	**77,229**	**6,228**	**(2,664)**	**-**	**297,008**
Accumulated depreciation:						
Software	(18)	-	-	-	(1)	(19)
Reservoirs, Dams and Water Pipelines.	(805)	(1)	-	-	(3)	(809)
Buildings and improvements	(5,320)	(143)	-	-	(331)	(5,794)
Machinery and equipment	(45,569)	(19,439)	-	108	(9,150)	(74,050)
Vehicles	(20,991)	(29,741)	-	346	(9,177)	(59,563)
Furniture and fixtures	(31,256)	(4,486)	-	2	(1,588)	(37,326)
Total accumulated depreciation	(103,959)	(53,810)	-	456	(20,250)	(177,561)
Subtotal Property, Plant and Equipment	**112,256**	**23,419**	**6,228**	**(2,208)**	**(20,250)**	**119,447**
Property, plant and equipment in progress	2,522	13,606	(6,228)	-	-	**9,900**
Total of Property, plant and equipment	**114,778**	**37,025**	**-**	**(2,208)**	**(20,250)**	**129,347**

(*) Includes assets reclassified from intangible assets to property, plant and equipment of R$ 23,419, consisting of machinery and equipment, vehicles and furniture and fixtures.

	Consolidated					
	Balance at 12/31/2014	Addition	Transfers	Write-offs	Amortization / Depreciation	Balance at 12/31/2015
Property, plant and equipment in service						
Cost:						
Software	17	-	6	-	-	23
Land	1,098	-	(6)	-	-	1,092
Reservoirs, Dams and Water Pipelines	2,191	-	-	-	-	2,191
Buildings and improvements	13,253	-	2,556	(120)	-	15,689
Machinery and equipment	76,115	427	28,626	(536)	-	104,632
Vehicles	33,841	-	13,723	(578)	-	46,986
Furniture and fixtures	43,551	-	2,058	(7)	-	45,602
Total property, plant and equipment in service	**170,066**	**427**	**46,963**	**(1,241)**	**-**	**216,215**
Accumulated depreciation:						
Software	(274)	-	258	-	(2)	(18)
Reservoirs, Dams and Water Pipelines	(1,053)	-	253	-	(5)	(805)
Buildings and improvements	(5,023)	-	81	34	(412)	(5,320)
Machinery and equipment	(39,423)	-	2,124	31	(8,301)	(45,569)
Vehicles	(17,151)	-	(44)	350	(4,146)	(20,991)
Furniture and fixtures	(26,635)	-	(2,672)	7	(1,956)	(31,256)
Total accumulated depreciation	(89,559)	-	-	422	(14,822)	(103,959)
Subtotal Property, Plant and Equipment	**80,507**	**427**	**46,963**	**(819)**	**(14,822)**	**112,256**
Property, plant and equipment in progress	**4,701**	**46,378**	**(46,963)**	**(1,594)**	**-**	**2,522**
Total of Property, plant and equipment	**85,208**	**46,805**	**-**	**(2,413)**	**(14,822)**	**114,778**

Depreciation rates practiced by parent company and consolidated are as follows:

Depreciation rates of property, plant and equipment	9/30/2016	12/31/2015
Reservoirs, dams, water pipelines and land	2.98%	3.36%
Buildings and improvements	3.33%	3.56%
Machinery and equipment	14.24%	13.23%
Vehicles	14.29%	14.29%
Furniture and fixtures	6.25%	6.25%

19. Intangible assets

	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Concession agreement/ software	6,262	7,801	7,181,979	6,939,969
Concession right	-	-	452,889	481,013
Total	**6,262**	**7,801**	**7,634,868**	**7,420,982**

19.1 Intangible assets - parent company

	Balance at 12/31/2015	Amortization	Balance at 9/30/2016
In Service			
Cost of software	13,174	-	13,174
Accumulated Amortization	(5,373)	(1,539)	(6,912)
Grand Total	**7,801**	**(1,539)**	**6,262**

	Balance at 12/31/2014	Addition	Transfer	Amortization	Balance at 12/31/2015
In Service					
Cost of software	8,731	-	4,443	-	13,174
Accumulated Amortization	(4,014)	-	-	(1,359)	(5,373)
Subtotal	4,717	-	4,443	(1,359)	7,801
In Progress	-	4,443	(4,443)	-	-
Grand Total	**4,717**	**4,443**	**-**	**(1,359)**	**7,801**

Software is amortized at the rate of 20% per annum.

19.2 Intangible assets - consolidated

Consolidated						
	Balance 12/31/2015	Addition	Transfers	Write-offs (*)	Amortization / Depreciation	Balance 9/30/2016
Intangible assets in service						
Cost	14,094,153	303	423,801	(166,132)	-	14,352,125
Accumulated Amortization	(6,093,406)	(17,108)	-	115,827	(621,969)	(6,616,656)
Subtotal	8,000,747	(16,805)	423,801	(50,305)	(621,969)	7,735,469
In Progress	987,039	1,227,090	(423,801)	(385,269)	-	1,405,059
Total	**8,987,786**	**1,210,285**	**-**	**(435,574)**	**(621,969)**	**9,140,528**
(-) Obligations linked to the concession						
In Service						
Cost	2,677,250	11,138	85,590	-	-	2,773,978
Accumulated Amortization	(963,275)	(18,295)	-	-	(127,645)	(1,109,215)
Subtotal	1,713,975	(7,157)	85,590	-	(127,645)	1,664,763
In Progress	333,842	146,303	(85,590)	(100,769)	-	293,786
Total obligations linked to the concession	**2,047,817**	**139,146**	**-**	**(100,769)**	**(127,645)**	**1,958,549**
Grand Total	**6,939,969**	**1,071,139**	**-**	**(334,805)**	**(494,324)**	**7,181,979**

(*) R$ 284,500 of the write-offs of R$ 334,805 was transferred to the concession's accounts receivable, R$ 23,419 transferred to property, plant and equipment and R$ 26,887 consists of write-offs in the period. They are initially recorded in Deactivation orders - ODD and at the end of the process the amounts are transferred to profit or loss for the year in other operating income (expenses).

Consolidated							
Intangible assets	Balance 12/31/2014	Addition	Addition - Accounts receivable from the concession - asset (*)	Transfers	Write-offs (**)	Amortization / Depreciation	Balance 12/31/2015
Intangible assets in service							
Cost	12,094,707	37,941	1,377,073	727,449	(143,017)	-	14,094,153
Accumulated Amortization	(5,339,255)	(27,374)	-	-	88,274	(815,051)	(6,093,406)
Subtotal	6,755,452	10,567	1,377,073	727,449	(54,743)	(815,051)	8,000,747
In Progress	927,160	1,489,520	-	(727,449)	(702,192)	-	987,039
Total	**7,682,612**	**1,500,087**	**1,377,073**	**-**	**(756,935)**	**(815,051)**	**8,987,786**
(-) Obligations linked to the concession							
In Service							
Cost	2,101,290	88,788	407,471	85,000	(5,299)	-	2,677,250
Accumulated Amortization	(795,889)	(27,284)	-	-	-	(140,102)	(963,275)
Subtotal	1,305,401	61,504	407,471	85,000	(5,299)	(140,102)	1,713,975
In Progress	380,743	173,077	-	(85,000)	(134,978)	-	333,842
Total obligations linked to the concession	**1,686,144**	**234,581**	**407,471**	**-**	**(140,277)**	**(140,102)**	**2,047,817**
Grand Total	**5,996,468**	**1,265,506**	**969,602**	**-**	**(616,658)**	**(674,949)**	**6,939,969**

(*) Addition – concession accounts receivable assets – These relate to concession receivables transferred to intangible assets (R$ 1,377,073) and concession liabilities (R$ 407,471) deriving from the renewal of the concession agreements as detailed in note 16.

(**) Of the total of R$ 616,658 recorded for the year ended December 31, 2015, R$ 597,578 was transferred to concession accounts receivable, (R$ 30,364) relates to canceled financial participation contracts in EMT, (R$ 5,299) refers to refunds under the Tocantins State Rural Electrification Program (SFF/Aneel Order 685/2015) at ETO, and R$ 54,743 refers to operational write-offs during the period.

They are initially recorded in Deactivation orders - ODD and at the end of the process the amounts are transferred to profit or loss for the year in other operating income (expenses).

19.3 Intangible assets - Concession Agreement - consolidated

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

The assets used by the subsidiaries in their operations are tied to public energy distribution services, and may not be removed, sold, transferred or pledged under mortgage guarantee without the prior, express consent of the Regulatory Authority. ANEEL Resolution 20/99 regulates the freeing up of the public electricity service concessions' infrastructure, awarding preliminary authorization for the release for the purpose of disposal. It also determines the proceedings of the disposal be deposited into a specific bank account and the funds reinvested into the concession's assets.

The amortization is being conducted over the arrangement term based on the economic benefits generated annually. The subsidiaries' average weighted amortization rates are:

Company	9/30/2016	12/31/2015
EMG	4.42%	4.38%
ESE	4.25%	4.22%
EPB	4.42%	4.40%
EBO	4.32%	4.23%
ENF	4.27%	4.35%
EDEVP	4.46%	4.36%
EMT	4.05%	4.42%
CAIUÁ	4.34%	4.29%
ETO	3.94%	3.90%
EEB	4.14%	4.12%
CNEE	4.27%	4.19%
CFLO	4.55%	4.50%
EMS	4.37%	4.34%

The balance of intangible assets and accounts receivable from the concession is reduced by obligations linked to the concession, consisting of:

Obligations linked to the concession:	9/30/2016	12/31/2015
Consumer contributions [1]	2,432,252	2,297,027
Government Subsidy – CDE funds [2]	1,426,589	1,425,152
State Government Subsidy [2]	432,901	317,208
Reversal reserve [3]	1,721	1,721
Excess Demand Revenue and Surplus Reactive Energy	220,052	167,127
(-) Accumulated amortization	(1,109,215)	(963,275)
Total	**3,304,687**	**3,244,960**
Allocation:		
Accounts receivable from the concession	1,346,138	1,197,143
Infrastructure - Intangible assets in service	1,664,763	1,713,975
Infrastructure - Intangible assets in progress	125,246	201,842
Excess Demand Revenue and Surplus Reactive Energy	168,540	132,000
Total	**3,304,687**	**3,244,960**

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

(2) Government subsidies – CDE funds and Government subsidies derive from the Energy Development Account - CDE and are allocated to the Light for All program.

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

The subsidiaries began amortizing their special obligations on: ESE (April/2008), EMG (June/2008), ENF (June/2008), EBO (February/2009), EPB (August 2009), CNEE (May/2008), EDEVP (May/2008), CAIUÁ (May/2008), CFLO (June/2008), ETO (July/2008), EMT (April/2008), EMS (April/2008) As from the second periodical rate

review the obligations linked to the concession (special obligations) are now amortized at the average depreciation rate for intangible assets of the respective activity in which the special obligation funds were used. Additions as from from January 01, 2015 were amortized according to the acquisition date until fully amortized.

Excess Demand Revenue and Surplus Reactive Energy

By way of Normative Resolution 463 issued November 22, 2011, ANEEL determined that the amounts deriving from fines for exceeding demand and surplus reactive energy consumption are recorded as special obligations, as from the 3rd cycle of rate reviews. Before the 3rd cycle, these amounts used to be recorded as operating revenue. The subsidiaries underwent the 3rd rate review cycle; EMG and ENF in September 2012, EBO in February 2013, ESE in April 2013 and EPB in August 2013, CNEE, EDEVP, CAIUÁ in May/2012, CFLO in June/2012, ETO in July/2012, EMT and EMS in April/2013. Thereafter the invoicing of excess demand is now recorded as Special Obligations.

As from the 4th rate review cycle, all Excess Demand and Excess Reactive Power Revenue must be recognized under sectoral financial liabilities – Rate returns and will be indexed monthly by the IPCA index and amortized from the start of the 5th Rate review cycle.

As the representative of electricity distribution companies, ABRADEE (Brazilian Association of Electricity Distributors) filed suit contesting the treatment afforded to this revenue.

19.4 Concession right - Consolidated

	9/30/2016	12/31/2015
Recognized by subsidiaries (1)	538,012	538,012
Recognized by parent company (2)	298,589	298,589
Acquisition of interest (3)	67,358	67,358
Accumulated amortization	(451,070)	(422,946)
Subtotal	**452,889**	**481,013**

The change is as follows:

	Consolidated	
	9/30/2016	12/31/2015
Opening balance	481,013	515,866
Acquisition of equity interest	-	4,512
Amortization in the period/year	(28,124)	(39,365)
Closing balance	**452,889**	**481,013**

(1) Intangible assets recognized by the subsidiary:

Refers to the concession right incorporated by the subsidiary ESE which is being amortized from April 1998 and will continue to be amortized until the end of the electricity distribution concession (December 2027), based on this Company's projected income up to December 31, 2015. In accordance with IAS 16, on January 1, 2016 the Company began recording amortization of goodwill over the remaining period of the respective concession exploration licenses, by the straight line method.

The amortization will reduce the income and social contribution taxes by 34%. As of September 30, 2016 the balance to be amortized by the subsidiary is R$ 245,320 (R$ 275,355 as of December 31, 2015).

(2) Intangible assets recognized by parent company:

Consists of the concession rights in the interests in the subsidiaries EBO, ESE and EPB of R$ 137,968 (R$ 144,933 as of December 31, 2015), which are being amortized over the concession term, in accordance with the profit projected for the subsidiaries up to December 31, 2015. In accordance with IAS 16, on January 1, 2016 the Company began recording amortization of goodwill over the remaining period of the respective concession exploration licenses, by the straight-line method.

The Company acquired the specific purpose entity Parque Eólico Sobradinho, located in the municipality Sobradinho – BA, which owns windfarm ventures amounting to R$ 7,022 (R$ 7,022 as of December 31, 2015). The amounts paid to acquire the wind farm have been recorded under concession arrangements, to be amortized over 35 years as from start-up.

(3) Acquisition of equity interest

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

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

Capital gains on the greater interest in the capital increases via capital contributions made at the subsidiaries JQMJ, BBPM, Denerge and Rede Energia amounting to R$ 96,345 was deducted from the goodwill (R$ 165,552), amounting to a total of R$ 69,207. Given the sale of the assets of the indirect subsidiary Tangará S/A, R$ 6,361 was transferred to assets held for sale in May 2015. In addition to amortization of R$ 13,653 as of December 31, 2015.

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

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

Amortization period	Consolidated	Reduction in income and social contribution taxes
2016 and 2017	41,602	9,751
2018 and 2019	69,722	15,603
2020 and 2021	69,722	15,603
2022 and 2023	69,722	15,603
2024 and 2025	69,722	15,603
2026 and 2027	69,722	15,603
2028 onwards	61,358	-
Total	**452,889**	**87,766**

20. Trade payables

	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Supplies:				
Furnas	-	-	116	136
Ampla – CUSD	-	-	2,181	1,987
CCEE	-	-	170,289	104,294
Bilateral Contracts [1]	-	-	977,144	1,000,869
Use of the high-voltage national grid [1]	-	-	17,317	13,809
Connection to the grid [1]	-	-	2,621	2,040
Service charges in the system [1]	-	-	60,160	182,158
Use of the distribution system (CUSD) [1]	-	-	12,951	14,590
Materials, services and other [2]	1,027	1,703	162,565	211,004
Total	**1,027**	**1,703**	**1,405,344**	**1,530,887**
Current	1,027	1,703	1,168,462	1,204,877
Noncurrent	-	-	236,882	326,010

(1) The acquisition of electricity from generators, use of the high-voltage grid and the distribution system, with an average settlement of 25 days. This includes R$ 341,386 of debits to Eletrobrás (R$ 351,140 as of December 31, 2015), of which R$ 224,339 (R$ 312,125 as of December 31, 2015) has been recorded in noncurrent liabilities, owed by the subsidiaries EMT and EEB, referring to the Itaipu pass-through, where the overdue debits were financed over a consolidated 60 payments. The compensatory interest on the principal will be amortized in the first 24 payments and the principal over the rest. The interest is being calculated at the rate of 115% of the CDI rate. As of September 30, 2016 debit installments were paid to energy suppliers amounting to R$ 50,253 (R$ 50,433 as of December 31, 2015) and financial restatement of R$ 40,499 recognized (R$ 50,433 as of December 31, 2015).

