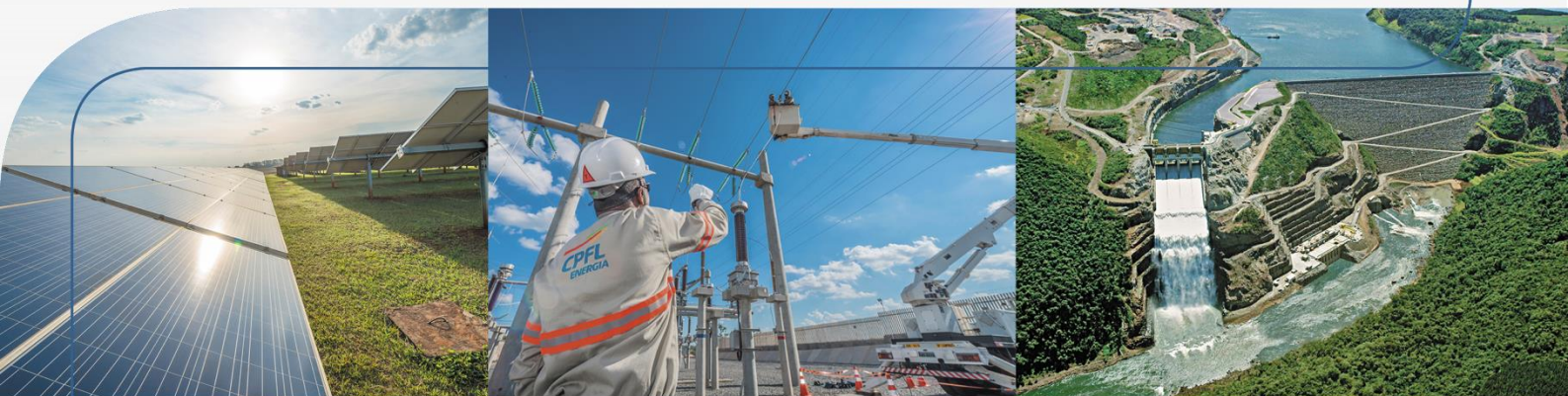


4Q20/2020 CPFL Results



- ✓ **Load in the concession area: +2.6% in 4Q20 and -1.7% in 2020**
- ✓ **EBITDA of R\$ 1,921 million (+10.4%) in 4Q20 and R\$ 6,780 million (+6.0%) in 2020**
- ✓ **Net Income of R\$ 989 million (+15.5%) in 4Q20 and R\$ 3,707 million (+34.9%) in 2020**
- ✓ **Net Debt of R\$ 15.7 billion and leverage of 2.19x Net Debt/EBITDA¹**
- ✓ **Conclusion of the plan of CPFL Renováveis' integration to CPFL Energia Group**
- ✓ **Solution for the GSF in the free market, in the amount of R\$ 140 million (impact on EBITDA in 2020)**
- ✓ **Investments of R\$ 880 million (+30.9%) in 4Q20 and R\$ 2,808 million (+24.6%) in 2020**
- ✓ **Management Proposal of dividends in the amount of R\$ 1,731 million, R\$ 1.50/share**
- ✓ **SAIDI and SAIFI of all discos are below ANEEL limits**
- ✓ **Positive tariff adjustments for parcel B, reflecting the impact of the IGP-M and investments in RAB**
- ✓ **Gameleira Wind Complex entry into operation as of 2Q21, 2.5 years before Aneel's official deadline**
- ✓ **Entry of CPFL Energia's shares in the Ibovespa, MSCI, ISE, ICO2 indexes and in Santander's ESG portfolio**
- ✓ **CPFL Energia was recognized by Credit Suisse, in its Global ESG Report, as one of its analysts' favorite shares**
- ✓ **Release of 2020-2024 Sustainability Plan and entry into the "Liderança com ImPacto" Program with UN Global Compact Network Brazil (SDG 3 – Good health and well-being)**
- ✓ **Pilot Project of electrification of operational fleet in Indaiatuba-SP**
- ✓ **CPFL Energia is part of CDP's Supplier Engagement Leaderboard**



Video Conference with Simultaneous Translation into English (Bilingual Q&A)

Friday, March 26, 2021 – 11:00 a.m. (BRT), 10:00 a.m. (ET)

Zoom platform – link to access:

https://zoom.us/webinar/register/WN_0XMNavyBTkOMbpTuQh7AkA

Investor Relations

(+55) 19 3756.8458/8887

ri@cpfl.com.br

www.cpfl.com.br/ir

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MESSAGE FROM THE CEO

The year 2020 was marked by the new coronavirus (COVID-19) pandemic, which triggered challenging impacts on our lives, the Company and the Brazilian economy. Right from the initial months of the pandemic, we have acted swiftly, giving priority to adequate preventive measures aimed at preserving the health and safety of all our employees, besides guaranteeing the financial health of our Company and the continued provision of services with the same excellence as always.

Despite all the challenges, the CPFL Group continued to work on our value generation initiatives, registering its highest net income of R\$ 3,707 million in 2020 (up 34.9%). The same was the case with operational cash flow, as measured by EBITDA, which reached R\$ 6,780 million (up 6.0%), both reflecting the positive results driven by the distribution segment, mainly resulting from the annual tariff adjustments at CPFL Paulista, CPFL Piratininga, RGE and CPFL Santa Cruz during the course of the year, and the recovery of the economy in the second half of the year. The residential segment registered a significant 2.9% increase, essentially due to the fact that people stayed home longer and the new habit of home office on account of physical distancing measures. In the industrial and commercial segments, we noticed some recovery in the second half of 2020, though consumption was lower than in 2019. In the Generation segment, it is worth highlighting the better availability of our wind farms, which reached 96.7%, increasing 2.9% from the previous year. Also noteworthy is the booking of the GSF (Generation Scaling Factor) solution in the free market, which is related to our minor exposure in this contracting environment and which generated a gain of R\$ 140 million. Another important milestone in this segment was the conclusion of the integration of CPFL Renováveis' assets, through which we captured important synergies in the form of reduced financial expenses with debt renegotiations and lower operating costs.

We also continued our investment plan in 2020, investing R\$ 2,808 million (+ 24.6%) on expansions and improvements in operational efficiency and management, as well as the construction of generation and transmission projects. In order to adopt the best practices in the sector, we continue to implement innovation and digitalization measures and deploy new technologies in all our businesses, always in line with the evolving regulatory, political and economic scenarios in Brazil. Over the next five years, we plan to invest R\$ 15.2 billion, of which R\$ 13.3 billion will be used to expand, maintain and improve our distribution networks. Another R\$ 1.3 billion will be invested in generation projects under construction and in the maintenance of existing plants. In the transmission segment, we will invest R\$ 375 million in projects under construction. Finally, in the commercialization and services segment, we will invest R\$ 278 million.

In line with our focus on optimizing the capital structure, CPFL Energia's consolidated net debt reached 2.19 times the EBITDA at the end of the year, as per the measurement criteria of our financial covenants.

With regard to dividend payments, in light of the current macro scenario and since the Company is evaluating potential M&A operations, we will submit a proposal for a payout ratio of 50% in 2021 related to the 2020 results, for approval at the Shareholders Meeting to be held in April. If the potential M&As do not take place, an additional payment will be reviewed later this year.

In 2020, we also observed progress in the discussions on social and environmental issues linked to the need for a responsible economy for the future of Brazil's electricity sector.

In this promising path of no return, I wish to mention the importance of the ESG (environmental, social and governance) agenda for the CPFL Group. At the start of 2021, we joined the “Liderança com ImPacto” Program of the UN Global Compact’s Brazil Network, returned to the Corporate Sustainability Index (ISE) portfolio and joined the Carbon Efficient Index (ICO2) portfolio of the São Paulo Stock Exchange (B3). In 2020, we unveiled our Sustainability Plan, which is aligned with our Strategic Plan, in which we shared with our domestic and foreign investors our 15 commitments guided by the UN Sustainable Development Goals (SDGs) and sustained by 3 main pillars: Sustainable Energy, Smart solutions and Society Shared Value.

Moreover, to strengthen its management and corporate governance framework, CPFL Energia constantly streamlines and adopts the best practices of B3's Novo Mercado segment, and is committed to continue operating in compliance with the principles of transparency, equity, accountability and corporate responsibility.

On the social front, we continued the CPFL at Hospitals program, through which we invested R\$ 72.2 million since its launch, benefiting 84 hospitals in our concession area. The goal is to reach 300 hospitals by the year-end, with total estimated investments of R\$ 150 million. In addition, we invested R\$ 31.1 million on social impact programs through the CPFL Institute, such as CPFL Jovem Geração, and on donations to combat the COVID-19 pandemic.

Finally, I wish to state that CPFL Energia remains on alert to preserve its employees and their activities during this pandemic. I also wish to emphasize that CPFL enters 2021 by looking to the future. We updated our strategic plan, reinforcing the pillars of our business, and will continue to pursue opportunities for growth, innovation and higher productivity, since we are highly confident about the recovery of the Brazilian economy. We are also dedicating ourselves to discussions on modernizing the sector and on deploying new technologies. We believe this is very important to ensure the sustainable growth of the electricity sector, bringing better services for society and good investment opportunities.

It is true that 2020 was an extremely challenging year, but I believe that the results we presented today prove that CPFL Energia was well prepared and well positioned, backed by robust operational and financial conditions to face this adverse scenario. In 2021, we will continue our successful trajectory. Stay safe, take care and see you soon!

