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Company Information / Shareholding Structure

Number of Shares (Units)	Current Quarter 03/31/2019
Paid-in Capital	
Common shares	64,484,433
Preferred shares	100,236,393
Total	164,720,826
Shares held in Treasury	
Common shares	-
Preferred shares	-
Total	-

Individual Interim Financial Information / Balance Sheet – Assets

(R$ thousand)

Account Code	Account Description	Current Quarter 03/31/2019	Prior Year 12/31/2018
1	Total Assets	18,372,908	17,786,527
1.01	Current assets	2,721,231	2,442,663
1.01.01	Cash and cash equivalents	7,614	6,224
1.01.02	Short-term investments	757,569	426,551
1.01.04	Inventories	34,894	36,485
1.01.06	Recoverable taxes	80,973	26,339
1.01.06.01	Current recoverable taxes	80,973	26,339
1.01.06.01.01	Recoverable taxes	80,973	26,339
1.01.07	Prepaid expenses	34,531	8,285
1.01.08	Other current assets	1,805,650	1,938,779
1.01.08.03	Other	1,805,650	1,938,779
1.01.08.03.01	Concession asset	1,767,667	1,900,970
1.01.08.03.02	Restricted cash	1,814	1,787
1.01.08.03.03	Receivables from related parties	7,306	2,067
1.01.08.03.04	Other	28,863	33,955
1.02	Noncurrent assets	15,651,677	15,343,864
1.02.01	Long-term assets	11,913,638	11,792,538
1.02.01.04	Inventories	1,325	3,244
1.02.01.09	Other noncurrent assets	11,912,313	11,789,294
1.02.01.09.03	Restricted cash	13,523	11,357
1.02.01.09.04	Concession asset	10,267,233	10,154,595
1.02.01.09.05	Receivables - Finance Department	1,426,613	1,426,083
1.02.01.09.06	Sureties and restricted deposits	64,231	66,344
1.02.01.09.07	Post-employment benefit - Actuarial surplus	105,444	105,444
1.02.01.09.08	Derivative financial instruments	8,315	235
1.02.01.09.09	Other	26,954	25,236
1.02.02	Investments	3,682,880	3,514,001
1.02.02.01	Equity interests	3,682,880	3,514,001
1.02.02.01.02	Equity interests in subsidiaries	1,764,999	1,665,909
1.02.02.01.03	Equity interests in jointly controlled entities	1,917,881	1,848,092
1.02.03	Property and equipment	44,632	25,447
1.02.03.01	Property, plant and equipment in use	24,215	25,447
1.02.03.02	Leased fixed assets	20,417	0
1.02.04	Intangible assets	10,527	11,878
1.02.04.01	Intangible assets	10,527	11,878

Individual Financial Information / Balance Sheet – Liabilities

(R$ thousand)

Account Code	Account Description	Current Quarter 03/31/2019	Prior Year 12/31//2018
2	Total Liabilities	18,372,908	17,786,527
2.01	Current liabilities	635,831	531,140
2.01.02	Trade payables	48,507	56,483
2.01.02.01	Domestic suppliers	48,507	56,483
2.01.03	Taxes payable	159,234	50,934
2.01.03.01	Taxes payable - Federal	159,234	50,934
2.01.03.01.02	Taxes and payroll charges payable	159,234	50,934
2.01.04	Borrowings and financing	324,331	304,436
2.01.04.01	Borrowings and financing	301,895	280,729
2.01.04.01.01	In local currency	63,186	44,391
2.01.04.01.02	In foreign currency	238,709	236,338
2.01.04.02	Debentures	22,436	23,707
2.01.05	Other payables	74,603	82,420
2.01.05.02	Others	74,603	82,420
2.01.05.02.01	Dividends and interest on capital payable	7,831	7,835
2.01.05.02.04	Payables - Funcesp	5,103	4,250
2.01.05.02.05	Regulatory charges payable	38,133	38,834
2.01.05.02.07	Other	23,536	31,501
2.01.06	Provisions	29,156	36,867
2.01.06.01	Provisions for social security, labor and civil risks	29,156	36,867
2.01.06.01.03	Accrued employee benefits	29,156	36,867
2.02	Noncurrent liabilities	6,314,721	6,186,740
2.02.01	Borrowings and financing	2,475,425	2,382,068
2.02.01.01	Borrowings and financing	1,017,733	940,564
2.02.01.01.01	In local currency	430,066	357,844
2.02.01.01.02	In foreign currency	587,667	582,720
2.02.01.02	Debentures	1,457,692	1,441,504
2.02.02	Other payables	87,534	84,409
2.02.02.02	Other	87,534	84,409
2.02.02.02.04	Global Reversal Reserve (RGR)	18,473	19,093
2.02.02.02.06	Regulatory charges payable	35,459	32,238
2.02.02.02.08	Other	33,602	33,078
2.02.03	Deferred taxes	3,662,088	3,629,598
2.02.03.01	Deferred income tax and social contribution	3,662,088	3,629,598
2.02.03.01.01	Deferred PIS and Cofins (taxes on revenue)	1,083,964	1,085,129
2.02.03.01.02	Deferred income tax and social contribution	2,578,124	2,544,469
2.02.04	Provisions	89,674	90,665
2.03	Equity	11,422,356	11,068,647
2.03.01	Paid-in capital	3,590,020	3,590,020

Individual Financial Information / Balance Sheet – Liabilities

(R$ thousand)

Account Code	Account Description	Current Quarter 03/31/2019	Prior Year 12/31/2018
2.03.02	Capital reserves	666	666
2.03.02.02	Special goodwill reserve - merger	588	588
2.03.02.07	Investment grants - CRC	78	78
2.03.04	Earnings reserves	7,404,769	7,404,769
2.03.04.01	Legal reserve	636,846	636,846
2.03.04.02	Statutory reserve	854,208	854,208
2.03.04.05	Earnings retention reserve	875,113	875,113
2.03.04.10	Unrealized special earnings reserve	5,038,602	5,038,602
2.03.05	Retained earnings (accumulated losses)	353,512	0
2.03.08	Other comprehensive income	73,389	73,192
2.03.08.01	Financial instrument adjustment	73,389	73,192

Individual Financial Information / Income Statement

(R$ thousand)

Account Code	Account Description	Year to Date – Current Year 01/01/2019 to 03/31/2019	Accumulated – Prior Year 01/01/2018 to 03/31/2018
3.01	Revenue from sales and/or services	620,899	425,426
3.01.01	Net operating revenue	620,899	425,426
3.02	Cost of sales and/or services	-107,282	-94,465
3.02.01	Costs on infrastructure implementation and operation and maintenance services	-107,282	-94,465
3.03	Gross profit (loss)	513,617	330,961
3.04	Operating income (expenses)	39,860	18,036
3.04.02	General and administrative expenses	-34,953	-36,828
3.04.02.01	Management fees	-4,343	-4,052
3.04.02.02	Other general and administrative expenses	-30,610	-32,776
3.04.04	Other operating income	1,580	5,011
3.04.05	Other operating expenses	-1,390	-295
3.04.06	Share of profit (loss) of investees	74,623	50,148
3.05	Profit (loss) before finance income (costs) and taxes	553,477	348,997
3.06	Finance income (costs)	-53,360	-33,484
3.06.01	Finance income	108,188	24,072
3.06.02	Finance costs	-161,548	-57,556
3.07	Profit (loss) before taxes on income	500,117	315,513
3.08	Income tax and social contribution	-146,605	-92,629
3.08.01	Current	-112,950	-174,144
3.08.02	Deferred	-33,655	81,515
3.09	Profit (loss) from continuing operations	353,512	222,884
3.11	Profit/loss for the period	353,512	222,884
3.99	Earnings (loss) per share (R$/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common share	0.53653	0.33828
3.99.01.02	Preferred share	0.53653	0.33828
3.99.02	Diluted earnings per share		
3.99.02.01	Common share	0.53652	0.33827
3.99.02.02	Preferred share	0.53652	0.33827

Individual Financial Information / Statement of Comprehensive Income

(R$ thousand)

Account Code	Account Description	Year to Date – Current Year 01/01/2019 to 03/31/2019	Accumulated – Prior Year 01/01/2018 to 03/31/2018
4.01	Profit (loss) for the period	353,512	222,884
4.02	Other comprehensive income	197	0
4.02.03	Adjustment to subsidiaries' financial instruments due to share of profit of investees	197	0
4.03	Comprehensive income for the period	353,709	222,884

Individual Financial Information / Statement of Cash Flows – Indirect Method

(R$ thousand)

Account Code	Account Description	Year to Date – Current Year 01/01/2019 to 03/31/2019	Accumulated – Prior Year 01/01/2018 to 03/31/2018
6.01	Net cash provided by operating activities	404,042	211,517
6.01.01	Cash provided by operations	373,166	101,291
6.01.01.01	Profit for the year	353,512	222,884
6.01.01.02	Depreciation and amortization	4,936	2,023
6.01.01.03	Deferred PIS and Cofins	-1,165	-27,940
6.01.01.04	Deferred income tax and social contribution	33,655	-81,515
6.01.01.05	Lawsuits	-1,672	459
6.01.01.06	Residual cost of property, plant and equipment and intangible assets disposed of	1,018	103
6.01.01.07	Tax benefits - Merged goodwill	9	9
6.01.01.08	Amortization of concession asset in the acquisition of subsidiary	622	621
6.01.01.09	Realization of loss on subsidiary	-504	-535
6.01.01.10	Share of profit (loss) of investees	-74,623	-50,148
6.01.01.11	Interest inflation adjustment and exchange rate changes on assets and liabilities	57,378	35,330
6.01.02	Changes in assets and liabilities	30,876	110,226
6.01.02.01	Restricted cash	-2,193	-6,205
6.01.02.02	Concession asset	20,665	271,644
6.01.02.03	Inventories	3,510	15,807
6.01.02.04	Receivables - Finance Department	-530	-50,328
6.01.02.05	Recoverable taxes	-54,634	-118,552
6.01.02.06	Sureties and judicial deposits	2,858	462
6.01.02.07	Prepaid expenses	-26,246	-36,138
6.01.02.08	Other assets	2,070	-13,570
6.01.02.09	Trade payables	-7,976	-20,488
6.01.02.10	Taxes and social security charges payable	108,310	133,245
6.01.02.11	Payroll and related taxes	-7,711	-6,434
6.01.02.12	Taxes in installments	0	-58,146
6.01.02.13	Regulatory charges payable	1,868	1,589
6.01.02.14	Provisions	-1,907	-513
6.01.02.15	Payables - Funcesp	853	1,253
6.01.02.16	Global Reversal Reserve (RGR)	-620	-620
6.01.02.17	Other liabilities	-7,441	-2,780
6.02	Net cash provided by investing activities	-430,577	-181,725
6.02.01	Short-term investments	-331,018	-109,110
6.02.02	Purchases of property, plant and equipment	-982	-1,878
6.02.03	Intangible assets	-455	-37
6.02.04	Investments	-102,916	-70,700
6.02.05	Dividends received	4,794	0
6.03	Net cash provided by financing activities	27,925	-26,944

Individual Financial Information / Statement of Cash Flows – Indirect Method

(R$ thousand)

Account Code	Account Description	Year to Date – Current Year 01/01/2019 to 03/31//2019	Accumulated – Prior Year 01/01/2018 to 03/31/2018
6.03.01	Additions to borrowings and debentures	80,000	697
6.03.02	Repayment of borrowings (principal)	-14,797	-8,047
6.03.03	Repayment of borrowings (interest)	-31,696	-19,593
6.03.04	Derivative financial instruments	-5,582	0
6.03.05	Dividends and interest on capital paid	0	-1
6.05	Increase (decrease) in cash and cash equivalents	1,390	2,848
6.05.01	Cash and cash equivalents at the beginning of the period	6,224	3,031
6.05.02	Cash and cash equivalents at the end of the period	7,614	5,879

Individual Financial Information / Statement of Changes in Equity – 01/01/2019 to 03/31/2019

(R$ thousand)

Account Code	Account Description	Paid-in Capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	3,590,020	666	7,404,769	0	73,192	11,068,647
5.03	Adjusted opening balances	3,590,020	666	7,404,769	0	73,192	11,068,647
5.05	Total comprehensive income	0	0	0	353,512	197	353,709
5.05.01	Profit for the period	0	0	0	353,512	0	353,512
5.05.02	Other comprehensive income	0	0	0	0	197	197
5.07	Closing balances	3,590,020	666	7,404,769	353,512	73,389	11,422,356

Individual Financial Information / Statement of Changes in Equity – 01/01/2018 to 03/31/2018

(R$ thousand)

Account Code	Account Description	Paid-in Capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity
5.01	Opening balances	3,590,020	666	7,394,031	0	0	10,984,717
5.03	Adjusted opening balances	3,590,020	666	7,394,031	0	0	10,984,717
5.05	Total comprehensive income	0	0	0	222,884	0	222,884
5.05.01	Profit for the period	0	0	0	222,884	0	222,884
5.06	Internal changes in equity	0	0	161,968	0	0	161,968
5.06.04	Adoption CPC 47, effective January 01, 2018	0	0	0	161,968	0	161,968
5.06.05	Recognition of special unrealized earnings reserve - adoption of CPC 47	0	0	161,968	-161,968	0	0
5.07	Closing balances	3,590,020	666	7,555,999	222,884	0	11,369,569

Individual Financial Information / Statement of Value Added

(R$ thousand)

Account Code	Account Description	Year to Date – Current Year 01/01/2019 to 03/31/2019	Accumulated – Prior Year 01/01/2018 to 03/31/2018
7.01	Revenue	729,330	502,054
7.01.01	Sales of goods, products and services	727,750	497,043
7.01.02	Other revenue	1,580	5,011
7.02	Inputs acquired from third parties	-48,143	-42,620
7.02.01	Cost of products, goods and services rendered	-5,818	-5,646
7.02.02	Materials, electric power, outside services and other	-42,325	-36,974
7.03	Gross value added	681,187	459,434
7.04	Retentions	-4,936	-2,023
7.04.01	Depreciation, amortization and depletion	-4,936	-2,023
7.05	Net wealth created	676,251	457,411
7.06	Wealth received in transfer	182,811	74,220
7.06.01	Share of profit of investees	74,623	50,148
7.06.02	Finance income	108,188	24,072
7.07	Total wealth for distribution	859,062	531,631
7.08	Wealth distributed	859,062	531,631
7.08.01	Personnel	67,546	64,940
7.08.01.01	Salaries and wages	47,859	44,562
7.08.01.02	Benefits	14,516	15,146
7.08.01.03	Severance Pay Fund (FGTS)	5,171	5,232
7.08.02	Taxes and contributions	277,991	184,117
7.08.02.01	Federal	266,962	174,242
7.08.02.02	State	460	262
7.08.02.03	Municipal	10,569	9,613
7.08.03	Lenders and lessors	160,013	59,690
7.08.03.01	Interest	159,986	57,500
7.08.03.02	Rentals	27	2,190
7.08.04	Shareholders	353,512	222,884
7.08.04.03	Retained earnings / Profit for the period	353,512	222,884

Consolidated Financial Information / Balance Sheet – Assets

(R$ thousand)

Account Code	Account Description	Current Quarter 03/31/2019	Prior Year 12/31/2018
1	Total Assets	19,169,401	18,542,224
1.01	Current assets	3,256,291	2,899,644
1.01.01	Cash and cash equivalents	17,968	16,740
1.01.02	Short-term investments	1,087,284	680,909
1.01.04	Inventories	37,516	39,173
1.01.06	Recoverable taxes	84,201	29,521
1.01.06.01	Current recoverable taxes	84,201	29,521
1.01.06.01.01	Recoverable taxes	84,201	29,521
1.01.07	Prepaid expenses	34,841	8,384
1.01.08	Other current assets	1,994,481	2,124,917
1.01.08.03	Other	1,994,481	2,124,917
1.01.08.03.01	Concession asset	1,956,862	2,086,298
1.01.08.03.02	Restricted cash	1,814	1,787
1.01.08.03.03	Receivables from related parties	4,276	323
1.01.08.03.04	Other	31,529	36,509
1.02	Noncurrent assets	15,913,110	15,642,580
1.02.01	Long-term assets	13,921,693	13,738,807
1.02.01.04	Inventories	11,798	13,551
1.02.01.06	Deferred taxes	7,665	9,037
1.02.01.06.01	Deferred income tax and social contribution	7,665	9,037
1.02.01.09	Other noncurrent assets	13,902,230	13,716,219
1.02.01.09.03	Restricted cash	44,888	42,268
1.02.01.09.04	Concession asset	12,222,686	12,047,558
1.02.01.09.05	Receivables - Finance Department	1,426,613	1,426,083
1.02.01.09.06	Sureties and judicial deposits	64,874	66,987
1.02.01.09.07	Post-employment benefit - Actuarial surplus	105,444	105,444
1.02.01.09.08	Derivative financial instruments	10,771	2,643
1.02.01.09.09	Other	26,954	25,236
1.02.02	Investments	1,917,881	1,848,092
1.02.02.01	Equity interests	1,917,881	1,848,092
1.02.03	Property, plant and equipment	45,400	25,539
1.02.03.01	Property, plant and equipment in use	24,406	25,539
1.02.03.02	Leased fixed assets	20,994	0
1.02.04	Intangible assets	28,136	30,142
1.02.04.01	Intangible assets	28,136	30,142

Consolidated Financial Information / Balance Sheet - Liabilities

(R$ thousand)

Account Code	Account Description	Current Quarter 03/31/2019	Prior Year 12/31/2018
2	Total Liabilities	19,169,401	18,542,224
2.01	Current liabilities	724,039	626,698
2.01.02	Trade payables	72,276	88,358
2.01.02.01	Domestic suppliers	72,276	88,358
2.01.03	Taxes payable	163,259	54,382
2.01.03.01	Taxes payable - Federal	163,259	54,382
2.01.03.01.02	Taxes and payroll charges payable	163,259	54,382
2.01.04	Borrowings and financing	377,160	357,774
2.01.04.01	Borrowings and financing	354,724	334,067
2.01.04.01.01	In local currency	116,015	97,729
2.01.04.01.02	In foreign currency	238,709	236,338
2.01.04.02	Debentures	22,436	23,707
2.01.05	Other payables	82,188	89,137
2.01.05.02	Other	82,188	89,137
2.01.05.02.01	Dividends and interest on capital payable	7,831	7,835
2.01.05.02.04	Payables - Funcesp	5,103	4,250
2.01.05.02.05	Regulatory charges payable	39,302	40,262
2.01.05.02.07	Other	29,952	36,790
2.01.06	Provisions	29,156	37,047
2.01.06.01	Provisions for social security, labor and civil risks	29,156	37,047
2.01.06.01.03	Accrued employee benefits	29,156	37,047
2.02	Noncurrent liabilities	6,740,293	6,616,001
2.02.01	Borrowings and financing	2,741,230	2,657,193
2.02.01.01	Borrowings and financing	1,283,538	1,215,689
2.02.01.01.01	In local currency	695,871	632,969
2.02.01.01.02	In foreign currency	587,667	582,720
2.02.01.02	Debentures	1,457,692	1,441,504
2.02.02	Other payables	91,455	88,096
2.02.02.02	Other	91,455	88,096
2.02.02.02.03	Global Reversal Reserve (RGR)	18,473	19,093
2.02.02.02.04	Regulatory charges payable	39,380	35,925
2.02.02.02.08	Other	33,602	33,078
2.02.03	Deferred taxes	3,816,572	3,780,004
2.02.03.01	Deferred income tax and social contribution	3,816,572	3,780,004
2.02.03.01.01	Deferred income tax and social contribution	2,638,945	2,603,438
2.02.03.01.02	Deferred PIS and Cofins (taxes on revenue)	1,177,627	1,176,566
2.02.04	Provisions	91,036	90,708
2.02.04.01	Provisions for social security, labor and civil risks	91,036	90,708
2.02.04.01.01	Provisions for tax risks	743	1,002
2.02.04.01.02	Provision for social security and labor risks	86,305	86,765
2.02.04.01.04	Provision for civil risks	3,988	2,941
2.03	Consolidated Equity	11,705,069	11,299,525
2.03.01	Paid-in capital	3,590,020	3,590,020

Consolidated Financial Information / Balance Sheet - Liabilities

(R$ thousand)

Account Code	Account Description	Current Quarter 03/31/2019	Prior Year 12/31/2018
2.03.02	Capital reserves	666	666
2.03.02.02	Special goodwill reserve - merger	588	588
2.03.02.07	Investment grants - CRC	78	78
2.03.04	Earnings reserves	7,404,769	7,404,769
2.03.04.01	Legal reserve	636,846	636,846
2.03.04.02	Statutory reserve	854,208	854,208
2.03.04.05	Earnings retention reserve	875,113	875,113
2.03.04.10	Unrealized special earnings reserve	5,038,602	5,038,602
2.03.05	Retained earnings (accumulated losses)	353,512	0
2.03.08	Other comprehensive income	73,389	73,192
2.03.09	Noncontrolling Interests	282,713	230,878

Consolidated Financial Information / Income Statement

(R$ thousand)

Account Code	Account Description	Year to Date – Current Year 01/01/2019 to 03/31/2019	Accumulated – Prior Year 01/01/2018 to 03/31//2018
3.01	Revenue from sales and/or services	732,296	521,410
3.01.01	Net operating revenue	732,296	521,410
3.02	Cost of sales and/or services	-162,971	-152,296
3.02.01	Cost on infrastructure implementation and operation and maintenance services	-162,971	-152,296
3.03	Gross profit (loss)	569,325	369,114
3.04	Operating income (expenses)	-5,185	-11,339
3.04.02	General and administrative expenses	-39,404	-38,508
3.04.02.01	Management fees	-4,343	-4,394
3.04.02.02	Other general and administrative expenses	-35,061	-34,114
3.04.04	Other operating income	1,581	5,017
3.04.05	Other operating expenses	-1,390	-295
3.04.06	Share of profit of investees	34,028	22,447
3.05	Profit from operations before finance income (costs) and taxes	564,140	357,775
3.06	Finance income (costs)	-54,876	-35,293
3.06.01	Finance income	113,181	29,040
3.06.02	Finance costs	-168,057	-64,333
3.07	Profit before taxes on income	509,264	322,482
3.08	Income tax and social contribution	-151,873	-96,138
3.08.01	Current	-114,844	-176,614
3.08.02	Deferred	-37,029	80,476
3.09	Profit from continuing operations	357,391	226,344
3.11	Consolidated profit/loss for the period	357,391	226,344
3.11.01	Attributable to the Company’s owners	353,512	222,884
3.11.02	Attributable to noncontrolling interests	3,879	3,460
3.99	Earnings per share (R$/share)		
3.99.01	Basic earnings per share		
3.99.01.01	Common share	0.53653	0.33828
3.99.01.02	Preferred share	0.53653	0.33828
3.99.02	Diluted earnings per share		
3.99.02.01	Common share	0.53652	0.33827
3.99.02.02	Preferred share	0.53652	0.33827

Consolidated Financial Information / Statement of Comprehensive Income

(R$ thousand)

Account Code	Account Description	Year to Date – Current Year 01/01/2019 to 03/31/2019	Accumulated – Prior Year 01/01/2018 to 03/31/2018
4.01	Consolidated profit for the period	357,391	226,344
4.02	Other comprehensive income	197	0
4.02.03	Adjustment to subsidiaries' financial instruments due to share of profit of investees	197	0
4.03	Consolidated comprehensive income for the period	357,588	226,344
4.03.01	Attributable to the Company's owners	353,709	222,884
4.03.02	Attributable to noncontrolling interests	3,879	3,460

Consolidated Financial Information / Statement of Cash Flows – Indirect Method

(R$ thousand)

Account Code	Account Description	Year to Date – Current Year 01/01/2019 to 03/31/2019	Accumulated – Prior Year 01/01/2018 to 03/31/2018
6.01	Net cash provided by operating activities	389,988	196,813
6.01.01	Cash provided by operations	431,231	142,567
6.01.01.01	Profit for the period	357,391	226,344
6.01.01.02	Depreciation and amortization	5,242	2,235
6.01.01.03	Deferred PIS and Cofins	1,061	-25,676
6.01.01.04	Deferred income tax and social contribution	37,029	-80,476
6.01.01.05	Lawsuits	-378	459
6.01.01.06	Residual cost of permanent assets disposed of	1,019	103
6.01.01.07	Tax benefit - Merged goodwill	9	9
6.01.01.08	Amortization of concession asset in the acquisition of subsidiary	622	621
6.01.01.09	Realization of loss on subsidiary	-504	-535
6.01.01.10	Share of profit (loss) of investees	-34,028	-22,447
6.01.01.11	Interest, inflation adjustment and exchange rate changes on assets and liabilities	63,768	41,930
6.01.02	Changes in assets and liabilities	-41,243	54,246
6.01.02.01	Restricted cash	-2,647	-6,052
6.01.02.02	Concession asset	-45,186	220,461
6.01.02.03	Inventories	3,410	13,348
6.01.02.04	Receivables - Finance Department	-530	-50,328
6.01.02.05	Recoverable taxes	-54,680	-118,573
6.01.02.06	Sureties and judicial deposits	2,858	462
6.01.02.07	Prepaid expenses	-26,457	-36,320
6.01.02.08	Other assets	3,254	-13,640
6.01.02.09	Trade payables	-16,082	-20,670
6.01.02.10	Taxes and payroll charges payable	108,887	134,052
6.01.02.11	Payroll and related taxes	-7,891	-6,630
6.01.02.12	Taxes in installments	0	-58,146
6.01.02.13	Regulatory charges payable	1,759	1,797
6.01.02.14	Provisions	-1,884	-513
6.01.02.15	Payables - Funcesp	853	1,253
6.01.02.16	Global Reversal Reserve (RGR)	-620	-620
6.01.02.17	Other liabilities	-6,287	-5,635
6.02	Net cash provided by investing activities	-395,928	-135,935
6.02.01	Short-term investments	-354,571	-119,820
6.02.03	Purchases of property, plant and equipment	-982	-1,878
6.02.04	Intangible assets	-669	-37
6.02.05	Investments	-44,500	-14,200
6.02.06	Dividends received	4,794	0
6.03	Net cash provided by financing activities	7,168	-55,714
6.03.01	Additions - Borrowings	80.000	697

Consolidated Financial Information / Statement of Cash Flows – Indirect Method

(R$ thousand)