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

21. Loans, financing and debt charges

The balance of loans, financing and financial leases and charges and other related components, as follows:

Loans, financing and debt charges	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Loans and financing - local currency	-	-	3,315,730	2,828,298
Loans and financing - foreign currency	303,589	418,801	2,345,180	2,607,638
Debt charges - local currency	-	-	29,962	25,051
Debt charges - foreign currency	2,135	4,113	28,784	17,970
(-) unamortized costs	-	-	(9,921)	(4,276)
(-) Mark-to-market of debt securities	1,668	497	33,332	(14,241)
Total	**307,392**	**423,411**	**5,743,067**	**5,460,440**
Current	130,692	325,791	1,559,742	1,238,390
Noncurrent	176,700	97,620	4,183,325	4,222,050

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

Company / Operation	Total		Charges Annual Charges	Maturity	Amortization Frequency	Effective interest rate (1)	Security (1)
	9/30/2016	12/31/2015					
Energisa S/A							
Resolution 4131 - Citibank (1)	163,668	294,139	Libor + 1.64% p.a.	Apr/18	Annual	-15.00%	-
Resolution 4131 - Santander (1)	-	128,775	Libor + 3.41% p.a.	Jun/16	Final	-13.68%	-
Resolution 4131 - Santander (1)	48,101	-	3.65% p.a. (Fixed)	Dec/16	Final	-13.68%	-
Resolution 4131 - Bank of America ML (1)	93,955	-	Libor + 2.50% p.a.	Dec/17	Final	-16.23%	-
(-) Mark-to-market of debt(2)	1,668	497	-	-	-		-
Total foreign currency	307,392	423,411					
Total Energisa S/A	307,392	423,411					
Energisa Sergipe							
FIDIC Energisa Group III	15,175	15,175	CDI + 0.70% p.a	Dec/20	Monthly	10.94%	F
Luz para Todos - Eletrobrás	9,437	10,305	5.00% p.a. (Fixed)	Aug/26	Monthly	3.73%	A
Subtransmission - Eletrobrás	-	452	5.00% p.a. (Fixed)	Mar/16	Monthly	3.73%	F
Financ. Investment 2007-2008 (FNE) - BNB (4)	2,336	4,358	8.30% p.a. (Fixed)	Jun/17	Monthly	6.16%	F + E
Financ. Investment 2007-2008 (FAT) - BNB (4)	1,842	3,460	TJLP + 4.00% p.a.	Jun/17	Monthly	8.56%	F + E
Financ. Investment 2009-2010 (FNE) - BNB (4)	9,856	12,297	8.40% p.a. (Fixed)	Aug/19	Monthly	6.24%	F + E
BNDES pass-through I - ABC	15,105	19,033	TJLP + 2.20% to 4.10% p.a.	May/19	Monthly	7.22% to 8.63%	A
BNDES pass-through II - ABC	1,674	2,132	TJLP + 8.10% to 9.10% p.a.	Feb/23	Monthly	11.59% to 12.32%	A
BNDES pass-through - Citibank (3)	15,463	15,250	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Itaú (3)	4,135	4,078	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Bradesco (3)	3,150	3,107	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Citibank (3)	12,342	11,154	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
BNDES pass-through - Itaú (3)	3,300	2,982	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
BNDES pass-through - Bradesco (3)	2,514	2,272	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
BNDES pass-through FINEM - Itaú	11,483	13,817	TJLP + 2.90% to 3.90% p.a.	Mar/20	Monthly	7.74% to 8.48%	A
FINAME - Itaú BBA	17,086	18,902	2.50% to 8.70% p.a (Fixed)	Feb/24	Monthly	1.87% to 6.46%	A
Commercial paper - ABC	-	50,060	CDI + 2.00% p.a	Jun/16	Final	11.92%	A
Commercial paper - ABC	52,104	-	CDI + 2.55% p.a	Dec/16	Final	12.33%	A
CEF loan	1,054	-	6.0% p.a	Dec/26	Monthly	4.47%	F
INERGUS Portion	13,559	-	5.5% p.a	Dec/39	Monthly	9.44%	F
(-) Borrowing cost incurred on	(783)	(528)	-	-	-	-	-

Company / Operation	Total 9/30/2016	Total 12/31/2015	Charges Annual Charges	Maturity	Amortization Frequency	Effective interest rate (1)	Security (1)
acquisition							
Total Local Currency	190,832	188,306					
Resolution 4131 - Santander	9,620	-	3.65 p.a. (Fixed)	Dec/16	Annual	-14.14%	A
Resolution 4131 - Itaú BBA (1)	187,602	197,530	3.49% to 4.53 p.a. (Fixed)	Apr/18	Annual	-14.26%	A
Resolution 4131 - Citibank (1)	272,845	283,410	Libor + 1.77% to 2.16% p.a	May/19	Final	-14.91% to -14.80%	A
(-) Mark-to-market of debt(2)	4,521	(3,916)	-	-	-	-	-
Total foreign currency	474,588	477,024					
Total Energisa Sergipe	665,420	665,330					
Energisa Paraíba							
FIDIC Energisa Group III	61,712	61,712	CDI + 0.70% p.a	Dec/20	Monthly	10.94%	F
Luz para Todos - Eletrobrás	-	6,625	5.00% p.a. (Fixed)	Mar/22	Monthly	3.73%	F
Subtransmission - Eletrobrás	-	1,552	5.00% p.a. (Fixed)	Mar/16	Monthly	3.73%	F
LPT Return - Eletrobrás	-	28,809	SELIC	Sep/16	Monthly	10.44%	F
Financ. Investment 2007-2008 (FNE) - BNB (4)	7,139	14,282	7.80% p.a. (Fixed)	Jun/17	Monthly	5.79%	F + E
Financ. Investment 2007-2008 (FAT) - BNB (4)	32,250	40,706	TJLP + 4.00% p.a.	Jun/17	Monthly	8.56%	F + E
Financ. Investment 2009-2010 (FNE) - BNB (4)	1,822	3,644	8.10% p.a. (Fixed)	Jun/19	Monthly	6.02%	F + E
BNDES pass-through FINEM - Itaú	22,663	27,320	TJLP + 3.50% to 8.90% p.a.	Dec/23	Monthly	8.18% to 12.17%	A
BNDES pass-through - BNB	19,610	25,256	TJLP + 3.40% to 4.40% p.a.	Jan/19	Monthly	8.11% to 8.85%	A
BNDES pass-through - Citibank (3)	29,084	28,682	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Itaú (3)	7,872	7,763	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Bradesco (3)	6,007	5,924	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Citibank (3)	22,473	20,309	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
BNDES pass-through - Itaú (3)	6,083	5,497	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
BNDES pass-through - Bradesco (3)	4,641	4,194	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
FINAME - Itaú	31,693	35,282	2.50% to 10.0% p.a (Fixed)	Aug/23	Monthly	1.87% to 7.41%	A
FUNASA financing	4,627	4,889	IPCA	Dec/29	Monthly	5.51%	-
(-) Borrowing cost incurred on acquisition	(1,631)	(1,164)	-	-	-	-	-
Total Local Currency	256,045	321,282					
Resolution 4131 - Itaú BBA (1)	199,354	237,036	3.49% p.a. (Fixed)	Apr/18	Annual	-14.26%	A
Resolution 4131 - Citibank (1)	159,699	258,875	Libor + 2.16% p.a.	May/19	Annual	-14.81%	A
Resolution 4131 - Bank of America ML (1)	102,161	39,307	Libor + 2.25% to 2.5% p.a	Sep/19	Final	-14.55% to -14.36%	A
(-) Mark-to-market of debt (2)	6,077	(4,818)	-	-	-	-	-
Total foreign currency	467,291	530,400					
Total Energisa Paraíba	723,336	851,682					
Energisa Minas Gerais							
FIDIC Energisa Group III	15,175	15,175	CDI + 0.70% p.a	Dec/20	Monthly	10.94%	F
Luz para Todos - Eletrobrás	5,750	7,694	5.00% p.a. (Fixed)	Dec/19	Monthly	3.73%	F
Subtransmission - Eletrobrás	427	637	5.00% p.a. (Fixed)	Feb/18	Monthly	3.73%	F
BNDES pass-through I - HSBC	-	220	TJLP + 4.30% p.a.	May/16	Monthly	8.78%	A
BNDES pass-through II - HSBC	-	195	UMBND + 4.30% p.a. (*)	May/16	Monthly	3.28%	A
BNDES pass-through III - HSBC	-	134	TJLP + 3.90% p.a.	May/16	Monthly	8.48%	A
BNDES pass-through I - Itaú BBA	1,989	2,311	TJLP + 4.75% p.a.	Jan/21	Monthly	9.11%	A
BNDES pass-through II - Itaú BBA	972	1,377	UMBND + 3.75% p.a. (*)	Jan/21	Monthly	2.87%	A
BNDES pass-through III - Itaú BBA	829	964	TJLP + 5.95% p.a.	Jan/21	Monthly	10.00%	A
BNDES pass-through IV - Itaú BBA	1,295	1,520	5.50% p.a. (Fixed)	Jan/21	Monthly	4.10%	A
BNDES pass-through V - Itaú (3)	14,961	14,756	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through VI - Itaú (3)	10,643	9,618	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
BNDES pass-through PER - Itaú BBA	-	186	5.50% p.a. (Fixed)	Mar/16	Monthly	4.10%	A
FINAME - Itaú BBA	13,653	15,140	2.50% to 10.0% p.a (Fixed)	Apr/24	Monthly	1.87% to 7.41%	A
FINAME - CEF	2,791	3,194	8.70% p.a. (Fixed)	Jan/22	Monthly	6.46%	A
BNDES FINEM - Itaú BBA	19,931	23,134	TJLP + 2.25% to 4.15% p.a.	Dec/23	Monthly	7.25% to 8.67%	A
CCB - Safra	26,301	66,507	CDI +3.00% p.a	Jan/17	Final	12.66%	A
CCB - BBM	-	15,766	CDI + 2.50% p.a	Aug/16	Final	12.29%	A
(-) Borrowing cost incurred on acquisition	(420)	(119)	-	-	-	-	-

Company / Operation	Total 9/30/2016	Total 12/31/2015	Charges Annual Charges	Maturity	Amortization Frequency	Effective interest rate (1)	Security (1)
Total Local Currency	114,297	178,409					
Resolution 4131 - Itaú BBA (1)	29,942	-	4.8535% p.a. (Fixed)	Jul/18	Final	-12.61%	A
Resolution 4131 I - Citibank (1)	53,400	64,237	Libor + 1.36%p.a.	Sep/17	Final	-15.21%	A
Resolution 4131 II - Citibank (1)	102,819	56,114	Libor + 1.77% p.a.	May/19	Final	-14.91%	A
Resolution 4131 I - ABC (1)	-	12,698	3.28% p.a. (Fixed)	Jul/16	Final	-14.42%	A
Resolution 4131 II - ABC (1)	45,313	51,520	5.43% p.a. (Fixed)	Sep/17	Final	-12.82%	A
(-) Mark-to-market of debt (2)	4,729	(2,374)	-	-	-	-	-
Total foreign currency	236,203	182,195					
Total Energisa Minas Gerais	350,500	360,604					
Energisa Nova Friburgo							
FIDIC Energisa Group III	4,047	4,047	CDI + 0.70% p.a	Dec/20	Monthly	10.94%	F
Luz para Todos - Eletrobrás	354	569	5.00% p.a. (Fixed)	May/19	Monthly	3.73%	-
BNDES pass-through I - HSBC	-	49	TJLP + 4.30% p.a.	Apr/16	Monthly	8.78%	A
BNDES pass-through II - HSBC	-	45	UMBND + 4.30% p.a.	Apr/16	Monthly	3.28%	A
BNDES pass-through III - HSBC	-	16	TJLP + 3.90% p.a.	Apr/16	Monthly	8.48%	A
BNDES pass-through I - Itaú	789	919	TJLP + 4.75% p.a.	Dec/20	Monthly	9.11%	A
BNDES pass-through II - Itaú	392	556	UMBND + 3.75% p.a.	Dec/20	Monthly	2.87%	A
BNDES pass-through III - Itaú	329	383	TJLP + 5.95% p.a.	Dec/20	Monthly	10.00%	A
BNDES pass-through IV - Itaú	534	628	5.50% p.a. (Fixed)	Dec/20	Monthly	4.10%	A
BNDES pass-through V - Itaú	2,801	3,259	TJLP + 8.10% p.a.	Apr/21	Monthly	11.59%	A
BNDES pass-through VI - Itaú	1,162	1,399	SELIC + 3.10% p.a.	Apr/21	Monthly	12.76%	A
BNDES pass-through VII - Itaú (3)	3,961	3,512	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through VIII - Itaú (3)	2,818	2,184	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
BNDES pass-through PER - Itaú	-	186	5.50% p.a. (Fixed)	Mar/16	Monthly	4.10%	A
FINAME - Itaú	1,400	1,546	2.50% to 5.50% p.a (Fixed)	Nov/24	Monthly	1.87% to 4.10%	A
BNDES Automático I - Itaú	2,494	3,531	TJLP + 4.65% p.a.	Jun/18	Monthly	9.04%	A
BNDES Automático II - Itaú	1,007	1,728	UMBND + 3.65% p.a.	Jun/18	Monthly	2.80%	A
(-) Borrowing cost incurred on acquisition	(98)	(31)	-	-	-	-	-
Total Local Currency	21,990	24,526					
Resolution 4131 - Itaú BBA III (1)	25,001	31,078	4.29% p.a. (Fixed)	Feb/18	Final	-13.67%	A
Resolution 4131 - Citibank (1)	26,781	32,216	1.36% p.a. (Fixed)	Sep/17	Final	-15.85%	A
Santander 353	10,160	-	3.69% p.a. (Fixed)	Feb/18	Final	-14.12%	A
(-) Mark-to-market of debt (2)	900	(1,260)	-	-	-	-	-
Total foreign currency	62,842	62,034					
Total Energisa Nova Friburgo	84,832	86,560					
Energisa Borborema							
FIDIC Energisa Group III	5,058	5,058	CDI + 0.70% p.a	Dec/20	Monthly	10.94%	F
Luz para Todos - Eletrobrás	10	53	5.00% p.a. (Fixed)	Nov/16	Monthly	3.73%	F
BNDES pass-through I - BNB	2,858	3,458	UMBND + 3.90% p.a.	Mar/23	Monthly	2.98%	A
BNDES pass-through II - BNB	8,147	8,074	TJLP + 3.90% p.a.	Mar/23	Monthly	8.48%	A
BNDES pass-through - Bradesco (3)	2,172	2,141	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Itaú (3)	1,896	1,870	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% To 8.75%	A
BNDES pass-through - Bradesco (3)	1,882	1,702	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
BNDES pass-through - Itaú (3)	1,643	1,484	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
Financ. Investment 2007-2008 (FNE) - BNB (4)	1,717	3,383	7.50% p.a. (Fixed)	Jun/17	Monthly	5.57%	F + E
Financ. Investment 2009-2010 (FNE) - BNB (4)	3,803	4,848	7.50% p.a. (Fixed)	Aug/19	Monthly	5.57%	F + E
FINAME - Itaú BBA	2,921	3,234	4.50% to 5.50% p.a (Fixed)	Feb/21	Monthly	3.36% to 4.10%	A
BNDES FINEM - Itaú BBA	8,470	9,505	TJLP + 3.81% to 8.10% p.a.	Apr/21	Monthly	8.41% to 11.59%	A
(-) Borrowing cost incurred on acquisition	(152)	(112)	-	-	-	-	-
Total Local Currency	40,425	44,698					
Resolution 4131 - Itaú BBA (1)	19,961	-	4.8535% p.a. (Fixed)	Jul/18	Final	-13.25%	A
Resolution 4131 - Bank of America ML (1)	-	15,692	Libor + 2.45% p.a.	Feb/16	Final	-14.40%	A
Resolution 4131 - Santander (1)	-	11,823	2.59% p.a. (Fixed)	Mar/16	Final	-14.93%	A
Resolution 4131 - Santander (1)	9,620	-	2.59% p.a. (Fixed)	Dec/16	Final	-14.93%	A
(+) Mark-to-market of debt (2)	1,179	36					
Total foreign currency	30,760	27,551					
Total Energisa Borborema	71,185	72,249					

Company / Operation	Total 9/30/2016	Total 12/31/2015	Charges Annual Charges	Maturity	Amortization Frequency	Effective interest rate (1)	Security (1)
Energisa Mato Grosso							
FIDIC Grupo Energisa IV	353,972	354,197	TR + 7.00% p.a.	Oct/34	Monthly	6.82%	F
FIDIC I I Energisa Group	486,208	-	CDI + 0.70% p.a	May/31	Monthly	10.94%	F
CCB - JP Morgan (1)	-	21,085	CDI + 2.00% p.a	May/17	Monthly	11.92%	F
CCB - Santander (1)	29,641	32,335	CDI + 2.28% p.a	Jun/17	Monthly	12.13%	F + A
CCB - Bank of China	33,776	30,027	CDI + 2.5%	Nov/16	Final	12.29%	A
FINAME - Safra	-	28	TJLP + 3.90 to 6.50% p.a.	Apr/16	Monthly	8.48% to 10.41%	-
Luz para Todos I - Eletrobrás	128,819	160,391	6.00 to 8.00% p.a. (Fixed)	Aug/22	Quarterly	4.47% to 5.94%	-
Luz para Todos II - Eletrobrás	144,187	144,191	SELIC	Nov/19	Monthly	10.44%	-
BNDES pass-through - Bradesco (3)	63,736	62,855	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Itaú (3)	58,777	57,964	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Bradesco (3)	55,010	49,710	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
BNDES pass-through - Itaú (3)	50,728	45,843	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
(-) Borrowing cost incurred on acquisition	(3,177)	-					
Total Local Currency	1,401,677	958,626					
Resolution 4131 - Bank of America ML (1)	7,879	20,143	Libor + 1.50% p.a.	May/17	Monthly	-15.11%	D
Leasing - Cessna Finance	34,858	46,744	6.75% p.a. (Fixed)	Sep/20	Quarterly	-11.85%	ELB
(-) Mark-to-market of debt (2)	(9)	(298)					
Total foreign currency	42,728	66,589					
Total Energisa Mato Grosso	1,444,405	1,025,215					
Energisa Mato Grosso do Sul							
FIDIC Grupo Energisa IV	291,962	292,156	TR + 7.00% p.a.	Oct/34	Monthly	6.82%	F
FIDIC I I Energisa Group	221,859	-	CDI + 0.70% p.a	May/31	Monthly	10.94%	F
FINAME I - Safra	-	20	8.00% p.a. (Fixed)	Mar/16	Monthly	5.94%	B
FINAME II - Safra	-	5	TJLP + 5.70% p.a.	Mar/16	Monthly	9.82%	B
BNDES pass-through - Bradesco (3)	30,388	29,976	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Itaú (3)	26,805	26,445	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Bradesco (3)	25,894	23,400	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
BNDES pass-through - Itaú (3)	22,844	20,643	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
Luz para Todos - Eletrobrás	31,673	40,469	6.00 to 8.00% p.a. (Fixed)	May/22	Quarterly	4.47% to 5.94%	-
(-) Borrowing cost incurred on acquisition	(1,444)	(624)	-	-	-	-	-
Total Local Currency	649,981	432,490					
Resolution 4131 - Bank of America ML I(1)	102,261	123,016	2.00% p.a. (Fixed)	Jun/17	Final	-15.37%	A
Resolution 4131 - Bank of America ML II(1)	-	36,186	1.90% p.a. (Fixed)	Sep/16	Final	-15.45%	A
Resolution 4131 - Bank of America ML III(1)	-	29,788	3.52% p.a. (Fixed)	Aug/16	Final	-14.24%	A
(-) Mark-to-market of debt (2)	85	(3,659)	-	-	-	-	-
Total foreign currency	102,346	185,331					
Total Energisa Mato Grosso do Sul	752,327	617,821					
Energisa Tocantins							
Luz para Todos I - Eletrobrás	24,947	38,236	6.0% to 6.5% p.a	Apr/22	Monthly	4.47% a 4.84%	F
Luz para Todos II - Eletrobrás	67,341	67,341	SELIC	Nov/19	Monthly	10.44%	-
CCB - Santander (1)	76,880	83,870	CDI + 2.28% p.a	Jun/19	Monthly	12.13%	F
BNDES pass-through - Bradesco (3)	54,641	53,850	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Itaú (3)	24,001	23,654	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through - Bradesco (3)	41,206	37,233	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
BNDES pass-through - Itaú (3)	18,099	16,354	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
(-) Borrowing cost incurred on acquisition	(2,203)	(1,680)	-	-	-	-	-
Total Local Currency	304,912	318,858					
Resolution 4131 - Itaú (1)	215,175	256,180	4.04% p.a. (Fixed)	Apr/20	Monthly	-13.86%	F
Resolution 4131 - Bank of America ML (1)	42,714	51,384	1.48% p.a. (Fixed)	Dec/16	Final	-15.76%	A
Resolution 4131 - Santander (1)	96,931	-	3.65% p.a. (Fixed)	Dec/16	Final	-14.14%	A
(-) Mark-to-market of debt (2)	6,994	40	-	-	-	-	-
Total foreign currency	361,814	307,604					
Total Energisa Tocantins	666,726	626,462					