Gustavo Estrella

CEO, CPFL Energia

Indicators (R\$ Million)	4Q20	4Q19	Var.	2020	2019	Var.
Load in the Concession Area - GWh	18,172	17,713	2.6%	67,607	68,748	-1.7%
Sales within the Concession Area - GWh	17,507	17,735	-1.3%	65,926	68,055	-3.1%
Captive Market	11,241	11,948	-5.9%	43,664	45,898	-4.9%
Free Client	6,266	5,787	8.3%	22,262	22,156	0.5%
Gross Operating Revenue	13,321	11,753	13.3%	45,363	45,009	0.8%
Net Operating Revenue	9,274	8,022	15.6%	30,898	29,932	3.2%
EBITDA ⁽¹⁾	1,921	1,741	10.4%	6,780	6,394	6.0%
Distribution	1,107	997	11.0%	3,938	3,696	6.5%
Generation	768	708	8.5%	2,677	2,511	6.6%
Commercialization, Services & Others	47	35	31.3%	165	188	-12.3%
Net Income	989	857	15.5%	3,707	2,748	34.9%
Net Debt ⁽²⁾	15,696	16,849	-6.8%	15,696	16,849	-6.8%
Net Debt / EBITDA ⁽²⁾	2.19x	2.52x	18.7%	2.19x	2.52x	18.7%
Investments ⁽³⁾	880	672	30.9%	2,808	2,254	24.6%

Notes:

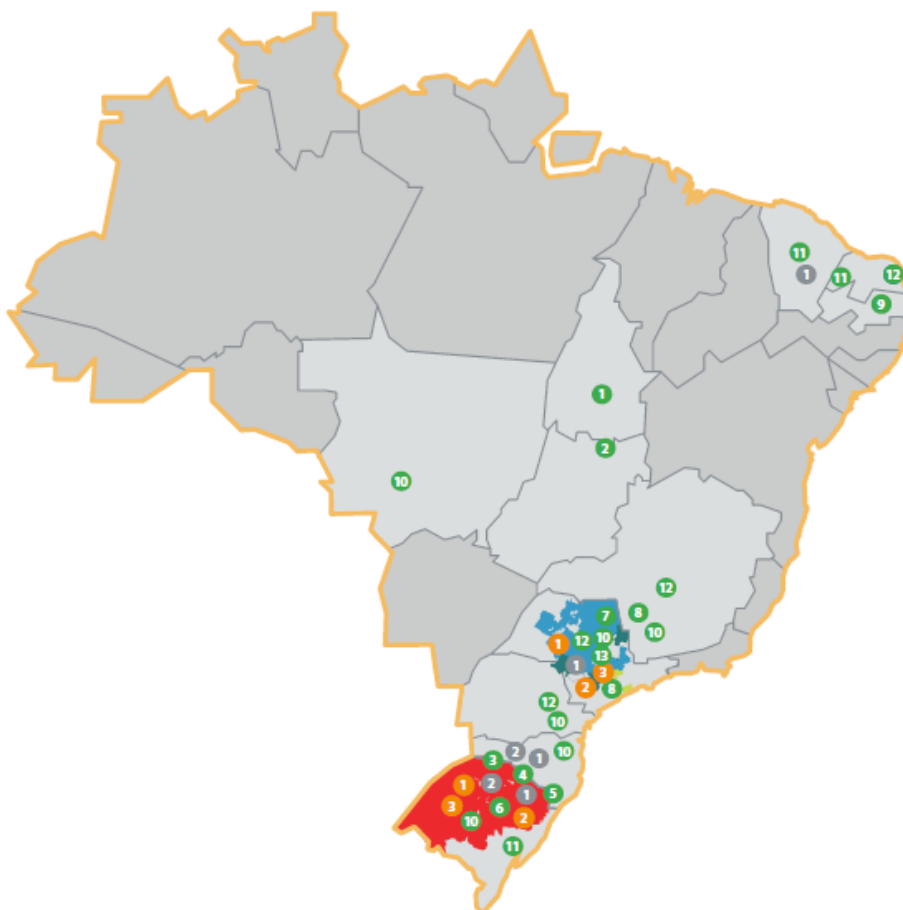
- (1) EBITDA is calculated from the sum of net income, taxes, financial result, depreciation/amortization, as CVM Instruction no. 527/12. See the calculation in item 3.1 of this report;
- (2) In covenants criteria, which considers CPFL Energia stake in each project;
- (3) Does not include special obligations.

CONTENTS

1) COMPANY PROFILE AND CORPORATE STRUCTURE	5
2) OPERATIONAL PERFORMANCE	7
2.1) Distribution	7
2.1.1) Load net of losses in the concession area	7
2.1.2) Sales within the Distributors' Concession Area	8
2.1.3) Losses	10
2.1.4) SAIDI and SAIFI	11
2.1.5) Delinquency	12
2.2) Generation	13
2.2.1) Installed Capacity	13
2.2.2) Operational and under construction projects	13
2.3) Commercialization	14
2.4) Transmission	14
3) CPFL ENERGIA ECONOMIC-FINANCIAL PERFORMANCE	15
3.1) Economic-Financial Performance	15
3.2) Indebtedness	22
3.2.1) Debt (IFRS)	22
3.2.2) Debt in Financial Covenants Criteria	25
3.3) Investments	27
3.3.1) Actual Investments	27
3.3.2) Investment Forecast	27
4) STOCK MARKETS	28
4.1) Stock Performance	28
4.2) Daily Average Volume	28
5) SUSTAINABILITY AND ESG INDICATORS	29
5.1) Sustainability Plan (2020-2024)	29
5.2) Key ESG Indicators aligned to the Plan	29
6) PERFORMANCE OF BUSINESS SEGMENTS	31
6.1) Distribution Segment	31
6.1.1) Economic-Financial Performance	31
6.1.2) Tariff Events	40
6.2) Commercialization and Services Segments	40
6.3) Generation Segment	41
7) ATTACHMENTS	48
7.1) Balance Sheet - Assets – CPFL Energia	48
7.2) Balance Sheet - Liabilities – CPFL Energia	49
7.3) Income Statement – CPFL Energia	50
7.4) Income Statement by business segment	51
7.5) Cash Flow – CPFL Energia	52
7.6) Income Statement – Generation Segment	53
7.7) Income Statement – Distribution Segment	54
7.8) Economic-Financial performance by Distributor	55
7.9) Sales within the Concession Area by Distributor	56
7.10) Sales to the Captive Market by Distributor	57
7.11) Information on Interest in Companies	58
7.12) Reconciliation of Net Debt/EBITDA Pro Forma ratio of CPFL Energia for purposes of financial covenants calculation	60

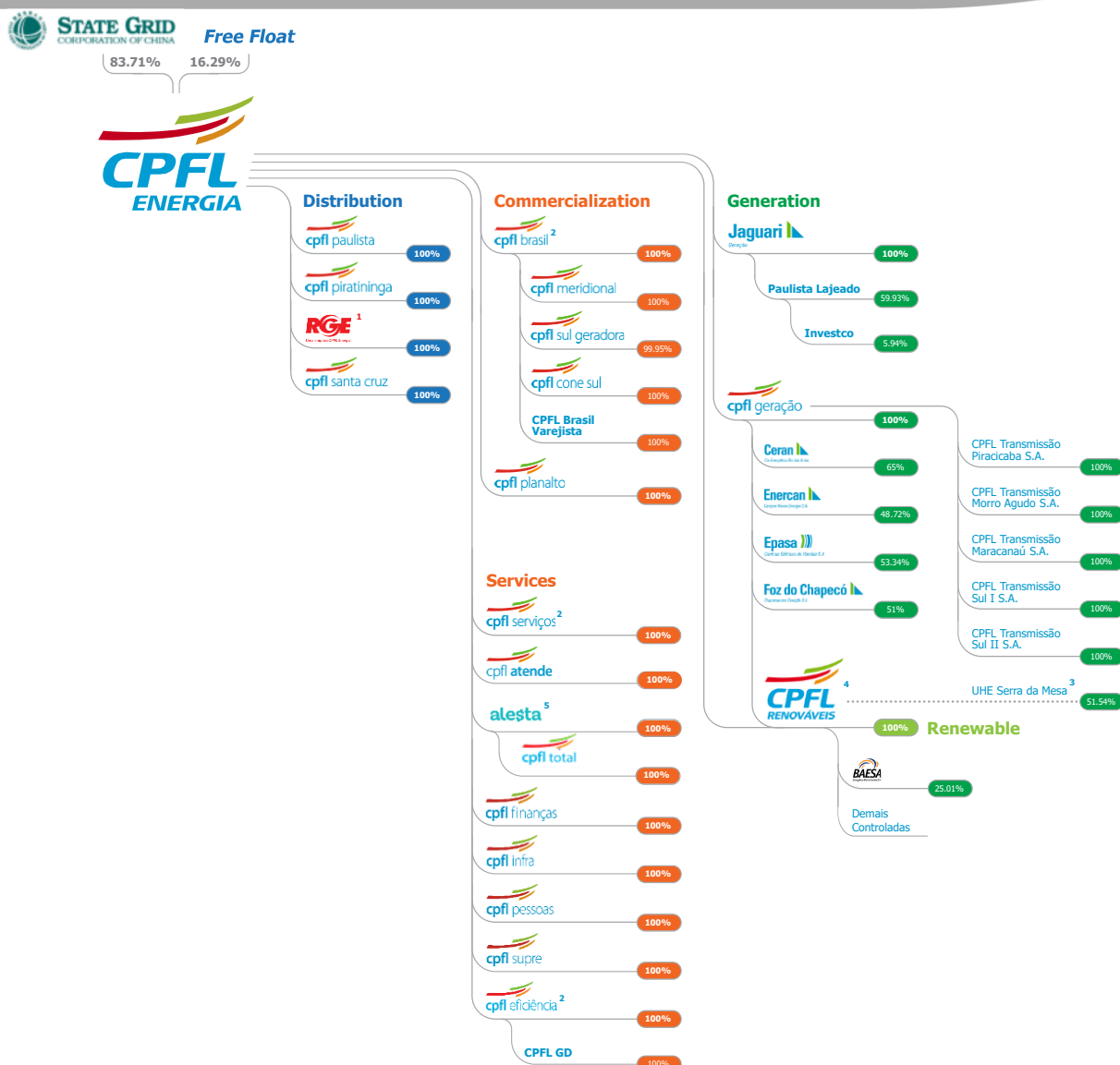
Company Operation

CPFL Energia operates in the Generation, Transmission, Distribution, Commercialization and Services segments, with presence in 11 states in all regions of the country.



CPFL is the second largest distributor in volume of energy sales, with 14% of the national market, serving approximately 10.0 million customers in 687 municipalities. With 4,305 MW of installed capacity, it is the third largest private generator in the country, being the leader in renewable generation, operating in hydroelectric, solar, wind and biomass sources. It also has investments in Transmission and a national operation through CPFL Soluções, providing integrated solutions in energy management and commercialization, energy efficiency, distributed generation, energy infrastructure and consulting services.