Account Code	Account Description	Year to Date – Current Year 01/01/2019 to 03/31/2019	Accumulated – Prior Year 01/01/2018 to 03/31/2018
6.03.02	Repayment of borrowings (principal)	-25,133	-26,442
6.03.03	Repayment of borrowings (interest)	-38,238	-26,508
6.03.04	Derivative financial instruments	-5,582	0
6.03.05	Transactions with noncontrolling shareholders	-3,879	-3,460
6.03.06	Dividends and interest on capital paid	0	-1
6.05	Increase (decrease) in cash and cash equivalents	1,228	5,164
6.05.01	Cash and cash equivalents at the beginning of the period	16,740	6,585
6.05.02	Cash and cash equivalents at the end of the period	17,968	11,749

Consolidated Financial Information / Statement of Changes in Equity – 01/01/2019 to 03/31/2019

(R$ thousand)

Account Code	Account Description	Paid-in Capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Noncontrolling interests	Consolidated Equity
5.01	Opening balances	3,590,020	666	7,404,769	0	73,192	11,068,647	230,878	11,299,525
5.03	Adjusted opening balances	3,590,020	666	7,404,769	0	73,192	11,068,647	230,878	11,299,525
5.04	Capital transactions with shareholders	0	0	0	0	0	0	47,956	47,956
5.05	Total comprehensive income	0	0	0	353,512	197	353,709	3,879	357,588
5.05.01	Profit for the period	0	0	0	353,512	0	353,512	3,879	0
5.05.02	Other comprehensive income	0	0	0	0	197	197	0	0
5.07	Closing balances	3,590,020	666	7,404,769	353,512	73,389	11,422,356	282,713	11,705,069

Consolidated Financial Information / Statement of Changes in Equity – 01/01/2018 to 03/31/2018

(R$ thousand)

Account Code	Account Description	Paid-in Capital	Capital reserves, options granted and treasury shares	Earnings reserves	Retained earnings (accumulated losses)	Other comprehensive income	Equity	Noncontrolling interests	Consolidated Equity
5.01	Opening balances	3,590,020	666	7,394,031	0	0	10,984,717	214,939	11,199,656
5.03	Adjusted opening balances	3,590,020	666	7,394,031	0	0	10,984,717	214,939	11,199,656
5.04	Capital transactions with shareholders	0	0	0	0	0	0	-16,968	-16,968
5.04.08	Acquisition of additional equity interest from noncontrolling shareholders	0	0	0	0	0	0	-16,968	-16,968
5.05	Total comprehensive income	0	0	0	222,884	0	222,884	3,460	226,344
5.05.01	Profit for the period	0	0	0	222,884	0	222,884	3,460	226,344
5.06	Internal changes in equity	0	0	161,968	0	0	161,968	0	161,968
5.06.04	Adoption of CPC 47, effective January 01, 2018	0	0	0	161,968	0	0	0	161,968
5.06.05	Recognition of special unrealized earnings reserve - Adoption of CPC 47	0	0	161,968	-161,968	0	0	0	0
5.07	Closing balances	3,590,020	666	7,555,999	222,884	0	11,369,569	201,431	11,571,000

Consolidated Financial Income / Statement of Value Added

(R$ thousand)

Account Code	Account Description	Year to Date – Current Year 01/01/2019 to 03/31/2019	Accumulated – Prior Year 01/01/2018 to 03/31/2018
7.01	Revenue	847,661	604,299
7.01.01	Sales of goods, products and services	846,080	599,282
7.01.02	Other revenue	1,581	5,017
7.02	Inputs acquired from third parties	-106,524	-98,464
7.02.01	Cost of products, goods and services rendered	-9,034	-7,506
7.02.02	Materials, electric power, outside services and other	-97,490	-90,958
7.03	Gross value added	741,137	505,835
7.04	Retentions	-5,242	-2,235
7.04.01	Depreciation, amortization and depletion	-5,242	-2,235
7.05	Net wealth created	735,895	503,600
7.06	Wealth received in transfer	148,851	51,487
7.06.01	Share of profit of investees	34,028	22,447
7.06.02	Finance income	114,823	29,040
7.07	Total wealth for distribution	884,746	555,087
7.08	Wealth distributed	884,746	555,087
7.08.01	Personnel	68,666	67,721
7.08.01.01	Salaries and wages	47,629	46,709
7.08.01.02	Benefits	15,828	15,653
7.08.01.03	Severance Pay Fund (FGTS)	5,209	5,359
7.08.02	Taxes and contributions	290,304	194,332
7.08.02.01	Federal	279,230	184,432
7.08.02.02	State	502	268
7.08.02.03	Municipal	10,572	9,632
7.08.03	Lenders and lessors	168,385	66,690
7.08.03.01	Interest	168,107	64,241
7.08.03.02	Rentals	278	2,449
7.08.04	Shareholders	357,391	226,344
7.08.04.03	Retained earnings / Loss for the period	353,512	222,884
7.08.04.04	Share of noncontrolling interests in retained earnings	3,879	3,460

Comments on Performance

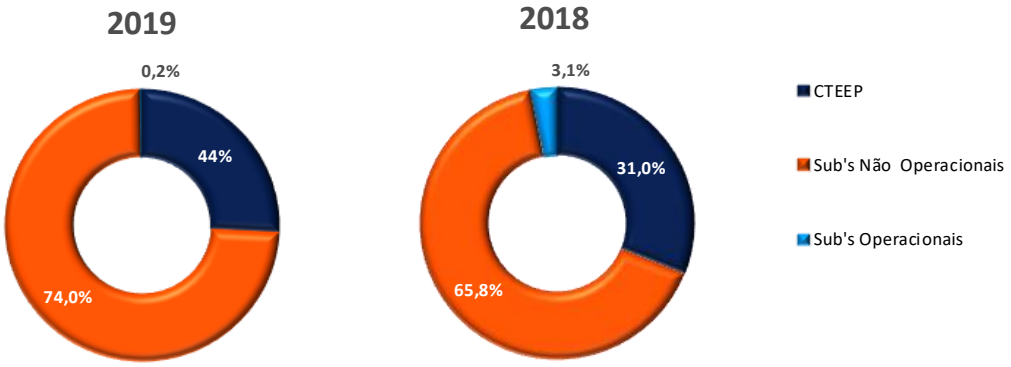
Analysis of the consolidated profit for the quarter ended March 31, 2019 (unaudited):

The period ended March 31, 2019 recorded a 57.9% increase in profit, reaching a total of R$357,391 thousand in 1Q19 compared to R$226,344 thousand in 1Q18.

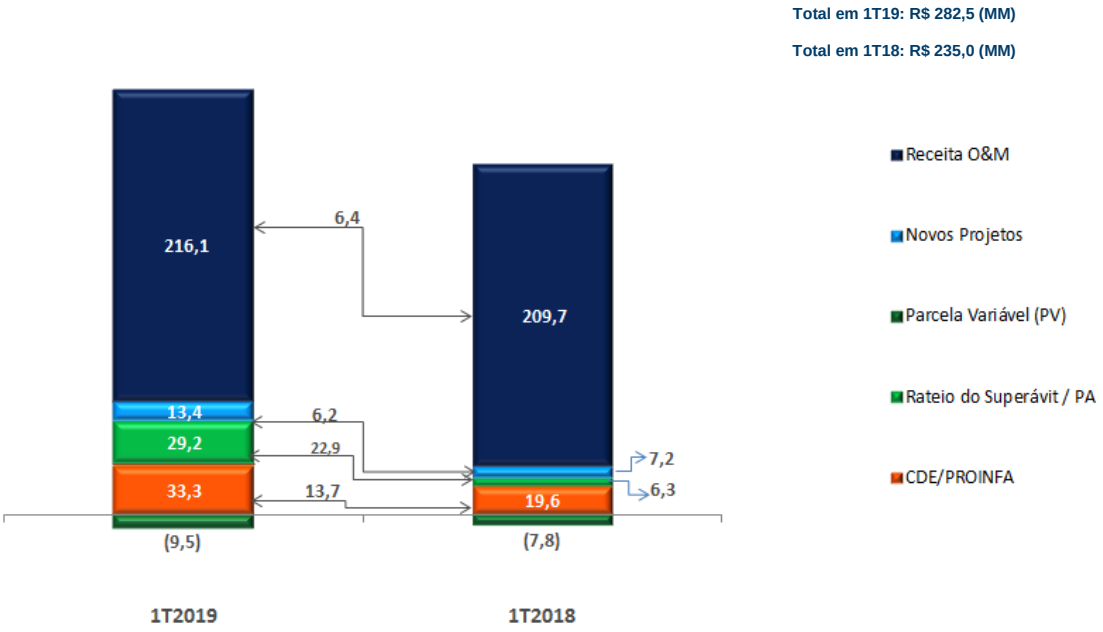
Net operating revenue increased 40.4% compared to prior year, and changes were as follows:

	03.31.2019	%	03.31.2018 (restated)	%	% Variance 2019/2018
Infrastructure revenue	72,374	9,9	80,136	15,4	(9,7)
Operation and maintenance	282,515	38,6	235,019	45,1	20,2
Compensation from concession assets - RBSE	263,604	36,0	210,506	40,4	25,2
Compensation from concession assets	128,671	17,6	66,889	12,8	92,4
Efficiency gain in the infrastructure implementation	91,893	12,5	-	-	-
Revenue from rentals and services	7,023	1,0	6,732	1,3	4,3
Taxes on revenue	(72,199)	(9,9)	(48,902)	(9,4)	47,6
Regulatory charges	(41,585)	(5,7)	(28,970)	(5,6)	43,5
Net operating revenue	**732,296**	100,0	**521,410**	100,0	40,4

(i) **Infrastructure revenue** totaled R$73,374 thousand in 1Q19, compared to R$80,136 thousand in 1Q18, primarily due to the following: (i) reduction in the volume of CTEEP reinforcement and improvement projects in the amount of R$6,208 thousand; (ii) increase in subsidiaries in the pre-operating stage, in the amount of R$802 thousand.

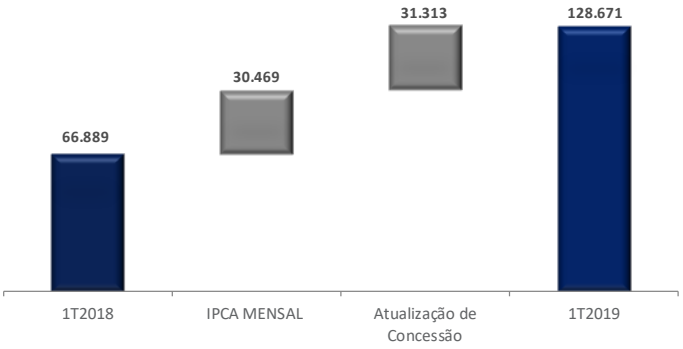


(ii) **Operation and maintenance revenues** totaled R$282,515 thousand in 1Q19, compared to R$235,019 thousand in 1Q18. The main factors were the positive variances in IPCA/IGPM, increase in the apportionment of the system surplus, placement into operation of new projects and increase in the CDE tariff for free consumers.



(iii) The **compensation of RBSE concession assets** totaled R$263,604 thousand in 1Q19 compared to R$210,506 thousand in 1Q18 as a result of (i) the inflation adjustment based on the monthly IPCA, in the amount of R$71,370 thousand, and (ii) the decrease in the adjustment to the internal rate of return, in the amount of R$18,272 thousand.

(iv) The **compensation of concession assets** totaled R$128,671 thousand in 1Q19 and R$66,889 thousand in 1Q18, primarily as a result of (i) the recognition of the inflation adjustment, in the amount of R$30,469 thousand; (ii) consolidation of subsidiary IESUL in 1Q19, in the amount of R$5,627 thousand (iii) adjustment of the concession asset at the rate used to price the financial component of each concession agreement (the average balance of the contratual concession asset in 1Q19 is R$5,079,492 thousand and R$3,771,500 thousand in 1Q18).

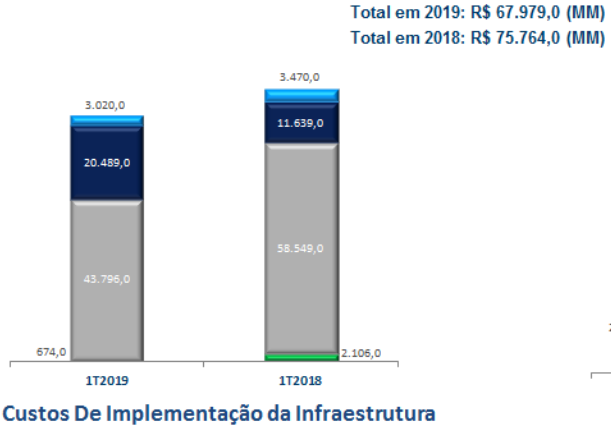


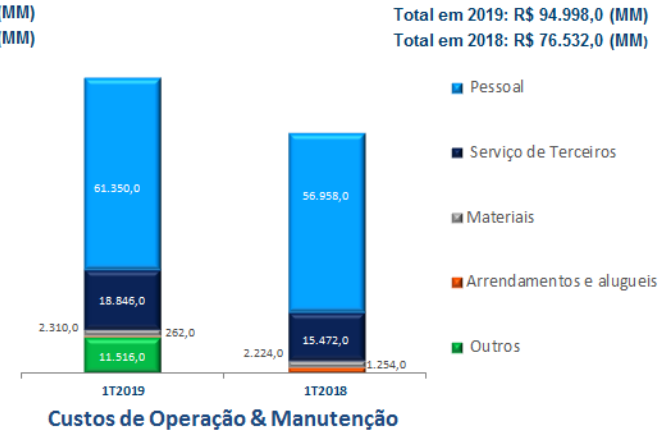
(v) The **efficiency gain on the infrastructure implementation**, in the amount of R$91,893 thousand, refers to a gain arising from the placement into operation of reinforcement and improvemernt projects, against the costs incurred on the infrastructure implementation and the future cash flow discounted at the rate that represents the financial component of the business.

(vi) **Revenues from rentals and services**, which basically refer to rental of telecommunication infrastructure, optical fiber cable and lightning rod, totaled R$7,023 thousand in 1Q19, compared to R$6,732 thousand in 1Q18. No significant variances were recorded.

(vii) **Deductions from the operation revenue** reached R$113,784 thousand in 1Q19 and R$77,872 thousand in 1Q18, primarily impacted by the increase in (i) taxes and PIS/Cofins contributions by R$23,179 thousand, which follow the variances in gross revenue; (ii) CDE regulatory charges by R$10,032 thousand, relating to free consumers, and PROINFA by R$2,482 thousand.

Costs on **infrastructure implementation and operation and maintenance services** increased 7.0%, totaling R$162,971 thousand in 1Q19 against the R$152,296 thousand recorded in 1Q18.





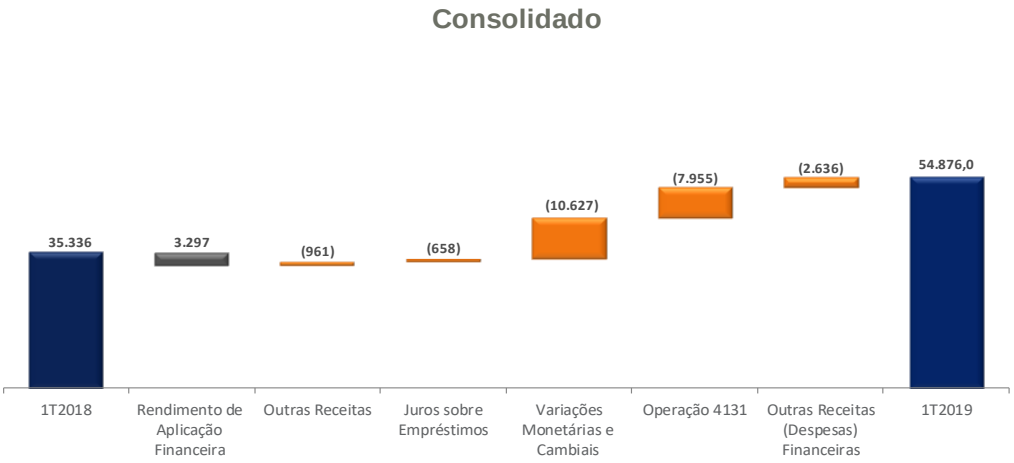
Costs on **infrastructure implementation services** are in line with the variance in infrastructure revenue, especially in materials and services.

The variance in **operation and maintenance costs** are concentrated in: (i) personnel, due to the 2.86% adjustment determined by the collective bargaining agreement; (ii) services, primarily due to the increased realization of the conservation of the right of way and rise in maintenance and conservation of transmission lines and substations; (iii) others, substantially due to the recognition prior year IPTU credits, in 1Q18, relating to the areas located in the region of São José dos Campos, in the amount of R$10,956 thousand.

General administrative expenses recorded a variance of 2.3%, totaling R$39,403 thousand in 1Q19 compared to R$38,508 thousand in 1Q18, mainly attributable to the rise in personnel expenses due to the 2.86% adjustment under the collective bargaining agreement.

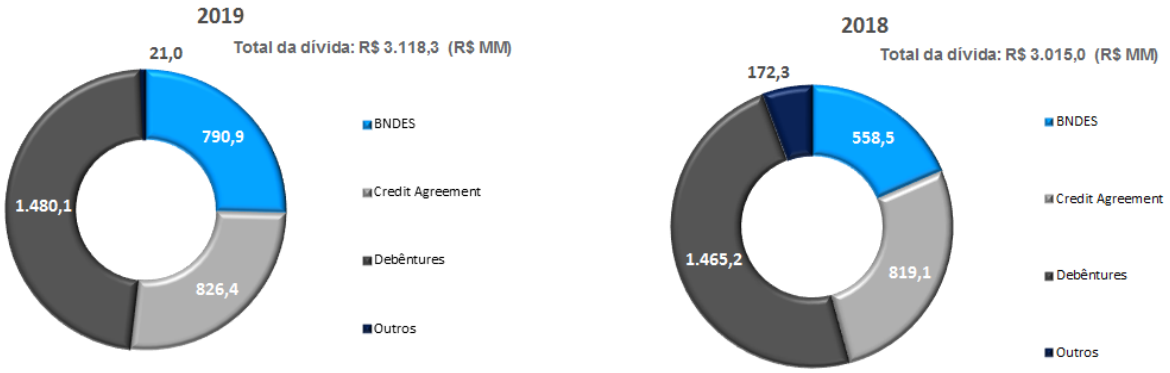
Other operating income (expenses), net totaled R$191 thousand in 1Q19 compared to R$4,722 thousand in 1Q18, since the following was recognized in the prior comparative period: (i) reversal of the allowance for expected credit losses due to the court settlement made involving R$2,764 thousand, and (ii) receipt of property insurance in the amount of R$1,667 thousand.

Finance income (costs) total an expense of R$54,876 thousand in 1Q19 compared to R$35,293 thousand in 1Q18. The increase is basically due to the increase in charges and inflation adjustments due to an increased indebtedness level.

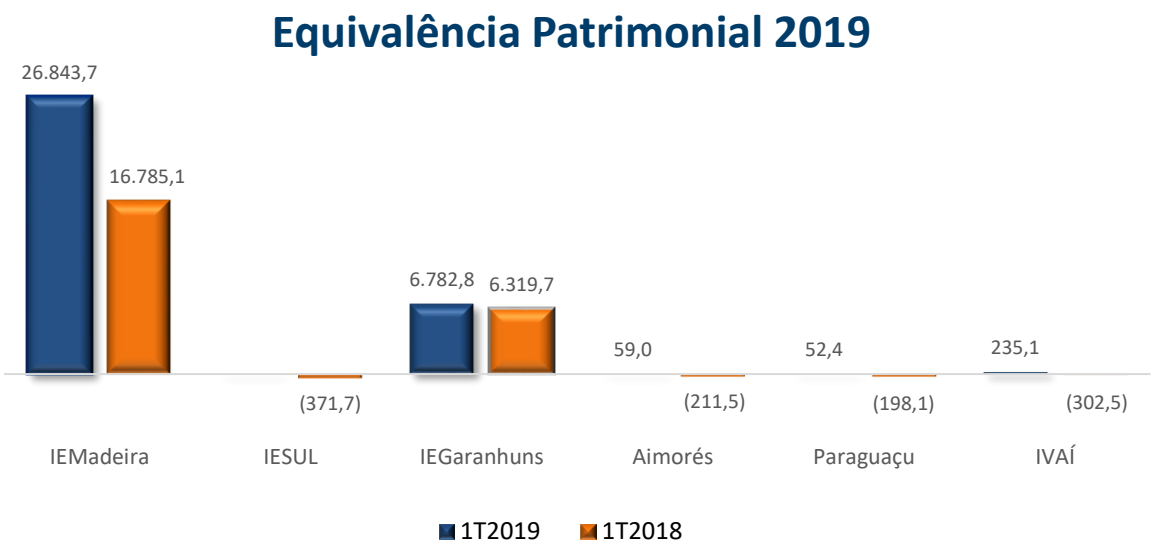


The consolidated **gross debt** totaled R$3,118,390 thousand in 1Q19 and R$1,928,945 thousand in 1Q18, due to borrowings, in 2018, the infrastructure debentures in the amount of R$621,000 thousand and foreign currency loans under Law No. 4.131, in the amount of R$810,606 thousand. The average debt cost in 1Q19 is 8.44%, compared to 8.53% in 1Q18. The Company contracted swap and nondeliverable forwards (NDF) transactions to hedge against currency fluctuations on foreign currency borrowings and future cash flow for acquisition of equipment.

Breakdown of gross debt:



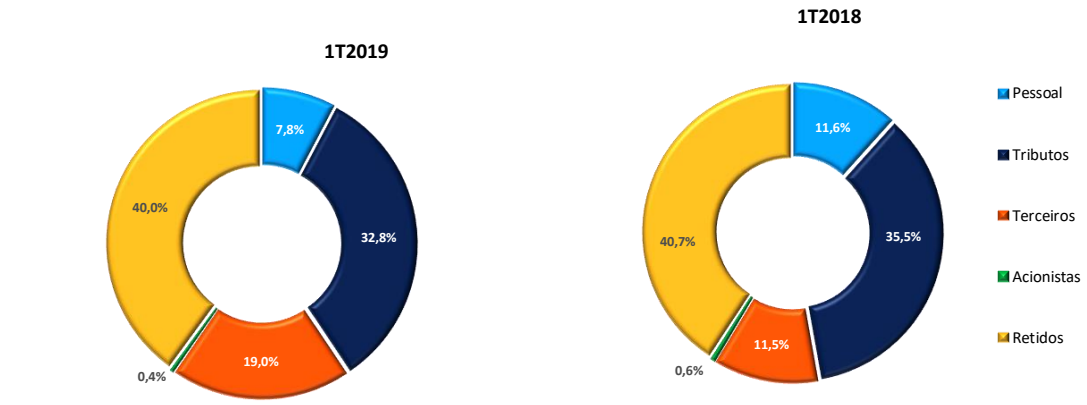
Share of profit of investees amounts to R$34,028 thousand in 1Q19, compared to R$22,447 thousand in 1Q18, mainly attributable to the positive variance of R$10,058 thousand in jointly controlled subsidiary IEMadeira primarily due to the adjustment based on the monthly IPCA in the flow from the concession asset.



Income tax and social contribution recorded an increase, totaling R$151,873 thousand in 1Q19, against R$96,138 thousand in 1Q18 which was consistent with the variance in profit (loss), less share of profit (loss) of investees. The effective income tax and social contribution was 30% in 1Q19 and 1Q18.

Value added

In 1Q19, the Company recorded a value added of R$884,746 thousand, compared to R$555,087 thousand, distributed as follows:



Notes to the Interim Financial Information

1. General information

1.1 Corporate purpose

CTEEP - Companhia de Transmissão de Energia Elétrica Paulista ("ISA CTEEP", "CTEEP" or "Company") is a publicly held company authorized to operate as an electric power public service concessionaire, and is principally engaged in the planning, infrastructure implementation, and operation and maintenance of subordinated power transmission systems. In performing its operating activities, the Company is required to make investments and manage research & development programs related to power transmission and other activities related to the technology available. These activities are regulated and supervised by the National Electric Power Agency ("ANEEL").

The Company derived from a partial spin-off of Companhia Energética de São Paulo ("CESP") and started to operate on April 1, 1999. In November 10, 2001, the Company merged EPTE - Empresa Paulista de Transmissão de Energia Elétrica S.A. ("EPTE"), which was originated from the partial spin-off of Eletropaulo - Eletricidade de São Paulo S.A.

In a privatization auction held on June 28, 2006 at São Paulo Stock Exchange (currently "B3 S.A. - Brasil, Bolsa, Balcão), in accordance with Invitation to Bid SF/001/2006, the State Government of São Paulo, then the controlling shareholder, sold their 31,341,890,064 common shares in CTEEP, corresponding to 50.10% of the common shares issued by CTEEP. The winning bidder was Interconexión Eléctrica S.A. E.S.P. ("ISA").

Currently, the Company is consolidated in the electric power transmission sector, operating as a group, directly controls 12 companies and have shared control of other five companies, which, together, hold 25 concession agreements (note 1.2) and 18,642 kilometers of lines built and 2,041 kilometers in the pre-operating stage.

The Company's shares are traded on B3 S.A. – Brasil, Bolsa, Balcão. Additionally, CTEEP has an American Depositary Receipts (ADRs) program - Rule 144 A in the United States. The depositary of the ADRs is JP Morgan Chase Bank and the custodian is Banco Santander.

The Company has adopted B3's Differentiated Corporate Governance Practices - Level 1 since September 2002. The commitments undertaken as a result of this adhesion ensure greater transparency from the Company towards the market, investors and shareholders, thus facilitating the monitoring of Management's actions.

The Company is a member of Brasil Amplo Index (IBRA), Brazil 100 Index, Dividends Index (IDIV), Electric Power Index, Index of Shares with Differentiated Corporate Governance (IGCX), Trade Corporate Governance Index (IGCT), Small Cap Index and Public (BZUTIL).