Company / Operation	Total 9/30/2016	Total 12/31/2015	Charges Annual Charges	Maturity	Amortization Frequency	Effective interest rate (1)	Security (1)
Caiuá Distribuidora de Energia							
Luz para Todos - Eletrobrás	-	248	6.0% p.a. (Fixed)	Sep/16	Monthly	4.47%	F
CCB - Santander (1)	7,873	8,589	CDI + 2.28% p.a	Jun/19	Monthly	12.13%	F + A
BNDES pass-through I - Itaú (3)	14,327	14,126	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through II - Itaú (3)	9,432	8,517	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
Leasing - HP	-	-	-	-	-	-	-
Total Local Currency	31,632	31,480					
Resolution 4131 - Itaú BBA (1)	85,194	101,456	3.40% p.a. (Fixed)	Nov/17	Monthly	-14.33%	A
Resolution 4131 - Bank of America ML (1)	41,864	50,364	1.85% p.a. (Fixed)	Jun/17	Monthly	-15.49%	A
(-) Mark-to-market of debt (2)	1,774	(1,720)	-	-	-	-	-
Total foreign currency	128,832	150,100					
Total Caiuá Distribuidora de Energia	160,464	181,580					
Cia Nacional de Energia Elétrica							
Luz para Todos - Eletrobrás	-	53	6.0% p.a. (Fixed)	Sep/16	Monthly	4.47%	F
BNDES pass-through I - Itaú (3)	4,560	4,116	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through II - Itaú (3)	7,659	7,551	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
Total Local Currency	12,219	11,720					
Resolution 4131 - ABC (1)	-	12,699	3.28% p.a. (Fixed)	Jul/16	Final	-14.42%	F
(+) Mark-to-market of debt (2)	-	65	-	-	-	-	-
Total foreign currency	-	12,764					
Total Cia Nacional de Energia	12,219	24,484					
Cia Força e Luz Oeste							
Luz para Todos - Eletrobrás	77	125	6.0% p.a. (Fixed)	Jul/18	Monthly	4.47%	F
BNDES pass-through I - Itaú (3)	2,133	2,103	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through II - Itaú (3)	1,698	1,535	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
Total Local Currency	3,908	3,763					
Resolution 4131 - Itaú BBA (1)	25,001	31,078	3.83% p.a. (Fixed)	Feb/18	Final	-14.01%	A
(+) Mark-to-market of debt (2)	964	101					
Total foreign currency	25,965	31,179					
Total Cia Força e Luz Oeste	29,873	34,942					
Empresa Vale Paranapanema							
Luz para Todos - Eletrobrás	-	209	6.0% p.a. (Fixed)	Sep/16	Monthly	4.47%	F
BNDES pass-through I - Itaú (3)	4,916	4,436	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through II - Itaú (3)	7,933	7,821	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
Total Local Currency	12,849	12,466					
Resolution 4131 - ABC (1)	-	25,396	3.28% p.a. (Fixed)	Apr/17	Final	-14.42%	A
Resolution 4131 - ABC (1)	19,503	-	3.65% p.a. (Fixed)	Dec/16	Final	-14.14%	A
(+) Mark-to-market of debt (2)	109	130					
Total foreign currency	19,612	25,526					
Total Vale Paranapanema	32,461	37,992					
Empresa Elétrica Bragantina							
Luz para Todos - other - Eletrobrás	1,795	2,390	6.0% p.a. (Fixed)	Jul/22	Monthly	4.47%	F
BNDES pass-through I - Itaú (3)	6,314	5,706	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	8.53% to 8.75%	A
BNDES pass-through II - Itaú (3)	9,160	9,031	SELIC + 4.34%	Nov/21	Monthly	13.68%	A
Total Local Currency	17,269	17,127					
Resolution 4131 - Itaú (1)	13,107	15,609	3.40% p.a. (Fixed)	Nov/17	Monthly	-14.33%	A
Resolution 4131 - Santander (1)	51,395	59,305	4.74% p.a. (Fixed)	Dec/16	Final	-13.34%	A
Resolution 4131 - ABC (1)	45,323	51,810	4.96% p.a. (Fixed)	Aug/17	Final	-13.17%	A
(+) Mark-to-market of debt (2)	2,471	2,935	-	-	-	-	-
Total foreign currency	112,296	129,659					
Total Empresa Elétrica Bragantina	129,565	146,786					
Energisa Soluções							
FINEP -	2,565	3,489	8.00% p.a. (Fixed)	Oct/18	Monthly	5.94%	D
FINAME - Itaú BBA	3,140	3,461	2.50 to 6.00% p.a. (Fixed)	Feb/24	Monthly	1.87% to 4.47%	A
(-) Borrowing cost incurred on acquisition	(13)	(18)	-	-	-	-	-
Total Local Currency	5,692	6,932					

Company / Operation	Total 9/30/2016	Total 12/31/2015	Charges Annual Charges	Maturity	Amortization Frequency	Effective interest rate (1)	Security (1)
Total Energisa Soluções	5,692	6,932					
Energisa Soluções Construções							
FINAME - Itaú BBA	4,026	4,444	6.00% p.a. (Fixed)	Nov/24	Monthly	4.47%	A
Total Local Currency	4,026	4,444					
Total Energisa Soluções Construções	4,026	4,444					
Energisa Comercializadora							
CCB I and II - BBM	-	32,246	CDI + 2.50% p.a	Jul/16	Final	12.29%	-
Total Local Currency	-	32,246					
ITAU BBA - 4131 ECOM No. AGE923670	32,757	-	4.85% p.a. (Fixed)	Jul/18	Final	-13.25%	-
(+) Mark-to-market of debt (2)	1,870	-					
Total foreign currency	34,627	-					
Total Energisa Comercializadora	34,627	32,246					
Rede Energia S.A.							
"RJ" Creditors - Bicbanco	4,414	4,276	1.0% p.a. (Fixed)	Nov/35	Final	0.75%	F
"RJ" Creditors - BNB	9,731	9,428	1.0% p.a. (Fixed)	Nov/35	Final	0.75%	F
Total Local Currency	14,145	13,704					
Total Rede Energia S.A.	14,145	13,704					
Denerge							
FI-FGTS (Restructured)	250,494	244,231	TR + 4.00% p.a.	Nov/35	Final	4.60%	-
Total Local Currency	250,494	244,231					
Total Denerge	250,494	244,231					
Cia Téc.de Comercialização de Energia							
"RJ" Creditors - BMG	3,378	3,765	1.0% p.a. (Fixed)	Nov/35	Final	1.00%	-
Total Local Currency	3,378	3,765					
Total Cia Téc.de Comerc.de Energia	3,378	3,765					
In local currency	3,335,771	2,849,073					
In foreign currency	2,407,296	2,611,367					
Energisa - Consolidated	5,743,067	5,460,440					

A=Energisa Endorsement S/A, B=Statutory Lien, C=Pledge Deposit, D=Guarantee, E=Reserve Fund, F=Receivables

(1) The contract has covenants which in general require the maintenance of certain financial indexes at certain levels. These guarantees are structured based on benchmarks established by Energisa S/A. Failure to maintain these levels could result in early maturity of the debts (see note 34 – financial instruments and risk management). These requirements were being performed as of September 30, 2016.

(2) These operations are being measured at fair value through profit and loss, according to the fair value hedge accounting or designated as fair value options (see note 34).

(3) The Company entered an investment agreement with BNDES Participações S.A – BNDESPAR via a bank syndicate has also been contracted consisting of Itaú Unibanco S/A, Banco Bradesco S/A, Banco BTG Pactual S/A and Banco Citibank S/A, to make pass-throughs under the FINAME and FINEM programs, which the Company's thirteen electricity distribution subsidiaries have qualified for amounting to approximately R$ 1,250,000 billion, subject to performance of conditions established by the Onlending Agencies and the subsidiaries and confirmation, approval and provision of the Funds by BNDES.

The Investment Agreement includes a commitment to amend the Company's By-laws in accordance with best governance practices and to subscribe to BM&F Bovespa's Level 2 Listing Regulations for Corporate Governance within 48 months of issuance of the 7th issue debentures (note 22).

As of September 30, 2016, disbursements totaling R$ 661,540 had been made under the 1st Tranche of the Investment Agreement program, as detailed below:

Energisa Mato Grosso Distribuidora de Energia S/A	216,161
Energisa Mato Grosso Sul Distribuidora Energisa S/A	100,367
Energisa Tocantins Distribuidora de Energia S/A	131,004
Energisa Paraíba - Distribuidora de Energia S/A	72,299
Energisa Sergipe - Distribuidora de Energia S/A	38,806
Energisa Minas Gerais - Distribuidora de Energia S/A	24,351
CAIUÁ Distribuição de Energia S/A	22,621
Empresa Elétrica Bragantina S/A	14,724
Empresa de Distribuição de Energia Vale do Paranapanema S/A	12,245
Companhia Nacional de Energia Elétrica S/A	11,657
Energisa Borborema - Distribuidora de Energia S/A	7,190
Energisa Nova Friburgo - Distribuidora de Energia S/A	6,481
Companhia Força e Luz do Oeste	3,634
Total	661,540

These funds will be used for the expansion and modernization of subsidiaries' power distribution systems, investments in machinery and equipment and social investments not included under the environmental licenses.

The contracts executed with BNDES have covenants which in general require the maintenance of certain financial indexes at certain levels. These guarantees are structured based on benchmarks established by Energisa S/A. Failure to maintain these levels could result in early maturity of the debts (see note 34 - financial instruments and risk management). These requirements were being performed as of September 30, 2016.

(4) Includes a 25% and 15% bonus on interest for performance, for investments in and out of the semi-arid region respectively.

(5) The foreign currency debts include exchange variance.

To guarantee payment of the portions, the subsidiaries maintain investments of R$ 188,508 (R$ 235,343 as of December 31, 2015), recorded under "short-term investments in money market and secured funds" in the consolidated assets.

The financing obtained from Finame is secured by the actual equipment financed.

The Company and its subsidiaries usually allocate interest payments on financing to the cash flow statement.

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

Currency/indicators	9/30/2016	12/31/2015
USD x R$	-16.87%	47.01%
TJLP	5.57%	7.00%
SELIC	10.44%	13.32%
CDI	10.42%	13.24%
IPCA	5.51%	10.67%
IGP-M	6.48%	10.54%
LIBOR	0.64%	0.29%
UMBNB	0.07%	0.06%
TR	1.61%	1.80%
IPC-FIPE	5.34%	-

As of September 30, 2016 the long-term financing loans mature as follows:

	Parent company	Consolidated
2017	95,822	310,615
2018	80,878	1,256,086
2019	-	550,208
2020	-	260,829
2020 onwards	-	1,805,587
Total	**176,700**	**4,183,325**

See the changes occurring in the period/year:

Description	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Balances at 12/31/2015 and 12/31/2014	**423,411**	**579,408**	**5,460,440**	**4,117,034**
New loans and financing obtained	270,000	460,000	1,568,443	2,582,181
Costs Appropriated	-	-	(5,280)	-
Debt charges - interest, monetary and exchange variance	(50,594)	256,714	(96,379)	1,253,479
Mark-to-market of debt	1,171	497	47,573	(14,241)
Principal payment	(324,237)	(838,585)	(945,103)	(2,330,668)
Interest payment	(12,359)	(34,623)	(286,627)	(147,345)
Balances at 9/30/2016 and 12/31/2015	**307,392**	**423,411**	**5,743,067**	**5,460,440**
Current	130,692	325,791	1,559,742	1,238,390
Noncurrent	176,700	97,620	4,183,325	4,222,050

The borrowing costs of the financing to be amortized over subsequent periods/years is as follows:

Company	Contracts	12/31/2016	12/31/2017	12/31/2018 onwards	Total
ESE	Credit Receivables Investment Fund - Energisa Group III	6	25	74	**105**
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	8	15	-	**23**
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	6	13	-	**19**
	Banco ABC – BNDES Pass-through	5	18	25	**48**
	Banco do Nordeste - Investment Financing 2009-2010 (FNE)	14	56	93	**163**
	Banco Itaú BBA - BNDES	21	82	322	**425**
		60	**209**	**514**	**783**
EPB	Credit Receivables Investment Fund - Energisa Group III	24	97	291	**412**
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	28	55	-	**83**
	Banco do Nordeste - Investment Financing 2007-2008 (FAT)	8	15	-	**23**
	Banco do Nordeste - Investment Financing 2008-2009 (FNE)	25	102	156	**283**
	Banco Itaú BBA - BNDES	40	161	629	**830**
		125	**430**	**1,076**	**1,631**
EMG	Credit Receivables Investment Fund - Energisa Group III	6	24	71	**101**
	Banco Itaú BBA - BNDES	15	62	242	**319**
		21	**86**	**313**	**420**
ENF	Credit Receivables Investment Fund - Energisa Group III	2	6	19	**27**
	Banco Itaú BBA - BNDES	3	14	54	**71**
		5	**20**	**73**	**98**
EBO	Credit Receivables Investment Fund - Energisa Group III	2	8	23	**33**
	Banco do Nordeste - Investment Financing 2007-2008 (FNE)	5	10	-	**15**
	Banco Itaú BBA - BNDES	5	19	80	**104**
		12	**37**	**103**	**152**
ESOL	Finep	2	6	5	**13**
		2	**6**	**5**	**13**
ETO	Banco Santander	64	221	171	**456**
	Banco Itaú BBA - BNDES	85	340	1,322	**1,747**
		149	**561**	**1,493**	**2,203**
EMT	Banco Itaú BBA - BNDES	154	615	2,408	**3,177**
		154	**615**	**2,408**	**3,177**
EMS	Banco Itaú BBA - BNDES	67	273	1,104	**1,444**
		67	**273**	**1,104**	**1,444**
	TOTAL	**586**	**2,277**	**7,058**	**9,921**

22. Debentures (nonconvertible)

The balance of debentures and other related components is as follows:

Description	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Debentures - local currency	1,497,090	1,522,526	2,288,430	2,527,853
(-) borrowing costs incurred	(5,161)	(5,938)	(8,941)	(11,276)
Total	1,491,929	1,516,588	2,279,489	2,516,577
Current	74,910	178,783	237,062	315,749
Noncurrent	1,417,019	1,337,805	2,042,427	2,200,828

Operations	Total		Date Issued	No. Securities Issued / free float	Yields	Maturity	Amortization/ portions	Effective interest rate
	9/30/2016	12/31/2015						
ENERGISA S/A								
5th Issuance/ 1st Series	55,935	116,259	7/15/2012	12,857 / 12,857	CDI + 2.3348% p.a.	Jul / 17	Annual, Jul.2016 onwards	12.16%
5th Issuance/ 2nd Series	333,412	344,042	7/15/2012	27,143 / 27,143	IPCA+10.7011% p.a	Jul / 19	Annual, Jul.2018 onwards	13.43%
7th Issuance/ 1st Series	184,459	176,580	11/25/2015	166,667 / 117,001	IPCA+8.75% p.a	Aug / 20	Final	12.00%
7th Issuance/ 2nd Series	184,459	176,580	11/25/2015	166,667 / 117,001	IPCA+8.75% p.a	Aug / 21	Final	12.00%
7th Issuance/ 3rd Series	184,459	176,580	11/25/2015	166,667 / 117,001	IPCA+8.75% p.a	Aug / 22	Final	12.00%
7th Issuance/ 4th Series	184,789	177,495	11/25/2015	166,667 / 117,001	IPCA+10.25% p.a	Aug / 20	Final	13.29%
7th Issuance/ 5th Series	184,789	177,495	11/25/2015	166,667 / 117,001	IPCA+10.25% p.a	Aug / 21	Final	13.29%
7th Issuance/ 6th Series	184,788	177,495	11/25/2015	166,667 / 117,001	IPCA+10.25% p.a	Aug / 22	Final	13.29%
(-) borrowing costs	(5,161)	(5,938)						
Total ENERGISA S A	**1,491,929**	**1,516,588**						
ENERGISA SERGIPE								
3rd Issuance	55,210	49,238	10/30/2013	60 / 60	115,5% of CDI	Oct / 19	Annual	12.04%
Total ENERGISA SERGIPE	**55,210**	**49,238**						
REDE ENERGIA								
4th Issuance	42,351	41,034	12/22/2009	370,000 / 0	1% p.a	Jul / 36	Final	1.00%
Total REDE ENERGIA	**42,351**	**41,034**						
ETO								
1st Issuance	-	50,680						
(-) borrowing costs	-	(256)						
Total ETO	**-**	**50,424**						
EMS								
7th Issuance	373,280	405,442	5/31/2014	40,000 / 40,000	CDI+2.28% p.a	May / 21	Semi-annual	12.13%
(-) borrowing costs	(1,787)	(2,389)						
Total EMS	**371,493**	**403,053**						
EMT								
5th Issuance	320,499	458,933	5/15/2014	45,000 / 45,000	CDI+2.28% p.a	May / 21	Monthly, after Jun.2016	12.13%
(-) borrowing costs	(1,993)	(2,693)						
Total EMT	**318,506**	**456,240**						
TOTAL	**2,288,430**	**2,527,853**						
(-) borrowing costs	**(8,941)**	**(11,276)**						
Total local currency	**2,279,489**	**2,516,577**						
CONSOLIDATED	**2,279,489**	**2,516,577**						

1 - Funding obtained through Energisa's 7th issuance is subject to an investment agreement with BNDES Participações S.A (BNDESPAR) and is intended to strengthen the company's capital structure to support the modernization and expansion of its power distribution assets, and especially acquisitions from Rede Energia S/A

A FINAME and FINEM onlending agreement has also been concluded with a bank syndicate consisting of Itaú Unibanco S/A, Banco Bradesco S/A, Banco BTG Pactual S/A and Banco Citibank S/A (note 21)

The Investment Agreement includes, among others, a commitment to amend the Company's By-laws in accordance with best governance practices and to subscribe to BM&F Bovespa's Level 2 Listing Regulations for Corporate Governance within 48 months of issuance of the debentures.

The debentures have covenants which in general require the maintenance of certain financial indexes at certain levels. These guarantees are structured based on benchmarks established by Energisa S/A. Failure to maintain these levels could result in early maturity of the debts (see note 34 – financial instruments and risk management). These requirements were being performed as of September 30, 2016.