CPFL Energia is a holding company that owns stake in other companies. State Grid Corporation of China (SGCC) controls CPFL Energia through its subsidiaries State Grid International Development Co., Ltd, State Grid International Development Limited (SGID), International Grid Holdings Limited, State Grid Brazil Power Participações S.A. (SGBP) and ESC Energia S.A.



Reference date: 12/31/2020

Notes:

- (1) RGE is held by CPFL Energia (89.0107%) and CPFL Brasil (10.9893%);
- (2) CPFL Soluções = CPFL Brasil + CPFL Serviços + CPFL Eficiência;
- (3) 51.54% stake of the availability of power and energy of Serra da Mesa HPP, regarding the Power Purchase Agreement between CPFL Renováveis and Furnas;
- (4) CPFL Renováveis is controlled by CPFL Energia (49.1502%) and CPFL Geração (50.8498%);
- (5) Alesta is in the "Others" segment. In order to facilitate the visualization and due to the incorporation of CPFL Total shares, it is presented in the "Services" segment.

Corporate Governance

The corporate governance model adopted by CPFL Energia is based on the 4 basic principles of the Brazilian Corporate Government System: transparency, equity, accountability and corporate responsibility.

CPFL's Management is composed by the Board of Directors and the Board of Executive Officers.

The Board of Directors is responsible for the strategic direction of the CPFL Group, consists of 7 members (2 independent members), whose term of office is 2 years, with the possibility of reelection. It has 5 Advisory Committees (Strategy and Management of Process, Human Resources, Related Parties, Risk and Budget Management and Corporate Finance), which assist in the decisions and monitoring the relevant and strategic issues.

The Board of Executives consists of 1 Chief Executive Officer and 8 Vice-Chief Executive

Officers, all with term of office of 2 years, with possibility of reelection, whose responsibility is the execution of the strategies of CPFL Energia and its subsidiaries, which are defined by the Board of Directors going along with the corporate governance guidelines.

CPFL Energia has a permanent Fiscal Council, composed of 3 effective members and equal number of alternates, all with 1 year of term of office, with the possibility of reelection.

The guidelines and documents on corporate governance are available at the Investor Relations website <http://www.cpfl.com.br/ir>.

Dividend Policy

On May 21, 2019, CPFL Energia announced to its shareholders and to the market that its Board of Directors approved, at the meeting held on that date, the adoption of a dividend distribution policy, which determines that the Company should distribute annually, as dividends, at least 50% of the adjusted net income. Furthermore, the Dividend Policy sets out the factors that will influence the amount of the distributions, as well as other issues considered relevant by the Board of Directors and the shareholders. The Dividend Policy also highlights that certain obligations contained in the Company's financial contracts may limit the amount of dividends and/or interest on own capital that may be distributed.

The approved Dividend Policy is merely indicative, with the purpose of signaling to the market the treatment that the Company intends to give to the distribution of dividends to its shareholders, having, therefore, a programmatic character, not binding upon the Company or its governing bodies.

The Dividend Policy is available at the Investor Relations website <http://www.cpfl.com.br/ir>.

2) OPERATIONAL PERFORMANCE

2.1) Distribution

2.1.1) Load net of losses in the concession area

Load in the Concession Area - GWh						
	4Q20	4Q19	Var.	2020	2019	Var.
Captive Market	11,622	11,837	-1.8%	44,208	45,793	-3.5%
Free Client	6,550	5,876	11.5%	23,399	22,955	1.9%
Total	18,172	17,713	2.6%	67,607	68,748	-1.7%

Note: If disregarding the migration of large consumers, the load within the concession area would have a variation of +3.1% in the quarter and -1.1% in the year.

In 4Q20, the load net of losses in the concession area totaled 18,172 GWh, an increase of 2.6%. In 2020, the load totaled 67,607 GWh, a reduction of 1.7% if compared to 2019.

2.1.2) Sales within the Distributors' Concession Area

Sales within the Concession Area - GWh						
	4Q20	4Q19	Var.	2020	2019	Var.
Captive Market	11,241	11,948	-5.9%	43,664	45,898	-4.9%
Free Client	6,266	5,787	8.3%	22,262	22,156	0.5%
Total	17,507	17,735	-1.3%	65,926	68,055	-3.1%

In 4Q20, sales in the concession area totaled 17,507 GWh, a decrease of 1.3%. If we disregard the migration of large consumers to the Basic Network, the sales in the concession area in 4Q20 would have changed by -0.7%. The market in the quarter was strongly affected by the Aneel Resolution No. 863/2019, which determined the reading and billing adjustment for the calendar month for Group A captive customers. In the quarter, the result adjusted by Resolution 863/2019 is of 18,056 GWh, which represents an increase of 1.8% compared to 4Q19, that is, an impact of 3.1%.

Sales to the captive market totaled 11,241 GWh in 4Q20, a decrease of 5.9% (11,790 GWh without the Aneel Resolution No. 863/2019, a reduction of 1.3%). The amount of energy, in GWh, corresponding to the consumption of free customers in the concession area of the group's distributors, billed through the Tariff for the Use of the Distribution System (TUSD), reached 6,266 GWh in 4Q20, an increase of 8.3%.

In 2020, sales in the concession area reached 65,926 GWh, a reduction of 3.1%. Sales to the captive market totaled 43,664 GWh, a reduction of 4.9%. In the year, the impact of Resolution 863/2019 was less significant than in the quarter, reaching a total of 66,475 GWh in the concession area and of 44,213 GWh in the captive market, decreases of 2.3% and 3.7%, respectively, compared to 2019.

The consumption of the free clients totaled 22,262 GWh, an increase of 0.5%. If we disregard the migration of large consumers to the Basic Network, the consumption of free clients in the concession area in 2020 would have increased 2.1%.

Sales within the Concession Area - GWh								
	4Q20	4Q19	Var.	Part.	2020	2019	Var.	Part.
Residential	5,609	5,319	5.5%	32.0%	20,944	20,355	2.9%	31.8%
Industrial	6,382	6,391	-0.1%	36.5%	23,303	24,683	-5.6%	35.3%
Commercial	2,677	3,032	-11.7%	15.3%	10,271	11,423	-10.1%	15.6%
Others	2,839	2,993	-5.2%	16.2%	11,408	11,593	-1.6%	17.3%
Total	17,507	17,735	-1.3%	100.0%	65,926	68,055	-3.1%	100.0%

Note: The tables with sales within the concession area by distributor are attached to this report in item 7.9.

Sales within the Concession Area - GWh (adjusted by REN863)								
	4Q20	4Q19	Var.	Part.	2020	2019	Var.	Part.
Residential	5,610	5,319	5.5%	31.1%	20,945	20,355	2.9%	31.5%
Industrial	6,585	6,391	3.0%	36.5%	23,507	24,683	-4.8%	35.4%
Commercial	2,835	3,032	-6.5%	15.7%	10,429	11,423	-8.7%	15.7%
Others	3,026	2,993	1.1%	16.8%	11,595	11,593	0.0%	17.4%
Total	18,056	17,735	1.8%	100.0%	66,475	68,055	-2.3%	100.0%

Highlights in the concession area in 4Q20:

- **Residential Segment (32.0% of total sales):** increase of 5.5%, favored by changes in habit due to the social isolation imposed by the COVID-19 pandemic, by the temperature, that positively impacted this segment (higher temperatures in 4Q20, compared to 4Q19), partially offset by the billing calendar effect and distributed generation;
- **Industrial Segment (36.5% of total sales):** remained stable. The result of 4Q20 was impacted in 3.2% by the Aneel Resolution No. 863/2019. In addition, the migration of large consumers to the Basic Network also negatively contributed. Disregarding these effects, it is possible to note a resumption in industrial consumption due to the beginning of the economic recovery in the period;
- **Commercial Segment (15.3% of total sales):** decrease of 11.7%, mainly reflecting the social isolation and the economic slowdown, due to the COVID-19 pandemic and also due to the Aneel Resolution No. 863/2019. The billing calendar and distributed generation also negatively affected, remaining positive only the temperature effects.

Highlights in the concession area in 2020:

- **Residential Segment (31.8% of total sales):** increase of 2.9%, reflecting the positive impact of changes in habit due to the social isolation imposed by the COVID-19 pandemic, partially offset by the distributed generation;
- **Industrial Segment (35.3% of total sales):** decrease of 5.6%, reflecting the weak performance of the economy, the migration of large customers to the Basic Network and the Aneel Resolution No. 863/2019;
- **Commercial Segment (15.6% of total sales):** decrease of 10.1%, reflecting the social isolation and the consequent economic slowdown, the Aneel Resolution No. 863/2019 effects, the impact of distributed generation and the lower temperatures.

Sales to the Captive Market - GWh						
	4Q20	4Q19	Var.	2020	2019	Var.
Residential	5,609	5,319	5.5%	20,944	20,355	2.9%
Industrial	1,063	1,456	-27.0%	4,410	5,671	-22.2%
Commercial	1,905	2,318	-17.8%	7,491	8,724	-14.1%
Others	2,664	2,855	-6.7%	10,820	11,148	-2.9%
Total	11,241	11,948	-5.9%	43,664	45,898	-4.9%

Note: The tables with sales within the captive market by distributor are attached to this report in item 7.10.

Sales to the Captive Market - GWh (adjusted by REN863)						
	4Q20	4Q19	Var.	2020	2019	Var.
Residential	5,610	5,319	5.5%	20,945	20,355	2.9%
Industrial	1,266	1,456	-13.1%	4,613	5,671	-18.7%
Commercial	2,063	2,318	-11.0%	7,649	8,724	-12.3%
Others	2,851	2,855	-0.1%	11,007	11,148	-1.3%
Total	11,791	11,948	-1.3%	44,213	45,898	-3.7%

Free Client - GWh						
	4Q20	4Q19	Var.	2020	2019	Var.
Industrial	5,319	4,935	7.8%	18,894	19,012	-0.6%
Commercial	772	714	8.2%	2,780	2,699	3.0%
Others	174	138	25.8%	588	445	32.1%
Total	6,266	5,787	8.3%	22,262	22,156	0.5%

Free Client by Distributor - GWh						
	4Q20	4Q19	Var.	2020	2019	Var.
CPFL Paulista	2,902	2,712	7.0%	10,184	10,338	-1.5%
CPFL Piratininga	1,766	1,588	11.2%	6,341	6,095	4.0%
RGE	1,358	1,291	5.2%	4,908	4,995	-1.7%
CPFL Santa Cruz	239	195	22.5%	829	727	14.0%
Total	6,266	5,787	8.3%	22,262	22,156	0.5%

2.1.3) Losses

The consolidated losses index of CPFL Energia was of 9.05%¹ in the 12 months ended in Dec-20, compared to 8.89% in Dec-19, an increase of 0.16 p.p. However, disregarding the effect of the billing calendar in both years, there was an increase of 0.01 p.p. (from 9.04% in Dec-19 to 9.05% in Dec-20), indicating stability in this indicator, despite all efforts made by the Company to combat fraud.