1.2 Concessions

The Company and its subsidiaries are authorized to operate the following concession agreements relating to electric energy transmission services:

					Periodic Tariff Revision			Annual Permitted Revenue - RAP	
Concessio-naire	Agree-ment	Stake (%)	Term (years)	Maturity	Term / years	Next	Adjust. index	R$ thousand	Base Month
CTEEP (i)	059/2001		30	12.31.42	5	2019	IPCA	2,421,123	06/18
Controladas									
IE Serra do Japi	143/2001	100	30	12.20.31	n/a	n/a	IGPM	22,422	06/18
IEMG	004/2007	100	30	04.23.37	5 anos	2022	IPCA	18,120	06/18

IENNE	001/2008	100	30	03.16.38	5 anos	2023	IPCA	44,279	06/18
IE Pinheiros	012/2008	100	30	10.15.38	5 anos	2019	IPCA	10,749	06/18
IESul (ii)	013/2008	100	30	10.15.38	5 anos	2019	IPCA	6,155	06/18
IE Pinheiros	015/2008	100	30	10.15.38	5 anos	2019	IPCA	34,823	06/18
IESul (ii)	016/2008	100	30	10.15.38	5 anos	2019	IPCA	11,716	06/18
IE Pinheiros	018/2008	100	30	10.15.38	5 anos	2019	IPCA	6,061	06/18
Evrecy	020/2008	100	30	07.17.25	4 anos	2021	IGPM	7,164	06/18
IE Serra do	026/2009	100	30	11.18.39	5 anos	2020	IPCA	37,243	06/18
IE Pinheiros	021/2011	100	30	12.09.41	5 anos	2022	IPCA	2,344	06/18
IE Itaúnas	018/2017	100	30	02.10.47	5 anos	2022	IPCA	47,200	RAP auctioned
IE Tibagi	026/2017	100	30	08.11.47	5 anos	2023	IPCA	18,371	RAP auctioned
IE Itaquerê	027/2017	100	30	08.11.47	5 anos	2023	IPCA	46,183	RAP auctioned
IE Itapura	042/2017	100	30	08.11.47	5 anos	2023	IPCA	10,729	RAP auctioned
IE Aguapeí	046/2017	100	30	08.11.47	5 anos	2023	IPCA	53,678	RAP auctioned
IE Biguaçu	012/2018	100	30	09.20.48	5 anos	2024	IPCA	38,231	RAP auctioned
IE Itapura	021/2018	100	30	09.20.48	5 anos	2024	IPCA	10,114	RAP auctioned
Jointly controlled subsidiaries									
IEMadeira	013/2009	51	30	02.25.39	5 anos	2019	IPCA	303,736	06/18
IEMadeira (iii)	015/2009	51	30	02.25.39	5	2019	IPCA	193,155	06/18
IEGaranhuns	022/2011	51	30	12.09.41	5 anos	2022	IPCA	87,125	06/18
Paraguaçu	003/2017	50	30	02.10.47	5 anos	2022	IPCA	106,613	RAP auctioned
Aimorés	004/2017	50	30	02.10.47	5 anos	2022	IPCA	71,425	RAP auctioned
Ivaí	022/2017	50	30	08.11.47	5 anos	2023	IPCA	267,317	RAP auctioned

(i) In CTEEP, the Annual Permitted Revenue ("RAP") relating to the Existing Service ("SE") assets is R$1,461,152 as of June 2018. The Periodic Tariff Revision (RTP) by energy transmission concessionaires was postponed to July 2019, with effects retrospective to July 2018, according to Technical Note No. 79/2018-SRM/ANEEL.

(iii) In September 2018, the Company acquired the equity interest held by Cymi Construções e Participações S.A (CYMI), corresponding to 50% less 1 share in the total capital of IESul, thus becoming the holder of 100% of the shares (note 11).

(iii) In May 2014, the facilities under Concession Agreement 015/2009 for the jointly controlled entity IEMadeira were completed and delivered to the National Electric System Operator ("ONS") for testing. In June 2014, considering the existence of systemic and third-party restrictions, ONS issued the Partial Release Agreement ("TLP") for provisional commercial operation. Currently, facilities are operating with tests yet to be completed: (i) some tests have not yet been authorized by ONS due to system restrictions and (ii) the completion of joint studies (paralleling poles). Despite not interfering with the converters' capacity to transmit energy at their full power, these pending issues may influence in their operations for some types of configuration, keeping the application of the reduction factor equivalent to 10% of the revenue associated to the agreement. On March 13, 2018, IE Madeira received a Circular Letter from SCT (ANEEL's Superintendence of Transmission and Distribution Concessions, Permits and Authorization) informing the company that an administrative proceeding was started regarding the likelihood of a loss event in the amount of R$99.9 million, due to its failure to fully complete the transmission facilities under Concession Agreement No. 015/2009, since parts and/or operating requirements under the Agreement were not delivered. IE Madeira replied to ANEEL, informing that the facilities commissioning step was already completed and that only certain pending aspects need to be addressed by the company and third parties so that the Final Release Instrument ("TLD") may be obtained. On July 24, 2018, Seguradora Aliança do Brasil Seguros S.A. issued a letter, in response to ANEEL, concluding that the expected loss does not meet the characteristics for it to be converted into loss incurred; therefore, no compensation would be due. On December 21, 2018, IE Madeira received Circular Letter No. 732/2018-SCT/ANEEL on the application of the penalty in the amount of R$99,900.

On January 18, 2019, IE Madeira replied to ANEEL, pointing out the following: as far as IE Madeira and its legal advisors understand, the application of a penalty as intended by ANEEL lacks legal grounds, since it is not mentioned in the Auction Notice and in IE Madeira Concession Agreement. Therefore, no provision was recognized in connection with this matter.

All concession arrangements above provide for the right of compensation from concession-related assets at the end of their term. For agreements subject to periodic tariff revision, according to ANEEL regulations, yielding income on investments in expansion, enhancements and improvements is provided for.

Law No. 12.783/2013

The Extraordinary Shareholders Meeting of December 03, 2012 unanimously approved the extension Concession Agreement No. 059/2001, under Law No. 12783/2013, to December 2042, ensuring the Company the right to receive the amounts relating to NI and SE assets (*).

For amounts relating to NI assets, equivalent to R$2,891,291, according to Interministerial Ruling No. 580, were received from 2013 and 2015 (note 7).

For the SE amounts, ANEEL Order No. 1484/17, of May 30, 2017, recognized as the total value of the assets the amount of R$4,094,440 as at December 31, 2012. The initial impact of RBSE amounts was accounted for in September 2016, and the additional value recognized by ANEEL was recognized during the second quarter of 2017 in Trade receivables (concession asset) (note 7 (d) (ii)).

As disclosed in a material fact notice of April 11, 2017, a temporary injunction granted in connection with a lawsuit filed by three business associations determined the exclusion, on a provisional basis, of the "remuneration" portion provided for in article 15, paragraph 2, of Law No. 12783/13 and consequent recalculation of the Annual Permitted Revenues (RAPs) by ANEEL. In complying with such injunction, ANEEL issued Technical Notice No. 170/17 providing for the new calculation whereby the capital cost was excluded from the RAP amounts (note 7). Based on the opinion of its legal counsel, the Company understands that this is a provisional order and that the Company's right to receive the RBSE asset amounts is assured by law. Therefore, no adjustment to the amount recorded through March 31, 2019 was deemed necessary.

(*) NI – facilities energized as of June 1, 2000.
SE – facilities of nondepreciated assets existing on May 31, 2000.

2 Presentation of the interim financial information

2.1 Basis of preparation and presentation

The individual interim financial information, identified as "Parent", and the consolidated interim financial information, identified as "Consolidated", has been prepared and is presented in accordance with the accounting practices adopted in Brazil, which comprise the provisions set out by the Brazilian Corporate Law and the pronouncements, interpretations and guidance issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission ("CVM"), which are in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and disclose all relevant information for the financial statements, and only this information, which is consistent with that used by Management in managing the Company.

Since there is no difference between the consolidated equity and consolidated profit or loss attributable to the Company's owners, included in the consolidated interim financial information prepared in accordance with CPC 21 and IAS 34, and the Company's equity and profit or loss, included in the individual interim financial information prepared in accordance with CPC 21, the Company elected to present this individual and consolidated interim financial information as a single set, in a side-by-side format.

The individual and consolidated interim financial information has been prepared at the historical cost, unless otherwise stated, as described in the accounting practices summarized below. The historical cost is generally based on the value of the consideration paid in exchange for an asset.

Nonfinancial data included in this quarterly information, such as electric power volume and capacity, contract information, projections, insurance and environment, was not revised.
The interim financial information was approved and authorized for disclosure by the Board of Directors on April 29, 2019.

2.2 Functional and reporting currency

The interim financial information of the Parent and each of its subsidiaries, included in the consolidated interim financial information, is presented in reais, the currency of the main economic environment where the companies operate ("functional currency").

2.3 Critical accounting judgments and key estimates and assumptions

According CVM/SNC/SEP Circular Letter No. 03/2011, the Company declares that the significant accounting judgments, estimates and assumptions, as well as the significant accounting policies, are the same as those disclosed in the 2018 annual financial statements, considering the amendments introduced by new technical pronouncement CPC 06 (R2), equivalente to IFRS 16 - Leases (note 4). Therefore, the corresponding information should be read in notes 2.3 and 3 to those financial statements.

2.4 Consolidation procedures

The consolidated interim financial statements include the quarterly financial information of the Company and its subsidiaries.

Control is obtained when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power in the investee.

Subsidiaries are fully consolidated from the date control is obtained until the date on which control ceases to exist.

As at March 31, 2019 and December 31, 2018, equity interests in subsidiaries were as follows:

	Base date of the interim financial information	Equity interest - %		
		03.31.2019		12.31.2018
Subsidiaries				
Interligação Elétrica Serra do Japi S.A. (Serra do Japi)	03.31.2019	100		100
Interligação Elétrica de Minas Gerais S.A. (IEMG)	03.31.2019	100		100
Interligação Elétrica Norte e Nordeste S.A. (IENNE)	03.31.2019	100		100
Interligação Elétrica Pinheiros S.A. (Pinheiros)	03.31.2019	100		100
Interligação Elétrica do Sul S.A. (IESul)	03.31.2019	100		100
Evrecy Participações Ltda. (Evrecy)	03.31.2019	100		100
Interligação Elétrica Itaúnas S.A. (Itaúnas)	03.31.2019	100		100
Interligação Elétrica Tibagi S.A. (Tibagi)	03.31.2019	100		100
Interligação Elétrica Itaquerê S.A. (Itaquerê)	03.31.2019	100		100
Interligação Elétrica Aguapeí S.A. (Aguapeí)	03.31.2019	100		100
Interligação Elétrica Biguaçu S.A. (Biguaçu)	03.31.2019	100		100
Interligação Elétrica Itapura S.A. (Itapura)	03.31.2019	100		100
Fundo de Investimento Referenciado DI Bandeirantes	03.31.2019	77	(*)	68
Fundo de Investimento Xavantes Referenciado DI	03.31.2019	37	(*)	43
Fundo de Investimento Assis Referenciado DI	03.31.2019	100	(*)	100

(*) Includes direct and indirect equity interests.

The following procedures were adopted in preparing the consolidated interim financial information:

- elimination of subsidiaries' equity;
- elimination of profit (loss) of investees; and
- elimination of assets and liabilities, and income and expenses between consolidated entities.

The accounting policies were consistently applied to all consolidated companies, and the fiscal year of these companies coincides with that of the Parent.

Noncontrolling interests are reported as part of equity and profit and presented separately in the consolidated interim financial information.

Jointly controlled entities are accounted for under the equity method of accounting, as required by CPCs 18, 19 (R2) and 36 (R3), and a shareholders' agreement governing the shared control has been executed.

As at March 31, 2019 and December 31, 2018, equity interests in jointly controlled entities were as follows:

	Base date of the interim financial information	Equity interest - %	
		03.31.2019	12.31.2018
Jointly controlled subsidiaries			
Interligação Elétrica do Madeira S.A. (IEMadeira)	03.31.2019	51	51
Interligação Elétrica Garanhuns S.A. (IEGaranhuns)	03.31.2019	51	51
Interligação Elétrica Paraguaçu S.A. (Paraguaçu)	03.31.2019	50	50
Interligação Elétrica Aimorés S.A. (Aimorés)	03.31.2019	50	50
Interligação Elétrica Ivaí S.A. (Ivaí)	03.31.2019	50	50

3 Significant accounting policies

The Company hereby declares that the significant accounting policies described in Note 3 to the 2018 financial statements remain applicable to this Interim Financial Information Form (ITR), considering the amendments introduced by the new technical pronouncement CPC 06 (R2).

3.1 Restatement of the interim financial information for the period ended March 31, 2018

The Company, its subsidiaries and jointly controlled subsidiaries adopted technical pronouncements CPC 47 – Revenue from Contracts with Customers and CPC 48 - Financial Instruments, effective on January 01, 2018, in the financial statements for the year ended December 31, 2018, as described below:

- **CPC 47 – Revenue from Contracts with Customers**

In the adoption of CPC 47, the Company and its subsidiaries applied the cumulative effective method and did not reflect the effects of this CPC for the comparative year (2017). The account balance adjustments due to the initial adoption were recorded in accumulated losses.

CPC 47, equivalent to IFRS 15 - Revenue from Contracts with Customers, established a five-step model to account for revenue from contracts with customers. In accordance with said CPC, revenue is recognized at an amount that reflects the consideration to which the entity expects to be entitled in exchange for the transfer of goods or services to a customer.

The Company evaluated its operations in light of the new standards and, as described in item 3.7 of the 2018 annual financial statements, concluded that the infrastructure implementation activity is affected by the new CPC, since the right to the consideration for goods and services is contingent on compliance with another performance obligation. As a result of the application of CPC 47, trade receivables from infrastructure implementation, originally classified and presented in the interim financial information for the period ended March 31, 2018 as financial assets, were reclassified as contractual assets. The difference in the measurement criteria is presented in this interim financial information with the restatement of the balances affected by the change.

- **CPC 48 – Financial Instruments**

CPC 48, equivalent to IFRS 9 - Financial Instruments, combines the three aspects of the project to account for financial instruments: classification and measurement, impairment of assets and hedge accounting.

The Company adopted the new standard and, based on the simplified initial application, used the exemption from presenting comparative information for prior periods.

With the adoption of 48, the Company concluded that the financial asset under Law No. 12.783 – SE, classified in the interim financial information for the period ended March 31, 2018 as a financial asset measured at amortized cost, should be classified as at fair value through profit or loss, since it does not meet the criteria of contractual

cash flow limited to the principal and interest under the new standard.

Below is the interim financial information for the period ended March 31, 2018 and the impacts of the adoption of CPC 47 and 48:

			Parent
Balance sheet	**Reported before the effects 03.31.2018**	**Impacts of the adoption of CPC 47 and 48**	**Restated - 03.31.2018**
Assets			
Concession assets - contractual	-	2,186,898	2,186,898
Concession assets - financial	11,196,187	(1,749,570)	9,446,617
Investments	3,206,049	(114,033)	3,092,016
Assets not impacted	2,227,781	-	2,227,781
Total assets	16,630,017	323,295	16,953,312
Liabilities			
Liabilities not impacted	2,164,033	-	2,164,033
Deferred taxes	3,244,319	175,391	3,419,710
Total liabilities	5,408,352	175,391	5,583,743
Equity			
Earnings reserves	7,394,031	161,968	7,555,999
Profit	236,948	(14,064)	222,884
Items not impacted	3,590,686	-	3,590,686
Total equity	11,221,665	147,904	11,369,569
Total liabilities and equity	16,630,017	323,295	16,953,312
Income statement			
Net operating revenue	453,833	(28,407)	425,426
Share of profit of investees	45,463	4,685	50,148
Others	(160,061)	-	(160,061)
Income tax and social contribution	(102,287)	9,658	(92,629)
Profit for the period	236,948	(14,064)	222,884
Statement of cash flows			
Profit for the period	236,948	(14,064)	222,884
Deferred PIS and Cofins (taxes on revenue)	(25,045)	(2,895)	(27,940)
Deferred income tax and social contribution	(71,857)	(9,658)	(81,515)
Share of profit of investees	(45,463)	(4,685)	(50,148)
Concession asset	-	31,302	31,302
Other items not impacted	116,934	-	116,934
Net cash provided by operating activities	211,517	-	211,517
Cash used in investing activities	(181,725)	-	(181,725)
Cash used in financing activities	(26,944)	-	(26,944)
Changes in cash and cash equivalents	2,848	-	2,848

Statement of value added	Reported before the effects 03.31.2018	Impacts of the adoption of CPC 47 and 48	Restated - 03.31.2018
			Parent
Gross value added (revenues)	490,736	(31,302)	459,434
Retentions	(2,023)	-	(2,023)
Net wealth created	488,713	(31,302)	457,411
Wealth received in transfer (share of profit of investees)	69,535	4,685	74,220
Total wealth for distribution	558,248	(26,617)	531,631
Wealth distributed	558,248	(26,617)	531,631
Federal taxes, fees and contributions	186,795	(12,553)	174,242
Retained earnings for the period	236,948	(14,064)	222,884
Other items not impacted	134,505	-	134,505

Balance sheet	Reported before the effects 03.31.2018	Impacts of the adoption of CPC 47 and 48	Restated - 03.31.2018
			Consolidated
Assets			
Concession assets - contractual	-	3,956,338	3,956,338
Concession assets - financial	12,946,925	(3,482,370)	9,464,555
Investments	1,915,916	(162,434)	1,753,482
Assets not impacted	2,554,717	-	2,554,717
Total assets	17,417,558	311,534	17,729,092
Liabilities			
Liabilities not impacted	2,522,776	-	2,522,776
Deferred taxes	3,471,686	163,630	3,635,316
Total liabilities	5,994,462	163,630	6,158,092
Equity			
Earnings reserves	7,394,031	161,968	7,555,999
Profit	240,408	(14,064)	226,344
Items not impacted	3,788,657	-	3,788,657
Total equity	11,423,096	147,904	11,571,000
Total liabilities and equity	17,417,558	311,534	17,729,092
Income statement			
Net operating revenue	546,607	(25,197)	521,410
Share of profit of investees	20,872	1,575	22,447
Others	(221,375)	-	(221,375)
Income tax and social contribution	(105,696)	9,558	(96,138)
Profit for the period	240,408	(14,064)	226,344

	Consolidated		
	Reported before the effects 03.31.2018	**Impacts of the adoption of CPC 47 and 48**	**Restated - 03.31.2018**
Statement of cash flows			
Profit for the period	240,408	(14,064)	226,344
Deferred PIS and Cofins (taxes on revenue)	(22,902)	(2,774)	(25,676)
Deferred income tax and social contribution	(70,918)	(9,558)	(80,476)
Share of profit of investees	(20,872)	(1,575)	(22,447)
Concession asset	-	27,971	27,971
Other items not impacted	71,097	-	71,097
Net cash provided by operating activities	196,813	-	196,813
Cash used in investing activities	(135,935)	-	(135,935)
Cash used in financing activities	(55,714)	-	(55,714)
Changes in cash and cash equivalents	5,164	-	5,164
Statement of value added			
Gross value added (revenues)	533,806	(27,971)	505,835
Retentions	(2,235)	-	(2,235)
Net wealth created	531,571	(27,971)	503,600
Wealth received in transfer (share of profit of investees)	49,912	1,575	51,487
Total wealth for distribution	581,483	(26,396)	555,087
Wealth distributed	581,483	(26,396)	555,087
Federal taxes, fees and contributions	206,664	(12,332)	194,332
Retained earnings for the period	240,408	(14,064)	226,344
Other items not impacted	134,411	-	134,411

4 New standards and interpretations

The Company and its subsidiaries adopted all the (new or revised) pronouncements and interpretations issued by the CPC, where applicable, that were effective as at March 31, 2019.

The new and/or revised standards and interpretations issued by CPC, CVM and IASB are:

(a) New and/or revised standards, instructions and interpretations

CPC 06 (R2) – Leases – CVM Decision No. 787, of December 21, 2017

CPC 06 (R2) establishes principles for the recognition, measurement, presentation and disclosure of leases and require lessees to account for all leases under a single model, similarly to accounting for leases under CPC 06 (R1).

This standard includes two recognition exemptions for lessors – leases of low value assets and short-term leases.

At the commencement of a lease, the lessee recognizes a liability for future payments and an asset representing the right to use the underlying asset over the lease term.

Lessees are required to recognize separately interest expense on lease liabilities and amortization expense on the right-of-use asset.

Lessees are also required to remeasure the lease liability if certain events, such as, for example, a change in the lease term, in the future lease payments as a result of a change in an index or a rate used to determine those payments, occur.

In general, lessees should recognize the remeasured lease liability value as an adjustment to the right-of-use asset. The Company has a low volume of lease agreements and their amounts, with the adoption of CPC 06 (R2), are recognized in “Borrowings and financing” relating to future payments in the amounts of R$20,305, Parent, and R$20,987, consolidated (note 14) and “Property, plant and equipment” relating to the right of use in the amount

of R$20,417, Parent, and R$20,994, consolidated, net of depreciation (note 12).

IFRIC 22 – IFRIC 23 – Uncertainty over income tax treatments

This interpretation clarifies how to apply recognition and measurement requirements when there is uncertainty about the acceptance of the treatments adopted by tax authorities in applying the CPC 32 requirements.

The Company analyzed uncertainty over income tax treatments in determining taxes on income, together with its internal and external legal advisors, and did not identify significant impacts in its interim financial information arising from treatments that could potentially expose the Company to material risks of likely loss. In completing these studies, the Company's Management evaluated that none of the significant positions adopted changed as to the judgment of the likelihood of losses that may arise from questioning by tax authorities.

(b) Standards and interpretations that are new and revised by IASB, already issued, and that will become effective beginning 2019:

- IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 17 - Insurance Contracts.

The Management of the Company and its subsidiaries are analyzing the impacts of these standards.

5 Cash and cash equivalents

		Parent		Consolidated	
	% of CDI	03.31.2019	12.31.2018	03.31.2019	12.31.2018
Cash and banks		6,122	4,744	9,462	7,712
Cash equivalents					
Bank Certificates of Deposit (CDBs)	94.0% to 97.0%	390	386	7,404	6,254
Repurchase transactions (a)	95.0% to 97.0%	692	682	692	2,362
Short-term investment fund	40.0% to 70.0%	410	412	410	412
		7,614	**6,224**	**17,968**	**16,740**

Cash equivalents are measured at fair value through profit or loss and have daily liquidity.

The Company's Management's analysis of these assets' exposure to interest rate risks, among others, is disclosed in note 29 (c).

(a) Repurchase transactions refer to securities issued by banks for repurchase by the bank and resale by the customer, at fixed rates and fixed maturities, backed by private or government bonds registered with CETIP.

6 Short-term investments

	Parent	Consolidated	Parent		Consolidated	
	Average yield in the portfolio in 2019 % of CDI		03.31.2019	12.31.2018	03.31.2019	12.31.2018
Fundo de Investimento Referenciado DI Bandeirantes			344,254	169,128	450,338	250,321
Fundo de Investimento Xavantes Referenciado DI:	**101.5%**	**101.3%**	74,058	90,087	297,689	263,252
Fundo de Investimento Assis Referenciado DI:			339,257	167,336	339,257	167,336
			757,569	**426,551**	**1,087,284**	**680,909**

(*) Investments funds are consolidated as described in note 2.4.

The Company, its subsidiaries and jointly controlled subsidiaries concentrate their short-term investments in the following investment funds:

- Fundo de Investimento Referenciado DI Bandeirantes: an investment fund organized exclusively for the Company, its subsidiaries and jointly controlled entities, managed by Banco Bradesco, having its portfolio comprised of units in Fundo de Investimento Referenciado DI Coral.

- Fundo de Investimento Xavantes Referenciado DI: an investment fund organized exclusively for the Company, its subsidiaries and jointly controlled entities, managed by Banco Itaú Unibanco, having its portfolio comprised of units in Fundo de Investimento Special DI (Corp Referenciado DI merged by Special DI).

- Fundo de Investimento Assis Referenciado DI: an investment fund organized exclusively for the Company, its subsidiaries and jointly-controlled entities, managed by Banco Santander, having its portfolio comprised of units in Fundo de Investimento Santander Renda Fixa Referenciado DI.

Said investment funds are highly liquid, readily convertible into a cash amount, regardless of the assets, and any risk of change in the amount will be directly linked to the composition of the funds, which holds government bonds and private securities. Portfolios are comprised of fixed income securities, such as federal government bonds and private securities, in order to follow the variation of the Interbank Certificates of Deposits (CDI) and/or of the Selic rate.

The Company's Management's analysis of these assets' exposure to interest rate risks, among others, is disclosed in note 29 (c).

7 Concession asset

	Parent		Consolidated	
	03.31.2019	**12.31.2018**	**03.31.2019**	**12.31.2018**
Financial assets				
Assets under Law No. 12.783 - SE (a)	8,953,604	9,069,651	8,953,604	9,069,651
O&M services (b)	161,801	177,597	178,563	189,916
	9,115,405	9,247,248	9,132,167	9,259,567
Contractual asset				
Infrastructure implementation (c)	2,919,495	2,808,317	5,047,381	4,874,289
	12,034,900	**12,055,565**	**14,179,548**	**14,133,856**
Current	**1,767,667**	**1,900,970**	**1,956,862**	**2,086,298**
Noncurrent	**10,267,233**	**10,154,595**	**12,222,686**	**12,047,558**

(a) Receivables under Law No. 12.783 - amounts receivable relating to investments under Concession Agreement No. 059/2001, which was extended under Law No. 12.783 and had the right to the receivable subdivided into NI and SE:

NI facilities

The compensation relating to NI facilities corresponded to the original amount of R$2,891,291, inflation adjusted to R$2,949,121, as determined by Interministerial Ruling No. 580. The equivalent to 50% of this amount was received on January 18, 2013, and the remaining 50% was divided into 31 monthly installments, which had been transferred to the Company by Eletrobras. However, the terms under which these remaining installments should be adjusted are still under discussion. Following a Federal Court of Auditors' request, ANEEL revised the amounts transferred as compensation for NI facilities to all concessionaires and understood that erroneous adjustment calculations were made, which resulted in overpayments to concessionaires. Although recognizing that calculations were erroneous, Eletrobras challenged ANEEL`S understanding of the matter. Based on an independent appraisal report and on the opinion of its legal counsel, the Company's interpretation of the adjustment approach differs from that applied by ANEEL. Accordingly, its best estimate for the amount under discussion, totaling R$28,738, remains recorded in "Other", in noncurrent liabilities, not including the fine and late payment interest that would be due in favor of the Company, considering the delays occurred in the transfers.