The debentures are secured by endorsement of the parent company Gipar S/A

2 - In a letter dated 5/23/2016, the debenture holders of Energisa's 5th issuance established new covenants applicable from June 30, 2016. These requirements were being performed as of September 30, 2016.

3- In letters dated 6/29/2016, the debenture holders of EMT's 5th and EMS' 7th debentures issuance suspended the application of covenants during the period June 30, 2016 to June 30, 2017 and established new covenants for the subsequent quarters. These requirements were being performed as of September 30, 2016.

4 - The debentures of the subsidiary Rede Energia's 4th issuance through Banco do Nordeste do Brasil S/A were renegotiated in the Judicial Reorganization – (option A) with interest of 1% and is being presented less the adjustment to present value of R$ 292,130

As of September 30, 2016 the maturities of the noncurrent debentures are scheduled as follows:

Year	Parent company	Consolidated
2017	(267)	49,070
2018	162,048	323,395
2019	162,086	323,433
2020	364,041	513,388
2020 onwards	729,111	833,141
Total	**1,417,019**	**2,042,427**

The borrowing costs of the debentures to be amortized over subsequent periods/years is as follows:

9/30/2016							
	Parent company			EMS	ETO	EMT	Consolidated
	5th Issuance 1 H	5th Issuance 2 H	7th Issuance	7th Issuance	1st Issuance	5th Issuance	
FY 2016	67	23	244	171	-	191	696
FY 2017	157	91	975	587	-	656	2,466
2018 onwards	-	144	3,460	1,029	-	1,146	5,779
	224	**258**	**4,679**	**1,787**	**-**	**1,993**	**8,941**

12/31/2015							
	Parent company			EMS	ETO	EMT	Consolidated
	5th Issuance 1 H	5th Issuance 2 H	7th Issuance	7th Issuance	1st Issuance	5th Issuance	
FY 2015	269	91	935	788	126	908	3,117
FY 2016	157	78	-	362	52	404	1,053
2016 onwards	-	158	4,250	1,239	78	1,381	7,106
	426	**327**	**5,185**	**2,389**	**256**	**2,693**	**11,276**

See the changes occurring in the period/year:

Description	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Balances at 12/31/2015 and 12/31/2014	**1,516,588**	**2,124,116**	**2,516,577**	**3,173,478**
Adjustment to present value	-	-	2,168	-
New debentures obtained	-	1,042,579	-	1,042,579
Purchase Treasury Deb. 5th issuance 2nd Series	(30,851)	-	(39,106)	-
Sale Treasury Deb. 5th issuance 2nd Series	4,814	-	4,814	-
Costs Appropriated	(217)	-	(217)	-
Debt charges - interest, monetary and exchange variance	203,136	231,620	303,590	390,169
Principal payment	(51,898)	(1,501,071)	(101,978)	(1,653,887)
Buyback of debentures	-	(38,811)	(150,000)	(73,457)
Interest payment	(149,643)	(341,845)	(256,359)	(362,305)
Balances at 9/30/2016 and 12/31/2015	**1,491,929**	**1,516,588**	**2,279,489**	**2,516,577**
Current	74,910	178,783	237,062	315,749
Noncurrent	1,417,019	1,337,805	2,042,427	2,200,828

Buyback of debentures:

Parent Company:
On December 29, 2015 the Company redeemed 2,036 debentures of the 5th issuance (1st series) and 1,737 debentures of the 5th issuance (2nd series) by settling amounts with debenture holders of R$ 38,811.

Subsidiary:
. On January 4, 2016 and March 23, 2016 the indirect subsidiary Energisa Mato Grosso redeemed and canceled 10,000 debentures of its 5th issuance 2nd series by settling amounts with debenture holders of R$ 100,000 of principal and interest of R$ 3,800, amounting to R$ 103,800.

. On September 8, 2016 the indirect subsidiary Energisa Mato Grosso repurchased 860 debentures of its 5th issuance, 2nd series in the amount of R$ 8,255 to be held in the Treasury.

. On May 7, 2015, the indirect subsidiary Energisa Mato Grosso redeemed and canceled all of the debentures of its 2nd issuance in the amount of R$ 34,646.

. On January 4, 2016 the indirect subsidiary Energisa Tocantins redeemed 5,000 debentures of its 1st issuance by settling amounts with debenture holders of R$ 50,000.

23. Taxes and social contributions

	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Value-added tax on sales and services - ICMS (a)	21	-	292,038	329,690
Social Charges	598	462	14,718	22,356
Corporate Income Tax – IRPJ (b)	-	-	128,044	83,911
Social Contribution on Net Income – CSSL (b)	-	-	60,011	34,290
PIS and COFINS Contributions	1,484	1,149	98,874	126,677
Tax on Financial Transactions - IOF	269	1,465	842	2,169
Income Tax Withheld at Source - IRRF	1,032	1,007	5,702	6,569
Social security contribution on gross revenue - CPRB	-	-	349	767
Other	311	308	12,161	12,217
Total	**3,715**	**4,391**	**612,739**	**618,646**
Current	3,715	4,391	448,681	480,206
Noncurrent	-	-	164,058	138,440

(a) ICMS – Subsidiaries CAIUÁ, CNEE, EEB and EDEVP have been awarded an injunction suspending payment of ICMS tax on billing amounts for subsidized low-income consumers, for which a judicial deposit has been made, and EMG and EMT have been benefited by consumer injunctions suspending payment of ICMS on the use of distribution and transmission systems by free consumers, amounting to R$ 19,918 (R$ 11,646 as of December 31, 2015) (see note 7).

(b) IRPJ and CSSL - Subsidiaries EMG, ENF, EPB, EBO and ESE have been awarded injunctions suspending payment of income and social contribution tax on interest and penalties paid on electricity bills.

All amounts cited in items (a) and (b) are recorded in noncurrent liabilities.

24. Sector charges - consolidated

	9/30/2016	12/31/2015
Energy Development Account - CDE	132,010	172,625
National Scientific and Technological Development Fund – FNDCT	3,451	4,873
Ministry of Mining and Energy - MME	1,711	2,485
Research and Development - R&D	126,514	118,704
Energy Efficiency Program - PEE	217,631	226,396
Total	**481,317**	**525,083**
Current	**259,720**	**372,295**
Non-current	**221,597**	**152,788**

Subsidiaries' concession agreements establish a requirement to allocate 1% of their annual net operating revenue to energy efficiency initiatives and research and development. This amount is allocated to Energy Efficiency (PEE) and Research & Development (R&D) programs and is paid to the National Fund for Scientific and Technological Development (FNDCT) and to the Ministry of Mining and Energy (MME). The share to be paid to

each program is prescribed in Act 10848/March 15, 2004, Act 11465/March 28, 2007 and Act 12212/January 21, 2010.

PEE and R&D payments incur interest at the SELIC rate under ANEEL Normative Resolutions 176/November 28, 2005, 219/April 11, 2006, 300/February 12, 2008, 316/May 13, 2008, 504/August 14, 2012, and 556/June 18, 2013 and SFF/ANEEL Circular 1644/2009 - December 28, 2009.

ANEEL Normative Resolution 316/May 13, 2008, as amended by Normative Resolution 504/August 14, 2012 and Normative Resolution 556/June 18, 2013 establish new criteria for the calculation, use and payment of energy efficiency and research and development program funds. Among the new criteria are the items required to be included in the calculation base for contributions (net operating revenue) and the schedule of payments to FNDCT and MME.

PEE and R&D project expenditure is recorded as work in progress until completion of the relevant project, at which time the expenditure is recorded as program funding.

Where PEE and R&D obligations are met through the acquisition of property, plant and equipment, the relevant amount is charged to the special liabilities balance.

25. Financing of taxes - consolidated

The subsidiaries have state and federal financing programs, including the respective benefits and discounts, distributed as follows. The federal tax financing programs are restated by the change in the Selic base interest rate and the state rates by the indexes adopted in each state:

Description	EEVP	REDE SUL	9/30/2016	12/31/2015
PIS	-	-	-	9
COFINS	1,624	550	2,174	1,199
ICMS	-	84,477	84,477	93,939
TOTAL	**1,624**	**85,027**	**86,651**	**95,147**
Current			13,111	17,116
Noncurrent			73,540	78,031

The subsidiaries CAIUÁ, Nacional (CNEE), Paranapanema (EDEVP), Bragantina (EEB) and Força e Luz do Oeste (CFLO) have ordinary and tax liability installments of R$ 86,651 (R$ 91,042 as of December 31, 2015) owing to the São Paulo and Paraná state tax authorities, as follows: R$ 27,185 (R$ 29,171 as of December 31, 2015) at CAIUÁ, R$ 15,729 (R$ 16,877 as of December 31, 2015) at CNEE, R$ 20,256 (R$ 21,735 as of December 31, 2015) at EDEVP, R$ 20,150 (R$ 21,616 as of December 31, 2015) at EEB, R$ 1,707 (R$ 1,643 as of December 31, 2015) at CFLO and R$ 1,624 (R$ 0.00 as of December 31, 2015) at EEVP.

Position at September 30, 2016 AND December 31, 2015

	Original amount	Fine	Interest	9/30/2016	12/31/2015
PIS	-	-	-	-	9
COFINS	1,019	175	980	2,174	1,199
ICMS	50,106	5,567	28,802	84,477	93,939
TOTAL	**51,127**	**5,742**	**29,782**	**86,651**	**95,147**
Current				13,111	17,116
Noncurrent				73,540	78,031

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

	9/30/2016	12/31/2015
2016	-	-
2017	4,506	16,149
2018	15,463	13,958
2019	14,201	12,723
2020	13,241	11,744
After	26,129	23,457
Total	**73,540**	**78,031**

26. Provisions for labor, civil and tax risks - consolidated

Probable risk - breakdown and changes

	Labor issues	Civil	Tax	Total 9/30/2016	Total 12/31/2015
Opening balances - 12/31/2015 and 12/31/2014	**209,669**	**322,138**	**40,822**	**572,629**	**629,114**
Provision for risks	61,294	88,551	10,895	160,741	223,439
Reversal of provisions	(33,456)	(70,275)	(14,118)	(117,849)	(225,181)
Payments	(23,904)	(49,157)	-	(73,061)	(98,911)
Restatement	12,994	19,085	4,335	36,414	44,168
Closing balances - Noncurrent - 9/30/2016 and 12/31/2015	**226,597**	**310,342**	**41,934**	**578,874**	**572,629**
Restricted and escrow deposits (*)				(135,533)	(101,015)

(*) The direct and indirect subsidiaries have escrow deposits in their noncurrent assets amounting to R$ 215,312 (R$ 194,710 as of December 31, 2015). No provisions for risks have been made for R$ 79,779 (R$ 93,695 as of December 31, 2015) of this total, as the chances of success have been rated as possible or probable.

Probable losses - consolidated

- **Labor claims**

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

In the period ended September 30, 2016 around R$ 61,294 was recorded in the year as an increase in labor provisions, primarily relates to new claims and greater risk in existing claims, due to procedural developments, basically involving disputes regarding overtime, health hazard allowance and term of notice. However, the subsidiaries made payments of R$ 23,904 and consequently reversed provisions of R$ 33,456. The filing of the proceedings is basically related to claims filed by employees claiming the receipt of overtime and term of notice, in addition to claims related to indemnification for moral and material damages resulting from work-related accidents, all of which are at an advanced stage of development and have been ruled against the Company and subsidiaries, and terminated by settlement payments.

- **Civil**

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

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

Civil provisions in the period rose by R$ 88,551 primarily relating to new claims and greater risk in existing claims, due to procedural developments, basically involving disputes filed by consumers regarding amounts in electricity bills and supply cut off, in addition to material and moral damages caused by accidents in the electric grid. However, the subsidiaries made payments of R$ 49,157 and consequently reversed provisions of R$ 70,275. The filing of the proceedings is basically related to claims involving disputes of invoiced amounts, damage caused by changes in voltage and material and moral damages caused by accidents in the electricity grid, all of which are at an advanced stage of development and have been ruled against the Company, and terminated by settlement payments.

Main cases:

Subsidiary EMS
. Expropriation action in the amount of R$ 43,507 (R$ 44,779 as of December 31, 2015), filed by the estate of Filomeno João Pires Filho, claiming electricity facilities have been built on certain plots they own.

- **Tax**

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

Management holds all the other provisions made are sufficient to cover any losses arising from the proceedings in progress. Based on the opinion of our legal advisors, provisions have been made for all judicial proceedings for which the chance of a future outlay has been rated as probable for the direct and indirect subsidiaries.

The Company and its subsidiaries are also subject to several legal, civil and labor claims arising out of the normal course of business. The Company's judgment relies on the opinion of its legal advisers. Provisions are revised and adjusted to reflect changes in circumstances, such as the applicable statute of limitations, the completion of tax inspections or exposure identified as a result of new issues or court decisions.

Main cases:

Subsidiary EMT
. Assessment notice issued by the Mato Grosso State Finance Department in the amount of R$ 11,257 (R$ 10,182 as of December 31, 2015), demanding amounts relating to the return of ICMS on demand measured in the period January to December 2009 for failure to include PIS and COFINS in the ICMS calculation base.

. Assessment notice issued by the Mato Grosso State Finance Department in the amount of R$ 12,564 (R$ 11,364 as of December 31, 2015) relating to the improper return of ICMS on demand measured in the period January 2010 to December 2013.

- Energisa ETO
. Tax debit collection resulting from assessment notice for ICMS on purchases of property, plant and equipment by the company, in the amount of R$ 4,399 (R$ 3,979 as of December 31, 2015).

. Tax debit collection resulting from assessment notice for disallowance of ICMS credits on the acquisition of property, plant and equipment, in the amount of R$ 3,272 (R$ 2,960 as of December 31, 2015).

Possible losses - Consolidated

The Company and its subsidiaries are party to labor, civil and tax claims in progress to the total amount of R$ 3,767,096 (R$ 3,263,613 as of December 31, 2015) in the consolidated statement, where the chance of success has been estimated as possible, meaning no provision was required.

- **Labor claims**

Consolidated labor claims amounting to R$ 144,583 (R$ 137,622 as of December 31, 2015) consist of the following claims submitted by former employees seeking overtime, danger hazard allowances, "on call" hours, indemnity for work-related accidents, in addition to claims from former employees of service providers hired, claiming joint liability for severance pay and salaries and collection of trade union fees.

- **Civil**

Consolidated civil claims amounting to R$ 1,561,931 (R$ 1,682,137 as of December 31, 2015) consist of the following: (i) revision or cancellation of electricity invoices due to the uncertainty of the amount; (ii) indemnification for material and moral damages due to the suspension of the electricity supply due to non-payment, irregularities in meters, surges in voltages or temporary blackouts; and (iii) regulatory fines originating from inspections conducted by the concession authority which are undergoing administrative defense; claims in which consumers are seeking reimbursement of amounts due to the rate adjustments determined by Ordinances 38 and 45/1986, of the former National Department of Electricity and Water - DNAEE, during the freezing of prices under the Cruzado Plan. In addition to the regulatory fines originating from inspections conducted by the concession authority which are undergoing administrative defense.

Main cases:

Parent Company:

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

The petition submitted by the petitioner claims a violation of the share purchase and sale agreement signed November 19, 2014, by which the defendants agreed to sell to petitioner three investment funds contractually referred to as FIP Eólicas, FIP Biomassa and FIP PCH. By selling these funds the defendants indirectly sold petitioner the shares in certain companies held by said investment funds.

As the arbitration proceeding is still in its initial stages, where the parties have to submit the evidence to substantiate their allegations, the legal advisers have rated the chances of defeat in this case as “possible”.

The petitioners have attributed the estimated amount of the case of R$ 51,622.

Subsidiary:

- EMG
. Collective civil action in the amount of R$ 14,547 (R$ 14,079 as of December 31, 2015), by which the Brazilian Consumer Association is contesting amounts received by the distribution companies due to adjustments allegedly overstated. The impact in the case of defeat is possible recalculation of the rates practiced and reduction of up to 3% in the energy rates of the subsidiary of EMG.

. Collective civil action in the amount of R$ 8,728 (R$ 8,447 as of December 31, 2015), by which the collective interests defense association is contesting amounts received by the distribution companies due to adjustments allegedly overstated. The impact in the case of defeat is possible recalculation of the rates practiced and reduction of up to 3% in the energy rates of the subsidiary of EMG.

- ESE
. Collective civil action in the amount of R$ 8,732 (R$ 8,948 as of December 31, 2015), by which the collective interests defense association is contesting amounts received by the distribution companies due to adjustments allegedly overstated. The impact in the case of defeat is possible recalculation of the rates practiced and reduction of up to 3% in the energy rates of the subsidiary of ESE.

- EMS
. Collective civil action in the amount of R$ 158,569 (R$ 148,132 as of December 31, 2015), by which the Energy Consumer Defense Association is claiming a return of amounts unfairly charged in double. The impact in the case of defeat is possible recalculation of the rates practiced, resulting in a change to the contractual bases of the concession agreement and the entire methodology for creating rates prepared by the Concession authority.

. Public civil action in the amount of R$ 78,774 (R$ 73,589 as of December 31, 2015) by which the State Prosecutions Department is requesting the subsidiary EMS be prevented from charging the retrospective debit determined, in the event of energy theft, and cutting off their new supply, in addition to being ordered to return in double amounts charged by way of the contested procedure.

. Public civil action in the amount of R$ 59,393 (R$ 55,484 as of December 31, 2015), by which the Federal Prosecutions Department is claiming the annulment of ANEEL Resolution 167, which established the Company’s rate replacement index, to establish an index other than the IGP-M price index. The impact in the event of defeat is minimal, resulting in the amounts being returned; the impact cannot be estimated at the current stage of proceedings.

- EMT
. Compensation claim in the amount of R$ 65,784 (R$ 61,454 as of December 31, 2015) filed by Conel Construções Elétricas Ltda, in order to obtain reimbursement for material and moral damages due to the allegedly unjustified termination by the defendant of the service provision agreement.

. Compensation claim in the amount of R$ 37,279 (R$ 34,825 as of December 31, 2015) filed by Dyego Rodrigo Barbosa Duarte and Darlene Pereira de Alencar, seeking reimbursement of amounts due to excessive cost of the service provision agreements and nonperformance of obligations established in the agreements.

- Rede Energia
. Enforcement proceeding for a fixed sum, involving R$ 158,336 (R$ 145,106 as of December 31, 2015), to charge alleged credits established in Bank Credit Notes issued by Centrais Elétricas do Pará – CELPA. If the Company is convicted, this debit could have to be subject to the Judicial Reorganization Plan.