12M Accumulated Losses ¹						
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	ANEEL
CPFL Energia	8.89%	9.14%	9.09%	9.06%	9.05%	8.21%
CPFL Paulista	9.12%	9.30%	9.39%	9.24%	9.42%	8.38%
CPFL Piratininga	7.59%	7.58%	7.60%	7.65%	7.69%	6.56%
RGE	9.62%	10.08%	9.79%	9.87%	9.62%	9.18%
CPFL Santa Cruz	7.69%	8.45%	8.01%	8.34%	7.77%	7.57%

Note: According to the criteria defined by the Regulatory Agency (ANEEL). In CPFL Piratininga and RGE, high-voltage customers (A1) were disregarded.

The CPFL group has intensified the actions against non-technical losses and the main achievements in the 2020 were:

- Energy recovery of 739.0 GWh, increase of 8.5%, of which 510.5 GWh related to the increase in revenue and 228.5 GWh of retroactive energy;
- 599.0 thousand fraud inspections were carried out at consumer units, an increase of 5.6%;
- Visit in 183.3 thousand consumer units inactivated for cutting in cases of self-reconnection;
- Telemetry installation with inspection and meter replacement for 5.3 thousand group A customers;
- Implementation of armored measuring boxes for 16.3 thousand customers;
- Regularization of 2.7 thousand clandestine consumers;

¹ Due to the distortions generated by Aneel Resolution No. 863/2019, which reduced the billed market by changing the billing schedule for captive group A (consequently increasing the unbilled market), we have adopted, exceptionally for this period, the measured captive market for the calculation of losses, instead of the billed market.

- vii. Replacement of 37 thousand obsolete/defective meters by new electronic meters;
- viii. More than 1.9 thousand police reports relating to energy fraud identified by CPFL's operational teams;
- ix. More than 200 investigative actions in conjunction with the police, culminating in arrests or indictments for energy theft;
- x. Disclosure of the balance of energy fraud and theft in the media, intensifying communication that energy theft is a crime and subject to penalties. In 2020, we recorded 338 articles about the subject coming from CPFL group.

2.1.4) SAIDI and SAIFI

The SAIDI (System Average Interruption Duration Index) measures the average duration, in hours, of interruption per consumer per year and the SAIFI (System Average Interruption Frequency Index) measures the average number of interruptions per consumer per year. Such indicators measure the quality and reliability of the electricity supply.

SAIDI Indicators							
Distributor	SAIDI (hours)						
	2016	2017	2018	2019	2020	Var. %	ANEEL ¹
CPFL Energia	10.63	9.40	8.62	8.83	7.66	-13.3%	n.d
CPFL Paulista	7.62	7.14	6.17	6.72	6.81	1.3%	7.18
CPFL Piratininga	8.44	6.97	5.94	6.49	5.83	-10.2%	6.43
RGE ²	16.82	14.83	14.44	14.01	10.83	-22.7%	11.01
CPFL Santa Cruz ³	8.47	6.22	6.01	5.56	4.89	-12.1%	8.19

SAIFI Indicators							
Distributor	SAIFI (interruptions)						
	2016	2017	2018	2019	2020	Var. %	ANEEL ¹
CPFL Energia	5.91	5.69	4.68	4.93	4.54	-7.9%	n.d
CPFL Paulista	5.00	4.94	4.03	4.38	4.27	-2.5%	6.04
CPFL Piratininga	3.97	4.45	3.89	4.34	4.32	-0.5%	5.66
RGE ²	8.44	7.68	6.10	6.25	5.27	-15.7%	8.15
CPFL Santa Cruz ³	6.25	5.13	5.09	4.25	3.68	-13.4%	6.96

Notes:

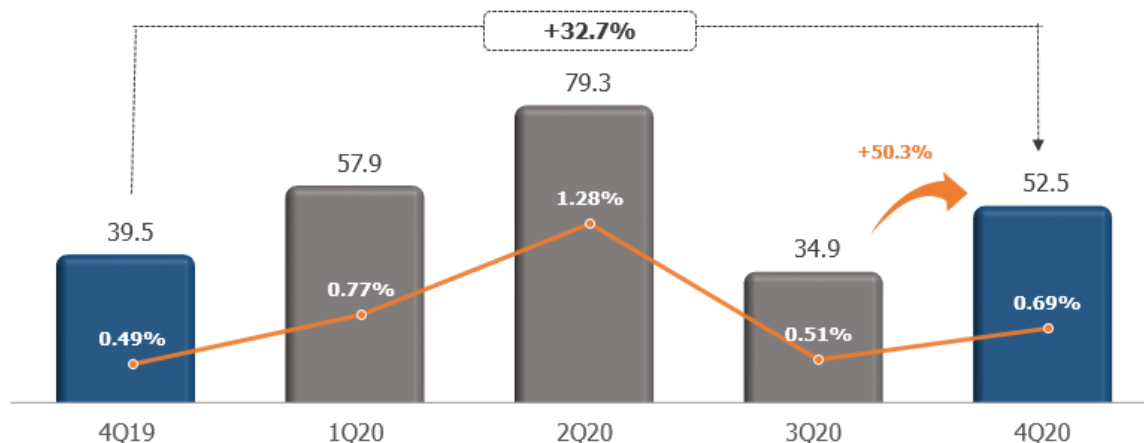
- 1) ANEEL limit;
- 2) Since 2019, the RGE and RGE Sul concessions have been unified, becoming a single distributor for the purpose of calculating technical indicators;
- 3) Since 2018, the concessions of CPFL Santa Cruz, Sul Paulista, Mococa, Jaguari and Leste Paulista have been unified, becoming a single distributor for purposes of calculating technical indicators.

The annualized figures of SAIDI and SAIFI in 2020 were lower than in the same period in 2019 (-13.3% in SAIDI and -7.9% in SAIFI) for the consolidated of the distributors. These results reflect maintenance actions and investments for improvements in the CPFL Energia group's distributors, with emphasis on RGE. Four years after the acquisition of RGE Sul and two years after the merger of RGE and RGE Sul, we are already within the limits determined by ANEEL.

In order to obtain this result in RGE, in addition to the investments made in grid maintenance and security, a project was developed with the adoption of more than 70 measures, such as: focus on the identification of possible problems and risks in the power grid; analysis of reports of technical, administrative and security assessments of contracted companies; awareness of all people about the indicators; and encouraging proposals for improvements.

2.1.5) Delinquency

ADA (R\$ MM)



ADA registered an increase of 32.7% (R\$ 13.0 million) in 4Q20, compared to 4Q19. This increase is basically due to the fact that in 4Q19 there was a large volume of negotiations with hospital and other institutions, affecting the basis of comparison. Compared to 3Q20 there was an increase of 50.3% (R\$ 17.6 million). Likewise, 3Q20 had been favored by negotiations of more significant values. In the annual comparison, ADA showed a decrease of 3.6% (R\$ 8.5 million) compared to 2019.

In order to fight against the increase in delinquency accentuated by the country's economic situation, CPFL intensified and diversified its billing and collection actions, with the following highlights:

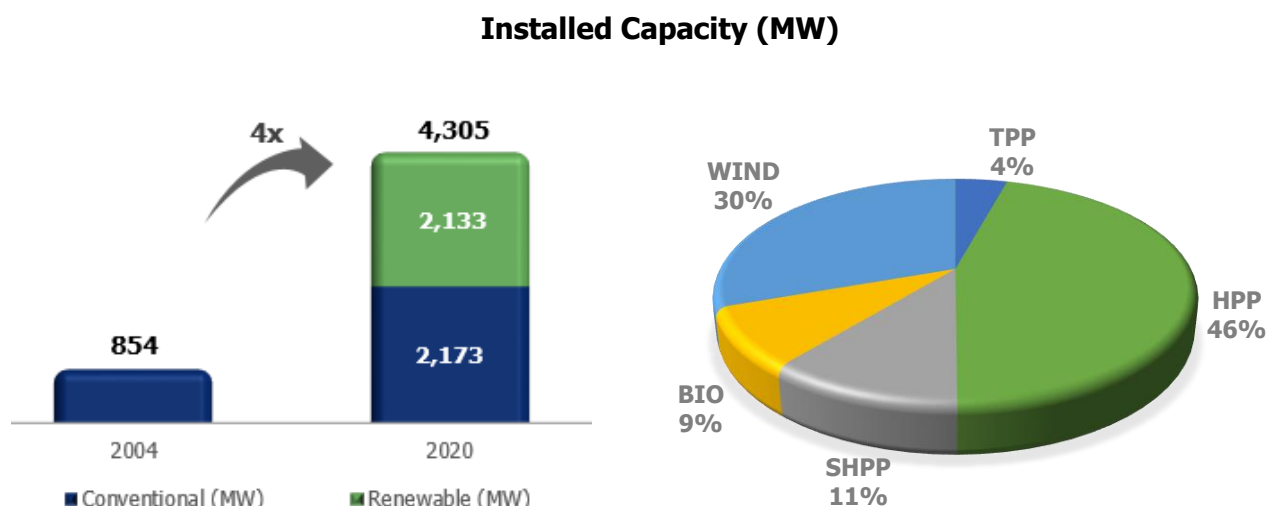
- i. Implementation of installment with credit card, offering greater convenience to the customer and mitigating the risk of delinquency for the company. In line with CPFL's digitalization strategy, this modality of payment represented, until December 2020, 72 thousand installments made through digital channels, totaling the amount of R\$ 39.5 million;
- ii. Resumption of power cuts, after the end of the period of prohibition of power cuts by Resolution 878 that was in force until the end of July 2020. In the year, CPFL carried out 1,867 thousand suspensions in energy supply due to default, prioritizing the overdue bills with higher values; of these cuts, 732 thousand were made in 4Q20, representing an increase of 88.2% in relation to 3Q20 (389 thousand) and an increase of 23.9% (591 thousand) compared with 4Q19;
- iii. Implementation of a "Express" payment, giving the option for the customer to pay the invoices that were not paid at the time of the cut, thus avoiding the suspension of supply, increasing customer satisfaction and avoiding rewiring costs;
- iv. Increase of 81% in the volume of collection notice actions (email, SMS, telecollection), compared to 2019, jumping from 28.3 million in 2019 to 51.3 million in 2020. There was also an increase of 12% in negativity and protest actions, from 7.2 million to 8.0 million in 2020.