SE facilities

(i) According to the conditions provided for in Ruling No. 120/16 and the amounts regulated by ANEEL Technical Note No. 336/2016, in line with CPC 48 – Financial Instruments, the amount relating to SE facilities has been treated as a financial asset at fair value through profit or loss, with the portion of the revenue payable in an estimated term of 8 years while the remaining portion is payable in 6.3 years, beginning July 2017.

(ii) As mentioned in note 1.2, ANEEL, by means of Order No. 1.484, recognized the Company's net compensation basis of R$3,896,328 to R$4,094,440, as at December 31, 2012.

In June 2017, ANEEL Order No. 1779 and Technical Note No. 170, which, in complying with a temporary injunction (note 1.2), excluded the portion relating to cost of equity capital (ke) from the amounts not paid from January 2013 to June 2017, in the calculation of the 2017/2018 RAP, temporarily reducing said RAP from R$1,738,154 to R$1,502,128, until the grounds are judged. For the 2018/2019 cycle, the provisions of said Order remained effective, and the transfer of the cost of equity capital is still suspended. According to Approval Resolution No. 2.408/18, the RBSE RAP corresponds to R$1,461,152 and is included the economic components on a straight-line basis expected for the five (5) years (Note 24.4). Therefore, receivables relating to the cost of

equity capital considered in the cash flows from the financial assets for SE facilities relating to the 2017/2018 and 2018/2019 tariff cycles are recorded in noncurrent assets and are not adjusted for inflation as of the maturity date.

(b) O&M - Operation and Maintenance refers to the portion of revenues monthly and separately informed by the ONS for compensation of O&M services, with an average collection period below 30 days.

(c) Infrastructure implementation – flow of expected cash receipt relating to the compensation of the investments in the energy transmission infrastructure implementation, discounted to present value. Includes the portion of the investments made and not amortized through the end of the concession term (reversible assets).

The aging list of trade receivables is as follows:

	Parent		Consolidated	
	03.31.2019	**12.31.2018**	**03.31.2019**	**12.31.2018**
Current	12,024,326	12,044,320	14,167,956	14,121,484
Past due				
Up to 30 days	492	1,299	522	1,411
31 to 60 days	192	59	200	103
61 to 360 days	302	350	335	380
Over 361 days (i)	9,588	9,537	10,535	10,478
	10,574	**11,245**	**11,592**	**12,372**
	12,034,900	**12,055,565**	**14,179,548**	**14,133,856**

(i) Some market players challenged in the courts the balances amounts relating to the Basic Grid. By virtue of this challenge, escrow deposits are made by such members, classified as noncurrent receivables. The Company billed amounts as authorized by regulatory agencies; therefore, no expected loss relating to this discussion was recorded.

The Company does not have any history of losses on trade receivables, which are collateralized by sureties and/or accesses to bank accounts operated by the National System Operator (ONS) or directly by the Company and, therefore, no allowance for expected credit losses was recognized.

Changes in the concession assets:

	Parent	Consolidated
Balances at 12.31.2017	**11,436,529**	**13,138,880**
Infrastructure revenue (note 24.1)	24,860	80,136
Compensation from concession assets - RBSE (b) (note 24.1)	210,506	210,506
Compensation from concession assets (note 24.1)	63,782	94,860
O&M revenues (note 24.1)	221,653	235,019
Adoption of CPC 47	437,328	473,968
Amounts received	(761,143)	(812,476)
Balance at 03.31.2018 (restated)	**11,633,515**	**13,420,893**
Balances at 12.31.2018	**12,055,565**	**14,133,856**
Infrastructure revenue (note 24.1)	18,652	72,374
Compensation from concession assets - RBSE (b) (note 24.1)	263,604	263,604
Compensation from concession assets (note 24.1)	72,131	128,671
O&M revenues (note 24.1)	273,548	282,515
Efficiency gain on the infrastructure implementation	91,893	91,893
Amounts received	(740,493)	(793,365)
Balances at 03.31.2019	**12,034,900**	**14,179,548**

8 Receivables - Finance Department

	Parent and Consolidated	
	03.31.2019	12.31.2018
Payroll processing - Law No. 4.819/58 (a)	1,666,863	1,666,841
Labor claims - Law No. 4.819/58 (b)	276,005	275,497
Allowance for expected credit losses (c)	(516,255)	(516,255)
	1,426,613	**1,426,083**

(a) Refers to amounts receivable for settlement of the payroll relating to the retirement supplementation plan governed by State Law No. 4.819/58, in the period from January 2005 to March 2019. The increase in relation to prior year is due to compliance with the court decision issued by the 49th Labor Court whereby CTEEP, as the defendant, is required to transfer funds to Funcesp to process retired employee payments on a monthly basis.

(b) Refer to certain labor claims settled by CTEEP, upon a court order, relating to employees retired under the terms of State Law No. 4.819/58, which should be borne by the State Government of São Paulo.

(c) The expected loss recognized was based on decisive factors such as the extension of the expected term for realization of part of accounts receivable from the State of São Paulo and on the status of pending litigation. The Company monitors the progress of this issue and regularly revises the provision, evaluating the need for supplementing or reversing the provision based on legal events that may change the opinion of its advisors. Through March 31, 2019, no events occurred that would indicate the need to change the expected loss.

9 Recoverable taxes

	Parent		Consolidated	
	03.31.2019	12.31.2018	03.31.2019	12.31.2018
Prepaid income tax	46,659	11,439	47,821	12,601
Prepaid social contribution	16,641	-	16,675	16
Withholding income tax	3,711	1,462	4,762	2,489
Withholding social security contribution	192	31	948	783
Cofins (tax on revenue)	7,489	7,192	7,546	7,249
PIS (tax on revenue)	1,929	1,863	1,945	1,879
Taxes in installments	3,649	3,649	3,649	3,649
Others	703	703	855	855
	80,973	**26,339**	**84,201**	**29,521**

10 Sureties and judicial deposits

Pledges and restricted deposits are recorded in noncurrent assets, given the uncertainties around the outcome of the related litigation.

Deposits are recognized at nominal value and adjusted for inflation based on the Benchmark Rate (TR) for labor and social security deposits and on Selic for tax and regulatory deposits. Balance is broken down as follows:

	Parent		Consolidated	
	03.31.2019	**12.31.2018**	**03.31.2019**	**12.31.2018**
Judicial deposits				
Labor (Note 20 (a) (i))	31,911	34,506	31,968	34,563
Social security - INSS (note 20 (a) (iv))	2,873	2,819	2,873	2,819
PIS/COFINS (a)	11,790	11,688	11,790	11,688
Assessments - ANEEL (b)	17,304	16,985	17,304	16,985
Others	353	346	939	932
	64,231	**66,344**	**64,874**	**66,987**

(a) In March 2015, through Decree No. 8426/15, the PIS/COFINS rate applicable on financial income was reinstated at 4.65% effective July 01, 2015. The Company filed, for the period from July 2015 to February 2018, a lawsuit seeking the non-levy of such tax based on the fact that the levy could only be required by Law as defined in article 150, item I, of the Federal Constitution, and that Decree No. 8426/15 also violates the principle of non-cumulative taxation established in paragraph 12 of article 194.

(b) Refers to deposits for the purpose of voiding ANEEL assessment notices which the Company has challenged.

11 Investments

(a) Changes in investments

	Parent						
	Balances at 12.31.2018	**Capital payment**	**Share of profit of investees**	**Adjustment and realization of control acquisition**	**Dividends**	**Financial instrument adjustment**	**Balances at 03.31.2019**
Serra do Japi	434,063	-	11,412	-	-	-	445,475
IEMG (*)	67,951	-	1,746	504	-	-	70,201
IENNE	274,245	-	5,912	-	-	-	280,157
Pinheiros	503,964	-	14,434	-	-	-	518,398
Evrecy (*)	65,837	-	1,276	(622)	-	-	66,491
Itaúnas (**)	45,060	14,194	707	-	-	-	59,961
Tibagi (**)	12,467	6,258	124	-	-	-	18,849
Itaquerê (**)	113,899	20,226	2,487	-	-	-	136,612
Itapura (**)	7,136	13,699	478	-	-	-	21,313
Aguapeí (**)	11,539	1,511	249	-	-	-	13,299
IESul	126,574	-	1,207	-	-	-	127,781
Biguaçu	3,174	2,528	563	-	-	197	6,462
IEMadeira	1,434,227	-	26,844	-	-	-	1,461,071
IEGaranhuns	365,851	-	6,783	-	(8,739)	-	363,895
Paraguaçu (**)	14,500	12,500	52	-	-	-	27,052
Aimorés (**)	10,959	7,000	59	-	-	-	18,018
Ivaí (**)	22,555	25,000	290	-	-	-	47,845
Total	**3,514,001**	**102,916**	**74,623**	**(118)**	**(8,739)**	**197**	**3,682,880**

(*) The fair value of the investments as at the acquisition dates was assigned to concession assets and are amortized over the term of each concession agreement.
(**) The amounts of investments of these subsidiaries is financed by the 7th issuance of debentures, classified as “Green Bonds” (note 15 (iv)).

	Consolidated				
	Balances at 12.31.2018	**Capital payment**	**Share of profit of investees**	**Dividends**	**Balances at 03.31.2019**
IEMadeira	1,434,227	-	26,844	-	1,461,071
IEGaranhuns	365,851	-	6,783	(8,739)	363,895
Paraguaçu	14,500	12,500	52	-	27,052
Aimorés	10,959	7,000	59	-	18,018
Ivaí	22,555	25,000	290	-	47,845
Total	**1,848,092**	**44,500**	**34,028**	**(8,739)**	**1,917,881**

(b) Information on investments in subsidiaries

	Reporting date	Number of common shares	Share of paid-in capital - %	Paid-in capital	Assets	Liabilities	Equity	Adjusted equity (*)	Gross revenue	Profit (loss)
Serra do Japi	03.31.2019	130,857,000	100.0	130,857	532,104	86,629	445,475	-	14,840	11,412
	12.31.2018	130,857,000	100.0	130,857	522,074	88,010	434,064	-	61,497	41,999
IEMG	03.31.2019	83,055,292	100.0	83,055	129,344	30,755	98,589	70,201	4,357	1,746
	12.31.2018	83,055,292	100.0	83,055	128,639	31,796	96,843	67,951	21,629	14,067
IENNE	03.31.2019	338,984,000	100.0	338,984	484,412	204,255	280,157	-	12,665	5,912
	12.31.2018	338,984,000	100.0	338,984	480,586	206,340	274,246	-	75,440	100,808
Pinheiros	03.31.2019	300,910,000	100.0	300,910	620,337	101,939	518,398	-	18,379	14,434
	12.31.2018	300,910,000	100.0	300,910	609,206	105,242	503,964	-	66,738	51,452
Evrecy	03.31.2019	21,512,367	100.0	21,512	55,242	4,523	50,719	66,491	2,230	1,276
	12.31.2018	21,512,367	100.0	21,512	53,711	4,268	49,443	65,838	7,577	(7,109)
Itaúnas	03.31.2019	57,680,000	100.0	57,680	64,492	4,531	59,961	-	15,770	707
	12.31.2018	43,486,000	100.0	43,486	48,730	3,670	45,060	-	42,570	1,796
Tibagi	03.31.2019	19,081,000	100.0	19,081	22,896	4,047	18,849		7,961	124
	12.31.2018	12,823,000	100.0	12,823	14,526	2,059	12,467	-	13,199	(228)
Itaquerê	03.31.2019	131,825,000	100.0	131,825	154,524	17,912	136,612	-	24,703	2,487
	12.31.2018	111,599,000	100.0	111,599	129,824	15,925	113,899	-	119,966	2,455
Itapura	03.31.2019	21,401,000	100.0	21,401	36,223	14,910	21,313	-	7,480	478
	12.31.2018	7,702,000	100.0	7,702	28,653	21,517	7,136	-	27,512	(468)

(*) The adjusted equity includes the adjustments at fair value according to appraisal report as of the acquisition date.

	Reporting date	Number of common shares	Share of paid-in capital - %	Paid-in capital	Assets	Liabilities	Equity	Adjusted equity (*)	Gross revenue	Profit (loss)
Aguapeí	03.31.2019	12.997.000	100,0	12.997	14.463	1.164	13.299	-	1.287	249
	12.31.2018	11.486.000	100,0	11.486	13.139	1.600	11.539	-	11.937	169
IESul	03.31.2019	220.660.000	100,0	220.660	263.287	75.124	188.163	127.781	6.440	1.207
	12.31.2018	220.660.000	100,0	220.660	232.621	45.664	186.957	126.571	29.266	9.225
Biguaçu	03.31.2019	3.431.000	100,0	3.431	7.069	607	6.462	-	3.200	563
	12.31.2018	903.000	100,0	903	3.645	471	3.174	-	1.152	(63)

(*) The adjusted equity includes the adjustments at fair value according to appraisal report as of the acquisition date.

(c) Information on investments in jointly controlled subsidiaries

	03.31.2019					12.31.2018				
	IE Madeira	**IE Garanhuns**	**Paraguaçu**	**Aimorés**	**Ivaí**	**IE Madeira**	**IE Garanhuns**	**Paraguaçu**	**Aimorés**	**Ivaí**
Current Assets										
Cash and cash equivalents	189,071	29,810	14,079	6,486	47,782	182,163	37,490	6,785	5,105	4,590
Concession asset	427,248	8,650	-	-	-	429,886	87,315	-	-	-
Other assets	34,576	84,571	1,074	1,614	96	44,271	5,766	1,128	1,324	86
Noncurrent assets										
Concession asset	5,098,726	1,019,906	45,040	32,280	60,171	5,085,371	1,017,004	24,651	18,022	50,576
Other noncurrent assets	175,441	29,509	409	286	312	206,992	15,501	322	193	220
Total	5,925,062	1,172,446	60,602	40,666	108,361	5,948,683	1,163,076	32,886	24,644	55,472
Current liabilities										
Borrowings and financing	254,152	33,529	99	99	99	242,975	33,400	-	-	-
Other liabilities	40,082	31,174	1,488	1,003	5,598	46,046	26,959	1,078	671	4,664
Noncurrent liabilities										
Borrowings and financing	1,701,981	210,730	-	-	-	1,805,371	218,523	-	-	-
Other liabilities	1,064,003	183,493	4,910	3,527	6,975	1,042,081	166,840	2,808	2,056	5,699
Equity	2,864,844	713,520	54,105	36,037	95,689	2,812,210	717,354	29,000	21,917	45,109
Total	5,925,062	1,172,446	60,602	40,666	108,361	5,948,683	1,163,076	32,886	24,644	55,472

	03.31.2019					03.31.2018					
	IE Madeira	**IE Garanhuns**	**Paraguaçu**	**Aimorés**	**Ivaí**	**IE Madeira**	**IE Garanhuns**	**Paraguaçu**	**Aimorés**	**Ivaí**	**IESUL**
Net operating revenue	125,054	23,298	18,508	12,943	8,711	119,080	2,262	3,450	2,262	6,670	3,216
Infrastructure and O&M costs	(6,710)	(4,602)	(17,843)	(12,459)	(7,543)	(17,588)	(2,511)	(3,785)	(2,511)	(7,278)	(4,250)
Operating expenses	(2,337)	(1,110)	(419)	(268)	(415)	(2,053)	(395)	(369)	(395)	(412)	(300)
Finance income (costs)	(864)	(35)	(29)	(24)	(26)	(1,780)	-	-	-	-	-
Nonoperating profit (loss)	(41,441)	(3,950)	106	83	244	(45,435)	74	88	74	66	(433)
Income tax and social contribution	(21,068)	(301)	(218)	(157)	(390)	(14,718)	148	220	148	350	1,024
Profit (loss)	52,634	13,300	105	118	581	37,506	(422)	(395)	(422)	(604)	743
Equity interest CTEEP (%)	51%	51%	50%	50%	50%	51%	51%	50%	50%	50%	51%

(i) Subsidiaries and jointly controlled subsidiaries

In the operating stage

Subsidiary	Incorporation date	Segment	Start of commercial operations	Substations	Installed power	Transmission lines	Extension of lines	Region
Operating								
Serra do Japi	07.01.2009	Transmission	2012	Jandira and Salto	2,000 MVA	Botucatu – Chavantes C4	137.0	São Paulo
IEMG	12.13.2006	Transmission	2009	-	-	Neves 1 – Mesquita	172.0	Minas Gerais
IENNE	12.03.2007	Transmission	2011	-	-	Colinas – São João do Piauí	710.0	Maranhão, Piauí, and Tocantins
Pinheiros	07.22.2008	Transmission	2010	Piratininga ll, Mirassol ll, Getulina, Araras, Atibaia II, and Itapeti	2,800 MVA	Interlagos – Piratininga II	0.72	São Paulo
Evrecy	11.14.2006	Transmission	2008	Aimorés, Conselheiro Pena, and Mascarenhas	150 MVA	Governador Valadares – Mascarenhas	154.0	Espírito Santo and Minas Gerais
IESul	07.23.2008	Transmission	2010	Curitiba, Forquilhinha, Jorge Lacerda, Joinville, Nova Santa Rita, Scharlau 2, Siderópolis	900 MVA	Nova Santa Rita – Scharlau, Joinville Norte – Curitiba, Jorge Lacerda B – Siderópolis ande Siderópolis – Lajeado Grande	168.0	Paraná, Santa Catarina, and Rio Grande do Sul
IEMadeira	12.18.2008	Transmission	2013	Porto Velho rectifying station and Araraquara reversing	6,100 MVA	Porto Velho – Araraquara II	2.385.0	Rondônia, Mato Grosso, Goiás, Minas Gerais, and São Paulo
IEGaranhuns	10.07.2011	Transmission	2015	Garanhuns ll and Pau Ferro	2,100 MVA	Luiz Gonzaga – Garanhuns, Garanhuns – Pau Ferro, Garanhuns – Campina Grande III, Garanhuns – Angelim, Angelim I	633.0	Paraíba, Pernambuco, and Alagoas

In the pre-operating stage

Subsidiary	Incorporation date	Segment	Expected start of operations (*)	Substations	Transmission lines	Extension of lines	Region	Estimated investment (**)	Agreement signature date
Itaúnas	01.13.2017	Transmission	60 months	João Neiva 2	Viana 2 – João Neiva 2	79.0	Espírito Santo	R$297,819	02.10.2017
Tibagi	04.11.2017	Transmission	48 months	Rosana	Nova Porto Primavera – Rosana CD	36.4	São Paulo and Paraná	R$134,646	08.11.2017
Itaquerê	04.11.2017	Transmission	48 months	Araraquara 2	-	-	São Paulo	R$397,733	08.11.2017
Itapura	04.11.2017	Transmission	42 months	Bauru	-	-	São Paulo	R$125,794	08.11.2017
			48 months	Lorena	-	-	São Paulo	R$237,947	21.09.2018
Aguapeí	04.11.2017	Transmission	48 months	Baguaçu e Alta Paulista	Marechal Rondon – Taquaruçu and Ilha Solteira – Bauru C1/C2	120.0	São Paulo	R$601,879	08.11.2017
Biguaçu	07.06.2018	Transmission	60 months	Ratones	-	-	Santa Catarina	R$641,382	09.21.2018
Paraguaçu	11.18.2016	Transmission	60 months	-	Poções III – Padre Paraíso 2 C2	338.0	Bahia and Minas Gerais	R$509,595	02.10.2017
Aimorés	11.18.2016	Transmission	60 months	-	Padre Paraíso 2 – Governador Valadares 6 C2	208.0	Minas Gerais	R$341,118	02.10.2017
Ivaí	05.17.2017	Transmission	60 months	Guaíra, Sarandi, and Paranavaí Norte	Guaíra – Sarandi, Foz do Iguaçu – Guaíra, Londrina – Sarandi, Sarandi – Paranavaí Norte	79.0	Espírito Santo	R$1,936,474	08.11.2017

(*) Term for placement into operation as from the contract execution date, according to ANEEL's estimate.
(**) Investment, according to ANEEL's estimate.

(ii) Business combinations

Interligação Elétrica Sul S.A. (IESul)

On April 06, 2018, the Company entered into with Cymi Construções e Participações S.A. an agreement for the acquisition of 50.00% less 1 share in the capital of IESUL for the amount of R$20,075. The Brazilian Antitrust Authority (CADE) and ANEEL authorized the transaction in April and June 2018, respectively. The completion of the transactions and actual acquisition occurred in September 2018 for the amount of R$20,530. As a result of the transaction, IESUL became CTEEP's wholly-owned subsidiary.

The fair value of assets acquired and liabilities assumed and the bargain purchase gain were supported by an appraisal report prepared by an independent consulting firm based on the balance sheet as at August 31, 2018 and shown below:

	Book value at 08.31.2018	Book value after adoption of CPC 47 at 08.31.2018	Adjustments to fair value (*)	Assets and liabilities at fair value
Trade receivables (concession asset)	326,071	254.049	(60.386)	193.663
Restricted cash	1,738	1.738	-	1.738
Other current assets	8,240	8.240		8.240
	336,049	264.027	(60.386)	203.641
Borrowings and financing	21,229	21.229	-	21.229
Other current liabilities	8,291	8.291	-	8.291
Deferred income tax and social contribution	22,636	22.636	-	22.636
Deferred PIS and Cofins (taxes on revenue)	32,254	32.254	-	32.254
	84,410	84.410	-	84.410
Equity	251,639	179.617	(60.386)	119.231
Interest acquired				50%
				59,616
Amount paid				(20,530)
Capital contribution - 50% equity interest Cymi				2,362
Bargain purchase gain				41,448

(*) Reflects the difference between the value in use and the fair value, supported by an independent appraisal report. The Company's investments are stated at their recoverable value, which, according to CPC 01 (R1), is represented by the higher of the fair value and value and use.

The Company remeasured its former 50% equity interest in IESUL at fair value, as shown below:

	R$ thousand
Book value of the investment before acquisition of control (50%)	125,820
Fair value of the investment (50%)	59,616
Loss on acquisition of control of IESUL	(66,204)

The net value of R$24,756, resulting from the negative goodwill, deducted from the adjustment in the acquisition of the equity interest formerly held by the Company, is recorded in the Company's income statement under line item "Other operating income (expenses)", and, net of deferred income tax and social contribution, amounts to R$16,339.

As a result of this operation, the balance of the Company's investment in IESUL has reflected the fair value of the assets and liabilities, which differs from the book value of IESUL's equity.

12 Property, plant and equipment

Refers mainly to chattels used by the Company and not related to the concession arrangement.

	Parent				
			03.31.2019	12.31.2018	Average annual depreciation rates - %
	Cost	Accumulated depreciation	Net	Net	%
Land	2,060	-	2,060	2,060	-
Leases of buildings (ii)	9,731	(1,142)	8,589	-	48% (i)
Machinery and equipment	5,891	(2,293)	3,598	3,599	6.51%
Furniture and fixtures	7,669	(5,916)	1,753	1,761	6.23%
IT equipment	18,192	(12,123)	6,069	5,754	16.66%
Vehicles	10,196	(4,977)	5,219	5,570	14.29%
Lease of vehicles (ii)	13,626	(1,798)	11,828	759	16.67% to 70.59% (i)
Leasehold improvements	1,161	(540)	621	702	27.91%
Construction in progress	4,858	-	4,858	5,204	-
Others	981	(944)	37	38	4.0%
	74,365	**(29,733)**	**44,632**	**25,447**	

(i) Depreciation rate according to the lease agreement term.

	Consolidated				
			03.31.2019	12.31.2018	Average annual depreciation rates - %
	Cost	Accumulated depreciation	Net	Net	%
Land	2,060	-	2,060	2,060	-
Leases of buildings (ii)	10,353	(1,187)	9,166	-	9.52% to 48% (i)
Machinery and equipment	5,891	(2,293)	3,598	3,599	6.51%
Furniture and fixtures	7,672	(5,916)	1,756	1,764	6.23%
IT equipment	18,222	(12,141)	6,081	5,767	16.66%
Vehicles	10,312	(4,992)	5,320	759	14.29%
Lease of vehicles (ii)	13,626	(1,798)	11,828	5,570	16.67% to 70.59% (i)
Leasehold improvements	1,161	(540)	621	702	27.91%
Construction in progress	4,858	-	4,858	5,204	-
Others	1,056	(944)	112	114	4.0%
	75,211	**(29,811)**	**45,400**	**25,539**	

(i) Depreciation rate according to the lease agreement term.

Changes in property, plant and equipment are as follows:

	Parent				
	Balances at 12.31.2018	Additi-ons	Depreciati-on	Write-offs/ Transfers	Balances at 03.31.2019
Land	2,060	-	-	-	2,060
Leases of buildings (ii)	-	9,731	(1,142)	-	8,589
Machinery and equipment	3,599	79	(80)	-	3,598
Furniture and fixtures	1,761	55	(63)	-	1,753
IT equipment	5,754	835	(517)	(3)	6,069
Vehicles	5,570	13	(364)	-	5,219
Lease of vehicles (ii)	759	12,630	(1,561)	-	11,828
Leasehold improvements	702	-	(81)	-	621
Construction in progress	5,204	-	-	(346)	4,858
Others	38	-	(1)	-	37
	25,447	**23,343**	**(3,809)**	**(349)**	**44,632**

	Consolidated				
	Balances at 12.31.2018	**Additions**	**Depreciation**	**Write-offs/ Transfers**	**Balances at 03.31.2019**
Land	2,060	-	-	-	2,060
Leases of buildings (ii)	-	10,353	(1,187)	-	9,166
Machinery and equipment	3,599	79	(80)	-	3,598
Furniture and fixtures	1,764	55	(63)	-	1,756
IT equipment	5,767	835	(518)	(3)	6,081
Vehicles	5,671	13	(364)	-	5,320
Lease of vehicles (ii)	658	12,746	(1,576)	-	11,828
Leasehold improvements	702	-	(81)	-	621
Construction in progress	5,204	-	-	(346)	4,858
Others	114	-	(1)	(1)	112
	25,539	**24,081**	**(3,870)**	**(350)**	**45,400**

(ii) With the adoption of CPC 06 (R2), the Company has recorded leases of properties and vehicles as property, plant and equipment (note 4 (a)).

13 Intangible assets

The balance of R$10,527, Parent, and R$28,136, consolidated, the amount of R$12,365 primarily refers to expenses incurred to upgrade ERP-SAP and software licenses, amortized on a straight-line basis over five years.