. Public Civil Action with claim for interim relief filed by Federal Prosecutions Department in the amount of R$ 159,479 (R$ 145,892 as of December 31, 2015), which intends to annul Authorizing Resolution 3731 issued by ANEEL on 12/30/2012, which authorized CELPA to authorize the investment in the concession area of funds deriving from the compensation owed to consumers due to violations of the electricity distribution service quality indicators in the period 2/29/2012 to 8/7/2015.

. Proceeding at the 2nd Bankruptcy and Judicial Reorganizations Court of SP, where the amounts involved in this case cannot be estimated because the judicial reorganization proceeding aims to enable the companies involved to overcome their economic and financial crises. In February 2016 the trustee filed a petition stating that the reorganization plan was being duly performed, requesting the termination of the Judicial Reorganization. In August 2016, the trustee's opinion was accepted, and a decision delivered declaring the judicial reorganization over, as all of the obligations established in the Judicial Reorganization Plan had been performed, within the period of two years established in article 61 of Law 11101/2005. A number of creditors submitted motions for clarification against these decisions, which were duly rejected by the reorganization court in a decision dated 10/11/2016. A term is currently in progress for creditors to appeal against the decision ending the reorganization.

- **Tax**

The consolidated tax and labor claims amounting to R$ 2,060,582 (R$ 1,443,854 as of December 31, 2015) basically consist of disputes about: (i) PIS and COFINS on electricity invoices; (ii) ICMS on energy sales; (iii) offsetting and appropriation of ICMS credits; (iv) rate differential; and (v) income and social contribution taxes; (vi) collection of ICMS on concession services; (vii) offsetting and appropriation of ICMS credits on equipment for providing for energy transmission and distribution services allocated to the company's permanent assets, having already obtained favorable decisions in the lower and appeals courts, with a number of proceedings now final and unappealable; (viii) demand for ICMS due to exempt sale of electricity received under deferral.

Main cases:

Parent Company:

- Assessment notice seeking collection of the IOF tax in the period 2003 to 2005, on the advance for future capital increase – AFAC on behalf of the subsidiary Energisa SE, in the amount involved of R$ 51,351.

Subsidiary:

- ETO
. Tax debit collection resulting from assessment notice for ICMS on purchases of property, plant and equipment by the company, in the amount of R$ 140,792 (R$ 127,351 as of December 31, 2015).

. Tax debit collection resulting from assessment notice for disallowance of ICMS credits on the acquisition of property, plant and equipment, in the amount of R$ 65,826 (R$ 59,541 as of December 31, 2015).

- ESE
. Assessment notice for an amount of R$ 153,673 (R$ 139,002 as of December 31, 2015), by which the federal tax authority is asserting the alleged failure to include in the taxable income and social contribution calculation bases expenses considered nondeductible on the amortization of goodwill referring to the privatization of the subsidiary ESE, and the allegedly improper offsetting of tax losses and the social contribution calculation base.

- EPB

. Assessment notice for an amount of R$ 98,543 (R$ 89,136 as of December 31, 2015), by which the federal tax authority is asserting the alleged failure to include in the taxable income and social contribution calculation bases expenses considered nondeductible on the amortization of goodwill referring to the privatization of the subsidiary EPB, and the allegedly improper offsetting of tax losses and the social contribution calculation base.

. Administrative proceeding involving R$ 41,232 (R$ 37,295 as of December 31, 2015), under which the federal tax authority imposed a reflexive assessment on the supplementary IRPJ charged on taxable events in 2001 and 2002 and the calendar years of 2005 and 2006, charging disallowed expense deductions, monetary variance losses, additions not included in the taxable income and unauthorized offsetting.

- EMS
. Assessment notice involving R$ 58,570 (R$ 53,031 as of December 31, 2015), issued by the federal tax authority charging PIS and COFINS liabilities for the accrual periods December 2007 to February 2008, deriving from the disallowance of credits appropriated on the non-cumulative basis on amounts to be returned to consumers by order of ANEEL.

- EMT
. Assessment notice issued by the Mato Grosso State Finance Department in the amount of R$ 59,172 (R$ 53,031 as of December 31, 2015), with ICMS charged for the period January 2010 to January 2012, on the grounds that the Company allegedly improperly appropriated a tax credit on the rate differential on the acquisitions of permanent assets.

. Proceeding involving ICMS on energy demand, the offsetting of tax debits, against investments made by the company in the electric system, pursuant to State Decrees 1171/2012 and 2042/2013 (World Cup Law).

As regards the claim for ICMS energy demand, which was not paid due to court decisions determining the amount be stayed, previously obtained by consumers, the indirect subsidiary EMT has been engaged in discussions with the finance department of Mato Grosso state, after said decisions had been overturned and the amount restored, in order to agree the most efficient way to enable the State to collect the tax, whilst acting as an intermediary agent between the State and consumers defeated in the legal case. The disputes involving industrial and commercial consumers organized by their respective professional associations, representing the main ICMS debtors on demand, to prepare the joint proposal to be submitted to the State, permitting payment of the tax in a specific financing plan, preferably via direct accession by consumers. The ICMS proceeding on demand amounted to R$ 603,850 as of September 30, 2016 (R$ 569,027 as of December 31, 2015), for which the subsidiary has not made a provision based on the opinion of its legal advisers.

. Tax assessment issued by the Mato Grosso State Finance Department in the amount of R$ 222,870, invalidating the transfer of credit related to the credit assignment contract entered into by the subsidiary and DUNAX, for the calculation of ICMS paid monthly. Allegation: (i) alleged underpayment of ICMS, for appropriating a tax credit in an amount greater than that permitted by the legislation; and (ii) failure to meet the requirements of ICMS arrangement 85/2011.

Accounting estimates: the subsidiaries made provisions, which involves management judgment, for labor, civil and tax claims when it is probable that an outflow of economic benefits will be required to settle the obligation, which has arisen as a result of past events and which can be reliably estimated.

27. Regulatory fees - consolidated.

	9/30/2016	12/31/2015
Quotas for Global Reversal Reserve - RGR	65,002	66,863
Quota - Energy Development Account - CDE	103,695	106,637
Total	**168,697**	**173,500**
Current	58,635	20,373
Noncurrent	110,062	153,127

The regulatory fees were fully financed on July 01, 2014 with Eletrobrás by the indirect subsidiaries EMT, ETO, CFLO, CAIUÁ, CNEE, EEB and EDEVP, as follows: (i) RGR and CDE financed over 60 months, with the SELIC interest on the principal, amortized in the first 24 payments and the principal over the remainder; (ii) The overdue Proinfa and CCC debits were divided over 12 equal and consecutive payments. The financing payments of the subsidiaries CFLO, CAIUÁ, CNEE, EEB and EDEVP have been settled in full.

28. Incorporation of grids - consolidated.

ANEEL Normative Resolutions 223/2003, 229/2006, 238/2006, 250/2007, 368/2009, 414/2010 and 488/2012 established the general conditions for making new connections to new consumer units. These regulations require that the applicant, individually or jointly, and the public agencies, including the indirect management, can contribute funds, in part or in full, for the works necessary to bring forward the connection or carry out the works to extend the grid by contracting a legally qualified third party. The funds advanced or the value of the works carried out by the party concerned shall be reimbursed by the subsidiaries EMT, EMS and ETO by the year

in which the supply application is met according to the Universalization Plans, for cases of consumers meeting the qualification criteria without cost or by the deadlines establishing the regulations addressing the performance with financial participation of the party concerned.

The electricity universal access time frame of the subsidiaries EMT and ETO in rural areas of Mato Grosso and Tocantins were extended to 2020 and 2018 respectively. The schedule revision was approved by the National Electricity Regulatory Agency (ANEEL) via Ratifying Resolution 1993 (EMT) and 1994 (ETO), published in the Official Journal (DOU) on December 15, 2014.

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

See the changes occurring in the period/year:

Description	9/30/2016	12/31/2015
Balances at 12/31/2015 and 12/31/2014	**294,625**	**363,293**
Addition	33,362	53,996
Monetary restatement	38,841	42,590
Write-offs / payments (*)	(36,681)	(165,254)
Balances at 9/30/2016 and 12/31/2015	**330,147**	**294,625**
Current	96,406	109,463
Noncurrent	233,741	185,162

(*) In the period ended September 30, 2016, R$ 36,681 consists of payments (R$ 149,546 as of December 31, 2015 and R$ 15,708 to proceedings not awarded).

29. Equity

29.1 Capital

The share capital is R$ 2,795,963 (R$ 1,260,000 as of December 31, 2015), represented by 1,729,827,305 registered shares (1,336,599,980, as of December 31, 2015), consisting of 720,210,378 common shares (641,553,423 as of December 31, 2015) and 1,009,616,927 preferred shares (695,046,557 as of December 31, 2015), with no par value. The amount of shares converted into Units (share certificate denoting ownership of 4 preferred shares and 1 common share of the Company) is 250,070,594 (169,024,472 as of December 31, 2015).

On August 1, 2016 the Company's Board of Directors raised its share capital by a further R$ 1,535,963 to R$ 2,795,963, comprising 1,751,724,980 shares, consisting of 724,578,423 common shares and 1,027,146,557 preferred shares, with no par value.

Preferred shares have no voting rights, have priority in capital reimbursements in premiums and to are included in the public offering of the control sale, being assured a price equal to 80% of the amount paid for voting shares comprising the control block.

On August 12, 2016, the Company's Board of Directors resolved to cancel 21,897,675 nominative, book-entered shares with no par value, issued by the Company, held as Treasury stock, consisting of 4,368,045 common shares and 17,529,630 preferred shares.

The Company's capital remains R$ 2,795,963 but now comprises 1,729,827,305 shares, consisting of 720,210,378 common shares and 1,009,616,927 preferred shares, all registered, book-entered and with no par value.

The company recorded the amount of R$ 65,138 directly in Shareholders' equity regarding transaction costs incurred on share issuances, as required by CVM Resolution 649/10 and CPC 08.

Irrespective of amendments to the bylaws, the share capital may be increased up to a maximum of 3,000,000,000 shares, consisting of up to 1,626,300,000 common shares and up to 1,373,700,000 preferred shares.

29.2 Capital transaction – transactions between partners

	9/30/2016	12/31/2015
Opening balance - 12/31/2015 and 12/31/2014 - adjusted	**(26,973)**	**(14,701)**
Transactions between partners – reflection (1)	(18,938)	(9,879)
Gain determined on new acquisitions of interests in direct and indirect subsidiaries (2)	3,865	(2,393)
Closing balance - 9/30/2016 and 12/31/2015	**(42,046)**	**(26,973)**

(1) Includes a portion resulting from the percentage interest in the subsidiary EEVP, referring to the derivative financial instrument described in note 34.

(2) In the period ended September 30, 2016 the Company recorded R$ 3,865, consisting of a gain on the increase in the equity interest of R$ 5,580, goodwill on the acquisition of minority interests of R$ 1,621 and the loss on the purchase of minority interests of R$ 94, while losses were reported in 2015 of R$ 2,393 (gain on the acquisition of minority interests of R$ 14,693 and loss on sale of treasury stock of R$ 17,086). Changes in the interests in subsidiaries should not impact profit or loss, as they are transactions between Company shareholders.

29.3 Dividends

The corporate bylaws determine the payment of a mandatory dividend of 25% of the net income for the year, adjusted as stipulated by article 202 of Law 6404, dated 12/15/1976.

The Company usually allocates dividend receipts from subsidiaries to investments to the cash flow statement.

The Annual and Extraordinary General Meeting held February 29, 2016 approved the payment of interim dividends for FY 2015 in the amount of R$ 75,201, corresponding to R$ 0.0572 per share issued by the Company and R$ 0.286 per Share Deposit Certificate (UNIT), which was paid on March 8, 2016.

On August 12, 2016 the Company's Board of Directors approved the payment of interim dividends from the net income determined up to June 30 of this year, amounting to R$ 39,786 (R$ 0.023 per common and preferred share or R$ 0.115 per UNIT), paid on August 25, 2016.

29.4 Incentive Profit reserve - income tax reduction reserve (subsidiaries)

Because the subsidiaries EPB, ESE, EBO, EMT and ETO operate in the infrastructure sector of the North-East region, central and western and northern regions they obtained a reduction to the income tax payable for the purposes of investments in projects expanding their installed capacity, as determined by article 551 (3) of Decree 3000, dated March 26, 1999.

This reduction was approved by the Constitutive Reports, which impose a number of obligations and restrictions:

(i) The amount obtained as a benefit cannot be distributed to the shareholders

(ii) The amount should be recorded as a profits reserve and capitalized by December 31 of the successive year and/or used to offset losses, and

(iii) The amount should be invested in activities directly related to production in the region embraced by the tax incentive.

Following the enactment of Law 11638/07 and Law 11941/09, the tax incentives are now recorded in the income statement for the year and subsequently transferred to the profits reserve and income tax reduction reserve.

See the information about the incentives obtained by:

Subsidiaries	Government Agency	No. of constitutive report	Income tax decrease (consolidated)	
			9/30/2016	12/31/2015
EPB(*)	SUDENE	197/2012	-	39,535
ESE(*)	SUDENE	205/2012	-	17,575
EBO	SUDENE	206/2012	4,379	8,001
EMT(*)	SUDAM	114/2014	35,205	-
ETO	SUDAM	113/2014	8,478	10,165
Total			**48,062**	**75,276**

(*) The subsidiaries EPB and ESE did not determine the calculation base for the exploration profit in the period ended September 30, 2016,

while the subsidiary EMT did not determine an operating profit calculation base in FY 2015.
These amounts were recorded directly in the income statement for the period under consolidated "current income and social contribution taxes", and were allocated to the tax incentive reserve in the subsidiaries' shareholders' equity.

30. Operating revenue

30.1 Gross operating revenue - parent company

	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Operating revenue				
Specialized services (*)	19,416	56,788	16,384	48,155
Deductions from operating revenue				
PIS	(321)	(944)	(271)	(795)
COFINS	(1,476)	(4,348)	(1,245)	(3,660)
ISS	(388)	(1,144)	(328)	(965)
Net operating revenue	**17,231**	**50,352**	**14,540**	**42,735**

(*) Refers to administrative services provided to its subsidiaries.

30.2 Gross operating revenue - consolidated

	9/30/2016				9/30/2015			
	Not reviewed by the independent auditors		7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	Not reviewed by the independent auditors		7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
	No. of consumers	MWh	R$	R$	No. of consumers	MWh	R$	R$
Residential	5,299,862	7,511,414	1,461,861	4,739,185	5,189,417	7,280,781	1,516,537	4,474,826
Industrial	47,394	2,326,871	417,209	1,334,901	54,638	2,791,060	580,506	1,656,634
Commercial	466,791	4,040,726	809,413	2,619,196	467,721	4,141,483	899,131	2,615,930
Rural	593,398	1,945,702	316,389	870,293	590,049	1,858,919	318,984	812,653
Public Authorities	61,774	965,374	182,548	578,260	61,281	966,791	194,546	563,631
Public Lighting	6,497	1,046,959	109,878	339,538	6,271	1,042,952	134,171	350,096
Public Utility	7,441	766,943	110,350	331,619	7,262	763,922	115,887	321,572
Internal Use	1,415	28,691	-	-	1,364	26,320	-	-
Subtotal	**6,484,572**	**18,632,680**	**3,407,648**	**10,812,992**	**6,378,003**	**18,872,228**	**3,759,762**	**10,795,342**
Electricity sales to distributors	-	2,637,220	207,458	425,246	2	1,197,604	102,648	342,759
Supplies not billed net	-	(240,972)	(38,946)	(140,898)	-	(171,569)	(4,319)	66,452
Electricity sales								
Sold	-	1,722,912	130,448	343,166	-	1,561,303	107,881	328,215
Provision of the transmission and distribution system	387	-	177,751	511,797	241	-	128,675	355,033
Specialized Services	-	-	18,714	88,775	-	-	24,318	57,339
Construction revenue (1)	-	-	414,821	1,036,641	-	-	377,906	907,525
(-) Excess Demand Revenue (2)	-	-	(10,068)	(21,815)	-	-	(4,505)	(17,393)
(-) Reactive Surpluses	-	-	(21,720)	(44,088)	-	-	(11,922)	(29,569)
Creation and Amortiz. - CVA assets and liabilities (3)	-	-	(15,500)	(466,577)	-	-	86,485	102,307
Other operating revenue	-	-	27,696	79,493	-	-	27,306	81,321
Subsidies for service awarded under concession	-	-	203,047	595,564	-	-	196,416	605,708
Total - gross operating revenue	**6,484,961**	**22,751,840**	**4,501,349**	**13,220,296**	**6,378,246**	**21,459,566**	**4,790,651**	**13,595,039**
Deductions from operating revenue								
ICMS	-	-	782,555	2,482,593	-	-	823,051	2,389,708
PIS	-	-	67,054	202,224	-	-	69,836	204,041
COFINS	-	-	308,426	931,484	-	-	308,910	923,953
CPRB	-	-	1,023	3,431			658	658
ISS	-	-	2,730	9,102	-	-	2,236	5,443
Rate Flag Deductions (4)	-	-	(106)	(1,192)	-	-	104,326	223,432
Energy Efficiency Program - PEE -	-	-	12,161	35,216	-	-	11,233	33,986
Energy Development Account - CDE	-	-	337,014	1,064,444	-	-	481,293	1,070,201
Research and Development Program - R&D	-	-	12,161	35,216	-	-	11,228	33,983
Inspection fee for electricity services - TFSEE	-	-	3,858	11,523	-	-	10,605	10,605
Total - deductions from operating revenue	**-**	**-**	**1,526,876**	**4,774,041**	**-**	**-**	**1,823,376**	**4,896,010**
Total net operating revenue	**6,484,961**	**22,751,840**	**2,974,473**	**8,446,255**	**6,378,246**	**21,459,566**	**2,967,275**	**8,699,029**

(1) The construction revenue is represented by the same amount in construction cost. These amounts must be recognized under ICPC 01 – Concession Agreements and denote the construction cost of assets in the electricity distribution concession.

(2) Includes R$ 12,978 (R$ 806 as of December 31, 2015) in Excess Demand and Excess Power Factor revenue recognized as other sectoral financial liabilities by direct subsidiaries EMG and ENF and indirect subsidiaries ETO, CAIUÁ, EEB, CNEE, EDEVP and CFLO, under ANEEL Order 245/2016.

(3) This denotes the amount of financial sector assets and liabilities recognized in the period ended September 30, 2016 in accordance with CVM Resolution 732/14.