2.2) Generation

2.2.1) Installed Capacity

In 4Q20, the Generation installed capacity of CPFL Energia group, considering the proportional stake in each project, is of 4,305 MW.

Since the IPO in 2004, CPFL Energia has been expanding its portfolio and today has a capacity 4 times higher.



Note: Considers the participation of CPFL Energia and CPFL Renováveis of 100%. Source breakdown graphic does not consider 1 MW of Solar Generation of Tanquinho Plant.

2.2.2) Operational and under construction projects

In MW	Portfolio						Total
	TPP	HPP	SHPP/MHPP	Biomass	Wind	Solar	
Operating	182	1,966	478	370	1,309	1	4,305
Under construction	-	-	28	-	82	-	110
Under development	-	-	116	-	2,094	1,140	3,350
Total	182	1,966	622	370	3,484	1,141	7,765

The project portfolio of Generation segment (considering CPFL Energia's participation in each project) totals 7,765 MW of installed capacity. The plants in operation totalize 4,305 MW, comprising 8 HPPs (1,966 MW), 45 wind farms (1,309 MW), 49 SHPPs and MHPPs (478 MW), 8 biomass thermoelectric plants (370 MW), 2 TPPs (182 MW) and 1 solar plant (1 MW).

Still under construction 1 SHPP (28 MW) and 4 wind farms (82 MW). Additionally, we have wind, solar and SHPP projects under development totaling 3,350 MW.

SHPP Lucia Cherobim

SHPP Lucia Cherobim, a project located in the state of Paraná, is scheduled to start operating in 2024. In December 2020, the physical progress of the project was 11.1%. Installed capacity is 28.0 MW and physical guarantee is 16.6 average MW. The energy was sold under a long-term contract at the 2018 new energy auction (A-6) (price: R\$ 208.88/MWh - Dec-20).

Gameleira Complex Wind Farms

The Gameleira Complex wind farms (Costa das Dunas, Figueira Branca, Farol de Touros and Gameleira), located in the state of Rio Grande do Norte, is scheduled to start operating in mid-2021, 2.5 years before the Aneel official deadline. The installed capacity is 81.7 MW and the physical guarantee is 41.0 average MW. Part of the energy (12.0 average MW) was sold under a long-term contract at the 2018 new energy auction (A-6) (price: R\$ 98.85/MWh - Dec-20) and the rest was sold on the free market.

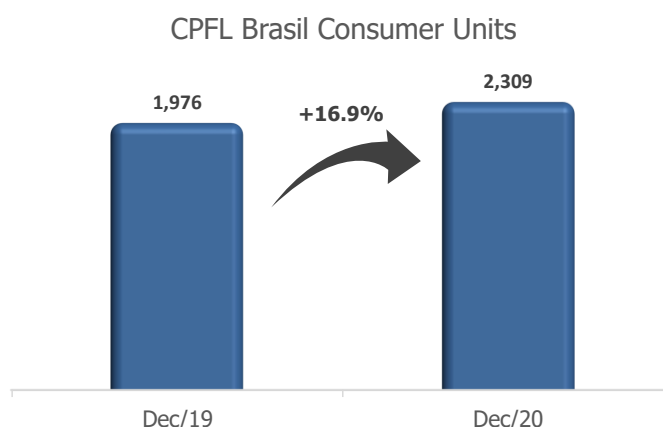
Corporate restructuring

On September 30, 2020, the second stage of the CPFL Renováveis integration plan was completed through the Corporate Restructuring of the CPFL Group's generation companies. The new structure strengthens the administrative structures and brings synergies to the Group, which now has a single Generation segment with all its projects.

2.3) Commercialization

Number of Commercialization Consumer Units

In Dec-20, CPFL Brasil consumer units reached 2,309, an increase of 16.9%.



2.4) Transmission

Operational Portfolio					
Project	Location	RAP (R\$ MM)	Capex (R\$ MM)	Operation Start	Substation #
Piracicaba	SP	8.9	100	jul/15	1
Morro Agudo	SP	10.8	100	Jun/17	1

Under Construction Portfolio							
Project	Location	RAP (R\$ MM)	Estimated Capex by Aneel (R\$ MM)	Operation Start	Substation #	Lines (Km)	Carry-out %
Maracanaú	CE	7.9	102	Mar/22	1	2	16.9%
Sul I	SC	26.4	366	Mar/24	1	320	16.1%
Sul II	RS	33.9	349	Mar/24	3	85	39.3%

Note: Base Date - Piracicaba (12/19/12) – Morro Agudo (06/01/14) – Maracanaú (06/28/18) – Sul I and II (12/20/18).

3) CPFL ENERGIA ECONOMIC-FINANCIAL PERFORMANCE

3.1) Economic-Financial Performance

Consolidated Income Statement - CPFL ENERGIA (R\$ Million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Gross Operating Revenue	13,321	11,753	13.3%	45,363	45,009	0.8%
Net Operating Revenue	9,274	8,022	15.6%	30,898	29,932	3.2%
Revenue from building the infrastructure	783	600	30.6%	2,573	2,088	23.2%
Net Operating Revenue (ex-rev. from infrastructure)	8,490	7,423	14.4%	28,326	27,844	1.7%
Cost of Electric Power	(5,654)	(4,839)	16.8%	(18,486)	(18,371)	0.6%
Contribution Margin	2,837	2,583	9.8%	9,840	9,473	3.9%
PMSO	(1,020)	(908)	12.2%	(3,308)	(3,318)	-0.3%
Other Operating Costs & Expenses	(1,248)	(1,076)	15.9%	(4,401)	(3,880)	13.4%
Equity Income	144	92	56.6%	410	350	17.3%
EBITDA¹	1,921	1,741	10.4%	6,780	6,394	6.0%
Financial Income (Expense)	(173)	(163)	6.2%	(316)	(726)	-56.5%
Income Before Taxes	1,323	1,127	17.4%	4,797	3,986	20.3%
Net Income	989	857	15.5%	3,707	2,748	34.9%

Note: (1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization, according to CVM Instruction no. 527/12.

CPFL Energia - Key financial indicators by business segment (R\$ million)					
	Distribution	Generation	Others	Eliminations	Consolidated
4Q20					
Contribution margin	1,944	813	252	(173)	2,837
EBITDA ¹	1,107	768	47	-	1,921
Financial results	(129)	(59)	15	-	(173)
Net Income	543	502	(56)	-	989
4Q19					
Contribution margin	1,763	759	204	(142)	2,583
EBITDA ¹	997	708	35	-	1,741
Financial results	(23)	(114)	(25)	-	(163)
Net Income	608	354	(105)	-	857
Variation (%)					
Contribution margin	10.3%	7.1%	24.0%	21.4%	9.8%
EBITDA ¹	11.0%	8.5%	31.3%	-	10.4%
Financial results	452.8%	-48.6%	-	-	6.2%
Net Income	-10.7%	41.9%	-46.6%	-	15.5%

CPFL Energia - Key financial indicators by business segment (R\$ million)					
	Distribution	Generation	Others	Eliminations	Consolidated
2020					
Contribution Margin	6,830	2,795	828	(613)	9,840
EBITDA ¹	3,938	2,677	165	-	6,780
Financial results	21	(374)	37	-	(316)
Net Income	2,111	1,665	(69)	-	3,707
2019					
Contribution Margin	6,570	2,667	765	(528)	9,473
EBITDA ¹	3,696	2,511	188	-	6,394
Financial results	(197)	(556)	27	-	(726)
Net Income	1,835	971	(57)	-	2,748
Variation (%)					
Contribution Margin	4.0%	4.8%	8.2%	16.0%	3.9%
EBITDA ¹	6.5%	6.6%	-12.3%	-	6.0%
Financial results	-	-32.7%	34.2%	-	-56.5%
Net Income	15.1%	71.5%	21.3%	-	34.9%

Notes: (1) The analysis by business segment is presented in chapter 6; (2) The breakdown of economic-financial performance by business segment is presented in annex 7.4.

Non-cash effects, extraordinary items and others

We highlight below the non-cash effects, extraordinary items and others of greater relevance observed in the periods analyzed, as a way to facilitate the understanding of the variations in Company's results.

EBITDA effects - R\$ million	4Q20	4Q19	Var.	2020	2019	Var.
Adjustments in the concession financial assets (VNR)	231	45	418.2%	388	239	62.5%
CPFL Piratininga - Tariff review effects (RAB appraisal report)	-	-	-	-	42	-
Legal and judicial expenses	(130)	(46)	181.6%	(238)	(172)	37.9%
Assets write-off	(72)	(72)	0.1%	(150)	(174)	-13.9%
Other extraordinary items:						
CPFL Santa Cruz - PIS/Cofins over ICMS	-	-	-	-	34	-
Solution for the GSF in the free market	140	-	-	140	-	-
Epasa depreciation rate	(25)	-	-	(25)	-	-
Financial results effects - R\$ million	4Q20	4Q19	Var.	2020	2019	Var.
Mark-to-market (MTM)	(79)	2	-	130	13	887.9%
Financial revenues due to Re-IPO resources	-	56	-	-	62	-

Operating Revenue

In 4Q20, gross operating revenue reached R\$ 13,321 million, representing an increase of 13.3% (R\$ 1,568 million). Deductions from operating revenue were R\$ 4,047 million in 4Q20, representing an increase of 8.5% (R\$ 317 million). Net operating revenue reached R\$ 9,274 million in 4Q20, registering an increase of 15.6% (R\$ 1,251 million).