Out of the balance of R$28,136, consolidated, the amount of R$15,771 refers to the concession asset, determined according to a report prepared by an independent consulting firm (Note 11), generated on the acquisition of subsidiary Evrecy, whose economic basis is the expected earnings during the effective concession agreement term. The concession asset is amortized over the subsidiary concession agreement, which matures on July 17, 2025, as determined by ICPC 09 (R2) - Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements and Application of the Equity Method of Accounting.
Changes in intangible assets:

	Parent	**Consolidated**
Balance at 12.31.2018	**11,878**	**30,142**
Additions	455	668
Write-offs	(669)	(669)
Amortization	(1,137)	(2,005)
Balance at 03.31.2019	**10,527**	**28,136**

14 Borrowings and financing

Borrowings and financing are broken down as follows:

a) Local currency

											Parent		Consolidated	
Agreement	**Compa-ny**	**Borrowing amount**	**Start date**	**Finance charges**	**IRR p.a.**	**Final date**	**Purpose**	**Payment conditions**	**Collateral**	**Financial indicator**	**03.31.2019**	**12.31.2018**	**03.31.2019**	**12.31.2018**
BNDES														
Agreement 13.2.1344.1 (*)	CTEEP	284,136 105,231 1,940	12.23.2013	TJLP + 1.80% p.a. 3.50% p.a TJLP	9.90% 3.80% 7.60%	15.03.2029 01.15.2024 03.15.2029	Pluriannual Investments Plan 2012 - 2015	Quarterly interest through March 2015 and payment of principal and interest beginning April 2015	Bank guarantee	Net debt/Adjusted EBITDA < 3.0 and Net debt/Net debt + Equity < 0.6.	192,473 49,292 1,622	196,700 51,830 24	192,473 49,292 1,622	196,700 51,830 24
Agreement 17.2.0291.2 (*)	CTEEP	272,521	08.08.2017	TJLP + 2.62% p.a.	5.60%	03.15.2032	Pluriannual Investments Plan 2016 - 2019	Principal and monthly interest beginning April 15, 2018	Fiduciary assignment	Net debt/Adjusted EBITDA < 3.0 and Net debt/Net debt + Equity < .6	227,964	150,987	227,964	150,987
Agreement 13.2.0650.1	Pinheiros	23,498	08.13.2013	TJLP + 2.06% p.a. 3.50% p.a.	8.90% 3.80%	02.15.2028 04.15.2023	Finance Projects of Lots E, H and K - Auction 004/2008	Principal and interest - 168 monthly installments beginning March 15, 2014	-	DSCR of at least 1.3 determined annually	- -	- -	4,892 7,396	5,015 7,847

											Parent		Consolidated	
Agreement	**Compa-ny**	**Borrowing amount**	**Start date**	**Finance charges**	**IRR p.a.**	**Final date**	**Purpose**	**Payment conditions**	**Collateral**	**Financial indicator**	**03.31.2019**	**12.31.2018**	**03.31.2019**	**12.31.2018**
Agreement 10.2.2034.1	Pinhei-ros	119,886	12.30.2010	TJLP + 2.62% p.a. 5.50% p.a.	9.40% 5.80%	05.15.2026 01.15.2021	Finance Projects of Lot K - Auction 004/2011	Principal and interest - 168 monthly installments beginning September 15, 2011	-	DSCR of at least 1.3 determined annually	- -	- -	26,154 18,428	27,020 20,935
Agreement 11.2.0842.1	Serra do Japi	93,373	28.10.2011	TJLP + 1.95% p.a. TJLP + 1.55% p.a.	8.60% 8.30%	05.15.2026 05.15.2026	Finance Projects of Lot I - Auction 001/2009	Principal and interest - 168 monthly installments beginning June 15, 2012	-	DSCR of at least 1.2 determined annually	- -	- -	27,626 23,872	28,531 24,655
Agreement 08.2.0770.1	IEMG	70,578	14.01.2009	TJLP + 2.39% p.a.	9.00%	04.15.2023	Finance Projects of Lot D - Auction 005/2006	Principal and interest - 168 monthly installments beginning May 15, 2009	-	DSCR of at least 1.3 determined annually	-	-	21,567	22,821
Agreement 10.2.1883.1	IESUL	18,166	21.12.2010	5.5% p.a. TJLP + 2.58% p.a.	5.50% 5.50%	01.15.2021 05.15.2025	Finance Projects of Lot F - Auction 004/2008	Principal and interest - 168 monthly installments beginning June 15, 2011	-	DSCR of at least 1.3 determined annually	- -	- -	2,053 4,708	2,334 4,884
Agreement 13.2.0422.1	IESUL	28,200	28.06.2013	3.0% p.a. TJLP + 2.58% p.a.	3.00% 8.80%	04.15.2023 02.15.2028	Finance Projects of Lot I - Auction 004/2008	Principal and interest - 168 monthly installments beginning May 26, 2014	-	DSCR of at least 1.3 determined annually	- -	- -	4,866 7,392	5,170 7,572
Finame PSI	CTEEP	10,346	04.11.2014	6.0% p.a.	6.00%	11.18.2019	Financing of machinery and equipment	Principal and interest - 54 monthly installments beginning February 2015			1,537	2,113	1,537	2,113
Eletrobras	CTEEP	-	-	8.0% p.a.	8.00%	11.15.2021	-	-	-	-	59	69	59	69

											Parent		Consolidated	
Agreement	**Compa-ny**	**Borrowing amount**	**Start date**	**Finance charges**	**IRR p.a.**	**Final date**	**Purpose**	**Payment conditions**	**Collateral**	**Financial indicator**	**03.31.2019**	**12.31.2018**	**03.31.2019**	**12.31.2018**
BNB	IENNE	220,000	05.19.2010	10.0% p.a.	10.00 %	05.19.2030	Finance Projects of Lot A - Auction 004/2008	Quarterly interest through May 2012 and monthly beginning June 2012	Reserve account held in BNB	-	-	-	168,998	171,679
Leases	CTEEP and IEEV	13,278	07.28.2016	0.58% p.m.	-	11.30.2020	Lease of vehicles	Payment of principal and monthly interest	-	-	11,644	512	11,746	512
Leases	CTEEP and subsidiaries	10,885	02.01.2016	0.58% p.m.	-	06.01.2029	Lease of real properties	Payment of principal and monthly interest	-	-	8,661	-	9,241	-
Total in local currency											**493,252**	**402,235**	**811,886**	**730,698**

b) Foreign currency

Agreement	Company	Borrowing amount	Start date	Finance charges	IRR p.a.	Final date	Financial indicator	Payment conditions	Parent		Consolidated	
									03.31.2019	12.31.2018	03.31.2019	12.31.2018
Law No. 4131(**)												
MUFG	CTEEP	USD 75,000	07. 20.2018	Forex + 3.3415% p.a. + IR (swap for 102.3% CDI)	6.59%	07.20.2020	Net debt/Adjusted EBITDA < 3.5 and Adjusted EBITDA/Net Interest Expense > 2.0	Quarterly interest and principal by the end	296,821	293,902	296,821	293,902
CITI	CTEEP	USD 75,000	08.24.2018	Forex + Libor 3M + 0.47% p.a. + IR (swap for 102.3% CDI)	6.61%	08.24.2020	Net debt/Adjusted EBITDA < 3.5 and Adjusted EBITDA/Net Interest Expense > 2.0	Quarterly interest and principal by the end	293,962	292,027	293,962	292,027
CITI	CTEEP	USD 60,000	11.08.2018	Forex + Libor 3M + 0.25% p.a. + IR (swap for 102.5% CDI)	6.62%	11.08.2019	Net debt/Adjusted EBITDA < 3.5 and Adjusted EBITDA/Net Interest Expense > 2.0	Quarterly interest and principal by the end	235,593	233,129	235,593	233,129
Total in foreign currency									**826.376**	**819.058**	**826,376**	**819,058**
Total in local and foreign currency									**1,319,628**	**1,221,293**	**1,638,262**	**1,549,756**
Current									**301,895**	**280,729**	**354,724**	**334,067**
Noncurrent									**1,017,733**	**940,564**	**1,283,538**	**1,215,689**

(*) For purposes of calculating and showing that such ratios are reached, the Company consolidates all subsidiaries and jointly- ontrolled subsidiaries (proportionately to equity interests), provided that equity interest is equal or higher than 10%.

(**) The effects of contracting swap financial instruments for foreign currency contracts 4131 are described in note 29.

The noncurrent portion of borrowings and financing is as follows:

	Parent		Consolidated	
	03.31.2019	**12.31.2018**	**03.31.2019**	**12.31.2018**
2020	629,075	623,626	661,108	665,263
2021	49,348	40,673	83,072	74,360
2022	47,105	40,657	80,664	74,190
2023	46,595	40,657	75,465	69,500
2024	37,470	31,329	64,364	58,194
2025 to 2029	168,828	138,064	271,897	240,968
2030 to 2032	39,312	25,558	46,968	33,214
	1,017,733	**940,564**	**1,283,538**	**1,215,689**

Changes in borrowings and financing are as follows:

	Parent	Consolidated
Balances at 12.31.2017	**602,513**	**959,129**
Additions	697	697
Principal repayments	(8,047)	(26,442)
Interest payments	(6,253)	(13,168)
Interest, inflation adjustments and exchange rate changes	12,192	18,753
Balances at 03.31.2018	**601,102**	**938,969**
Balances at 12.31.2018	**1,221,293**	**1,549,756**
Additions (i)	80,000	80,000
Leases - adoption of CPC 06 (R2)	22,361	23,098
Principal repayments	(14,797)	(25,133)
Interest payments	(15,830)	(22,372)
Interest, inflation adjustments and exchange rate changes	26,601	32,913
Balances at 03.31.2019	**1,319,628**	**1,638,262**

(i) Refers to the financing obtained on August 08, 2017 under BNDES Agreement No. 17.2.0291.2.

The Company participates as intervening guarantor, to the limit of its interests in subsidiaries, jointly controlled subsidiaries, in their financing agreements, as shown below.

Subsidiary	Equity interest in subsidiary	Bank	Debt type	Outstanding balance at 03.31.2019	Collaterals	Balance guaranteed by CTEEP	End of guarantee term
Pinheiros	100%	BNDES	FINEM and PSI	44,582	Pledge of shares	44,582	02.15.2028
Pinheiros	100%	BNDES	FINEM and PSI	12,288	Pledge of shares	12,288	05.15.2026
Serra do Japi	100%	BNDES	FINEM	51,498	Pledge of shares	51,498	05.15.2026
IEMG	100%	BNDES	FINEM	21,567	Pledge of shares	21,567	04.15.2023
IESul	100%	BNDES	FINEM and PSI	6,761	Penhor de Ações	6,761	05.15.2025
IESul	100%	BNDES	FINEM and PSI	12,258	Pledge of shares	12,258	02.15.2028
IENNE	100%	Banco do Nordeste	FNE	168,998	Pledge of shares/Corporate	168,998	05.19.2030
IEMadeira	51%	Banco da Amazônia	Bank credit note	298,429	Pledge of shares Bank guarantee	152,199	07.10.2032 08.30.2019
IEMadeira	51%	BNDES	FINEM and PSI	1.217.456	Pledge of shares Pledge of shares	620,903	02.15.2030 08.31.2019
IEMadeira	51%	Itaú/BES	Infrastructure debentures	440,247	Pledge of shares/Corporate	224,526	03.18.2025
IEGaranhuns	51%	BNDES	FINEM and PSI	244,260	Pledge of shares	124,573	12.15.2028

In addition to the collaterals mentioned above, the financing agreements between the subsidiaries and jointly-controlled subsidiaries with the development banks (BNDES/BASA/BNB) require the creation and maintenance of a reserve account for the debt service in an amount equivalent to three to six times the last installment paid under the financing, including the portion of principal and interest, classified under restricted cash in the balance sheet in the amount of R$8,695, Parent, and R$40,060, consolidated (R$6,584, Parent, and R$37,495, consolidated, at December 31, 2018).

The BNDES financing agreements and debentures of subsidiaries and jointly controlled subsidiaries contain covenants that require the maintenance of financial indicators for the Debt Service Coverage Ratio (DSCR) as well as cross default clauses that provided for the acceleration of payment in case of failure to comply with the obligations under the agreements.

As at March 31, 2019, no payment acceleration event occurred relating to covenants under the agreements with the Parent, subsidiaries and jointly controlled subsidiaries.

15 Debentures

					Parent and Consolidated	
	Maturity	Number	Finance charges	IRR p.a.	03.31.2019	12.31.2018
Single series (i)	07.15.2021	148,270	IPCA + 6.04%	10.0%	166,356	162,328
Single series (ii)	02.15.2024	300,000	IPCA + 5.04%	9.1%	316,131	325,049
Single series (iii)	12.13.2020	350,000	105.65% do CDI p.a.	8.0%	356,028	350,330
Single series (iv)	04.15.2025	621,000	IPCA+ 4.70%	8.9%	641,613	627,504
					1,480,128	**1,465,211**
Current					**22,436**	**23,707**
Noncurrent					**1,457,692**	**1,441,504**

(i) In August 2016, the Company issued 148,270 infrastructure debentures, in accordance with article 2 paragraph 1 of Law No. 12431/2001 in a single series, to a total amount of R$148,270 with the purpose of reimbursing contributions and investments in jointly controlled subsidiaries IEMadeira and IEGaranhuns. These debentures will mature on July 15, 2021 and yield will be paid annually in July of each year, with the first installment due on July 15, 2017.

Financial ratios established in the indenture are as follows: Net Debt/Adjusted EBITDA < 3.5 and Adjusted EBITDA/Finance Income (Costs) > 1.5 through the measurement made as of June 30, 2017 and, as from the measurement made at September 30, 2017, > 2.0.

(ii) In March 2017, the Company issued 300,000 infrastructure debentures under article 2, paragraph 1, of Law No. 12431/2001, in a single series, in the total amount of R$300,000, to cover future payments and/or reimbursement of expenditures, expenses or debts relating to investments in enhancements and improvements in transmission facilities, encompassing the installation, replacement or renovation with a view to maintain proper quality services, the reliability of the National Interconnected System (SIN), the useful life of equipment and/or connect new users. Debentures will mature on February 15, 2024 and yield will be paid every February of each year, the first installment falling due on February 15, 2018. Issuance costs, net of transaction costs, amounted to R$292,603 and will be amortized on a straight-line basis over the transaction term.

Financial ratios established in the indenture are as follows: Net Debt/Adjusted EBITDA $\leq$3.5 and Adjusted EBITDA/Finance Income (Costs) $\geq$ 1.5 through the measurement made as of June 30, 2017 and, as from the measurement made at September 30, 2017, $\geq$ 2.00.

(iii) In December 2017, the Company issued 350,000 debentures, in a single series, in the total amount of R$350,000, exclusively for working capital purposes and to extend the financial liabilities. Debentures will mature on December 13, 2020 and yield will be paid on a semi-annual basis in June and December of each year, the first installment falling due on June 13, 2018 Issuance costs, net of transaction costs, amounts to R$348,041 and will be amortized on a straight-line basis over the transaction term.

The financial indicators established in the indenture are Net Debt/Adjusted EBITDA $\leq$ 3.5 and Adjusted EBITDA/Finance income (costs) $\geq$ 2.0.

(iv) In May 2018, the Company issued 621,000 infrastructure debentures, under article 2 of Law No. 12.431/2011, in a single series, in the total amount of R$621,000, with a view to reimburse the costs incurred in up to 24 months as of the the disclosure of the Offering Closing Notice, or future payment in the scope of the investment in Paraguaçu, Aimorés, Itaúnas, Ivaí, Tibagi, Itaquerê, Itapura and Aguapeí projects. Debentures were classified as "green bonds", since their proceeds will contribute to the sustainable development by supporting the generation of renewable energy, according to an independent opinion of specialists experienced and having technical capacity in the sustainability field, disclosed in May 2018 on the Company's website. Debentures will mature on April 15, 2025 and yield will be paid on a semi-annual basis in October and April of each year, the first installment falling

due on October 15, 2018. Issuance costs, net of transaction costs, amounts to R$603,877 and will be amortized on a straight-line basis over the transaction term.

All requirements and covenants set out in the indentures of the issuances have been properly met and satisfied by the Company and its subsidiaries through the reporting date.

The issuance costs recognized on the financial transactions through March 31, 2019 totaled R$32,888. The balance of the remaining costs to be recognized beginning March 31, 2019 is R$22,456.

The noncurrent portion of installments matures as follows:

	03.31.2019	**12.31.2018**
2020	349,758	349,672
2021	160,675	158,330
2024	315,951	311,428
2025	631,308	622,074
	1,457,692	**1,441,504**

Changes in debentures are as follows:

Balances at 12.31.2017	**983,859**
Interest payments	(13,340)
Interest, inflation adjustments and exchange rate changes	19,458
Balances at 03.31.2018	**989,977**
Balances at 12.31.2018	**1,465,211**
Interest payments	(15,866)
Interest, inflation adjustments and exchange rate changes	30,783
Balances at 03.31.2019	**1,480,128**

16 Taxes and payroll charges payable

	Parent		Consolidated	
	03.31.2019	**12.31.2018**	**03.31.2019**	**12.31.2018**
Income tax	82,893	84	84,120	1,018
Social contribution	30,066	2,222	30,730	2,906
Cofins (tax on revenue)	26,473	26,654	27,129	27,217
PIS (tax on revenue)	5,294	5,320	5,436	5,446
Social Security Contribution (INSS)	4,641	5,522	5,002	5,767
ISS (Service tax)	2,356	2,500	3,080	3,139
Severance Pay Fund (FGTS)	1,044	2,124	1,044	2,125
Withholding income tax	3,511	3,912	3,556	3,970
Others	2,956	2,596	3,162	2,794
	159,234	**50,934**	**163,259**	**54,382**

17 Deferred PIS and Cofins (taxes on revenue)

	Parent		Consolidated	
	03.31.2019	**12.31.2018**	**03.31.2019**	**12.31.2018**
PIS	193,356	193,564	210,042	209,853
Cofins	890,608	891,565	967,585	966,713
	1,083,964	**1,085,129**	**1,177,627**	**1,176,566**

Deferred PIS and Cofins relate to infrastructure implementation revenues and compensation from concession assets determined on the contractual financial asset recorded in the proper accounting period. Payment is made as monthly revenues are billed, as provided for in Law No. 12.973/14.

18 Regulatory charges payable

	Parent		Consolidated	
	03.31.2019	**12.31.2018**	**03.31.2019**	**12.31.2018**
Research & Development - R&D (i)	62,975	59,982	67,678	64,453
Global Reversal Reserve - RGR (ii)	548	548	548	801
Energy Development Account - CDE (iii)	8,278	8,340	8,278	8,340
Alternative Power Sources Incentive Program (Proinfa)	1,791	2,202	1,791	2,202
ANEEL inspection fee	-	-	387	391
	73,592	**71,072**	**78,682**	**76,187**
Current	**38,133**	**38,834**	**39,302**	**40,262**
Noncurrent	**35,459**	**32,238**	**39,380**	**35,925**

(i) The Company and its subsidiaries recognize obligations relating to tariff amounts already billed (1% of net operating revenue), applied to the Research and Development (R&D) Program, monthly adjusted, as from the

second month subsequent to its recognition through its actual realization, based on Selic (The Central Bank interest rate) as established in ANEEL Resolutions 300/2008 and 316/2008. According to Official Letter No. 0003/2015, of May 18, 2015, expenditures applied to R&D are accounted for in assets and, by completion of the project, recognized as obligation settled and, subsequently, submitted to audit and final evaluation by ANEEL. The total amount invested in projects not completed by March 31, 2019 amounts to R$16,080 (R$12,859 at December 31, 2018).

(ii) Pursuant to article 21 of Law No. 12.783, beginning January 01, 2013, power transmission companies under concession agreements extended as set forth in the aforementioned Law are exempted from paying the annual RGR amount. In Parent, as at March 31, 2019, the balance of RGR payable refers to an additional amount relating to the 2010 inspection fee, as established in ANEEL Order No. 2.513/2012, superseded by Order No. 034/2013.

(iii) The CDE is a fee transmission companies are required to transfer based on amounts collected from free consumers.

19 Payroll and related taxes

	Parent		Consolidated	
	03.31.2019	**12.31.2018**	**03.31.2019**	**12.31.2018**
Vacation, 13th salary and related taxes	23,107	25,219	23,107	25,399
Profit sharing (PRL)	6,049	11,648	6,049	11,648
	29,156	**36,867**	**29,156**	**37,047**

20 Provisions

(a) Provision for risks

Lawsuits are assessed periodically and classified based on their likelihood of loss for the Company and its subsidiaries. Provisions are recognized for all lawsuits for which it is probable that an outflow of funds will be required to settle the obligation and a reliable estimate can be made.

Lawsuits assessed as probable loss are as follows:

	Parent		Consolidated	
	03.31.2019	**12.31.2018**	**03.31.2019**	**12.31.2018**
Labor (i)	86,028	86,763	86,030	86,765
Civil (ii)	2,628	2,900	3,988	2,941
Tax - IPTU (property tax) (iii)	737	996	737	996
Other (iv)	281	6	281	6
	89,674	**90,665**	**91,036**	**90,708**

(i) Labor

The Company is a defendant in certain lawsuits that are under discussion at different courts relating to claims of salary equalization, overtime, hazardous duty premium, among others. The Company made escrow deposits for labor claims in the amount of R$31,911 (R$34,506 as at December 31, 2018), as described in note 10.

(ii) Civil

The Company is a party to civil lawsuits relating to issues including real estate, indemnities, collections, annulment and class actions arising in the normal course of business, that is, operation and maintenance of transmission lines, substations and equipment under the electric power transmission concession agreements.

(iii) Tax - IPTU (property tax)

The Company is a party to proceedings relating to the collection of Property Tax (IPTU) and recognizes a provision to cover debts to the municipal government of various municipalities in the State of São Paulo.

(iv) Others

The balance of R$281 refers to a tax assessment issued by the National Institute of Social Security (INSS), which required the Company to pay social security contributions on additional compensations paid to employees, as meal allowance, breakfast and food staples, relating to the period from April 1999 to July 2001. Management started its defense in such proceeding and the decision was favorable to the Company. Currently, the judicial deposit amount for this lawsuit totals R$2,873 (R$2,819 as at December 31, 2018), according to Note 10 and is in process of being released.

(v) Changes in provisions for risks:

	Parent				
	Labor	**Civil**	**Tax – IPTU (property tax)**	**Others**	**Total**
Balances at 12.31.2018	**86,763**	**2,900**	**996**	**6**	**90,665**
Recognition	3,437	253	4	275	3,969
Reversal	(4,962)	(396)	(283)	-	(5,641)
Payment	(1,672)	(235)	-	-	(1,907)
Inflation adjustment	2,462	106	20	-	2,588
Balances at 03.31.2019	**86,028**	**2,628**	**737**	**281**	**89,674**

	Consolidated				
	Labor	**Civil**	**Tax – IPTU (property tax)**	**Others**	**Total**
Balances at 12.31.2018	**86,765**	**2,941**	**996**	**6**	**90,708**
Recognition	3,437	1,581	4	275	5,297
Reversal	(4,962)	(430)	(283)	-	(5,675)
Payment	(1,672)	(235)	-	-	(1,907)
Inflation adjustment	2,462	131	20	-	2,613
Balances at 03.31.2019	**86,030**	**3,988**	**737**	**281**	**91,036**

(b) Lawsuits whose likelihood of loss is assessed as possible - Parent and consolidated

The Company and its subsidiaries are parties to labor, civil, social security and tax lawsuits involving risks of loss which, based on the assessment of the legal counsel, Management classified as possible loss, in the estimated amount of R$679,725 and R$683,901 as at March 31, 2019 (R$672,385 and R$675,657 as at December 31, 2018), Parent and consolidated, respectively, for which no provision was recognized.

	Parent		Consolidated	
Classification	**Number**	**Total**	**Quantidade**	**Total**
Labor	131	18,702	134	18,957
Civil	52	57,677	70	61,377
Social security	49	3,652	49	3,652
Civil - Annulment of merger of EPTE by CTEEP (i)	1	210,682	1	210,682
Civil - Ace Seguradora (ii)	1	16,109	1	16,109
Tax - Goodwill amortization (iii)	3	234,306	3	234,306
Tax - IRPJ and CSLL (iv)	-	-	-	-
Tax - CSLL tax loss carryforwards (v)	1	30,322	1	30,322
Tax - Other	263	108,275	265	108,496
Regulatory - Resolution authorizing the implementation of reinforcements (vi)	-	-	-	-
Plan Law No. 4819/58 (note 31)	-	-	-	-
	501	**679,725**	**524**	**683,901**

(i) Annulment of merger of EPTE by CTEEP

Lawsuit whereby minority shareholders claim the annulment of EPTE's merger by the Company or, in a jointly liable manner, the declaration of its right to withdrawal and determination of the payment of the share reimbursement value. Currently in the execution phase, pending final assessment of the pre-enforcement exception. The Company filed a cancellation claim and obtained an injunction conditioned to the possible raising of amounts by the filing party in order to submit a suitable surety.

(ii) ACE Seguradora

Collection lawsuit filed by the insurers of CESP - Companhia Energética de São Paulo, alleging CTEEP's responsibility in the claim incurred in Generation Unit No. 5 - "UG-05" of Hydro Power Plant Três Irmãos, resulting in serious damage to its generator and transformer on June 21, 2013. The amount charged refers to the amount received by CESP and its insurers, totaling R$8.8 million on July 27, 2015, for repair of the generator and transformer allegedly damaged in the event. The lawsuit awaits judgment by the lower court.

(iii) Tax - Goodwill amortization

Lawsuits arising from tax assessment notices issued by the Federal Revenue Service from 2013 to 2017 (period from 2008 to 2013), relating to the goodwill paid by ISA on the acquisition of CTEEP shareholding control.

- The 2008 case was judged at the higher court of the Administrative Board of Tax Appeals (CARF), which granted an unfavorable decision. An appeal was filed and a court injunction was issued so that giving guarantee to obtain tax clearance certificates for the duration of the process is not necessary.

- The 2009, 2010 and 2011 cases were awarded a favorable decision by the higher court of the Administrative Board of Tax Appeals (CARF).

The lawsuit relating to 2012 was granted a favorable decision by CARF and that relating to 2013 was granted an unfavorable decision to the Company at the lower court. The Company may file an appeal.