(4) From January 2015 energy bills will start using the Rate Flag System. The rate flag is "raised" on a monthly basis by ANEEL, in accordance with the information submitted by the National Electric System Operator (ONS), based on the country's electricity generation capacity.

By way of Official Notice 185 issued 4/8/2015, ANEEL established new accounting procedures to record the Additional Revenue of the Rate Flags. Under the proposed amendment, the flag amounts are now recorded in operating revenue.

This revenue earned by subsidiaries on rate flags in the period ended September 30, 2016 amounted to R$ 226,029 (R$ 461,229 as of September 30, 2015), and the amount of R$ 1,192 was received from the Centralizing Account of Rate Flag Funds (CCRBT) on September 30, 2016 and R$ 223,432 was passed through to CCRBT on September 30, 2015. The net effect of the rate flags on the Companies' earnings through September 30, 2016 was therefore R$ 224,837 (R$ 237,797 as of September 30, 2015).

As of September 30, 2015 the "CDE Fund reimbursement - rate flag" was originally recorded in the income statement under "electricity purchased for resale". To facilitate a comparative analysis, the Company reclassified the amount of R$ 612,507 to the item "Rate flag deductions - CCRBT".

Aneel had already ratified the amounts below for January to August 2016 and 2015:

Months	Order	9/30/2016	9/30/2015
January	No. 265 issued February 1, 2016 (no. 583 issued March 4, 2015)	(24)	(9,828)
February	No. 797 issued March 30, 2016 (no. 829 issued March 30, 2015)	(48)	(9,716)
March	No. 1,061 issued May 2, 2016 (no. 1,356 issued May 4, 2015)	1	(18,205)
April	No. 1,431 issued May 31, 2016 (no. 1,743 issued May 29, 2015)	1	(26,694)
May	No. 1734 issued July 29, 2016 (no. 2131 issued June 30, 2015)	1,158	(20,240)
June	No. 2,045 issued July 29, 2016 (no. 2,440 issued July 29, 2015)	303	(22,347)
July	No. 2,298 issued August 29, 2016 (no. 3,386 issued October 6, 2015)	(45)	(12,321)
August	No. 2,626 issued September 30, 2016 (no. 3,387 issued October 6, 2015)	(69)	(29,910)
September	Amount to be ratified (Amount to be ratified)	(85)	(74,171)
Total		**1,192**	**(223,432)**

31. Cost of Energy purchased for resale-consolidated

	MWH (2)		Electricity purchased for resale			
	9/30/2016	9/30/2015	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Energy from Itaipú - Binational	2,422,469	2,368,615	160,576	497,866	268,960	655,292
Auction energy	10,186,414	8,253,510	682,500	1,918,744	632,094	1,935,601
Bilateral energy and other supplies	6,264,103	7,453,864	440,260	1,352,197	453,768	1,582,327
Angra Quotas REN 530/12 (3)	705,438	721,117	47,426	142,275	40,861	125,077
Short-term electricity - CCEE	281,085	869,694	124,544	279,281	117,557	626,764
Physical Guarantee Quotas- Ratifying Resolution ANEEL 1410 - Appendix I	6,057,209	4,779,378	138,608	371,941	61,638	164,007
Alternative energy sources incentive program - PROINFA	462,207	439,782	56,707	170,122	39,775	119,327
Reimbursement for thermal exposure (1)	-	-	-	-	-	(146,363)
(-) Recoverable portion of noncumulative PIS/COFINS	-	-	(148,982)	(423,422)	(132,371)	(391,602)
Total	**26,378,925**	**24,885,960**	**1,501,639**	**4,309,004**	**1,482,282**	**4,670,430**

(1) Presidential decree 8221 created the Account in the Regulated Contracting Environment (ACCOUNT-ACR), which is intended to fully or partly cover the expenses incurred by public electricity distribution service concession operators resulting from: (i) involuntary exposure in the spot market; and (ii) output of thermal power plants linked to Electricity Purchase Contracts in a Regulated Environment - CCEAR, according to electricity provision.

In March 2015 Aneel ratified the amounts via Order 773 issued March 27, 2015 in the amount of R$ 146,363.

The amounts relating to the Order were passed through by the CCEE in the current accounts linked to the contribution of financial guarantees in the concession operators' spot market.

The amounts were recorded in profit or loss for the period by the respective subsidiaries as a reduction to the cost of energy purchased and are subject to PIS and COFINS/.

(2) Information not reviewed by the independent auditors.

(3) Includes amount of REN 1585/2013.

32. Insurance coverage

Energisa and its subsidiaries have the policy of taking out insurance coverage for the assets subject to risk to cover any incidents, considering the nature of their activity. The Company's insurance contracts are made in accordance with the risk management and insurance fundamentals generally employed by electricity distribution

companies. Given their nature, the risk assumptions adopted do not comprise the scope of a financial information audit, and were not therefore reviewed by our independent auditors.

The main coverage is as follows:

Lines	Maturity date	Insurance coverage (R$ thousand)	Parent company	Consolidated
			9/30/2016 and 12/31/2015	9/30/2016 and 12/31/2015
Operating risks	10/23/2016	43,000	17	1,913
General Civil Liability	11/23/2016	50,600	9	2,612
Fleet - Third party material and personal damages	11/30/2016	Up to R$ 360 / vehicle	8	1,272
General civil liability to 2nd Risk	11/23/2017	10,000	-	121
Aeronautical - civil liability (RETA)	12/12/2016	898	-	8
Aeronautical - Hull/LUC	12/12/2016	251,600	-	269
Comprehensive Business Insurance	9/28/2017	620	-	4
Collective Life Insurance - Death and Personal Accidents	12/31/2016	116,096	135	2,058
Multirrisk Hangar	11/20/2016	2,500	-	4
RC Hangar	11/20/2016	41,603	-	27
Transportation	1/30/2017	Up to 2,000/ transportation	-	180
			169	**8,468**

Operating Risks

The policy taken out states the buildings and equipment and the respective insured values and the indemnification ceilings. It has basic coverage including fire, lightning strike and explosions of any nature, electrical damages, hurricanes, aircraft crash, collision by air or ground vehicle, commotion, flooding/water damage, minor engineering work, extraordinary expenses inclusion / exclusion of assets and sites, mistakes and omissions.

General Civil Liability

The GERIP insurance policy covers moral hazard, material and personal damages to third parties resulting from the Company's operations.

Multirisk

The policy taken out has basic coverage including fire, lightning strike and explosions of any nature, electrical damages, aircraft collision, impact by air or ground vehicle, commotion, other risks and portable equipment.

Fleet

The Company has insurance coverage for RCF/V - Optional/General Vehicle Civil Liability, guaranteeing coverage of personal and/or material and moral damages incurred by third parties involved in accidents.

Collective Life Insurance and Personal Accidents

Guarantees insurance coverage and funeral assistance for its employees in the event of death by any cause, full or partial permanent functional disability due to accidents and permanent and/or total disability due to illness.

Transportation

Guarantees insurance coverage for loading, unloading, transporting and theft of goods inherent to the insured's activity, primarily machinery and equipment, when transported in company vehicles.

Comprehensive Business Insurance

The policy provides coverage against fire, lightning strike, explosion, implosion, electrical damage, breaking windows and loss or payment of rental. This covers the machinery, furniture and utilities on the floors of the building on Avenida Paulista - SP and the office at the address QD 701, Conj. D-Bloco B, Brasília-DF.

Civil Liability - Hangar

The contracted policy has insurance coverage against material and personal damages, aesthetic and moral damages in addition to civil liability for vehicles circulating in airports.

Aerospace Insurance

The civil liability insurance (RETA) and Hull insurance (LUC) provides insurance coverage for aircraft and material and/or personal damage caused to passengers, crew members and third parties.

33. Commercial lease - consolidated

The subsidiaries Energisa Serviços Aéreos and Energisa Mato Grosso have commercial leases worth R$ 4,770 (R$ 9,039 as of December 31, 2015) for vehicles and aircraft net of depreciation, recorded in property, plant and equipment. These were acquired under commercial leases over a term of 36 to 120 months, have call options and are charged interest at the CDI interest rate.

In compliance with CPC-06 (R1) (Commercial Financial Leases), in the period ended September 30, 2016 the Company recognized depreciation expenses of R$ 4,269 (R$ 5,759 as of December 31, 2015) and R$ 2,368 (R$ 3,275 as of December 31, 2015) as a financial expense for contract charges.

Contractual conditions of the commercial lease of the subsidiary EMT on September 30, 2016:

Transaction	Maturity	Details of the Operation			Cost of the Debt		
		Amortization Frequency	Collateral	Average Term months	Index	Interest Rate % p.a.	TIR (Effective interest rate)
CESSNA FINANCE	9/29/2020	Quarterly	Escrow	120	US dollar	6.75%	-11.85%

The settlement of the foreign-currency contracts in the amount of R$ 34,858 (R$ 46,744 as of December 31, 2015) will be finalized on September 29, 2020.

As of September 30, 2016 the maturities of the noncurrent contracts are scheduled as follows:

	9/30/2016
2017	2,431
2018	9,722
2019	9,722
2020	7,292
Total	**29,167**

34. Financial instruments and risk management

The carrying amounts, fair values and hierarchical levels of the principal financial instrument assets and liabilities have been compared below:

Parent company					
		9/30/2016		12/31/2015	
	Level	Book	Fair value	Book	Fair value
Assets					
Cash and cash equivalents	2	234,419	234,419	222,737	222,737
Money market and secured funds	2	1,185,606	1,185,606	51,581	51,581
Trade receivables	2	6,556	6,556	5,808	5,808
Derivative financial instruments	2	3,635	3,635	106,025	106,025
Related-party credits	2	780,467	780,467	717,411	717,411

Parent company					
		9/30/2016		12/31/2015	
	Level	Book	Fair value	Book	Fair value
Liabilities					
Trade payables	2	1,027	1,027	1,703	1,703
Loans, financing, debt charges and debentures	2	1,799,321	1,806,244	1,939,999	1,948,067
Derivative financial instruments	2	62,802	62,802	47,679	47,679
Debts to related parties	2	229,356	229,356	228,573	228,573

Consolidated					
		9/30/2016		12/31/2015	
	Level	Book	Fair value	Book	Fair value
Assets					
Cash and cash equivalents	2	963,053	963,053	1,083,627	1,083,627
Money market and secured funds	2	2,231,535	2,231,535	816,130	816,130
Clients, consumers and concessionaires	2	2,191,108	2,191,108	2,194,510	2,194,510
Credit receivables and other	2	28,766	28,766	6,300	6,300
Financial sector assets	3	840,539	840,539	1,062,905	1,062,905
Accounts receivable from the concession	3	3,230,592	3,230,592	2,858,710	2,858,710
Derivative financial instruments	2	262,873	262,873	487,628	487,628

Consolidated					
		9/30/2016		12/31/2015	
	Level	Book	Fair value	Book	Fair value
Liabilities					
Trade payables	2	1,405,344	1,168,461	1,530,887	1,530,887
Loans, financing, debt charges and debentures	2	8,022,556	8,046,823	7,977,017	7,985,923
Tax financing	2	86,651	86,651	95,147	95,147
Financial sector liabilities	3	897,834	897,834	637,843	637,843
Regulatory fees	2	168,697	168,697	173,500	173,500
Derivative financial instruments	2	237,173	237,173	176,773	176,773
Financial instrument - MTM (*)	2	356,798	356,798	337,854	337,854

(*) The subsidiary EEVP and BNDESPAR signed a contract assuring BNDESPAR, at its sole discretion, the right to exercise against the subsidiary the put option for up to 67,642,986 preferred shares issued by Rede Energia S/A, owned by BNDESPAR. BNDESPAR may exercise the put option for up to all of the shares within the term of 60 days as from 1/3/2019.
On February 04, 1999, the subsidiary EEVP, BNDES Participações ("BNDESPAR") and Mr. Jorge Queiroz de Moraes Júnior (former shareholder of Rede group), entered into a Private purchase and sale agreement for shares issued by Rede Energia S/A - under judicial reorganization (current name of CAIUÁ Serviços de Eletricidade S/A/), as updated by Amendments 1, 2, 3 and 4 made March 29, 2006, August 09, 2007, April 27, 2010 and August 01, 2013, respectively.

On March 31, 2014, the subsidiary EEVP, BNDESPAR, Energia S/A and Mr. Jorge Queiroz de Moraes Júnior made Amendment 5 and Restated the Private purchase and sale agreement for shares issued by Rede Energia S/A - under judicial reorganization. The parties negotiated that

the subsidiary EEVP would award BNDESPAR, at its sole discretion, the right to exercise the put option for up to 67,642,986 preferred shares issued by Rede Energia S.A. - under judicial reorganization This put option may be exercised within the term of 60 days as from January 03, 2019. Said Amendment 5 was subject to the indirect share control of the subsidiary EEVP and Rede Energia being transferred to Energisa S/A.

Strike price

If the option is exercised, the subsidiary EEVP and/or Energisa S/A shall pay BNDESPAR the amount of R$ 390,800 for all the shares, restated by the change in the TJLP rate, plus 1.76% per annum, from July 01, 2013.

The strike price of the option shall be paid in local currency or via a capital increase of Energisa S/A, consisting of 4 preferred shares and 1 common share ("Units"), at the sole discretion of the subsidiary EEVP and/or Energisa S/A.

In the event of payment via a capital increase of Energisa S/A, the price of each preferred share to be issued will be the amount sufficient to comprise R$ 14.40 per Unit, restated from July 01, 2013. If the value of the Units is less than 25% of the average weighted price in the previous 60 sessions, Energisa will indemnify BNDESPAR for this difference within a maximum of 5 days of the capital being paid.

The strike price is the number of Units to be adjusted whenever there are capital increases via bonuses, splitting or grouping of shares or Units of Energisa S/A.

Security

The subsidiary EEVP shall issue BNDESPAR as security for performance of the obligation to purchase preferred shares a pledge of at least 117,643,852 common shares issued by Rede Energia, that it owns.

The share pledge shall account for a minimum of 40% of the voting capital of Rede Energia S/A at all times.

Pricing

The strike price - R$ 9.04/share - calculated by the initial strike price of R$ 5.78/share plus TJLP + 1.76% p.a. accumulated between July 01, 2013 and September 30, 2016 and projected up to the strike date with TJLP of 7.5% + 1.76% p.a. The risk-free rate used in the calculation is 11.63% p.a. and the average weighted volatility in the period was 86.96% p.a. On September 30, 2016 Rede's stock closed at R$ 2.47/share.

There are 67,642,986 put options and the exercise term is 60 days as from January 03, 2019.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by a valuation method.

The different levels were assigned as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs, except for quoted prices, included in Level 1 that are observable for the assets and liabilities, directly (prices) or indirectly (derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Because the distribution subsidiaries have classified the respective accounts receivable from the concession and financial sector assets and liabilities as available-for-sale, the relevant factors for the fair value appraisal are not publicly observable. This is why the fair value hierarchy is classified at level 3. The change and respective gains (losses) in profit or loss for the period of R$ 97,133 and the main assumptions used, can be seen in notes 12 and 16.

In compliance with CVM Instruction 475/2008 and Resolution 604/2009, the description of the book balances and the fair values of the financial instruments included in the balance sheet at September 30, 2016 and December 31, 2015 are shown below:

Nonderivatives - classification and measurement

Loans and receivables

Includes trade accounts receivable, consumers and concession operators, outstanding receivables, other receivables, accounts receivable of the concession and financial sector assets. They are initially measured at amortized cost using the effective interest rate, and their balances are approximated to fair value.

Money market and secured funds

The balances of short-term investments in Bank Deposit Certificates and investment funds are valued at fair value through profit and loss, except when held to maturity, when the Company and its subsidiaries have the intention and financial ability to hold them to maturity. Subsequent to initial valuation, these assets are recorded at amortized cost at the effective interest rate method, less any impairment.

Available-for-sale financial assets

Available-for-sale financial assets are nonderivative instruments not classified as: (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

After initial measurement, available-for-sale financial assets are measured at fair value, with unrealized gains and losses directly recognized as other comprehensive income until the investment is derecognized, with the exception of impairment losses, interest calculated by the effective interest method and exchange variance gains and losses on monetary assets, which are recognized directly in profit or loss for the period.

Financial liabilities measured at amortized cost:

Suppliers payable - stated at the known amounts or estimated, plus, when applicable, the corresponding charges and/or monetary and exchange variations incurred up to the balance sheet date, where the book value approximates fair value.

Loans, financing, debt charges and debentures - These financial instruments are classified as financial liabilities at amortized cost. The carrying amounts of the local-currency loans and financing linked to the investments of the distribution companies obtained from Eletrobrás, BNB, BNDES, BDMG and Finep approximate fair value, as similar transactions are not available on the financial market, with comparable maturities and interest rates. The fair value of the financial liabilities referring to commercial bank loans traded in active markets is determined based on the prices observed in said markets (source: CETIP). For financial instruments with no active market, i.e. FIDC (III and IV), the 1st debentures issuance (ETO), 7th debentures issuance (EMS) and 2nd and 5th debentures issuance (EMT) and the 3rd debentures issuance (ESE), the Company determined the fair value as the equivalent of the instrument's carrying amount. The Company and its subsidiaries opted to classify certain debts as fair value through profit and loss, as described below.

Derivatives

The estimated fair values of the financial assets and liabilities were determined through information available in the market and appropriate valuation methodologies.

The Company and its subsidiaries have the policy of managing market risks, thereby avoiding assuming material positions exposed to fair value fluctuations. They therefore only seek to use instruments which provide greater risk control. The derivative contracts involve swap operations and options with interest and exchange rates, in order to counter the exposure to changes in US dollar exchange rate and to bring the debt cost in line with market trends.

The hedge transactions against adverse exchange variance require constant monitoring in order to preserve the efficiency of their structures. The transactions in force are subject to restructuring at any time and can be reversed or subject to additional transactions in order to reduce potential material losses.

Hedge Accounting

On July 01, 2015 the Company and its subsidiaries formally classified part of its swap transactions (hedge instruments) used to swap exchange variance and interest variance for CDI variance as hedge accounting. As of September 30, 2016 these transactions and the debts (subject to hedges) are being valued as fair value hedges. In these valuations the Company documented: (i) the hedge ratio; (ii) the risk management goal and strategy; (iii) the financial instrument's identification; (iv) the item or transaction covered; (v) the nature of the risk to be covered; (vi) the description of the coverage relation; (vii) statement of the correlation between the hedge and the hedged item; and (viii) statement of the hedge's effectiveness.