In 2020, gross operating revenue reached R\$ 45,363 million, representing an increase of 0.8% (R\$ 354 million). Deductions from operating revenue were R\$ 14,464 million, representing a

reduction of 4.1% (R\$ 612 million). Net operating revenue reached R\$ 30,898 million, registering an increase of 3.2% (R\$ 966 million).

Net Operating Revenue (R\$ Milhões)						
	4Q20	4Q19	Var.	2020	2019	Var.
Distribution	7,750	6,423	20.6%	25,532	24,260	5.2%
Generation	955	906	5.5%	3,307	3,141	5.3%
Commercialization	797	949	-16.0%	2,983	3,491	-14.6%
Services	208	164	26.9%	725	614	18.0%
Elimination and Others	(436)	(419)	4.0%	(1,648)	(1,574)	4.7%
Total	9,274	8,022	15.6%	30,898	29,932	3.2%

For further details about the revenue variation by segment, see chapter 6 – Performance of Business Segments.

Cost of Electric Energy

Cost of Electric Energy (R\$ Million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Cost of Electric Power Purchased for Resale						
Energy from Itaipu Binacional	889	692	28.4%	3,828	2,794	37.0%
PROINFRA	72	94	-24.0%	292	397	-26.5%
Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market	3,993	3,812	4.8%	12,722	14,199	-10.4%
PIS and COFINS Tax Credit	(444)	(401)	10.7%	(1,500)	(1,484)	1.1%
Total	4,510	4,197	7.5%	15,342	15,907	-3.6%
Charges for the Use of the Transmission and Distribution System						
Basic Network Charges	753	550	36.8%	2,541	2,081	22.1%
Itaipu Transmission Charges	87	71	22.8%	321	281	14.1%
Connection Charges	48	40	19.8%	178	174	2.3%
Charges for the Use of the Distribution System	13	12	13.3%	46	48	-2.9%
ESS / EER	357	33	976.1%	373	127	193.6%
PIS and COFINS Tax Credit	(115)	(64)	79.8%	(315)	(246)	27.9%
Total	1,143	642	78.1%	3,144	2,464	27.6%
Cost of Electric Energy	5,654	4,839	16.8%	18,486	18,371	0.6%

Cost of Electric Power Purchased for Resale

In 4Q20, the cost of electric power purchased for resale reached R\$ 4,510 million, an increase of 7.5% (R\$ 313 million), mainly due to:

- Increase of 28.4% in **energy from Itaipu** (R\$ 197 million), due to the raise in the average purchase price (due to exchange variation);
- Increase of 4.8% in **energy purchased in auctions, bilateral contracts and spot market** (R\$ 181 million), due to the higher average purchase price, despite the lower volume of purchased energy, according to tables below;

In 2020, the cost of electric power purchased for resale reached R\$ 15,342 million, a reduction of 3.6% (R\$ 565 million), mainly due to:

- Lower cost with **energy purchased in auctions, bilateral contracts and spot**

market (R\$ 1,477 million), due to the reduction in the volume of purchased energy and the lower average purchase price;

- Reduction of 26.5% in **PROINFA** (R\$ 105 million), due to the lower price;
- Increase of 1.1% in **PIS and COFINS tax credit** (R\$ 16 million);

Partially offset by the:

- Increase in **energy from Itaipu** (R\$ 1,034 million), due to exchange variation.

Volume of purchased energy (GWh)	4Q20	4Q19	Var.	2020	2019	Var.
Energy from Itaipu Binacional	2,772	2,780	-0.3%	10,973	11,021	-0.4%
PROINFA	301	295	2.1%	1,098	1,102	-0.4%
Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market	15,724	16,956	-7.3%	62,644	66,283	-5.5%
Total	18,797	20,030	-6.2%	74,715	78,406	-4.7%

Average price (R\$/MWh)	4Q20	4Q19	Var.	2020	2019	Var.
Energy from Itaipu Binacional	320.77	249.03	28.8%	348.85	253.52	37.6%
PROINFA	237.88	319.71	-25.6%	265.90	360.43	-26.2%
Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market	253.97	224.82	13.0%	203.09	214.22	-5.2%
Total	239.95	209.56	14.5%	205.34	202.88	1.2%

Charges for the Use of the Transmission and Distribution System

In 4Q20, charges for the use of the transmission and distribution system reached R\$ 1,143 million, an increase of 78.1% (R\$ 501 million). This variation was mainly due to the increase in **sector charges (ESS/EER)** (R\$ 322 million), with highlight to ESS - System Service Charges, due to the difference between the energy scenarios of these periods: while in 4Q19 there was a more balanced scenario and lower need to activate thermal plants, at the end of 2020 hydrological conditions were limited and required the activation of a larger volume of thermal plants. In addition, **connection and transmission charges** (basic network, Itaipu transportation, connection and use of the distribution system) totaled an increase of R\$ 228 million in the period.

In 2020, charges amounted to R\$ 3,144 million, an increase of 27.6% (R\$ 680 million), being the main variation in **connection and transmission charges** (basic network, Itaipu transport, connection and use of the system distribution), with an increase of 19.5% (R\$ 503 million). **Sector charges (ESS/EER)** increased by R\$ 246 million; the increase in EER (Charges for Reserve Energy) was due to lower PLD and the reduction in energy generation through generators contracted in the reserve energy mode. ESS was under pressure at the end of the year by adverse hydrological conditions, as already explained above.

Contribution margin

In 4Q20, **contribution margin** reached R\$ 2,837 million, an increase of 9.8% (R\$ 253 million). In 2020, **contribution margin** reached R\$ 9,840 million, an increase of 3.9% (R\$ 366 million). The quarterly and year results mainly reflect the improvement in the performance of the Distribution.

PMSO

PMSO (R\$ million)								
	4Q20	4Q19	Variation		2020	2019	Variação	
			R\$ MM	%			R\$ MM	%
Personnel	(408)	(403)	(5)	1.3%	(1,475)	(1,481)	6	-0.4%
Material	(74)	(75)	2	-2.0%	(281)	(279)	(1)	0.5%
Outsourced Services	(204)	(199)	(4)	2.1%	(653)	(715)	62	-8.7%
Other Operating Costs/Expenses	(334)	(231)	(103)	44.9%	(900)	(844)	(56)	6.6%
<i>Allowance for doubtful accounts</i>	<i>(53)</i>	<i>(39)</i>	<i>(14)</i>	<i>37.4%</i>	<i>(227)</i>	<i>(233)</i>	<i>6</i>	<i>-2.6%</i>
<i>Legal and judicial expenses</i>	<i>(130)</i>	<i>(46)</i>	<i>(84)</i>	<i>181.6%</i>	<i>(238)</i>	<i>(172)</i>	<i>(65)</i>	<i>37.9%</i>
<i>Assets Write-Off</i>	<i>(72)</i>	<i>(72)</i>	<i>(0)</i>	<i>0.1%</i>	<i>(150)</i>	<i>(174)</i>	<i>24</i>	<i>-13.9%</i>
<i>Others</i>	<i>(78)</i>	<i>(74)</i>	<i>(5)</i>	<i>6.5%</i>	<i>(285)</i>	<i>(264)</i>	<i>(21)</i>	<i>8.0%</i>
Total Reported PMSO	(1,020)	(908)	(111)	12.2%	(3,308)	(3,318)	10	-0.3%

PMSO reached R\$ 1,020 million in 4Q20, an increase of 12.2% (R\$ 111 million), due to the following factors:

- (i) Increase of 181.6% (R\$ 84 million) in legal and judicial expenses with labor, civil and regulatory lawsuits;
- (ii) Increase of 37.4% (R\$ 14 million) in allowance for doubtful accounts, impacted by last year negotiations with hospitals and other public institutions in 2019, which reduced comparison basis with the 4Q20;
- (iii) Increase of 1.7% in other items (R\$ 14 million), highlighting collection actions (R\$ 6 million), tree pruning (R\$ 6 million) and call center (R\$ 2 million), among others.

In 2020, PMSO reached R\$ 3,308 million, a reduction of 0.3% (R\$ 10 million), due to the following factors:

- (i) Reduction of 2.2% (R\$ 58 million) in expenses linked to inflation, compared to the IPCA of 4.52% in the year;
- (ii) Reduction of 13.9% (R\$ 24 million) in assets write off;
- (iii) Reduction of 2.6% (R\$ 6 million) in allowance for doubtful accounts;

Partially offset by:

- (iv) Increase of 37.9% (R\$ 65 million) in legal and judicial expenses;
- (v) Increase of 11.9% (R\$ 13 million) in expenses related to Capex efforts.

Other operating costs and expenses

Other operating costs and expenses						
	4Q20	4Q19	Var.	2020	2019	Var.
Costs of Building the Infrastructure	779	599	30.2%	2,560	2,086	22.7%
Private Pension Fund	43	27	58.7%	174	113	54.8%
Depreciation and Amortization	425	451	-5.6%	1,666	1,681	-0.9%
Total	1,248	1,076	15.9%	4,401	3,880	13.4%

EBITDA

In 4Q20, **EBITDA** reached R\$ 1,921 million, registering an increase of 10.4% (R\$ 181 million), mainly reflecting the improvement in the performance of the Distribution segment; the others segments also presented positives variations.

In 2020, **EBITDA** reached R\$ 6,780 million, an increase of 6.0% (R\$ 386 million), mainly reflecting the improvement in the performance of the Distribution segment. For more details, see chapter 6.