(iv) Tax - IRPJ and CSLL

Refers to a proceeding discussing income tax and social contribution loss carryforwards (relating to 2002), used to offset debts related to the same taxes, which was partially disallowed. Since the proceeding is unlikely to be granted a CARF's favorable decision, the respective amounts were included in PERT Program. The debt consolidation by the Federal Revenue Service occurred in December 2018.

(v) Tax - CSLL tax loss carryforwards

Lawsuit arising from a tax assessment notice issued in 2007, in connection with the failure to confirm the CSLL tax loss carryforwards basis, arising from the partial spin-off of CESP. Pending judgment by the Administrative Tax Appeals Board (CARF).

(vi) Regulatory – Resolution authorizing the implementation of reinforcements

Legal proceeding to annul REAs in order to ensure fair remuneration for the enhancements in transmission lines, with the purpose of ensuring that the prices determined by ANEEL are adjusted in relation to the market. The request for advanced relief of the claim was partially granted, determining that ANEEL initiate the administrative process to update the Reference Price Bank and that it issue new Authorizing Resolutions.

(c) Lawsuits whose likelihood of loss is assessed as remote - Parent and consolidated

(i) Collection lawsuit filed by Eletrobras against Eletropaulo and EPTE

In 1989, Centrais Elétricas Brasileiras S.A. – Eletrobras filed an ordinary collection lawsuit against Eletropaulo - Eletricidade de São Paulo S.A. (currently Eletropaulo Metropolitana Eletricidade de São Paulo S.A. - "Eletropaulo"), relating to the financing agreement balance. Eletropaulo did not agree with the inflation adjustment criterion applied to the aforementioned financing agreement and deposited in court the amounts that it believed to be due. In 1999 a decision was handed down in connection with the aforementioned lawsuit, which sentenced Eletropaulo to pay the balance determined by Eletrobras.

Under Eletropaulo's partial spin-off protocol, whose spin-off occurred on December 31, 1997 and which resulted in the establishment of EPTE and other companies, the obligations of any nature relating to the actions performed up to the spin-off date should be solely borne by Eletropaulo, except for the contingencies whose provisions were allocated to the merging companies. In the case under discussion, at the date of the partial spin-off, there was no allocation to the EPTE of a provision for any such purpose, and it was evident to the Management of CTEEP and its legal counsel that the responsibility for the aforementioned contingency should be solely borne by Eletropaulo.

At the spin-off date, there was only the transfer to EPTE's assets of an escrow deposit in the historical amount of R$4.00 made in 1988 by Eletropaulo, relating to the amount that company believed to be payable to ELETROBRAS as a balance of the aforementioned financing agreement, and allocation in the EPTE's liabilities of an amount equivalent to this balance.

Therefore, in view of Eletropaulo's partial spin-off protocol, the EPTE would be the owner of the transferred asset and Eletropaulo would be responsible for the contingency relating to the amount claimed in courts by Eletrobras. In October 2001, Eletrobras executed the decision relating to the aforementioned financing agreement and charged R$429 million from Eletropaulo and R$49 million from EPTE, and believed that EPTE would make the payment of this portion using the adjusted funds of the aforementioned escrow deposit. CTEEP merged EPTE on November 10, 2001 and became the successor of its obligations and rights.

On September 26, 2003, a decision handed down by the Court of Justice of the State of Rio de Janeiro was published and excluded Eletropaulo from the execution of the aforementioned decision. In light of the abovementioned facts, Eletrobras filed on December 16, 2003 a special appeal to the Superior Court of Justice and a special appeal to the Supremo Federal Court, to keep the aforementioned collection relating to Eletropaulo. Appeals similar to those of Eletrobras were filed by the Company.

On June 29, 2006, the Superior Court of Justice has approved the special appeal of CTEEP, in the sense of reversing the decision handed down by the Court of Justice of the State of Rio de Janeiro which excluded Eletropaulo as the defendant in the execution action filed by Eletrobras.

Due to the aforementioned approval by the Superior Court of Justice, on December 4, 2006, Eletropaulo has offered motions to clarify, according to the court decision published on April 16, 2007, as well as special and extraordinary appeals which upheld the decision handed down by the Superior Court of Justice, which was made final and unappealable on October 30, 2008.

In December 2012, a decision that denied the taking of evidence by the parties completing the phase of proof for calculation of the award and declaring that Eletropaulo is liable for the award payment, deducting the amount deposited in courts relating to the consignment action.

Eletropaulo filed an appeal requesting the proceeding to return to the evidentiary hearing stage for expert evidence preparation. The expert report conclusion submitted in September 2015 is in line with the Company's defense allegations. In 2016, Eletropaulo also submitted legal and accounting opinions supporting its position.

In October 2017, Eletrobrás and Eletropaulo entered into an agreement and required the stay of the lawsuit for a possible mediation.

In addition to the expert report submitted in November 2017, the expert ratified his prior understanding in line with the Company's defense allegations.

In March 2018, Eletropaulo disclosed a material fact notice informing the market that a settlement has been made with Eletrobras to close the lawsuit involving Eletrobras, the Company and Eletropaulo regarding the liability for paying the finance charges on the loan granted by Eletrobrás to Eletropaulo.

In April 2018, a court decision was issued to ratify the settlement made between Eletrobras and Eletropaulo, excluding the Company from the dispute. The court decision also clarified that, in the event the obligations under the settlement are not fulfilled, Eletropaulo will be liable for paying the full remaining amount. Eletrobras and Eletropaulo have challenged such decision. In February 2009, the apelas filed by Eletropaulo and CTEEP were judged, the settlement was approved and CTEEP was removed from the lawsuit. A final unappealable decision on this issue was issued on April 25, 2019.

(ii) Taxes on revenue (PIS/Cofins)

The Company is a defendant to tax assessment notices relating to PIS and Cofins (taxes on revenue) for the period from 2003 to 2011, under the allegation that the Company would be required to pay PIS/Cofins on a cumulative basis. The Company paid PIS/COFINS on a cumulative basis until 2003. With the changes introduced in legislation in October 2003, the general rule became paying PIS/COFINS on a noncumulative basis, except for revenues meeting the following requirements: i) agreements executed before October 2003, ii) with an effective term longer than one year, iii) at predetermined prices, iv) for purchases of goods or services. As SE revenue meets these requirements, and, also, following ANEEL's instructions, the Company requested the offset of the amounts overpaid in the period the Company paid PIS and Cofins on a noncumulative basis and begun paying such taxes cumulatively on the portion of SE revenue.

The administrative proceedings at the highest CARF level (involving the years 2003 to 2010) total R$1,556 million. These cases are the subject of a lawsuit that discuss the analysis of an expert report by CARF, and an unfavorable decision was granted to the Company. Currently, the Company waits judgment of an appeal. The court injunction was suspended and the Company will file an appeal claiming the suspension of the collection and the analysis of the expert report by CARF.

The proceeding relating to 2011 involves the amount of R$535.0 million, adjusted for inflation, and was granted an unfavorable decision at CARF's lower level. CARF´s Lower Panel determined that the National Treasury Attorney General should analyze the report prepared by the specialized consulting firm, which was analyzed and validated. The Company awaits a new decision by CARF's Lower Panel.

21 Post-employment Benefit/A mounts payable - Fundação CESP - Parent and consolidated

The Company sponsors retirement and survivors' pension complementation and supplementation and health care plans managed by Funcesp, which, together with the administrative costs of the fund, amounts to R$5,103 as at March 31, 2019 (R$4,250 as at December 31, 2018), relating to monthly installments payable as contribution to the fund.

(a) Retirement and pension plan - PSAP/CTEEP

PSAP/CTEEP includes the following subplans:

- Proportional Supplemental Settled Benefit (PSSB) - (Plan "B");
- Defined benefit (DB) - (Plan "B1");

- Variable contribution (VC) - (Plan "B1").

PSAP/CTEEP, governed by Supplementary Law No. 109/2001 and managed by Funcesp, is sponsored by the Company itself and offers retirement and survivors' pension supplementation benefits, whose reserves are determined on a funded basis.

PSAP/CTEEP originated from the spin-off of PSAP/CESP B1 on September 1, 1999 and covers all participants transferred to the Company. On January 1, 2004, PSAP/EPTE was incorporated by PSAP/Transmissão, the name of which was changed from that date to PSAP/Transmissão Paulista and from December 1, 2014 changed to PSAP/CTEEP.

Subplan "BSPS" refers to the Proportional Supplemental Settled Benefit arising from the Supplementary Retirement and Pension Plan PSAP/CESP B, transferred to this plan on September 1, 1999 and from PSAP/Eletropaulo Alternativo, transferred to this plan after the merger of PSAP/EPTE on January 1, 2004, calculated on December 31, 1997 (CTEEP) and March 31, 1998 (EPTE), based on effective regulations, and the actuarial asset-liability balance was obtained at the time.

The Defined Benefit ("DB") subplan defines contributions and related matching responsibilities between the Company and Participants on 70% of employees' Actual Contribution Salary in order to obtain the plan's actuarial asset-liability balance. This subplan ensures annuity post-retirement and death benefits to employees, former employees and beneficiaries in order to supplement the benefits provided by the official social security system.

The CV sub-plan defines voluntary contributions from Participants with limited compensation of the Company, levied on 30% of the Actual Contribution Salary of these employees in order to provide additional supplementation in the cases of retirement and death pension. On the date of receipt of the benefit, the Variable Contribution (CV) sub-plan may become a Defined Benefit ("BD") if the annuity is chosen by the Participant as a form of receipt of this supplementation.

(i) Actuarial valuation

The actuarial valuation prepared by an independent actuary relating to the PSAP/CTEEP pension plans, sponsored by the Company, under the projected unit credit method.

As at December 31, 2018, PSAP/CTEEP recorded actuarial surplus of R$502,525 (R$590,803 as at December 31, 2017).

As at December 31, 2018, as provided for in paragraph 65 of CPC 33 (R1) - Employee Benefits, the Company recognized the net value of assets from future economic benefits that are available in form of partial reduction of future contributions to the Plan, limited to the present value of these benefits, in the amount of R$107,360 and R$1,916 relating to the cost of the defined benefit obligation in noncurrent assets, in the amount of R$105,444.

In the three-month period ended March 31, 2019, there were no significant changes in the rules of the above-mentioned plans. Also, there were no fluctuations that would require revision of the assumptions used in the actuarial calculations made on December 31, 2018 nor significant impairment of plan assets that would require the recognition of accounting effects during the period.

22 Global Reversal Reserve (RGR)

As at March 31, 2019, the amount of R$20,953 (R$21,573 at December 31, 2018) refers to the funds deriving from the reversal reserve, amortization and portion retained in the Company of the monthly shares of the Global Reversal Reserve (RGR) relating to investments of funds to expand power services and repay borrowings raised for the same purpose, occurred through December 31, 1971. Annually, according to the ANEEL Order, interest of 5% is charged on the value of the reserve, with monthly settlement. Under article 27 of Decree No. 9022, of March 31, 2017, electric power concessionaires shall amortize fully the RGR debits beginning January 2018 to December 2026.

23 Equity

(a) Capital

As at March 31, 2019 and December 31, 2018, the Company's issued capital is R$5,000,000, of which R$1,957,386 in common shares and R$3,042,614 in preferred shares, all registered, book-entry, and without par value.

The subscribed and paid-in capital as at March 31, 2019 and December 31, 2018 totals R$3,590,020 and is represented by common and preferred shares, as follows:

	03.31.2019	R$ thousand	12.31.2018	R$ thousand
Common	64,484,433	1,405,410	64,484,433	1,405,410
Preferred	100,236,393	2,184,610	100,236,393	2,184,610
	164,720,826	**3,590,020**	**164,720,826**	**3,590,020**

Common shares entitle their holders the right to one vote at the resolutions of general meetings.

Preferred shares are not entitled to vote; however, they have priority in the refund of capital and payment of dividends corresponding to this class of shares.

(b) Dividends and interest on capital

The Company's bylaws establish that the allocation of profit for the year in the following order: (i) recognition of the legal reserve; (ii) balance, payment of dividends attributed to preferred and common shares, at the higher value between R$218,461and R$140,541, respectively, and 25% of profit for the year; (iii) of balance, up to 20% of profit for recognition of the statutory reserve.

(c) Capital reserves

	03.31.2019	12.31.2018
Investment grants - CRC (i)	78	78
Special goodwill reserve - merger	588	588
	666	**666**

(i) Investment grants - CRC

The Offsettable Profit or Loss Account (CRC) was established by Decree No. 41019/1957 and Law No. 5655/1971 to compensate electric power concessionaires for certain investments made by them. Law No. 8631/1993 extinguished the CRC and, thereafter, Law No. 8724/1993 established that the CRC credits should be recorded in equity as investment grants in line item "Capital reserve". As permitted by CPC 13 - First-Time Adoption of Law No. 11.638/07 and Provisional Act No. 449/08, the Company elected to maintain the balance as at December 31, 2007 relating to the CRC.

(d) Earnings reserves

	03.31.2019	12.31.2018
Legal reserve (i)	636,846	636,846
Statutory reserve (ii)	854,208	854,208
Earnings retention reserve (iii)	875,113	875,113
Unrealized special earnings reserve (iv)	5,038,602	5,038,602
	7,404,769	**7,404,769**

(i) Legal reserve

Recognized as 5% of profit for the year, before any allocation, up to 20% of capital.

(ii) Statutory reserve

The Company's bylaws provide for the recognition of reserve for investment in expansion of activities of up to 20% of profit for the year, limited to the balance after deducting the legal reserve and mandatory minimum dividends, whose amount may not exceed the capital amount.

(iii) Earnings retention reserve

Management proposes to maintain in equity prior years' retained earnings, in a retained earnings reserve, which is intended to meet the capital budget approved at the General Shareholders' Meeting in the respective periods.

(iv) Unrealized special earnings reserve

The unrealized special earnings reserve includes the impacts of (i) amounts receivables from SE (note 7); (ii) adjustments due to application of ICPC01 (R1); (iii) initial application of CPC 47; and (iv) share of profit of investees, since they do not comprise the portion realized in profit for the period and year. Allocation in this reserve is made to reflect the fact that the financial realization of earnings from these operations will occur in future years. Once realized, in case the reserve is not absorbed by subsequent losses, the Company will allocate its balance under Article 19 of CVM Instruction No. 247/1996 for capital increase, distribution of dividends or recognition of other earnings reserves, considering Management's proposals to be made on a timely basis.

(e) Other Comprehensive Income (OCI)

In 2018, the Company recognized in Other Comprehensive Income an asset and the respective tax effects arising from an actuarial surplus supported by a report prepared by an independent actuarial specialist in the amount of R$70,858, net of taxes.

Also classified in other Comprehensive Income are derivative financial instruments, namely non-deliverable forwards (NDF) to manage subsidiary Biguaçu's currency risk in the amount of R$2,531, net of taxes. As at March 31, 2019, the effective portion of changes in the fair value of the hedge accounting recorded in equity totaled R$197 (note 11 (a)).

(f) Earnings per share

Basic earnings or loss per share are calculated through the Company's profit or loss, based on the weighted average number of common and preferred shares outstanding in the respective period. Diluted earnings or loss per share is calculated by obtaining such average number of outstanding shares, adjusted by instruments potentially convertible into shares. In this case, the Company considered shares that may be issued through capitalization of the special goodwill reserve on merger in favor of the controlling shareholder.

As prescribed in CVM Instruction No. 319, to the extent that the tax benefit of the special goodwill reserve on merger is realized, included in the Company's equity, this benefit can be capitalized on behalf of the Parent, and other shareholders shall have an interest in such capital increase, so as to maintain its ownership interest in the Company.

Those shares issued based on this realization will be considered as dilutive for purposes of calculation of the Company's earnings or loss per share, based on the assumption that all issuance conditions have been met. As at March 31, 2019 and 2018, the share issuance conditions relating to goodwill amortization were satisfied.

The table below shows the profit or loss and share data used to calculate basic and diluted earnings per share:

	Parent and Consolidated	
	03.31.2019	03.31.2018 (Restated) (*)
Basic and diluted earnings per share		
Profit - R$ thousand	353,512	222,884
Weighted average number of shares		
Common shares	257,937,732	257,937,732
Preferred shares	400,945,572	400,945,572
	658,883,304	658,883,304
Weighted adjusted average number of shares		
Common shares	257,944,804	257,947,614
Preferred shares	400,953,134	400,954,359
	658,897,938	658,901,974
Basic earnings per share	0.53653	0.33828
Diluted earnings per share	0.53652	0.33827

(*) The figures for the period were stated, as mentioned in note 3.1.

Under CPC 41, earnings per share was calculated retrospectively for all reporting periods due to the reverse split of shares occurred on April 04, 2019 (note 32).

24 Net operating revenue

24.1 Breakdown of net operating revenue

	Parent		Consolidated	
	03.31.2019	03.31.2018 (Restated)	03.31.2019	03.31.2018 (Restated)
Gross revenue				
Infrastructure revenue (a) (note 7)	18,652	24,860	72,374	80,136
O&M (a) (note 7)	273,548	221,653	282,515	235,019
Compensation from concession assets - RBSE (b) (note 7)	263,604	210,506	263,604	210,506
Compensation from concession assets (b) (note 7)	72,131	63,782	128,671	94,860
Efficiency gain on the infrastructure implementation (c)	91,893	-	91,893	-
Adoption of CPC 47	-	(31,302)	-	(27,971)
Rentals	4,973	4,718	5,056	4,787
Provision of services	2,949	2,826	1,967	1,945
Total gross revenue	727,750	497,043	846,080	599,282
Taxes on revenue				
Cofins (tax on revenue)	(55,450)	(36,655)	(59,108)	(40,066)
PIS (tax on revenue)	(12,039)	(7,958)	(12,834)	(8,697)
State VAT (ICMS)	(112)	-	(112)	-
Service tax (ISS)	(145)	(139)	(145)	(139)
	(67,746)	(44,752)	(72,199)	(48,902)
Regulatory charges				
Energy Development Account (CDE)	(23,563)	(13,531)	(23,563)	(13,531)
Global Reversal Reserve (RGR)	-	-	(1,755)	(1,431)
Research and development (R&D)	(6,423)	(6,705)	(6,957)	(7,202)
Alternative Power Sources Incentive Program (Proinfa)	(6,701)	(4,219)	(6,701)	(4,219)
Electric Power Services Inspection Fee	(2,418)	(2,410)	(2,609)	(2,587)
	(39,105)	(26,865)	(41,585)	(28,970)
	620,899	**425,426**	**732,296**	**521,410**

(a) Infrastructure implementation and operation and maintenance services

Revenue from infrastructure implementation for provision of electric power transmission services under a service concession agreement is recognized as costs are incurred. Revenue from operation and maintenance services is recognized in the period in which the services are provided by the Company, as well as the adjustment portion (24.3). When the Company provides more than one service under a concession agreement, the consideration received is allocated based on the fair values of the services delivered.

(b) Compensation from concession assets

Interest income is recognized at the market interest rate that reflects the economic volatility on the future flow of cash receipts that compensates the transmission infrastructure investment. The discount rate is represented by a market rate that considers the risks and premiums specific to the electric power transmission business.

(c) Efficiency gain on the infrastructure implementation

Efficiency gain on the infrastructure implementation refers to positive or negative variations determined in the placement into operation of reinforcement and improvemernt projects, against the costs incurred on the

infrastructure implementation versus the future cash flow discounted at the rate that represents the financial component of the business, established at the beginning of each project, and which, on a consolidated basis, ranges between 6.6% and 10.5%.

24.2 Periodic revision of the Annual Permitted Revenue (RAP)

Under concession agreements, at every four and/or five years, after the agreement execution date, ANEEL can will periodically revise the electric power transmission RAP to promote tariff efficiency and moderation.

Each agreement has its specifics; however, in general terms, concessionaires have their RAP revised for three times (every five years), when the cost of debt capital is revised. Reinforcements and improvements related to the tendered agreements are revised every five years. A revenue reduction may also be applied for Operation and Maintenance (O&M) costs to capture Business Efficiency Gains.

The tendered revenue associated with the Concession Agreement No. 143/2001 of subsidiary Serra do Japi is not subject to periodic tariff revision of the portion related to the revenue tendered in the auction.

The periodic tariff revision for concession agreements, such as Concession Agreement No. 059/2011, of concessionaires considered as existing, is made every five years and includes the revenue repositioning upon determination of the following:

a) the regulatory compensation basis for RBNI;
b) efficient operating costs;
c) the optimal capital structure and definition of the compensation of transmission companies;
d) identification of the amount to be considered as tariff reduction - Other revenues;
e) application of the "x" factor (ratio set by ANEEL in the periodic revision process to foster efficiency and capture productivity gains for the consumer).

The information on the latest periodic tariff revisions is described below:

Concessionaire	Agreement	Approval Resolution (REH)	REH date	Effective date
Subsidiaries				
IE Serra do Japi	026/2009	1.901	06.16.2015	07.01.2015
IEMG	004/2007	2.257	06.20.2017	07.01.2017
IENNE (*)	001/2008	2.405	06.19.2018	07.01.2018
IE Pinheiros	012 and 015/2008	1.762	07.09.2014	07.01.2014
IE Pinheiros	18/2008	1.755	06.24.2014	07.01.2014
Evrecy (*)	020/2008	2.404	06.19.2018	07.01.2018
IE Pinheiros	021/2011	2.257	06.20.2017	07.01.2017
IE Sul	013 and 016/2008	1.755	06.24.2014	07.01.2014
Jointly controlled subsidiaries				
IE Madeira	013 and 015/2009	1,755	06.24.2014	07.01.2014
IE Garanhuns	022/2011	2,257	06.20.2017	07.01.2017

(*) As a result of the tariff revision, Evrecy's Annual Permitted Revenue reduced by 16.7% while IENNE's increased by 0.61%.

The next periodic tariff revisions for the RAP of the Company and its subsidiaries and jointly controlled subsidiaries are described in note 1.2.

24.3 Variable Portion - PV, RAP Additional and Adjustment Portion - PA

Regulatory Resolution 729, of July 28, 2016, regulates the Variable Portion (PV) and RAP Additional. The Variable Portion is the pecuniary penalty applied by the Grantor for any unavailability or operating restrictions of the facilities comprising the Basic Network. The RAP Additional corresponds to the pecuniary premium granted to transmission companies as an incentive for improving the availability of transmission facilities. Both situations are recognized as revenue and/or O&M revenue reduction, in the period in which they occur.

Regulatory Resolution No. 782/2017 amended REN No. 729/16, which extinguished the additional RAP for all power transmission companies beginning March 2018. The power transmission companies covered by Law No. 12.783/2013 had not been receiving since October 2012 (REN No. 512/2012).

The Adjustment Portion ("PA") is the portion of revenue arising from the enforcement of a mechanism established in the agreement, which is used in the periodic annual adjustments by adding to or subtracting from the RAP in order to offset a surplus or deficit of collection in the period prior to the adjustment.

24.4 Annual revenue adjustment

On June 28, 2018, Approval Resolution No. 2408 was published to establish annual permitted revenues of the Company and its subsidiaries for the availability of the transmission facilities comprising the Basic Grid and other transmission facilities, for a 12-month cycle, from July 01, 2018 to June 30, 2019.

According to Approval Resolution No. 2408, RAP and amounts corresponding to the Company's adjustment portion (Agreement No. 059/2001), net of PIS and Cofins (known as Regulatory Revenue), which was R$2,427,811* on July 1, 2017, increased to R$2,421,123* on July 1, 2018, representing a reduction of R$6,688 equivalent to -0.28%. 2.89% (R$70,046) of IPCA adjustment, -0.09% (R$2,090) relating to the variation in the adjustment portion, 2.51% (R$60,952) relating to the additional RAP for new investments and -5.59% (-R$135,596) relating to RBSE assets (MME Ruling No. 120/2016, covered by Law No. 12783/2013). Regarding RBSE assets, two effects were identified, an additional 0.57% (R$13,807) relating to the adjustments to assets fully depreciated and -6.15% (-R$149,403) relating to the receivables from the 2018/2019 to 2022/2023 cycles on a straight-line basis. We emphasize that the straight-line basis transforms a descending revenue flow into a constant flow, considering the regulatory WACC.

The Company’s annual regulatory revenue, net of PIS and Cofins, is as follows:

Concession agreement	**Basic Network**			**Other Transmission Facilities – DIT**			**Total**
	Existing assets	New investments	Adjustment portion	Existing assets	New investments	Adjustment portion	
059/2001	1,634,681	134,179	(30,954)	579,523	104,268	(574)	2,421,123
	1,634,681	**134,179**	**(30,954)**	**579,523**	**104,268**	**(574)**	**2,421,123**

The Company and its subsidiaries’ regulatory revenue, which was R$2,569,882 (*) on July 01, 2017, increased to R$2,622,199 (*) on July 01, 2018, an increase of R$52,317, equivalent to 2.04%, -0.09% (-R$2,358) relating to Evrecy’s tariff revenue, 1.78% relating to the acquisition of IENNE (R$45,823), 2.89% (R$74,318) relating to the IPCA/IGPM adjustment, -0.34% (-R$8,739) relating to the variation in the adjustment portion, 2.37% (R$60,998) of the additional RAP for new investments, and -5.28% (-R$135,596) relating to RBSE assets, and 0.7% (R$17,871) relating to the acquisition of IESUL (MME Ruling No. 120/2016, covered by Law No. 12783/2013).

(*) Does not include the revenue from authorized investments that will start operations in the next cycles, in the estimated amount of R$99,081 (R$109,108 relating to the 2017/2018 cycle).