Swap contracts are designated and effective as fair value hedges in relation to the exchange variance and/or interest rate, when applicable. During the period the hedge was highly effective in the exposure of fair value to change in interest rates and as a consequence, the carrying amount of securities classified as hedge was impacted by R$ 32,935 and recognized in financial income at the same time as the fair value of the interest rate swap was recognized in profit or loss.

Fair Value Option

The Company and its subsidiaries opted to formally classify new debt securities secured in the second quarter of 2016, for which the Company and its subsidiaries have derivative financial instruments to swap exchange and interest rate variance, as measured at fair value. The fair value option aims to eliminate or reduce inconsistency in the measurement or recognition of certain liabilities, which would otherwise arise. Both the swaps and the respective debts can therefore be measured at fair value and this option is irreversible, and should only be made upon initial recognition of the transaction. As of September 30, 2016 these debt and derivatives, and any other assets and liabilities measured at fair value through profit or loss have any gains or losses resulting from their remeasurement recognized in the Company's profit and loss.

During the period, the carrying amount of debts classified as fair value option was impacted by R$ 14,638 and recognized in financial income at the same time the interest rate swap's fair value was recognized in profit and loss.

Uncertainty

The amounts were estimated at the reporting date based on information available in the market and appropriate appraisal techniques. However, considerable judgment was required in the interpretation of the market data to estimate the most adequate fair value. Consequently, the estimates used and presented below do not necessarily indicate the values that could be realized in the current exchange market.

Financial risk management

The Board of Directors is generally responsible for establishing and supervising the risk management model of the Company and its subsidiaries. The Company has therefore implemented operating limits with pre-established amounts and indicators in the “Financial Risk Management policy” (reviewed every two years and available on the Company’s site) and in the internal regulations of the Executive Board of the Company and its subsidiaries.

The Risk Management Committee, consisting of the Financial Board and specialist independent consultant, monitors compliance of operations with the “Financial Market Risk Management Policy” by way of the Quarterly Risk Management Report.

Furthermore, the Company and its subsidiaries’ risk management aims to detect, analyze and monitor risks encountered, in order to establish limits and check compliance with them. For this, the Company and its subsidiaries have been using the services of an independent company specialized in cash and debt risk management, which means that the main macroeconomic metrics and their impact on results are monitored on a daily basis, in particular derivative transactions. This allows contracting and repositioning strategies to be devised, pursuing low risk and higher financial income.

Credit risk management

The debt index at the end of the reporting period is the following:

	Consolidated	
	9/30/2016	12/31/2015
Debt (a)	8,022,556	7,977,017
Cash and cash equivalents	(963,053)	(1,083,627)
Net debt	7,059,503	6,893,390
Net equity (b)	3,675,266	2,211,653
Net debt index	1.92	3.12

(a) The debt is defined as short and long-term loans, financing and debentures (excluding derivatives and financial surety contracts), as detailed in notes 21 and 22.

(b) The shareholders' equity includes the entire capital and reserves of the Group, managed as capital.

Liquidity risk

By way of the projected cash flow, Management schedules its obligations to generate financial liabilities to the flow of receipts or sources of financing in order to ensure the greatest possible liquidity so as to honor its obligations, thereby avoiding default which hinders the operational progress of Energisa and its subsidiaries.

The contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of currency trading agreements at the net position are as follows:

Parent company							
	Average effective weighted interest rate (%) months	Up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Trade payables		1,027	-	-	-	-	1,027
Loans and financing, debt charges and debentures	16.70%	101,765	222,763	872,706	1,050,893	499,832	2,747,959
Total		**102,792**	**222,763**	**872,706**	**1,050,893**	**499,832**	**2,748,986**

Consolidated							
Trade payables		1,158,177	58,523	146,308	78,032	12,542	1,453,582
Loans and financing, debt charges and debentures	14.49%	960,434	1,444,920	3,615,183	2,173,377	4,534,729	12,728,643
Total		**2,118,611**	**1,503,443**	**3,761,491**	**2,251,409**	**4,547,271**	**14,182,225**

Credit risk

Management believes the risks posed by its interest-earning bank deposits are minimal, as there is no concentration and transactions are conducted with banks which assess risk in accordance with the "Financial Risk Management policy". The Board of Directors' Audit Committee was convened in the first quarter of 2010 to oversee the group's management, according to the rules and principles established in the policy.

The credit risk, especially that of Energisa Group's distribution companies, is posed by accounts receivable, which is, however, mitigated by sales to a broad consumer base and legal prerogatives which allow the provision of services to defaulting clients to be suspended.

Part of the receivables referring to sales, energy acquisition and system service charges, incurred at CCEE, are also subject to change depending on the outcome of legal proceedings in progress, filed by a number of companies in the sector. These proceedings have resulted from the interpretation of market rules in force between June 2001 and February 2002, during which the Emergency Electricity Rationing Program was in force.

Exposure to credit risks

The book value of the financial assets denotes the maximum credit exposure. The maximum exposure to the credit risk at the interim reporting date is as follows:

	Parent company		Consolidated	
	9/30/2016	12/31/2015	9/30/2016	12/31/2015
Assets				
Cash and cash equivalents	234,419	222,737	963,053	1,083,627
Money market and secured funds	1,185,606	51,581	2,231,535	816,130
Clients, consumers and concessionaires	6,556	5,808	2,191,108	2,194,510
Credit receivables	-	-	28,766	6,300
Financial sector assets	-	-	840,539	1,062,905
Accounts receivable from the concession	-	-	3,230,592	2,858,710
Derivative financial instruments	3,635	106,025	261,358	487,628

Further information about these credits can be seen in notes 6, 7, 8, 12,16 and 34.

Interest and exchange rate risk

Part of the local-currency loans and financing presented in note 21 consist of financing from several national development agencies (Eletrobrás, Banco do Nordeste, BNDES, BDMG and FINEP) and other institutions in the capital market. The interest rate is defined by these Agents, taking into account the underlying interest rate, the risk premium compatible with the financed companies, their guarantees and the sector they are engaged in. In the event it is not possible to acquire alternatives or different market hypotheses and/or methods for their estimates, in view of the subsidiaries' business and sector specifics, these are measured by the amortized cost method at the contractual rates.

The Company's earnings are is susceptible to variations due to the volatility of the exchange rate on the sale of options underlying swaps of liabilities denominated in foreign currencies, mainly the US dollar. The US dollar exchange rate closed the period ended September 30, 2016 down by 16.9% over December 31, 2015, quoted at R$ 3.2462 / USD. The volatility of the US dollar as of September 30, 2016 was 16.6%, compared with 22.07% as of December 31, 2015.

R$ 2,407,296 (R$ 2,611,367 as of December 31, 2015) of the Company's consolidated bank debts and issuances of R$ 8,041,418 (R$ 7,992,569 as of December 31, 2015) as of September 30, 2016 is denominated in US dollars, as per note 21. The operations subject to hedging and the respective financial instruments used are detailed below.

The USD loans have a short- and long-term maturity (last maturity in June 2020) and maximum costs of USD plus 7.79% per annum plus exchange variance.

The statement of financial position as of September 30, 2016 presents R$ 1,296 (R$ 65,793 as of December 31, 2015) in current assets and R$ 2,339 in non-current assets (R$ 40,232 as of December 31, 2015) and R$ 49,415 (R$ 16,806 as of December 31, 2015) in current liabilities and R$ 13,387 (R$ 30,873 as of December 31, 2015) in the noncurrent liabilities at the parent company, R$ 90,663 (R$ 117,780 as of December 31, 2015) in the current assets, R$ 170,695 (R$ 369,848 as of December 31, 2015) in the noncurrent assets and R$ 212,643 (R$ 126,251 as of December 31, 2015) in current liabilities and R$ 379,913 (R$ 388,376 as of December 31, 2015) in consolidated noncurrent liabilities referring to the mark-to-market of the derivative financial instruments related to the foreign exchange rate and interest, resulting from a combination of factors usually adopted for the mark-to-market of these instruments, such as volatility, currency coupon, interest rates and the US dollar exchange rate. This is not a material liability, because the reversal value of derivatives at the calculation date is estimated, which does not correspond to the hedge objective. In the period Energisa recognized directly in its shareholders' equity R$ 18,944 (R$ 9,879 as of December 31, 2015) consisting of its interest in the effects reflected in the subsidiaries' equity.

The Company and its subsidiaries have hedged 100% of the dollar-indexed liabilities against adverse exchange variance, thereby hedging the principal and interest through maturity. These hedges are split into the following instruments:

Transaction	Notional (USD)	Financial Cost (% p.a.)		Maturity	Description
		Receivable Position	Payable Position		
ENERGISA S/A					
Resolution 4131 - Citibank	75,000	VC + (Libor + 1.64%) x 117.65%	102.15% CDI	4/27/2018	Fair Value Hedge
Resolution 4131 - Santander	14,619	VC + 4.52%	CDI + 2.53%	12/14/2016	Fair Value Option
Resolution 4131 - Bank of America ML	28,901	VC + (Libor + 2.50%) x 117.65%	CDI + 2.59%	12/15/2017	Fair Value Option
ESE					
Resolution 4131 - Itaú BBA	50,231	VC + 4.11%	108.95% CDI	4/17/2018	Fair Value Hedge
Resolution 4131 - Citibank	50,000	VC + (Libor + 1.91%) x 117.65%	103.50% CDI	4/19/2018	Fair Value Hedge
Resolution 4131 - Citibank	22,314	VC + (Libor + 1.77%) x 117.65%	CDI + 1.85%	5/28/2019	Fair Value Hedge
Resolution 4131 - Itaú BBA	6,444	VC + 5.33%	CDI + 3.65%	4/4/2018	Fair Value Option
Resolution 4131 - Citibank	11,400	VC + (Libor + 2.16%) x 117.65%	CDI + 2.50%	4/26/2019	Fair Value Option
Resolution 4131 - Santander	2,924	VC + 4.52%	CDI + 2.53%	12/14/2016	Fair Value Option
EPB					
Resolution 4131 - Itaú BBA	60,277	VC + 4.11%	108.95% CDI	4/17/2018	Fair Value Hedge
Resolution 4131 - Citibank	40,000	VC + (Libor + 1.8987%) x 117.65%	101.00% CDI	9/21/2017	Fair Value Hedge
Resolution 4131 - Citibank	5,500	VC + (Libor + 1.88%) x 117.65%	CDI + 1.80%	2/27/2019	Fair Value Hedge
Resolution 4131 - Citibank	20,720	VC + (Libor + 1.77%) x 117.65%	CDI + 1.85%	5/28/2019	Fair Value Hedge
Resolution 4131 - Bank of America ML	10,000	VC + (Libor + 2.50%) x 117.65%	CDI + 1.40%	10/20/2016	Fair Value Option
Resolution 4131 - Citibank	2,900	VC + (Libor + 2.16%) x 117.65%	CDI + 2.50%	4/26/2019	Fair Value Option
Resolution 4131 - Bank of America ML	21,374	VC + (Libor + 2.25%) x 117.65%	CDI + 1.98%	9/20/2019	Fair Value Option
EMG					
Resolution 4131 - Citibank	16,450	VC + (Libor + 1.36%) x 117.65%	113.90% CDI	9/28/2017	Fair Value Hedge
Resolution 4131 - Citibank	14,345	VC + (Libor + 1.77%) x 117.65%	CDI + 1.85%	5/28/2019	Fair Value Hedge
Resolution 4131 - ABC	12,903	VC + 7.79%	CDI + 3.95%	9/8/2017	Fair Value Option
Resolution 4131 - Citibank	17,200	VC + (Libor + 2.16%) x 117.65%	CDI + 2.50%	4/26/2019	Fair Value Option
Resolution 4131 - Itaú BBA	9,091	VC + 5.71%	CDI + 3.35%	7/2/2018	Fair Value Option
ENF					
Resolution 4131 - Citibank	8,250	VC + (Libor + 1.36%) x 117.65%	113.90% CDI	9/28/2017	Fair Value Hedge
Resolution 4131 - Itaú BBA	7,663	VC + 5.05%	CDI + 2.95%	2/26/2018	Fair Value Option
Resolution 4131 - Santander	3,101	VC + 4.56%	CDI + 3.10%	1/19/2017	Fair Value Option
EMT					
Resolution 4131 - Bank of America ML	7,273	VC + (Libor + 1.50%) x 117.65%	CDI + 1.45%	5/4/2017	Fair Value Hedge
EMS					
Resolution 4131 - Bank of America ML	31,446	VC + (Libor + 1.85%) x 117.65%	CDI + 1.49%	6/1/2017	Fair Value Hedge
ETO					
Resolution 4131 - Itaú BBA	65,030	VC + 4.04%	CDI + 2.72%	4/13/2020	Fair Value Hedge
Resolution 4131 - Bank of America ML	13,123	VC + (Libor + 2.50%) x 117.65%	CDI + 1.48%	12/12/2016	Fair Value Option
Resolution 4131 - Santander	29,493	VC + 4.52%	CDI + 2.53%	12/23/2016	Fair Value Option
CAIUÁ					
Resolution 4131 - Itaú BBA	25,893	VC + 4.00%	CDI + 2.25%	11/28/2017	Fair Value Hedge
Resolution 4131 - Bank of America ML	12,882	VC + (Libor + 1.85%) x 117.65%	CDI + 1.50%	6/12/2017	Fair Value Hedge
CFLO					
Resolution 4131 - Itaú BBA	7,663	VC + 5.05%	CDI + 2.95%	2/26/2018	Fair Value Option
EDEVP					
Resolution 4131 - Santander	5,938	VC + 4.52%	CDI + 2.53%	12/28/2016	Fair Value Option
EEB					
Resolution 4131 - Itaú	3,984	VC + 4.00%	CDI + 2.25%	11/28/2017	Fair Value Hedge
Resolution 4131 - Santander	15,181	VC + 5.58%	CDI + 2.32%	12/22/2016	Fair Value Option
Resolution 4131 - ABC	12,987	VC + 7.02%	CDI + 3.55%	8/31/2017	Fair Value Option
EBO					
Resolution 4131 - Santander	2,924	VC + 4.52%	CDI + 2.53%	12/14/2016	Fair Value Option
Resolution 4131 - Itaú BBA	6,061	VC + 5.71%	CDI + 3.35%	7/2/2018	Fair Value Option
ECOM					
Resolution 4131 - Itaú BBA	9,953	VC + 5.71%	CDI + 3.55%	7/5/2018	Fair Value Option

The Company also has swaps (fixed rates, CDI, TJLP, among others) for the notional value of its local currency debt (Reais). See below the interest swaps:

Transaction	Notional (BRL)	Financial Cost (% p.a.)		Maturity	Description
		Receivable Position	Payable Position		
ENERGISA S/A					
HSBC X ESA	50,000	CDI + 1.60%	109.20% CDI + (TJLP-6.00%)	10/17/2016	Not applicable
Santander X ESA	250,000	CDI + 1.60%	CDI + 1.27% + (TJLP-6.00%)	10/17/2016	Not applicable
Santander X ESA	128,570	CDI + 1.30%	CDI + (TJLP-5.50%)	7/17/2017	Not applicable
HSBC X ESA	128,570	100.00% CDI	Fixed 8.8% + (TJLP-5.5%)	7/17/2017	Not applicable
Santander X ESA	271,430	IPCA + 6.15%	IPCA + 5.85% + (TJLP-5.50%)	7/15/2019	Not applicable
HSBC X ESA	141,600	100.00% CDI	96.00% CDI + (TJLP-5.50%)	4/27/2018	Not applicable
HSBC X ESA	175,000	Fixed 9.63%	102.65% CDI	6/15/2020	Not applicable

The Company and its subsidiaries' management monitor changes in the market, so that these hedge transactions may be restructured and their terms even extended depending on the performance of the exchange rate (R$/USD), in terms of volatility and stabilization level. The Company and its subsidiaries proceeded to replace complex derivatives with simpler structures with greater liquidity, with a view to lower risk exposure.

In accordance with CPC 40, the values of the Company and its subsidiaries' derivative financial instruments, which were not recorded as fair value hedge, as of September 30, 2016 are presented below:

Derivatives	Reference value		Description	Fair value	
	9/30/2016	12/31/2015		9/30/2016	12/31/2015
Interest swaps	769,400	958,503	**Receivable Position**		
			Fixed interest rate, CDI and IPCA	882,430	1,037,461
			Liability Position		
			CDI interest rate + TJLP and IPCA	(902,771)	(1,077,306)
			Total Swap Position	(20,341)	(39,845)

Fair Value Option	Reference value		Description	Fair value	
	9/30/2016	12/31/2015		9/30/2016	12/31/2015
Debt designated to Fair Value Option	897,052	349,105	Foreign Currency - USD and LIBOR	(852,014)	(375,730)
Forex Swap (Derivative)	897,052	349,105	Receivable Position		
			Foreign Currency - USD and LIBOR	852,014	375,730
			Liability Position		
			CDI Interest Rate	(970,743)	(370,611)
			Net swap position	(118,729)	5,119
			Net debt position + Swap	(970,743)	(370,611)

The Company and its subsidiaries classify certain hedge instruments related to exchange variance risk and interest rate risk posed by loans as fair value hedge, as shown below:

Fair Value Hedge	Reference value		Description	Fair value	
	9/30/2016	12/31/2015		9/30/2016	12/31/2015
Debt (Hedge Object)*	1,289,082	846,131	Foreign Currency - USD and LIBOR	(1,520,425)	(1,107,764)
Forex Swap (Hedge Instrument)	1,289,082	846,131	**Receivable Position**		
			Foreign Currency - USD and LIBOR	1,533,399	1,121,772
			Liability Position		
			CDI Interest Rate	(1,368,629)	(902,787)
			Net swap position	164,770	218,985
			Net debt position + Swap	(1,355,655)	(888,779)

(*) Loans formally classified as Fair Value Hedges are recognized at fair value in proportion to the effective portion relating to the risk being hedged.

The subsidiaries calculated the Fair Value of the derivatives as of September 30, 2016 based on the market price quotes for similar contracts. Their variance is directly associated with the variance of the debt balances listed in the note 21 and 22 and the positive performance of the hedge mechanisms used, as described above. The Company and its subsidiaries do not intend to settle these contracts before maturity. They also have different expectations for the results presented as Fair Value – as shown below. To ensure perfect management, daily monitoring is conducted in order to keep risk to a minimum and obtain better financial results.