EBITDA is calculated according to CVM Instruction no. 527/12 and showed in the table below:

EBITDA and Net Income conciliation (R\$ million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Net Income	989	857	15.5%	3,707	2,748	34.9%
Depreciation and Amortization	425	451	-5.6%	1,667	1,682	-0.9%
Financial Result	173	163	6.2%	316	726	-56.5%
Income Tax / Social Contribution	334	271	23.4%	1,090	1,238	-11.9%
EBITDA	1,921	1,741	10.4%	6,780	6,394	6.0%

Financial Result

Financial Result (R\$ Million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Revenues	176	186	-4.9%	937	904	3.7%
Expenses	(349)	(348)	0.3%	(1,253)	(1,630)	-23.1%
Financial Result	(173)	(163)	6.2%	(316)	(726)	-56.5%

In 4Q20, **net financial expense** was of R\$ 173 million, an increase of 6.2% (R\$ 10 million). The items explaining this variation are as follows:

- (i) Negative variation of R\$ 81 million in the **mark-to-market** (non-cash effect);
- (ii) Negative variation of R\$ 22 million in other financial revenue/expenses;
- (iii) Negative variation of R\$ 16 million in **monetary adjustments of the sectoral financial asset/liability**;

Partially offset by:

- (iv) Increase of 76.3% (R\$ 71 million) in **late payment interests and fines**, due to the increase of IGP-M;
- (v) Reduction of 15.2% (R\$ 38 million) in the **expenses with the net debt** (debt charges net of income from financial investments), mainly reflecting the reduction in the interest rate (CDI) and the lower debt cost, partially offset by the increase of IPCA.

In 2020, **net financial expense** was of R\$ 316 million, a reduction of 56.5% (R\$ 410 million). The items explaining this variation are as follows:

- (i) Reduction of 32.7% (R\$ 376 million) in the **expenses with the net debt** (debt charges net of income from financial investments), mainly reflecting the reduction

in interest rate (CDI) and the lower debt cost;

- (ii) Variation of R\$ 117 million in the **mark-to-market** (non-cash effect);
- (iii) Increase of 76.3% (R\$ 112 million) in **late payment interests and fines**;

Partially offset by:

- (iv) Reduction of 80.3% (R\$ 71 million) in **monetary adjustments of the sectoral financial asset/liability**;
- (v) Financial revenue from **Re-IPO resources** in 2019 (R\$ 62 million), which enabled the maintenance of a higher cash balance throughout the process of completing the transfer of CPFL Renováveis' shares, from State Grid to CPFL Energia;
- (vi) Negative variation of R\$ 62 million in others financial revenue/expenses.

Income Tax and Social Contribution

In 4Q20, Income Tax and Social Contribution registered an increase of 23.4% (R\$ 63 million). This increase is mainly explained by the variation in profit before taxation and the recognition of tax credits in CPFL Renováveis and RGE, in the amount of R\$ 41 million in 4Q19.

In 2020, Income Tax and Social Contribution registered a reduction of 11.9% (R\$ 148 million), influenced by the recognition of tax credits of R\$ 41 million in 2019 and of R\$ 323 million in 2020.

Net Income

Net income was of R\$ 989 million in 4Q20, registering an increase of 15.5% (R\$ 133 million). This result reflects the increase in EBITDA, mainly due to the improvement in the performance of the Distribution segment, and in Income Tax and Social Contribution.

In 2020, **net income** was of R\$ 3,707 million, registering an increase of 34.9% (R\$ 959 million). This result reflects the increase in EBITDA, mainly in the Distribution segment, and the gain recorded in the financial result, because of lower expenses with debt, mark-to-market and late payment interest and fines, in addition to the reduction in Income Tax and Social Contribution, due to the recognition of tax credits.

Allocation of Net Income from the Fiscal Year

CPFL Energia's dividend policy stipulates that a minimum of 50% of adjusted net income will be distributed to shareholders. The proposal for allocation of net income from the fiscal year is shown below:

	R\$ thousand
Net income for the year - parent company	3,643,149
Realization of comprehensive income	25,547
Time-barred dividends	837
Net income considered for allocation	3,669,533
Legal reserve	(182,157)
Adjusted Net income	3,487,376
Mandatory minimum dividends	(865,248)
Proposed additional dividends	(865,248)
Statutory reserve - working capital improvement	(1,756,880)
Dividends Payout¹	50%

Note: 1) In order to reach the 50% payout ratio, we must divide the values of the minimum and additional dividends by the adjusted net income.

Dividend

The Board of Directors propose the payment of R\$ 1,731 million in dividends to holders of common shares traded on B3 S.A. – Brasil, Bolsa, Balcão (B3). This proposed amount corresponds to R\$ 1.501834847 per share, related to the fiscal year of 2020.

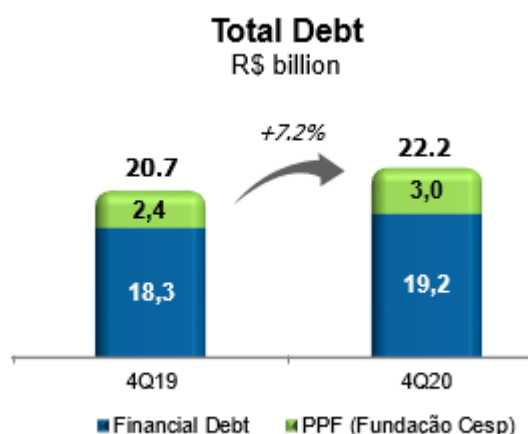
Statutory Reserve – Working Capital Reinforcement

Considering the current macroeconomic scenario and the Company's assessments for potential new businesses, the Company's Management is proposing the allocation of R\$ 1,757 million to the statutory reserve - reinforcement of working capital. Any changes in these perspectives that reflect adjustments in the reserve may be made during the year 2021, upon approval by the Management.

3.2) Indebtedness

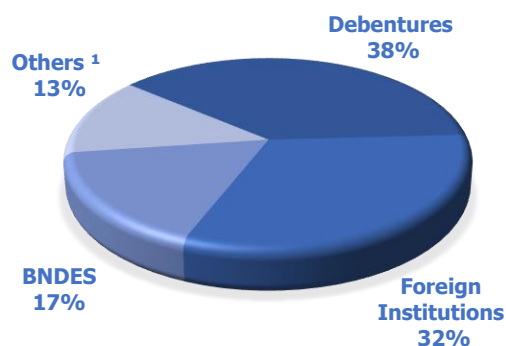
3.2.1) Debt (IFRS)

On December 31, 2020, CPFL Energia's total debt was R\$ 22.2 billion, with a variation of +7.2% compared to the last year. The financial debt of the group, which considers loans, debentures and intercompany loans, was of R\$ 19.2 billion in the same date.



Note: (1) Including the mark-to-market (MTM) effect and borrowing costs; (2) Including the intercompany loan, in the amount of R\$ 2.4 billion, of CPFL Renováveis and CPFL Brasil with SGBP.

Debt Profile – IFRS



Average Cost (End of the period – IFRS)

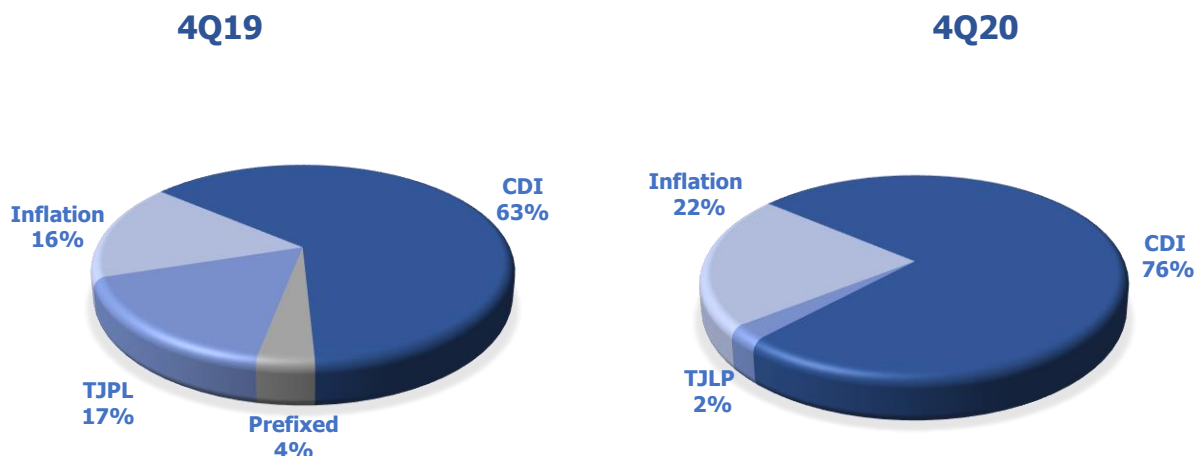
4Q20 – 3.99%
4Q19 – 6.20%

Note: (1) Others: credit lines and intercompany loans of CPFL Renováveis and CPFL Brasil with SGBP.

The CPFL Group constantly seeks to mitigate any possibility of market fluctuations risk and, for this reason, a share of its debts portfolio, around R\$ 6.2 billion, is protected by hedge operations. Considering, for instance, foreign loans, which represent almost 32% of the total debts (in IFRS), it was contracted swap operations, aiming protection for the foreign exchange and the rate linked to the contract.

Indexation After Hedge

4Q19 vs. 4Q20

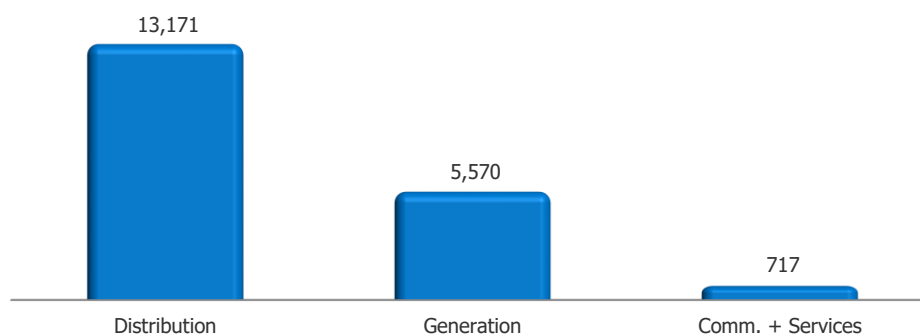


Note: (1) For debts contracted in foreign currency (31.88% of the total in 4Q20), swap operations were contracted, aiming protection for the foreign exchange and the rate linked to the contract.