The Company’s and its subsidiaries’ Regulatory Revenue, net of PIS and Cofins, is composed as follows:

Concession agreement	Basic Network				Other Transmission Facilities – DIT				Total
	Existing assets	New investments	Tendered	Adjustment portion	Existing assets	New investments	Tendered	Adjustment portion	
059/2001	1,634,681	134,179	-	(30,954)	579,523	104,268	-	(574)	2,421,123
143/2001	-	-	23,292	(870)	-	-	-	-	22,422
004/2007	-	-	18,828	(708)	-	-	-	-	18,120
012/2008	-	6	9,129	(797)	-	977	1,376	58	10,749
015/2008	-	14,625	17,331	(1,813)	-	4,295	424	(39)	34,823
018/2008	-	54	4,496	(140)	-	1,641	54	(44)	6,061
021/2011	-	-	4,200	(3,397)	-	-	1,541	-	2,344
026/2009	-	5,197	28,889	(3,414)	-	-	6,571	-	37,243
001/2008	-	4	45,823	(1,548)	-	-	-	-	44,279
020/2008	-	9,621	-	(3,984)	-	2,105	-	(578)	7,164
013/2008	-	-	6,375	(220)	-	-	-	-	6,155
016/2008	-	1,789	11,222	(1,545)	-	-	259	(9)	11,716
	1,634,681	**165,475**	**169,585**	**(49,390)**	**579,523**	**113,286**	**10,225**	**(1,186)**	**2,622,199**

25 Cost of infrastructure implementation, operation and maintenance services, and general and administrative expenses

	Parent			
			03.31.2019	03.31.2018
	Costs	Expenses	Total	Total
Management fees	-	(4,343)	(4,343)	(4,052)
Personnel	(64,164)	(16,501)	(80,665)	(73,954)
Services	(22,979)	(7,973)	(30,952)	(29,067)
Depreciation	-	(4,936)	(4,936)	(2,023)
Materials	(8,686)	(339)	(9,025)	(17,082)
Leases and rentals (i)	-	(27)	(27)	(2,190)
Lawsuits	-	1,134	1,134	(1,612)
Others	(11,453)	(1,967)	(13,420)	(1,313)
	(107,282)	**(34,952)**	**(142,234)**	**(131,293)**

	Consolidated			
			03.31.2019	03.31.2018
	Costs	Expenses	Total	Total
Management fees	-	(4,343)	(4,343)	(4,394)
Personnel	(64,370)	(17,424)	(81,794)	(76,639)
Services	(39,335)	(8,690)	(48,025)	(37,990)
Depreciation	-	(5,242)	(5,242)	(2,235)
Materials	(46,814)	(337)	(47,151)	(60,873)
Leases and rentals (i)	(262)	(17)	(279)	(2,449)
Lawsuits	-	(1,273)	(1,273)	(1,865)
Others	(12,190)	(2,078)	(14,268)	(4,359)
	(162,971)	**(39,404)**	**(202,375)**	**(190,804)**

(i) With the adoption of CPC 06 (R2), leases have been classified as borrowings and financing.

Out of the costs shown above, the Parent's infrastructure implementation costs totaled R$16,927 in 1Q19 and R$22,560 in 1Q18. Consolidated infrastructure implementation costs totaled R$68,688 in 1Q19 and R$75,764 in 1Q18. The respective infrastructure implementation revenue, shown in note 24.1, is calculated by adding the PIS and Cofins rates and other charges to the cost of the investment.

26 Finance income (costs)

	Parent		Consolidated	
	03.31.2019	03.31.2018	03.31.2019	03.31.2018
Income				
Income from short-term investments	9,251	6,163	14,183	10,886
Interest income	386	41	423	43
Inflation adjustments	892	644	897	644
Hedge transactions (i)				
MtM (mark to market) adjustment	10,603	-	10,603	-
Exchange gains	33,537	7,101	33,537	7,101
Adjustment of swap - hedging instruments	53,151	8,595	53,151	8,595
Other	368	1,528	387	1,771
	108,188	24,072	113,181	29,040
Costs				
Interest on borrowings	(9,497)	(9,103)	(15,773)	(15,743)
Interest expense	(628)	(623)	(628)	(623)
Charges on debentures	(21,054)	(15,961)	(21,054)	(15,961)
Inflation adjustments	(15,974)	(10,226)	(16,051)	(10,264)
Hedging instrument (i)				
Charges on swap	(12,126)	(888)	(12,126)	(888)
MtM (mark to market) adjustment	(10,603)	(1,582)	(10,603)	(1,582)
Exchange rate changes - borrowings	(53,151)	(8,609)	(53,151)	(8,609)
Adjustment of swap - hedging instruments	(33,537)	(8,788)	(33,537)	(8,788)
Other	(4,978)	(1,776)	(5,134)	(1,875)
	(161,548)	(57,556)	(168,057)	(64,333)
	(53,360)	**(33,484)**	**(54,876)**	**(35,293)**

(i) Refers to gains (losses) on financial transactions under Law No 4131, of September 03, 1962.

27 Income tax and social contribution

The provision for income tax and social contribution is recognized monthly on an accrual basis and computed as provided for in Law No. 12.973/14.

The Company adopts the taxable income regime on an estimate basis and makes monthly payments by applying the deemed income rates on gross revenue while subsidiaries adopt the deemed income regime.

(a) Reconciliation of the effective tax rate

The reconciliation of the income tax and social contribution expense for the period to book income is as follows:

	Parent		Consolidated	
	03.31.2019	**03.31.2018 (Restated)**	**03.31.2019**	**03.31.2018 (Restated)**
Profit before income tax and social contribution	500,117	315,513	509,264	322,482
Statutory rates	34%	34%	34%	34%
Estimated income tax and social contribution	(170,040)	(107,274)	(173,150)	(109,644)
Income tax and social contribution on permanent differences				
Realization of losses	(590)	(15)	(590)	(15)
Share of profit of investees	25,372	17,049	11,570	7,632
Effect of adoption of deemed income regime by subsidiaries	-	-	11,650	8,278
Others	(1,347)	(2,389)	(1,353)	(2,389)
Effective income tax and social contribution	**(146,605)**	**(92,629)**	**(151,873)**	**(96,138)**
Income tax and social contribution				
Current	(112,950)	(174,144)	(114,844)	(176,614)
Deferred	(33,655)	81,515	(37,029)	80,476
	(146,605)	**(92,629)**	**(151,873)**	**(96,138)**
Effective rate	**29%**	**29%**	**30%**	**30%**

(b) Breakdown of deferred income tax and social contribution

	Parent		Consolidated	
Assets / (Liabilities)	**03.31.2019**	**12.31.2018**	**03.31.2019**	**12.31.2018**
Receivables - Law No. 12783 - SE (i)	(2,040,152)	(2,088,467)	(2,040,152)	(2,088,467)
Concession agreement - ICPC 01 (R1)) (ii)	(414,980)	(375,499)	(511,642)	(469,059)
Adoption of CPC 47 - IN 1753/17 (ii)	(291,247)	(266,701)	(247,891)	(223,147)
First-time adoption of Law No. 12973/2014 (iii)	(21,018)	(21,309)	(21,018)	(21,309)
Provision SEFAZ-SP (iv)	175,527	175,527	175,527	175,527
Provision for risks	30,617	30,953	30,617	30,953
Provision for actuarial surplus	(36,502)	(36,502)	(36,502)	(36,502)
Other temporary differences	19,631	37,529	19,781	37,603
Total, net	**(2,578,124)**	**(2,544,469)**	**(2,631,280)**	**(2,594,401)**

(i) Deferred income tax and social contribution on the compensation from concession asset relating to SE facilities, which will be incorporated into the tax base as amounts are actually received.

(ii) Refers to income tax and social contribution on profit from infrastructure implementation operation to provide the electric power transmission services and compensation from concession assets (ICPC 01 (R1) and CPC 47) recognized on an accrual basis, which are taxed when amounts are actually received, as provided in article 168 of Normative Instruction No. 1700/17 and article 36 of Law No. 12973/14.

(iii) Reflects the amounts subject to income tax and social contribution due to the first-time adoption of Law No. 12973/14 on a straight-line basis over the term of the concession agreement.

(iv) According to note 8 (c).

The Company's management believes that deferred income tax and social contribution assets arising from temporary differences will be realized proportionately to the contingencies, trade receivables and the materialization of the events that gave rise to the provisions for risks.

28 Related-party transactions

The main balance and transactions with related parties are as follows:

		03.31.2019		12.31.2018		03.31.2019	03.31.2018
Nature of transaction	**Related party**	**Assets**	**Liabilities**	**Assets**	**Liabilities**	**Revenue/ (Expense)**	**Revenue/ (Expense)**
Short-term benefits (a)	Management	-	-	-	-	(4,343)	(4,052)
				-	-	(4,343)	(4,052)
Dividends	IEGaranhuns	3,944	-	-	-	-	-
				-	-	-	-
Sublease, reimbursements and sharing of personnel expenses (b)	ISA Capital	46	-	27	-	60	80
	IEMG	262	-	202	-	70	13
	Pinheiros	777	-	571	-	222	15
	Serra do Japi	494	-	394	-	112	37
	Evrecy	216	-	172	-	53	9
	IENNE	288	-	12	-	295	23
	Itaúnas	105	-	15	-	29	130
	Tibagi	73	-	15	-	27	90
	Itaquerê	117	-	15	-	27	64
	Itapura	64	-	15	-	27	82
	Aguapeí	62	-	15	-	27	108
	IESul	144	-	16	-	152	28
	IEGaranhuns	1	-	1	-	-	-
	Biguaçu	119	-	-	-	-	-
	Aimorés	34	-	22	-	47	15
	Paraguaçu	32	-	21	-	44	22
	Ivaí	32	-	20	-	43	26
	Internexa Brasil	-	-	-	-	(50)	-
		2,866		1,533	-	1,185	742
Service provision (c)	ISA Capital	18	-	16	-	51	49
	IEMG	13	-	13	-	38	39
	Pinheiros	121	-	116	-	335	342
	Serra do Japi	97	-	93	-	272	277
	Evrecy	80	-	80	-	228	223
	IEGaranhuns	36	-	36	-	103	83
	Internexa Brasil	131	44	180	19	257	235
		496	44	534	19	1,284	1,248
Total		**7,306**	**44**	**2,067**	**19**	**(1,874)**	**(2,062)**

(a) Refers to management fees, which, as disclosed in the Company's income statement, amount to R$4,343, Parent, and consolidated (R$4,052 and R$4,393, respectively, in the first quarter of 2018).

The Company's compensation policy does not include postemployment benefits, other long-term benefits, severance benefits or share-based compensation.

(b) The sublease agreement comprises the sub-leased area of the Company's headquarters building, as well as apportionment of condominium and maintenance expenses, reimbursement of shared services, among others.

The personnel expenses sharing agreement requires the proportional allocation of expenses relating to employees shared the Company and its subsidiaries.

(c) The Company maintains the following service agreements: (i) ISA Capital - tax and accounting bookkeeping services, tax calculation and payroll processing; (ii) IEMG, Pinheiros, Serra do Japi, Evrecy and Garanhuns - operation and maintenance of its facilities; (iii) Internexa Brasil, a subsidiary of ISA Group - two service agreements including assignment of right of use, on a remunerated basis, of the infrastructure support necessary for the installation of fiber optical cables, auxiliary services and related improvements and sharing of IT infrastructure. Additionally, the Company contracted the provision of 10 Mbps internet link services with Internexa Brasil. In March 2018, Internexa Brasil was contracted to update the telephony functionalities and requirements.

These transactions are conducted under specific conditions agreed upon between the parties.

Additionally, the Company recorded noncurrent liabilities in the amount of R$28,738 relating to the estimated amount payable to Eletrobras in connection with the method used to adjust receivables from NI facilities (note 7 (d)) and in current assets, as short-term investments, in the amount of R$757,569, with the investment funds Referenciado DI Bandeirantes, Xavantes Referenciado DI and Assis Referenciado DI (note 6).

29 Financial instruments

(a) Identification of the main financial instruments

		Parent		Consolidated	
	Level	03.31.2019	12.31.2018	03.31.2019	12.31.2018
Financial assets					
Fair value through profit or loss					
Cash and cash equivalents	1	7,614	6,224	17,968	16,740
Short-term investments	2	757,569	426,551	1,087,284	680,909
Concession asset - Law No. 12.783	3	8,953,604	9,069,651	8,953,604	9,069,651
Derivative financial instruments	2	8,315	235	10,771	2,643
Restricted cash	2	15,337	13,144	46,702	44,055
Amortized cost					
Concession asset - O&M services	-	161,801	177,597	178,563	189,916
Accounts receivable - São Paulo State Finance Department	-	1,426,613	1,426,083	1,426,613	1,426,083
Receivables from related parties	-	7,175	2,067	4,145	323
Sureties and judicial deposits	-	64,231	66,344	64,874	66,987
Contractual asset	-	2,919,495	2,808,317	5,047,381	4,874,289
Financial liabilities					
Amortized cost					
Borrowings and financing					
Current	-	291,556	280,729	344,159	334,067
Noncurrent liabilities	-	1,008,205	940,564	1,273,554	1,215,689
Debentures					
Current liabilities	-	22,436	23,707	22,436	23,707
Noncurrent	-	1,457,692	1,441,504	1,457,692	1,441,504
Trade payables	-	48,507	56,483	72,276	88,358
Interest on capital and dividends payable	-	7,831	7,835	7,831	7,835

The carrying amounts of financial assets and financial liabilities, when compared to the amounts that could be obtained if they are traded in an active market or, in the absence of such market, the net present value adjusted based on the prevailing market interest rate, approximate their fair values. The Company classifies financial instruments as required by CPC 46:

Level 1 - quoted prices (unadjusted) in active markets, net and observable for identical assets or liabilities, available of measurement date;

Level 2 - quoted prices (which can be adjusted or unadjusted) of similar assets or liabilities in active markets, other inputs not directly or indirectly observable in level 1, in the asset or liability terms; and

Level 3 - assets and liabilities whose prices are unavailable or prices or valuation techniques supported by a small or inexistent, unobservable or net market. In this level, the fair value estimate becomes highly subjective.

The Company contracted swap transactions to hedge against fluctuations in currency and interest rate on foreign-currency borrowings under Law No. 4.131/1962. For swap transactions, the rates are 102.3% and 102.5% of the CDI.

The Company classifies derivatives contracted as fair value hedge and, based on the requirements of CPC 48 and IFRS 9, the Company adopted hedge accounting for its transactions.

On October 09, 2018, subsidiary Biguaçu entered into NDF hedge contracts with Citibank, whereby the company bought future dollar with a notional value of USD29,301. The purpose of these transactions was to hedge commitments assumed (CAPEX) by Biguaçu in foreign currency.

The Company classifies derivatives contracted as cash flow hedge and, based on the requirements of CPC 48 and IFRS 9, the Company adopted hedge accounting.

The Company classifies derivatives contracted as fair value hedge and, based on the requirements of CPC 48 and IFRS 9, the Company adopted hedge accounting for its transactions.

Financial instrument management is in line with the Risk Management Policy and Financial Risk Guidelines of the Company and its subsidiaries. The results from these transactions and adoption of controls to manage this risk are part of the monitoring of the financial risks adopted by the Company and its subsidiaries as follows:

Swap transaction			**Parent and Consolidated**	
Short and long term	**Maturity**	**Notional value**	**Reference value (Accrual)**	**Fair value***
			03.31.2019	**03.31.2019**
Short position:				
MUFG	July 2020	USD 75,000	299,699	296,821
CITI	August 2020		298,647	293,962
CITI	November 2019	USD 60,000	239,230	235,594
Long position:				
MUFG	July 2020	USD 75,000	(290,976)	(291,518)
CITI	August 2020		(300,535)	(301,148)
CITI	November 2019	USD 60,000	(225,278)	(225,396)
Net value			**20,787**	**8,315**

(*) The fair value refers to mark-to-market as at March 31, 2019.

NDF transaction				**Consolidated**		
						03.31.2019
	Instrument	**Hedging purpose**	**Nature**	**Notional amount - US$**	**Notional amount - BRL**	**Fair value adjustment**
Biguaçu	Nondeliverable Forward - NDF	US dollar - US$	Purchase	20,292	118,202	2,456

(b) Financing

Debt-to-equity ratio

The debt ratio at the end of the period is as follows:

	Parent		Consolidated	
	03.31.2019	**12.31.2018**	**03.31.2019**	**12.31.2018**
Borrowings and financing				
Current	301,895	280,729	354,724	334,067
Noncurrent	1,017,733	940,564	1,283,538	1,215,689
Debentures				
Current	22,436	23,707	22,436	23,707
Noncurrent	1,457,692	1,441,504	1,457,692	1,441,504
Total debt	2,799,756	2,686,504	3,118,390	3,014,967
Cash and cash equivalents and short-term investments	765,183	432,775	1,105,252	697,649
Net debt	2,034,573	2,253,729	2,013,138	2,317,318
Equity	11,422,356	11,068,647	11,705,069	11,299,525
Debt ratio, net	17.8%	20.4%	17.2%	20.5%

CTEEP and its subsidiaries are parties to borrowings and financing agreements that contain covenants determined based on debt ratios (notes 14 and 15). The Company is compliant with the requirements relating to covenants.

The carrying amount of borrowings and financing, considering the financial instruments applicable, and debentures is pegged to the TJLP, CDI and IPCA fluctuation and approximates the fair value.

(c) Risk management

The main risk factors inherent in the Company's and its subsidiaries' transactions are as follows:

(i) Credit risk - The Company and its subsidiaries enter into agreements with the National Electric System Operator (ONS), concessionaires and other agents, governing the provision of services relating to the basic network, including a bank guarantee clause. The Company and its subsidiaries also maintain agreements governing the provision of services directly to free consumers, also containing a bank guarantee clause, to mitigate the risk of default.

(ii) Price risk - The Company's and its subsidiaries' revenues are, as set forth in the concession agreement, annually adjusted by ANEEL, based on the IPCA and IGP-M fluctuation, and a portion of the revenues is subject to periodic tariff revision (note 24.2).

(iii) Interest rate risk - The adjustment of financing agreements is pegged to the TJLP, IPCA and CDI fluctuation (notes 14 and 15).

(i) Currency risk - The Company manages the currency risk of its borrowing liabilities by contracting swap derivatives designated as fair value hedge for the Foreign Currency Borrowings Agreement (note 14). The Company and its subsidiaries do not have trade receivables and other foreign-currency assets; however, there are transactions involving the acquisition of underground and subsea cables and respective accessories as well as the provision of the services necessary to their implementation, in subsidiary Biguaçu, with future cash disbursements in dollars, for which a NDF derivative instrument has been contracted to manage the cash flow's currency risk.

(ii) Borrowing risk - The Company and its subsidiaries may face difficulties in the future to raise funds at costs and reimbursement terms aligned with their cash generation profile and/or debt obligations.

(iii) Guarantee risk - The main guarantee risks are the following:

- Management of risks related to the retirement and health care benefits via Funcesp (pension entity), through its representation in management bodies.

- Participation as intervening guarantor, to the limit of its interests in subsidiaries, jointly controlled subsidiaries, in their financing agreements (note 14).

(iv) Liquidity risk - The Company's and its subsidiaries' main sources of cash are the following:

Its operations, mainly from the use of the electric power transmission system by other utilities and agents of the sector. The cash amount, represented by the RAP linked to the basic grid's facilities and other transmission facilities (DIT) is defined, as set forth in prevailing laws, by ANEEL.

The Company is compensated for the transmission system availability, and any electric power rationing will have no impact on revenue and respective cash receipts.

The Company manages the liquidity risk by maintaining adequate credit facilities and lines of credit to raise borrowings it considers appropriate, based on the continuous monitoring of budgeted and actual cash flows, and the combination of the maturity profiles of financial assets and financial liabilities.

Receipt of the facilities indemnity installment related to the SE represents an important source of cash generation for the Company in order to be able to comply with its financial planning for the coming years. The Company manages any changes to the timeframe and legal proceedings that may impact cash receipts.

(d) Sensitivity analysis

Under CVM Instruction No. 475, of December 17, 2008, the Company conducts the sensitivity analysis of interest rate and currency risks. The Company's management does not consider as material its exposure to other risks described above.

For purposes of defining a base scenario for analyzing the sensitivity of interest rate, price risk and currency fluctuations, we used the same assumptions defined for the Company's long-term financial and economic plan. These assumptions are based on the macronomic environment in Brazil and the opinions of market experts.

Therefore, to assess the effects of changes in the Company's cash flow, the sensitivity analysis below, for items pegged to floating rates, considers:

Base scenario: Interest rate quotation (pre-DI curve) and exchange rate (future dollar) on June 30, 2019, determined on March 29, 2019, according to B3, which are shown in the interest risk and currency risk tables; and positive and negative 25% (scenario I) and 50% (scenario II) were applied.

			Currency risk - Effects on finance income (costs) - Parent and consolidated				
				Risk of increase in indices		Risk of decrease in indices	
Transaction	**Risk**	**Balance at 03.31/2019 (Accrual)**	**Base Scenario**	**Scenario I**	**Scenario II**	**Scenario I**	**Scenario II**
Financial assets and financial liabilities							
Law No. 4131 - Credit Agreement - MUFG	Forex + 3.3415% p.a. +IR	299,699	(2,857)	(3,571)	(4,285)	(2,143)	(1,428)
Swap (short position) - Law No. 4131 - Credit Agreement - MUFG	Forex + 3.3415% p.a. +IR		2,857	3,571	4,285	2,143	1,428
Law No. 4131 - Credit Agreement - CITI	Forex + Libor 3M + 0.47% p.a. +IR	298,647	(2,747)	(3,434)	(4,120)	(2,060)	(1,373)
Swap (short position) - Law No. 4131- Credit Agreement - CITI	Forex + Libor 3M + 0.47% p.a. +IR		2,747	3,434	4,120	2,060	1,373
Law No. 4131 - Credit Agreement - CITI	Forex + Libor 3M + 0.25% p.a. +IR	239,231	(2,105)	(2,631)	(3,157)	(1,578)	(1,052)
Swap (short position) - Law No. 4131- Credit Agreement - CITI	Forex + Libor 3M + 0.25% p.a. +IR		2,105	2,631	3,157	1,578	1,052
Net effect of changes			-	-	-	-	-
Reference for financial assets and financial liabilities							
Us dollar rate USD/R$ (June 2019) (*)			**3,934**	**4,9171**	**5,9006**	**2,9503**	**1,9669**

			Interest rate risk - Effects on finance income (costs) - Parent and consolidated				
				Risk of increase in indices		Risk of decrease in indices	
Transaction	**Risk**	**Balances at 03.31.2019**	**Base Scenario**	**Scenario I**	**Scenario II**	**Scenario I**	**Scenario II**
Financial assets							
Short-term investments	100.49% of CDI	759,061	14,288	17,186	20,052	11,357	8,392
Financial liabilities							
Debentures - single series (i)	IPCA+6.04%	166,356	4,075	4,473	4,867	3,675	3,272
Debentures - single series (ii)	IPCA + 5.04%	316,131	6,976	7,730	8,478	6,217	5,453
Debentures - single series (iii)	105.65% of CDI p.a.	356,028	6,135	7,624	9,097	4,629	3,104
Debentures - single series (iv)	IPCA + 4.70%	641,613	13,971	15,688	17,206	12,618	11,067
FINEM BNDES (i), (ii)	TJLP+1.80% to 2.62%	422,059	8,728	9,822	11,396	6,724	5,124
Derivatives							
SWAP MUFG	102.30% of CDI p.a.	291, 518	4,371	5,432	6,481	3,298	2,211
SWAP CITI	102.30% of CDI p.a.	301,148	4,543	5,646	6,736	3,427	2,298
SWAP CITI	102.50% of CDI p.a.	225,396	3,396	4,220	5,035	2,562	1,718
Net effect of changes			**(37,907)**	**(43,449)**	**(48,244)**	**(31,793)**	**(25,855)**
Reference for financial assets and financial liabilities							
100% CDI (June 2019) (*)			6.43% p.a.	8.04% p.a.	9.65% p.a.	4.82% p.a.	3.22% p.a.
IPCA (June 2019)			3.89% p.a.	4.86% p.a.	5.84% p.a.	2.92% p.a.	1.95% p.a.
TJLP (June 2019)			6.26% p.a.	7.83% p.a.	9.39% p.a.	4.70% p.a.	3.13% p.a.

			Interest rate risk - Effects on finance income (costs) - Parent and consolidated				
				Risk of increase in indices		Risk of decrease in indices	
Transaction	**Risk**	**Balances at 03.31.2019**	**Base Scenario**	**Scenario I**	**Scenario II**	**Scenario I**	**Scenario II**
Financial assets							
Short-term investments	101.25% of CDI	1,095,790	21,163	25,325	29,440	16,953	12,695
Financial liabilities							
Debentures - single series (i)	IPCA + 6.04%	166,356	4,075	4,473	4,867	3,675	3,272
Debentures - single series (ii)	IPCA + 5.04%	316,131	6,976	7,730	8,478	6,217	5,453
Debentures - single series (iii)	105.65% CDI p.a.	350,330	6,135	7,624	9,097	4,629	3,104
Debentures - single series (iv)	IPCA + 4.70%	641,612	13,971	15,688	17,206	12,618	11,067
FINEM BNDES (i), (ii)	TJLP+1.80% to 2.62%	422,058	4,075	4,473	4,867	3,675	3,272
BNDES (Subsidiaries)	TJLP + 1.55% p.a. 2.62% p.a.	116,210	2,266	2,675	3,079	1,853	1,430
Derivatives							
SWAP MUFG	102.30% CDI p.a.	291, 518	4,371	5,432	6,481	3,298	2,211
SWAP CITI	102.30% CDI p.a.	301,148	4,543	5,646	6,736	3,427	2,298
SWAP CITI	102.50% CDI p.a.	225,396	3,396	4,220	5,035	2,562	1,718
Net effect of changes			**(37,680)**	**(43,167)**	**(48,910)**	**(31,620)**	**(25,740)**
Reference for financial assets and financial liabilities							
100% CDI (June 2019) (*)			6.43% p.a.	8.04% p.a.	9.65% p.a.	4.82% p.a.	3.22% p.a.
IPCA (June 2019)			3.89% p.a.	4.86% p.a.	5.84% p.a.	2.92% p.a.	1.95% p.a.
TJLP (June 2019)			6.26% p.a.	7.83% p.a.	9.39% p.a.	4.70% p.a.	3.13% p.a.

(*) Source:http://www.bmfbovespa.com.br/pt_br/servicos/market-data/consultas/mercado-de-derivativos/precos-referenciais/taxas-referenciais-bm-fbovespa

30 Insurance

The Company's insurance coverage and effective terms by insurance line is as follows:

			Parent
Type of insurance	**Effective term**	**Insured amount - R$ thousand**	**Premium - R$ thousand**
Property (a)	06/01/18 to 12/01/19	2,415,345	5,908
General civil liability (b)	12/19/18 to 12/19/19	50,000	125
National transportation (c)	12/19/18 to 12/19/19	360,000	33
Group personal accident (d)	04/30/18 to 04/30/19	85,000	5
Automóveis (e)	04/02/18 to 12/19/19	Market value	418
Court guarantee (f)	01/28/16 to 12/12/23	439,768	2,825
			9,314

			Consolidated
Type of insurance	**Effective term**	**Insured amount - R$ thousand**	**Premium - R$ thousand**
Property (a)	06/01/18 to 12/01/19	2,936,921	6,248
General civil liability (b)	12/19/18 to 12/19/19	50,000	125
National transportation (c)	12/19/18 to 12/19/19	360,000	33
Group personal accident (d)	04/30/18 to 04/30/19	85,000	5
Vehicles (e)	04/02/18 to 12/19/19	Market value	418
Court guarantee (f)	01/28/16 to 12/12/23	439,768	2,825
			9,654

(a) **Property -** coverage against fire and electrical damages for the main equipment installed in transmission substations, buildings and related components, storeroom supplies and facilities, as set forth in concession arrangements, where the transmission companies should keep insurance policies to ensure the proper coverage of the most import equipment of the transmission system facilities, and the transmission company should define the assets and facilities to be insured.