The mark-to-market (MtM) of the Company and its subsidiaries' operations was calculated by an accepted method generally used by the market. The method basically consists of calculating the future value of the operations agreed in each contract, discounting the present value at market rates. A variant of the Black & Scholes formula is used to calculate the MtM of options. This formula is normally used to calculate the premium on currency options. The data used in these calculations was obtained from reliable sources. The market rates, such as the fixed rate and dollar coupon, were obtained directly from the BM&F site (Market Rates for Swaps). The Ptax exchange rate was obtained from the Central Bank's site. The implicit dollar volatility for options were obtained from BMF.

Sensitivity analysis

Pursuant to CPC 40, the Company and its subsidiaries conducted sensitivity analyses on the main risks to which the financial instruments and derivatives are exposed, as shown:

Exchange variance

If the exchange exposure as of September 30, 2016 were maintained, and the effects on the future financial information simulated by type of financial instrument and for three different scenarios, the following results would be obtained (restated as for the reporting date):

Transaction	Exposure	Risk	Scenario I (Probable) (*)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Foreign-Currency Debt - USD and LIBOR	(2,385,413)		(2,407,601)	(2,833,955)	(3,400,746)
Change in Debt	-		(22,188)	(448,542)	(1,015,333)
Forex Swap					
Receivable Position					
Derivative Financial Instruments - USD and LIBOR	2,385,413		2,407,601	2,833,955	3,400,746
Variance – USD and LIBOR	-	Higher f/x rate	22,188	448,542	1,015,333
Liability Position					
Derivative Financial Instruments - CDI Interest Rate	(2,339,373)		(2,339,373)	(2,339,373)	(2,339,373)
Variance - CDI Interest Rate	-		-	-	-
Subtotal	46,040		68,228	494,582	1,061,373
Net Total	**(2,339,373)**		**(2,339,373)**	**(2,339,373)**	**(2,339,373)**

(*) Based on foreign-exchange curves obtained from information provided by the Focus Survey as of September 30, 2016, using an exchange rate of R$ 3.2462 in the probable scenario, R$ 4.0578/USD in the possible scenario 25% and R$ 4.8693/USD in the remote scenario 50%.

The derivatives in the "Probable Scenario" calculated based on the net analysis of the above operations until the maturity thereof, adjusted to present value by the fixed rate in Brazilian reais as of September 30, 2016, which is reflected in the negative present value of R$ 2,339,373, that shows how the adverse exchange variance in existing debts was mitigated. The higher the exchange devaluation (risk variable considered), the higher the gain of the swaps will be, providing the derivative caps are not exceeded, which would leave the Company with no hedge protection. However, there would be negative present value of R$ 2,339,373 in the scenarios where the Brazilian real lost 25% and 50% against the US dollar, a scenario in which some of the current caps would be exceeded.

Interest rate variance

If the interest exposure as of September 30, 2016 were maintained, and the effects on the future interim financial statements simulated by type of financial instrument and for three different scenarios, the following results would be obtained (restated as for the interim reporting date):

Transaction	Exposure	Risk	Scenario I (Probable) (*)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Local Currency Debt - Interest Rate	(882,429)		(882,429)	(905,387)	(863,562)
Change in Debt	-		-	(22,957)	18,868
Interest swaps					
Receivable Position					
Derivative Financial Instruments - Interest Rate	882,429		882,429	905,387	863,562
Change - Interest rates	-	TJLP/CDI	-	22,957	(18,868)
Liability Position					
Derivative Financial Instruments -CDI + TJLP	(902,771)		(902,771)	(915,250)	(929,295)
Variance - CDI + TJLP	-		-	(12,479)	(26,524)
Subtotal	(20,341)		(20,341)	(9,863)	(65,733)
Net Total	**(902,771)**		**(902,771)**	**(915,250)**	**(929,295)**

Considering the exposure of financial instruments indexed to interest rates as of September 30, 2016 is maintained and the respective accumulated annual indexes are (CDI = 10.42%, LTIR = 5.57% and FNE = 8.0%) and if the indexes vary in accordance with the three scenarios defined, the net financial result would be affected by:

Instruments	Exposure (R$ thousand)	Risk	Scenario I (Probable)(1)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Receivable financial instruments:					
Money market and secured funds	3,127,122	Increase in CDI	435,295	544,119	652,943
Payable financial instruments:					
Swap	(2,339,373)	Increase in CDI	(325,641)	(407,051)	(488,462)
	(1,840,732)	Increase in CDI	(256,228)	(320,285)	(384,342)
	(543,794)	Increase in TJLP	(40,784)	(50,980)	(61,176)
Loans, financings, and debentures	(1,445,568)	Rise in IPCA	(104,514)	(130,643)	(156,771)
	(454,393)	Increase in SELIC	(63,251)	(79,064)	(94,877)
	(645,934)	High TR	(11,626)	(14,533)	(17,439)
Subtotal (2)	(7,269,794)		(802,044)	(1,002,556)	(1,203,067)
Total -losses (2)	**(4,142,672)**	-	**(366,749)**	**(458,437)**	**(550,124)**

(1) Considers the CDI rate at September 30, 2017 (13.92% per annum), quote of the estimates presented by the recent BACEN survey, dated September 30, 2016, TJLP 7.50% per annum, Selic of 13.92% per annum, TR of 1.8 per annum, IPCA 7.23% and FNE of 8.0% per annum.

(2) Does not include fixed-interest transactions worth R$ 771,624.

Liquidity risk management

The liquidity risk denotes the risk of the Company struggling to honor its obligations posed by financial liabilities. The Company monitors the liquidity risk by maintaining investments readily convertible to meet obligations and commitments, in addition to foreseeing its future cash requirements.

35. Employee benefits

Retirement and Pension Plans

The subsidiaries sponsor defined-contribution retirement plans and defined-benefit retirement plans for their employees. The plans are no longer accepting new participants and current participants have the status of assisted participants. The defined-benefit plan undergoes an actuarial assessment at the end of each period, in order to ascertain whether the contribution rates are sufficient to establish the reserves required to meet the current and future payment commitments.

In the period ended September 30, 2016 the expense incurred on sponsoring these plans stood at R$ 43,351 (R$ 29,576 as of September 30, 2015).

Retirement bonus

The Company and its subsidiaries EMG, ENF, Energisa Soluções S/A, Energisa Soluções Construções e Serviços em Linhas e Redes S/A and Energisa Comercializadora S/A are parties to a collective agreement under which employees are entitled to a retirement bonus paid upon application for retirement at the National Social Security Institute (INSS).

The retirement bonus ranges from 1.5 to 15 times the employee's salary, depending on seniority (at least 6 months, but limited to 25 years) upon applying for retirement.

The participants of the CD Plan who at the requested retirement date present amounts deposited by the sponsor in their individual counts in excess of 15 base salaries, are not entitled to the premium.

The plan's maintenance expense was R$ 191 as of September 30, 2015 at the parent company and R$ 905 in the consolidated statement in September 2016 (R$ 734 as of September 30, 2015).

Health care plan

The subsidiaries sponsor their employees' health insurance plans, which are managed by operators regulated by the National Health Agency (ANS). Upon termination of employment or retirement, employees may retain their health insurance plans provided they assume all the costs; the subsidiaries have no post-employment ties with or obligations to employees.

The Company, EMG and Energisa Soluções have their own refund policies, under which employees are entitled to a reimbursement of 60% of their medical expenses. This benefit ceases immediately upon termination or retirement.

As of September 30, 2016 the expenses on this benefit amounted to R$ 691 (R$ 693 as of September 30, 2015) at the parent company and R$ 41,856 (R$ 37,806 as of September 30, 2015) in the consolidated statement.

36. Commitments - consolidated

The subsidiaries have the following commitments under long-term energy sale contracts:

	Energy sale contract - reais thousand						
	Effective date	2016	2017	2018	2019	2020	2020 onwards
Energisa Comercializadora Ltda	2016 to 2026	122,138	545,452	469,515	370,662	222,853	79,485

The subsidiaries have the following commitments under long-term energy acquisition contracts:

	Energy acquisition contracts						
	Term	2016	2017	2018	2019	2020	2020 onwards
Energisa Nova Friburgo Distribuidora Energia S/A (1)	2016 to 2026	21,305	81,338	82,711	84,099	85,522	640,842
Energisa Minas Gerais Distribuidora Energia S/A	2016 to 2048	52,773	212,258	216,998	228,952	218,867	4,022,226
Energisa Paraíba Distribuidora Energia S/A	2016 to 2048	168,139	642,674	627,655	634,670	566,395	9,914,543
Energisa Sergipe Distribuidora Energia S/A	2016 to 2048	119,427	417,173	412,539	409,200	388,472	7,296,383
Energisa Borborema Distribuidora Energia S/A	2016 to 2048	29,793	111,634	109,945	110,553	99,140	1,614,150
CAIUÁ Distribuição de Energia S/A	2016 to 2048	37,183	144,740	141,644	145,210	125,936	2,392,874
Energisa Mato Grosso Distribuidora Energia S/A	2016 to 2048	297,635	1,229,656	1,382,269	1,523,061	1,525,828	19,512,141
Energisa Tocantins Distribuidora Energia S/A	2016 to 2048	190,256	438,351	447,484	490,998	374,586	7,188,656
Energisa Mato Grosso do Sul Distribuidora S/A	2016 to 2048	188,278	654,459	715,101	729,302	744,136	14,124,012
Companhia Nacional de Energia Elétrica - CNEE	2016 to 2048	19,942	80,343	73,843	72,770	62,942	1,505,958
Empresa Elétrica Bragantina S/A - EEB	2016 to 2048	22,144	81,832	87,421	116,027	102,369	1,951,511
Empresa de Distribuição de Energia Vale Paranapanema S/A - EDEVP	2016 to 2048	30,072	127,577	126,289	125,764	113,098	2,202,799
Companhia Força e Luz do Oeste - CFLO(1)	2016 to 2026	16,201	62,131	63,880	65,849	68,032	541,232
Energisa Comercializadora de Energia Ltda.	2016 to 2026	120,516	528,750	461,319	356,971	196,851	73,177
		1,313,664	**4,812,916**	**4,949,098**	**5,093,426**	**4,672,174**	**72,980,504**

(1) The supply contracts of ENF and CFLO were amended, as per the provisions set out in Submodule 11.1 of PRORET (Rate Regulation Procedure).

This does not include the Proinfa and Itaipu quotas.

The amounts referring to energy acquisition contracts lasting between 8 and 30 years represent the volume contracted at the average current price at the end of September 2016, which have been ratified by ANEEL.

37. Generating assets sold

On November 18, 2014 the Company concluded negotiations with São João Energética S/A, FIP Investimentos Sustentáveis and Brookfield Energia Renovável SA, companies indirectly controlled by Brookfield Renewable Energy Partners, to sell the electricity generation assets in operation and under construction. The sale involves 488 MW of installed capacity of plants like the small hydroelectric power stations - SHPs (43 MW), located in Minas Gerais and Rio de Janeiro, a wind farm in Rio Grande do Norte (150 MW), cogeneration plant running on sugarcane biomass in São Paulo and Mato Grosso do Sul (175 MW, of which 115 MW is under construction) and a

hydroelectric power plant in Mato Grosso (120 MW).

The assets sold were: SPE Cristina, Energisa Centrais Eólicas and their wind generation subsidiaries, Energisa Bioeletricidade and its thermal generation subsidiaries, Zé Tunin Small Hydroelectric Power Station, Energisa Geração Rio Grande, and the new expansions of cogeneration plants Energisa Geração Vista Alegre II and Energisa Geração Santa Cândida II and Tangará Energia S/A.

Pursuant to technical pronouncement CPC 31, on September 30, 2014 the Company reclassified these assets and liabilities which were held for sale, without there being any impact on net income.

In December 2014 the generation assets intended for sale were capitalized in investment funds at market value, as follows: (i) into the FIP REDE GERAÇÂO HIDRELÉTRICA fund, shares accounting for 95.07% of the share capital of Tangará Energia S/A, for R$ 229,594; (ii) into the FIP ENERGISA GERAÇÃO HIDRELÉTRICA Fund, shares accounting for 92.2% of the share capital of SPE Cristina Energia S/A, for R$ 23,788 and shares accounting for 100% of the share capital of Energisa Geração Rio Grande S/A for R$ 221,800 and the Ze Tunin Small Hydroelectric Power Station for R$ 68,600; (iii) into the FIP ENERGISA GERAÇÃO EÓLICA FUNDO DE INVESTIMENTO EM PARTICIPAÇÕES Fund, shares accounting for 92.2% of the share capital of Energisa Geração Centrais Eólicas RN, for R$ 485,894 and (iv) into the FIP ENERGISA GERAÇÃO BIOMASSA fund, shares accounting for 100% of the share capital of Energisa Bioeletricidade, for R$ 436,800.

The transfers of the assets held for sale were capitalized to the Investment Funds at market value which was completed on May 30, 2015, under which a capital gain was recorded of R$ 573,709 at the parent company and R$ 677,924 in the consolidated statement.

See the calculation of the capital gain recorded in the period ended September 30, 2015:

	Parent company	Consolidated
Original sale value of the assets (received)	1,376,853	1,552,466
Additional price adjustment	113,500	113,500
Recorded sale price of generation assets	1,490,353	1,665,966
(-) Costs of investments sold	(909,984)	(981,634)
(=) Capital gain	580,369	684,332
(-) IR and CS - 34%	(197,325)	(197,325)
(=) Net effect	**383,044**	**487,007**

Income statement of discontinued operation as of September 30, 2015:

Income statement for discontinued operations	Parent company 9/30/2015	Consolidated 9/30/2015
Net revenue	-	69,101
(-) Cost of electricity	-	(24,992)
(-) Operating cost	-	(10,360)
(-) Cost of services provided to third parties	-	-
Gross operating profit	-	33,749
(-) Operating expenses	-	(2,747)
Service income	-	31,002
Gain determined on sale	580,369	684,332
Equity in net income of subsidiaries	(6,239)	-
Finance income	-	7,116
Finance costs	-	(39,966)
Other operating income	-	(1,465)
Income before tax	574,130	681,019
(-) Income tax and social contribution expense	(197,325)	(236,482)
Profit from discontinued operation	**376,805**	**444,537**

38. Additional information to the cash flows

As of September 30, 2016 and December 31, 2015 the equity changes that did not affect the Company's consolidated cash flows relating to the business combination are as follows:

	9/30/2016	12/31/2015
Other noncash transactions		
Concession accounts receivable - Segregation of Assets	284,500	372,423
Concession accounts receivable - VNR Restatement	99,935	243,409
Operating activities		
Credit payment of suppliers	70,493	101,530
Inventory - transfer to intangible assets	1,998	2,705
Recoverable taxes offset for tax financing.	-	2,689
Acquisition of grids - transfer to special obligations	33,362	30,364
Investment activities		
Credit acquisition of intangible assets	70,493	101,530
Special obligations - return of funds from LPT Program	-	9,149
Special obligations - transfer for acquisition of grids	33,362	30,364
Intangible assets - transfer to inventory	1,998	2,705
Financing activities		
Refinancing of taxes offset	-	2,689
Loans and financing - return of funds from LPT Program	-	9,149

39. Earnings per share

The basic and diluted earnings per share were calculated through profit and loss of the year and the respective number of common and preferred shares in circulation.

	7/1/2016 to 9/30/2016	1/1/2016 to 9/30/2016	7/1/2015 to 9/30/2015	1/1/2015 to 9/30/2015
Net income (loss) for the period - parent company	42,990	123,084	(126,509)	174,198
Average weighted by shares	1,729,827	1,453,077	1,245,691	1,245,691
Basic and diluted net income (loss) per share - R$ (*)	**0.02485**	**0.08471**	**(0.10156)**	**0.13984**
Basic and diluted earnings (loss) per common share - continued operation - R$	0.02485	0.08471	(0.16190)	(0.16265)
Basic and diluted earnings (loss) per common share - discontinued operation - R$	-	-	0.06035	0.30249
Net income (loss) for the period - consolidated	63,315	160,550	(132,487)	193,028
Earnings on continued operation:	63,315	160,550	(172,313)	(251,509)
Shareholders of parent company	42,990	123,084	(126,509)	174,198
Noncontrolling shareholders	20,325	37,466	(5,978)	18,830
Net income from discontinued operation:	-	-	39,826	444,537
Shareholders of parent company	-	-	38,029	401,172
Noncontrolling shareholders	-	-	1,797	43,365

(*) The Company does not have any diluting instruments.

40. Subsequent events

Capital increase:

.Subsidiary EMT

On October 27 and 28, 2016 Energisa Mato Grosso received R$ 212,495 as “funds for the capital increase” from the controlling and noncontrolling shareholders through a private subscription (in progress), subject to the term for exercising pre-emptive rights. Following the subsidiary's capital increase, the Company will increase its direct and indirect interest in Energisa Mato Grosso to approximately 66.6%.

.Subsidiary Rede Energia

On October 27, 2016 Rede Energia S/A received R$ 353,726 as “funds for the capital increase” from the controlling and noncontrolling shareholders through a private subscription (in progress), subject to the term for exercising pre-emptive rights. Following the capital increase, the Company will increase its direct and indirect interest in Rede Energia from 95.1% to approximately 96.2%.

.Acquisition of debentures

The Board of Directors' meeting held October 21, 2016 authorized as a short-term investment in the secondary market of the 20,000 debentures in circulation issued in the 1st series of the 5th issuance of simple, non-convertible, ordinary debentures, secured by additional guarantees, for public distribution, with placement restrictions, issued by the indirect subsidiary Energisa Mato Grosso, via the payment of R$ 184,718 at the date October 19, 2016, to be restated pursuant to the debentures deed up to the acquisition date.

Report on the review of interim financial information

To the Shareholders, Directors and Management of
Energisa S.A.
Cataguases - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Energisa S.A. ("Company"), included in the Interim Financial Information Form (ITR), for the quarter ended September 30, 2016, which comprises the balance sheet as at September 30, 2016, and the related income statement and statement of comprehensive income for the three- and nine-month periods then ended, statement of changes in equity and statement of cash flows for the nine-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21(R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial 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 standards on auditing and consequently did 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 interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above is not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of Interim Financial Information (ITR) and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Emphasis of matter

Reclassifications in the corresponding interim financial information

Without modifying our conclusion, we draw attention to Note 3.2 to the individual and consolidated interim financial information, which states that the Company reclassified certain transactions in the corresponding income statement, statement of comprehensive income and statement of changes in equity.

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added ("DVA") for the nine-month period ended September 30, 2016, prepared under the responsibility of the Company's management, the presentation of which is required by the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Interim Financial Information (ITR), and is considered as supplemental information for IFRS, which does not require the presentation of a DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, in relation to the individual and consolidated interim financial information taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, November 11, 2016

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Antônio Carlos Brandão de Sousa
Engagement Partner