(b) **General Civil Liability** - coverage against repairs for involuntary, personal and/or property damages caused to third parties, as a result of the Company's activities**.**

(c) **National transportation -** coverage against damages caused to the Company's assets and equipment transported in Brazilian territory.

(d) **Collective personal accident** - Coverage against personal accidents of executives and apprentices.

(e) **Vehicles -** coverage against crash, fire, theft and third parties.

(f) **Court guarantee -** replacement of sureties and/or escrow deposits made by the Judicial Branch.

There is no coverage for eventual damages to the transmission lines against fire, lightning, explosion, short circuit and power interruption.

The assumptions adopted to contract insurance, given their nature, are not included in the scope of an audit work. Consequently, they were not reviewed by our independent auditors.

31 Retirement supplementation plan governed by Law No. 4819/58

The supplementary pension plan under State Law No. 4819/58, which established the creation of the State Social Security Fund, is applicable to mixed-capital entities' employees, corporations in which the State of São Paulo holds the majority of shares, with right to control and to industrial services owned and managed by the State, hired through May 13, 1974, and also provided for supplementary pension plans, bonus leave and family allowance. The funds necessary to cover the charges under such plan are borne by the relevant bodies of the State Government of São Paulo, whose implementation was made as set forth in the agreement entered into among the Finance Department of the State of São Paulo (SEFAZ-SP) and CTEEP, on December 10, 1999.

Such procedure was properly carried out through December 2003 by Funcesp, with the funds provided by SEFAZ-SP, transferred by CESP and subsequently by CTEEP. Since January 2004, SEFAZ-SP has processed payments of benefits directly, without the intermediation of the Company and Funcesp, at amounts lower than those historically paid through December 2003.

(a) Civil class action under discussion at the 2nd Court of the Treasury Department

The change in SEFAZ's method used to pay retirements and pensions led retirees to file lawsuits, especially a civil class action. The 2nd Court of the Treasury Department issued a decision thereon in June 2005 overruling the pension supplementation claim and allowing the processing of payroll and payments of retirements and pensions by SEFAZ-SPunder Law No. 4819/58. The Association of Funcesp Retirees (AAFC), which represents retirees and pensioners, filed an appeal against the decision and the fact that the lawsuit was upheld to the regular courts. On November 24, 2015, a final and unappealable was issued by the Superior Court of Justice, which maintained the discussion at the regular courts.

Accordingly, on June 27, 2016, AAFC's appeal was stayed and the labor court injunction (item (b, below) should be maintained until the appeal was judged.

On August 02, 2017, São Paulo Court of Justice unanimously (3 votes x 0) considered the decision groundless, condemned AAFC's position as bad-faith litigation, and revoked the injunction.

Following the decision above, on August 08, SEFAZ sent an Official Letter to the Company informing that they were assuming the payroll of the retirees and pensioners under Law No. 4819/58 beginning August 2017. AAFC filed an appeal against São Paulo Court of Justice's unanimous decision: one special appeal with the Superior Court of Justice (STJ) and an extraordinary appeal with the Federal Supreme Court (STF), both of them claiming São Paulo Court of Justice's unanimous decision to be stayed.

São Paulo Court of Justice, on October 18, 2017, and STJ, on October 31, 2017, denied the request filed by AAFC. However, STF granted an injunction staying the effects of the decision issued by São Paulo Court of Justice and ordering that defendants shall continue to adopt the same procedures as those were adopted before the matter was judged by São Paulo Court of Justice until STF analyzes the grounds of the request.

As a result of this court injunction, SEFAZ determined that the payroll should be processed by Funcesp beginning December 2017.

In December 2017, the Company filed an appeal against the court injunction issued by STF; the appeal awaits judgment. Special and extraordinary appeals filed by AAFC await judgment.

(b) Civil class action under discussion at the 2nd Court of the Treasury Department (former Labor Claim which was discussed at the 49th Sao Paulo Labor Court)

Class action started by AAFC, simultaneously to the civil class action referred to above. This time, however, the Labor Court, in an individual lawsuit for which the Entity had been granted advanced relief. On July 11, 2005, the advanced relief was ratified so that Funcesp resumed the processing of payments of those benefits under Law No. 4819/58 the same way as that effective until December 2003, in which the Company was acting as an intermediary between SEFAZ-SP and Funcesp.

Currently, the class action and civil class action are being discussed at the regular courts, as established in the decision obtained by the Compamny in a conflict of jurisdiction raised at STF.

Following the decision on the Conflict of Jurisdictions mentioned above, the class action was received at the 2nd Court of the Treasury Department on May 20, 2016 and, on May 30, 2016, a decision was issued revoking the preliminary injunction that ordered the Company to make monthly payments, extinguishing the requests relating to payroll processing, and considering groundless the request for refunding any differences that may be owed to retirees and pensioners under Law No. 4819/58.

SEFAZ-SP resumed payroll processing in June 2016. However, after filing an appeal against the decision, AAFC requested São Paulo Court of Justice to stay the effect of the appeal, which was granted on June 27, 2016.

On July 22, 2016, a new decision was issued clarifying that the labor injunction should be maintained until AAFC's appeal was judged.

On August 02, 2017, São Paulo Court of Justice unanimously (3 votes x 0) considered the decision groundless, condemned AAFC's position as bad-faith litigation, and revoked the injunction.

Following the decision above, on August 08, SEFAZ sent an Official Letter to the Company informing that they were assuming the payroll of the retirees and pensioners under Law No. 4819/58 beginning August 2017. AAFC filed an appeal against São Paulo Court of Justice's unanimous decision: one special appeal with the Superior Court of Justice (STJ) and an extraordinary appeal with the Federal Supreme Court (STF), both of them claiming São Paulo Court of Justice's unanimous decision to be stayed.

São Paulo Court of Justice, on October 18, 2017, and STJ, on October 31, 2017, denied the request filed by AAFC. However, STF granted an injunction staying the effects of the decision issued by São Paulo Court of Justice and ordering that defendants shall continue to adopt the same procedures as those were adopted before the matter was judged by São Paulo Court of Justice until STF analyzes the grounds of the request.

As a result of this court injunction, SEFAZ determined that the payroll should be processed by Funcesp beginning December 2017.

In December 2017, the Company filed an appeal against the court injunction issued by STF; the appeal awaits judgment. Special and extraordinary appeals filed by AAFC await judgment.

(c) Collection claim

SEFAZ-SP has transferred to the Company, since September 2005, amounts lower than those established by the decision issued by the 49th Labor Court, referred to in letter (a) above.

By virtue of this decision, the Company transferred to Funcesp, from January 2005 to March 2019, the amount of R$4,512,748 for the payment of benefits under State Law No. 4819/58, and received from SEFAZ-SP the amount of R$2,416,250 for such purpose. The difference between the amounts transferred to Funcesp and reimbursed by SEFAZ-SP, in the amount of R$1,666,863 (Note 8 (a)), has been requested by CTEEP for reimbursement on the part of SEFAZ-SP. In addition, there are amounts relating to labor claims settled by the Company and under the responsibility of SEFAZ-SP, in the amount of R$276,005 (Note 8 (b)), totaling R$1,942,868.

In December 2010, CTEEP filed a collection claim against SEFAZ-SP to recover the amounts that were not received. After a decision that dismissed the case without analyzing its grounds in May 2013, the decision was upheld by São Paulo Court of Justice in December 2014.

The Company filed an appeal and, on August 31, 2015, São Paulo Court of Justice accepted the Company's appeal and condemned SEFAZ-SP to make the transfers relating to supplementary retirement and pension as agreed with the Company and in accordance with the prevailing legislation, except for the disallowed amounts.

Seeking the inclusion of the disallowed amounts in the decision, the Company filed a new appeal for clarifications, which was accepted on February 1, 2016 by the São Paulo Court of Justice, which upheld the decision of August 31, 2015 and determined the measurement of the amounts pending transfers by SEFAZ-SP at the settlement phase.
SEFAZ-SP, on March 7, 2016, filed an appeal that was rejected by a judgment made on July 4, 2016, thus upholding the conviction of SEFAZ-SP, which filed a new appeal also denied by TJ/SP on June 5, 2017.

After the Special Appeal was rejected by TJ/SP, SEFAZ filed a new appeal which awaits judgment by STJ.

In August 2018, CTEEP was granted a decision by São Paulo Court Justice under which SEFAZ is required not to make any disallowance in the transfer to pay the benefits provided for by Law No. 4819/58 until the administrative proceedings started to determine irregularity in payments are closed. In March, STJ issued an injunction suspending the effects of the decision that prohibited SEFAZ to make discounts in the transfer of amounts to the Company. CTEEP has received the transfer with the disallowances and supplemented the payment amount in April. The Company has continued to make efforts to maintain the favorable decision issued by TJ/SP.

CTEEP's opinion

The Company continues to seek a final and unappealable decision that maintains the procedure of making direct payments of the benefit payroll under State Law No. 4819/58 by SEFAZ-SP. The Company also reinforces the opinion of its legal department and legal advisors that the expenses in connection with State Law No. 4819/58 and respective regulation should be fully assumed by SEFAZ-SP and continues to adopt addition measures to protect the Company's interests.

Due to the new developments occurred in 2013, especially those related to the claim in progress for collection of the amounts payable by SEFAZ-SP, as described above, and also considering the progress of the other proceedings mentioned above, the CTEEP's management recognized in 2013 an allowance for losses on the collection of receivables relating to a portion of the amounts receivable, which is expected to be increased over the realization period and not established as an exclusive responsibility of SEFAZ-SP so far.

Management is monitoring the new legal and business developments, as well as the impacts on the Company's financial statements.

32 Events after the reporting period

Stock split

On April 04, 2019, the Extraordinary and General Shareholders Meeting approv ed the proposal to split 100% of the Company's shares, in the proportion of 1 common share to 4 common shares and of 1 preferred share to 4 preferred shares. The stock split occurred on April 04, 2019 and did not change the Company's capital, which remained at R$3,590,020.

	Before the split	After the split
Common shares	64,484,433	257,937,732
Preferred shares	100,236,393	400,945,572
Total shares	**164,720,826**	**658,883,304**
Capital	**3,590,020**	**3,590,020**

***

Other Information that the Company Deems Relevant

The information below was not reviewed by our independent auditors:

1. Reconciliation of the Statutory and Regulatory Balance Sheet and Income Statement

	Consolidated		
Assets	**Statutory**	**Adjustments**	**Regulatory**
Current assets			
Cash and cash equivalents	17,968	-	17,968
Short-term investments	1,087,284	-	1,087,284
Concession asset	1,956,862	(1,680,069)	276,793
Inventories	37,516	(18,807)	18,709
Services in progress	-	16,631	16,631
Recoverable taxes	84,201	-	84,201
Restricted cash	1,814	-	1,814
Receivables from related parties	4,276	-	4,276
Prepaid expenses	34,841	-	34,841
Others	31,529	12,152	43,681
	3,256,291	**(1,670,093)**	**1,586,198**
Noncurrent assets			
Long-term assets			
Restricted cash	44,888	-	44,888
Trade receivables (concession asset)	12,222,686	(12,212,020)	10,666
Receivables - Finance Department	1,426,613	-	1,426,613
Sureties and judicial deposits	64,874	-	64,874
Inventories	11,798	(11,798)	-
Deferred income tax and social contribution	7,665	(7,589)	76
Employee benefit - Actuarial surplus	105,444	-	105,444
Derivative financial instruments	10,771	-	10,771
Others	26,954	(25,487)	1,467
	13,921,693	**(12,256,894)**	**1,664,799**
Investments	1,917,881	(715,601)	1,202,280
Property, plant and equipment	45,400	6,978,367	7,023,767
Intangible assets	28,136	250,418	278,554
	1,991,417	**6,513,184**	**8,504,601**
	15,913,110	**(5,743,710)**	**10,169,400**
Total assets	**19,169,401**	**(7,413,803)**	**11,755,598**

	Consolidated		
Liabilities	**Statutory**	**Adjustments**	**Regulatory**
Current liabilities			
Borrowings and financing	354,724	(10,565)	344,159
Debentures	22,436	-	22,436
Trade payables	72,276	-	72,276
Taxes and payroll charges payable	163,259	(27)	163,232
Regulatory charges payable	39,302	-	39,302
Interest on capital and dividends payable	7,831	-	7,831
Payroll and related taxes	29,156	-	29,156
Payables - Funcesp	5,103	-	5,103
Others	29,952	-	29,952
	724,039	**(10,592)**	**713,447**
Noncurrent liabilities			
Long-term liabilities			
Borrowings and financing	1,283,538	(9,984)	1,273,554
Debentures	1,457,692	-	1,457,692
Deferred PIS and Cofins (taxes on revenue)	1,177,627	(1,177,627)	-
Deferred income tax and social contribution	2,638,945	(1,881,098)	757,847
Regulatory charges payable	39,380	-	39,380
Provisions	91,036	-	91,036
Global Reversal Reserve (RGR)	18,473	-	18,473
Concession-related obligations	-	329,630	329,630
Others	33,602	-	33,602
	6,740,293	**(2,739,079)**	**4,001,214**
Equity			
Capital	3,590,020	-	3,590,020
Capital reserves	666	-	666
Earnings reserves	7,404,769	(6,644,318)	760,451
Other comprehensive income	73,389	-	73,389
Revaluation reserve	-	2,047,987	2,047,987
Retained earnings (accumulated losses)	353,512	(67,801)	285,711
	11,422,356	**(4,664,132)**	**6,758,224**
Noncontrolling interests in investment funds	282,713	-	282,713
	11,705,069	**(4,664,132)**	**7,040,937**
Total liabilities and equity	**19,169,401**	**(7,413,803)**	**11,755,598**

	Consolidated 03.31.2019		
	Statutory	**Adjustments**	**Regulatory**
O&M revenues	282,515	-	282,515
Revenue from CAAE (Annual Cost of Electric Assets)	-	120,351	120,351
Revenue RBSE	263,604	133,360	396,964
Infrastructure implementation	72,374	(72,374)	-
Compensation from concession assets	128,671	(128,671)	-
Efficiency gain in the infrastructure implementation	91,893	(91,893)	-
Other revenue	7,023	-	7,023
Deductions from operating revenue	(113,784)	1,095	(112,689)
Net operating revenue	**732,296**	**(38,132)**	**694,164**
Infrastructure implementation cost (*)	(68,687)	68,687	-
O&M costs	(94,284)	(1,569)	(95,853)
Cost on construction and O&M services	**(162,971)**	**67,118**	**(95,853)**
General and administrative expenses	(34,162)	(229)	(34,391)
Depreciation and amortization	(5,242)	(139,725)	(144,967)
Finance income (costs)	(54,876)	383	(54,493)
Share of profit (loss) of investees	34,028	(17,784)	16,244
Goodwill amortization	(632)	25	(607)
Other operating income (expenses)	823	(9,778)	(8,955)
Profit before income tax and social contribution	**509,264**	**(138,122)**	**371,142**
Income tax and social contribution	(151,873)	14,798	(137,075)
Profit for the period	**357,391**	**(123,324)**	**234,067**

(*) The infrastructure implementation cost is equivalent to CAPEX for concession assets in the regulatory financial statements.

2. EBITDA reconciliation – IFRS and Regulatory

	Consolidated 03.31.2019
EBITDA IFRS (ICVM 527)	570,014
(-) Infrastructure implementation revenue	(72,374)
(-) Compensation from concession assets	(484,168)
(-) O&M revenues	(282,515)
(+) Revenue from use of electric power	799,830
(-) Deferred PIS and COFINS (taxes on revenue)	1,095
(+) Infrastructure implementation cost	68,687
(-) O&M costs	(1,569)
(-) General and administrative expenses	(229)
(-) Share of profit (loss) of investees	(17,784)
(-) Other operating income (expenses)	(9,778)
REGULATORY EBITDA (ICVM 527)	**571,209**

3. Company's Shareholding Structure

In compliance with the provisions of the Corporate Governance practices, we are pleased to submit below the Company's shareholding structure and the shareholders who hold more than 5% of each Company share type and class, either directly or indirectly, up to the level of individuals.

The main Company shareholders are as follows:

	03.31.2019					
	Common shares		Preferred shares		Total	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	%
Controlling shareholder						
ISA Capital do Brasil S.A.	57,714,208	89.50	1,286,132	1.28	59,000,340	35,82
Management						
Officers	-	-	-	-	-	-
Board of Directors	-	-	1,000	-	1,000	-
Supervisory Board	-	-	-	-	-	-
	-	-	1,000	-	1,000	-
Total Controlling Block	57,714,208	89.50	1,287,132	1.28	59,001,340	35.82
Outstanding shares						
Federal Government						
Centrais Elétricas Brasileiras S. A. - ELETROBRAS (i)	6,289,661	9.75	52,005,758	51.88	58,295,419	35.39
Other (ii)	480,564	0.75	46,943,503	46.83%	47,424,067	28.79%
Total Outstanding Shares	6,770,225	10.50	98,949,261	98.72	105,719,486	64.18
Total Capital	**64,484,433**	**100.00**	**100,236,393**	**100.00**	**164,720,826**	**100.00**

(i) Centrais Elétricas Brasileiras S.A. - Eletrobras is a publicly-held company with CVM registrant code No. 2437.
(iv) Includes shareholders who individually hold a number of shares lower than 5% of the voting capital.

	03.31.2018					
	Common shares		Preferred shares		Total	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
Controlling shareholder						
ISA Capital do Brasil S.A.	57,714,208	89.50	1,286,132	1.28	59,000,340	35.82
Management						
Officers	-	-	-	-	-	-
Board of Directors	-	-	-	-	-	-
Supervisory Board	-	-	-	-	-	-
	-	-	-	-	-	-
Total Controlling Block	57,714,208	89.50	1,286,132	1.28	59,000,340	35.82
Outstanding shares						
Federal Government						
Centrais Elétricas Brasileiras S. A. – ELETROBRÁS (i)	6,289,661	9.75	52,005,758	51.88	58,295,419	35.39
Other (ii)	480,564	0.75	46,944,503	46.83%	47,425,067	28.79%
Total Outstanding Shares	6,770,225	10.50	98,950,261	98.71	105,720,486	64.18
Total Capital	**64,484,433**	**100.00**	**100,236,393**	**100.00**	**164,720,826**	**100.00**

(i) Centrais Elétricas Brasileiras S.A. - Eletrobras is a publicly held company with CVM registrant code No. 2437.
(iv) Includes shareholders who individually hold a number of shares lower than 5% of the voting capital.

1. Shareholding position per type and class of share of holders of more than 5% of each type and class of Company shares, up to the level of individuals.

03.31.2019

	Common shares		Preferred shares		Total	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
ISA Capital do Brasil S. A.						
ISA Interconéxion Elétrica S.A. E.S.P. (a)	840,625,000	100.00	-	-	840,625,000	100.00
Other shareholders	-	-	-	-	-	-
	840,625,000	100.00	-	-	840,625,000	100.00
(a) ISA Interconéxion Elétrica S.A. E.S.P.						
Ministério de Hacienda Y Crédito Público (b)	569,472,561	51.41	-	-	569,472,561	51.41
Empresa Pública de Medellín E.S.P. (c)	112,605,547	10.17	-	-	112,605,547	10.17
Other shareholders	425,599,786	38.42	-	-	425,599,786	38.42
	1,107,677,894	100.00	-	-	1,107,677,894	100.00
(b) Ministério de Hacienda Y Crédito Público						
State-controlled (National Government of Colombia)	3,008,720	100.00	-	-	3,008,720	100.00
	3,008,720	100.00	-	-	3,008,720	100.00
(c) Empresa Pública de Medellín E.S.P.						
Municipality of Medellin	4,223,308	100.00	-	-	4,223,308	100.00
	4,223,308	100.00	-	-	4,223,308	100.00

Shareholding position per type and class of share of holders of more than 5% of each type and class of Company shares, directly or indirectly, up to the level of individuals.

	03.31.2018					
	Common shares		Preferred shares		Total	
Shareholders	**Number**	**%**	**Number**	**%**	**Number**	**%**
ISA Capital do Brasil S. A.						
ISA Interconéxion Elétrica S.A. E.S.P. (a)	840,625,000	100.00	-	-	840,625,000	72.84
Banco Bradesco S.A.	-	-	156,714,044	50.00	156,714,044	13.58
BV Financeira	-	-	156,714,044	50.00	156,714,044	13.58
Other shareholders	-	-	-	-	-	-
	840,625,000	100.00	313,428,088	100.00	1,154,053,088	100.00
(a) ISA Interconéxion Elétrica S.A. E.S.P.						
Ministério de Hacienda Y Crédito Público (b)	569,472,561	51.41	-	-	569,472,561	51.41
Empresa Pública de Medellín E.S.P. (c)	112,605,547	10.17	-	-	112,605,547	10.17
Other shareholders	425,599,786	38.42	-	-	425,599,786	38.42
	1,107,677,894	100.00	-	-	1,107,677,894	100.00
(b) Ministério de Hacienda Y Crédito Público						
State-controlled (National Government of Colombia)	3,008,720	100.00	-	-	3,008,720	100.00
	3,008,720	100.00	-	-	3,008,720	100.00
(c) Empresa Pública de Medellín E.S.P.						
Municipality of Medellin	4,223,308	100.00	-	-	4,223,308	100.00
	4,223,308	100.00	-	-	4,223,308	100.00

Opinions and Statements / Special Review Report - Unqualified

Report on review of interim financial information
To the Shareholders, Directors and Management of
CTEEP – Companhia de Transmissão de Energia Elétrica Paulista
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of CTEEP – Companhia de Transmissão de Energia Elétrica Paulista ("CTEEP" or "Company"), included in the Interim Financial Information Form (ITR) for the quarter ended March 31, 2019, which comprises the balance sheet as at March 31, 2019, and the related income statement, statement of comprehensive income, statement of changes in equity, and statement of cash flows for the three-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) - Interim Financial Reporting 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 and Exchange 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 does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim 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 interim financial information referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Interim Financial Statements (ITR), and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Emphasis of matter

Law No. 4819/58

As described in Notes 8 and 31, the Company recorded a net balance of receivables from the State of São Paulo Finance Department of R$1,426,613 thousand, relating to the impacts of Law No. 4819/58, which granted to the Company's employees, while under the control of the State of São Paulo, benefits already granted to other public servants. The Company's Management has monitored the new facts related to the legal and business aspects of the issue and has, also, continuously assessed the potential impacts that the matter may have on its financial statements. Our conclusion is not modified regarding this matter.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added (DVA) for the three-month period ended March 31, 2019, prepared under the responsibility of the Company's management, the presentation of which is required by the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Interim Financial Information (ITR) and considered supplemental

information by IFRS, which does not require the presentation of a DVA. This information was subject to the same review procedures described above and, based on our review, we are not aware of any significant modifications that should be made to this information, in all material respects, consistently with the interim financial statements taken as a whole.

São Paulo, April 29, 2019
ERNST & YOUNG
Auditores Independentes S.S.

Adilvo França Junior
Accountant

Opinions and Statements/Report of the Supervisory Board or Equivalent Body

The Supervisory Board of CTEEP - Companhia de Transmissão de Energia Elétrica Paulista ("Company"), in the discharge of its statutory duties and in compliance with the provisions of Article 163, VI, of Law No. 6404/76, hereby declares that they analyzed the Company's interim financial information for the quarter ended March 31, 2019 and the Report on Review of Interim Financial Information issued by the independent auditor Ernst & Young Auditores Independentes S.S. and issued an opinion favorable to the issue of the Interim Financial Information for the quarter then ended.

São Paulo, April 29, 2019

Flávio Cesar Maia Luz

Andrea Costa Amancio Negrão

Manuel Domingues de Jesus e Pinho

Ricardo Lopes Cardoso

Paula Prado Rodrigues Couto

Opinions and Statements / Opinion or Summary Report, if any, by the Audit Committee (statutory or not)

The objective of the Audit Committee is to strengthen the internal control system, risk management and the Company's corporate governance practices. The establishment of an Audit Committee is not a statutory requirement. It is only a Company´s internal management body which does not have the duties that are specific to a Statutory Audit Committee, such as, for example, the responsibility of issuing an opinion on the interim financial information.

Opinions and Statements / Executive Officers' Statement on the Interim Financial Information

Management´s Statement on the Interim Financial Information

The Company's executive officers hereby declare that they reviewed, discussed and agreed with the information contained in the Interim Financial Information for the quarter March 31, 2019, as well as with the opinion expressed in the respective Report on Review of Interim Financial Information issued by the independent auditor Ernst & Young Auditores Independentes S.S. and, also, declare that all significant information relating to the Interim Financial Information, and only it, has been disclosed and corresponds to that used in management.

Accordingly, the Executive Officers approve the issuance of the Interim Financial Information for the quarter ended March 31, 2019.

São Paulo, April 29, 2019

Reynaldo Passanezi Filho
Chief Executive and Financial Officer

Weberson Eduardo Guioto Abreu
Chief Projects Officer

Carlos Ribeiro
Chief Technical Officer

Rafael Falcão Noda
Chief Institutional Relations Officer

Opinions and Statements / Executive Officers' Statement on the Independent Auditor's Report on Review

Executive Officers' Statement on the Independent Auditor's Report on Review

The Company's Executive Officers hereby declare that they have reviewed, discussed, and are aware of the Independent Auditor's Report on Review.

São Paulo, April 29, 2019

Reynaldo Passanezi Filho
Chief Executive and Financial Officer

Weberson Eduardo Guioto Abreu
Chief Projects Officer

Carlos Ribeiro
Chief Technical Officer

Rafael Falcão Noda
Chief Institutional Relations Officer