Net Debt in IFRS criteria

IFRS R\$ Million	4Q20	4Q19	Var. %
Financial Debt (including hedge)	(19,196)	(18,294)	4.9%
(+) Available Funds	3,919	1,937	102.3%
(=) Net Debt	(15,278)	(16,357)	-6.6%

Debt by Segment (R\$ Million – IFRS)



Notes:

- 1) Generation segment considers CPFL Renováveis, CPFL Geração, Cera and CPFL Transmissão Piracicaba; Services segment considers CPFL Serviços and CPFL Eficiência;
- 2) Considering the debt's notional, interests and derivatives. Includes the intercompany loans of CPFL Renováveis and CPFL Brasil with SGBP.

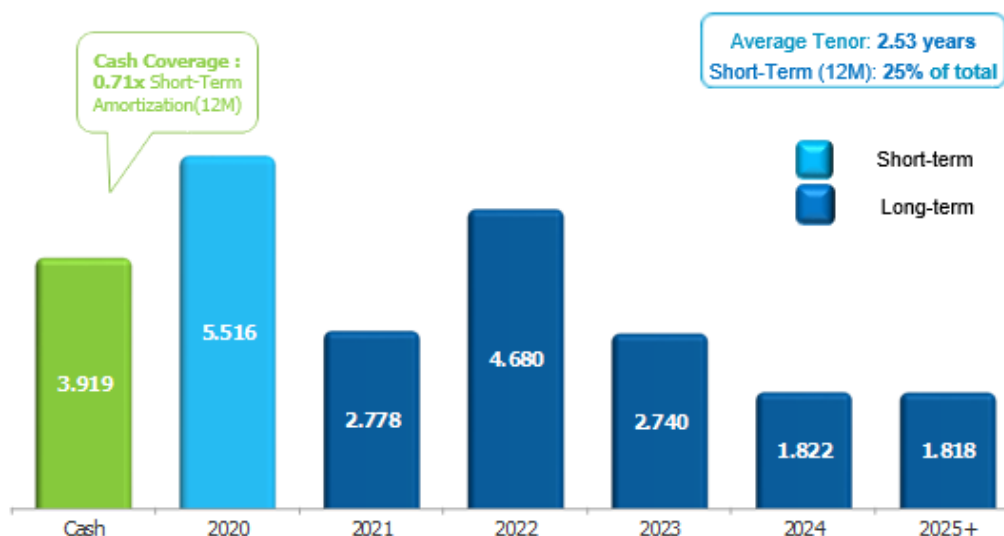
Debt Amortization Schedule in IFRS (December 2020)

The Group CPFL constantly evaluates market opportunities to close deals that enables financial results that meet the company's strategies and policies. Thus, due to CPFL's broad access to several kinds of fundraising in the market, both national and international, different modalities and instruments compose the group's debt portfolio.

The cash position at the end of 4Q20 had a coverage ratio of **0.71x** the amortizations of the next 12 months, which allows the CPFL Group to honor part the amortization commitments of 2021. The average amortization term based on this schedule is of **2.53 years**.

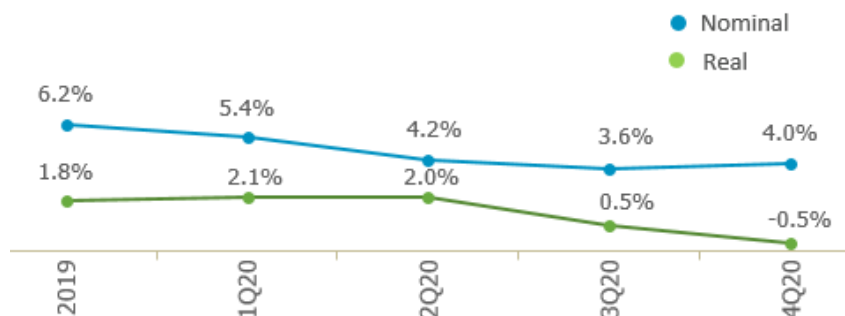
The debt amortization schedule of the financial debt below considers only the notional of the debts and derivatives.

Debt Amortization Schedule (IFRS)



Note: (1) Considering only the notional and hedge of the debt. In order to reach the financial result of R\$ 19,196 million, should be included charges and the mark-to-market (MTM) effect and cost with funding; (2) Including the intercompany loan of CPFL Renováveis and CPFL Brasil with SGBP.

Gross Debt Cost¹ in IFRS criteria



Note: (1) The calculation considers the average cost in the end of the period, since it better reflects the interest rate variations.

Ratings

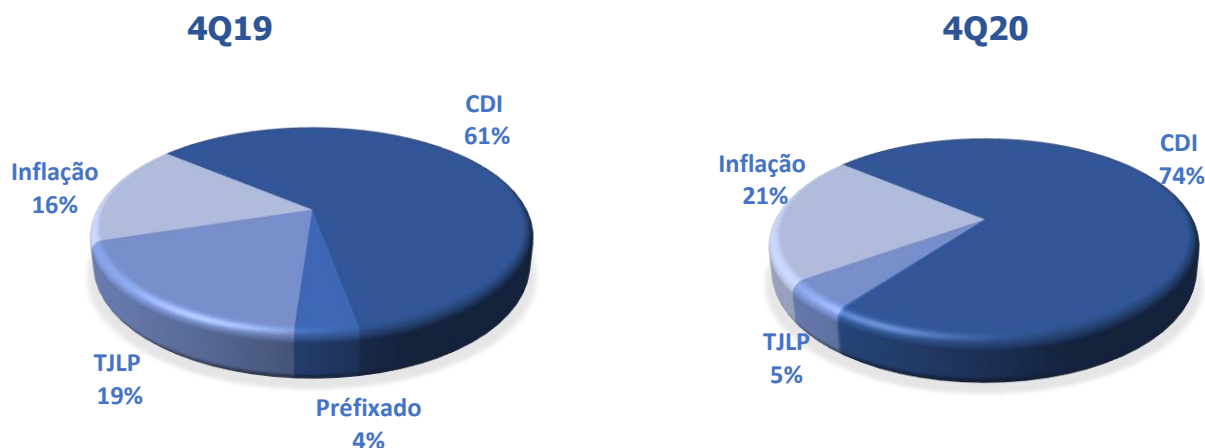
The following table shows the corporate ratings of CPFL Energia.

Ratings of CPFL Energia - Corporate Credit			
Agency	Scale	Rating	Perspective
Standard & Poor's	Brazilian	brAAA	Stable
Fitch Ratings	Brazilian	AAA(bra)	Stable
Moody's	Brazilian Global	Aaa.br Ba1	Stable

3.2.2) Debt in Financial Covenants Criteria

Indexation and Debt Cost in Financial Covenants Criteria

Indexation¹ after Hedge² - 4Q19 vs. 4Q20



Note:

(1) The total amount considers the proportional consolidation of Ceran, Enercan, Foz do Chapecó and EPASA;

(2) For debts contracted in foreign currency (31.0% of the total), swap operations were contracted, aiming protection for the foreign exchange and the rate linked to the contract.

Net Debt in Financial Covenants Criteria and Leverage

In the end of the 4Q20, the *Proforma* Net Debt totaled **R\$ 15,696** million, a decrease of **6.8%** compared to net debt position at the end of 4Q19, in the amount of **R\$ 16,849** million.

Covenant Criteria (*) - R\$ Million	4Q20	4Q19	Var.%
Financial Debt (including hedge) ¹	(19,777)	(18,987)	4.2%
(+) Available Funds	4,081	2,138	90.9%
(=) Net Debt	(15,696)	(16,849)	-6.8%
EBITDA Proforma ²	7,164	6,677	7.3%
Net Debt / EBITDA	2.19	2.52	-13.2%

Notes:

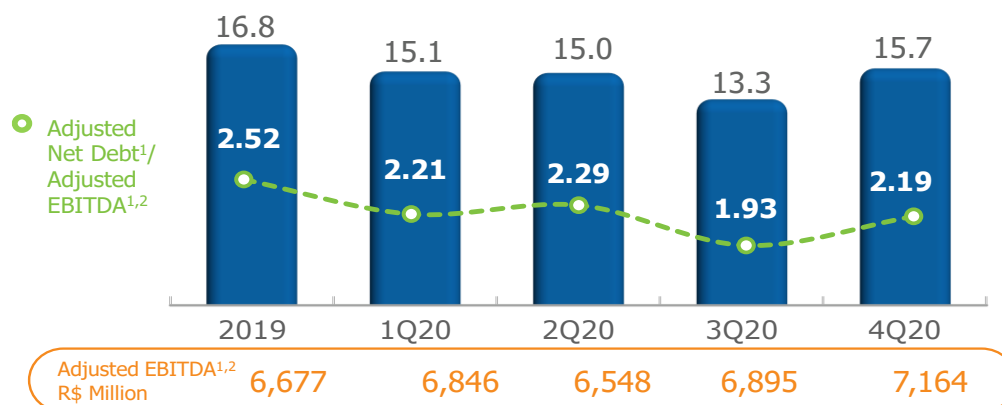
(1) Considers the proportional consolidation of Ceran, Enercan, Foz do Chapecó and EPASA;

(2) *Proforma* EBITDA in the financial covenants criteria: adjusted according CPFL Energia's stake in each of its subsidiaries.

In line with the criteria for calculation of financial covenants of loan agreements with financial institutions, net debt and the EBITDA are adjusted according to the equivalent stake of CPFL Energia in each of its subsidiaries.

Considering that the *Proforma* Net Debt totaled **R\$ 15,696 million** and *Proforma* EBITDA in the last 12 months reached **R\$ 7,164 million**, the ratio *Proforma* Net Debt/EBITDA at the end of 4Q20 reached **2.19x**.

Leverage in financial covenants criteria - R\$ billion



Notes: (1) LTM EBITDA; (2) Adjusted by the proportional consolidation.

3.3) Investments

3.3.1) Actual Investments

Investments (R\$ Million)						
Segment	4Q20	4Q19	Var.	2020	2019	Var.
Distribution	716	598	19.8%	2,317	2,033	13.9%
Generation	91	36	151.4%	283	138	105.5%
Commercialization	3	7	-52.8%	5	9	-41.6%
Services and Others ²	30	22	37.6%	69	54	28.8%
Transmission ¹	40	10	307.1%	134	21	539.5%
Total	880	672	30.9%	2,808	2,254	24.6%

Notes:

(1) Others - basically refers to assets and transactions that are not related to the listed segments;

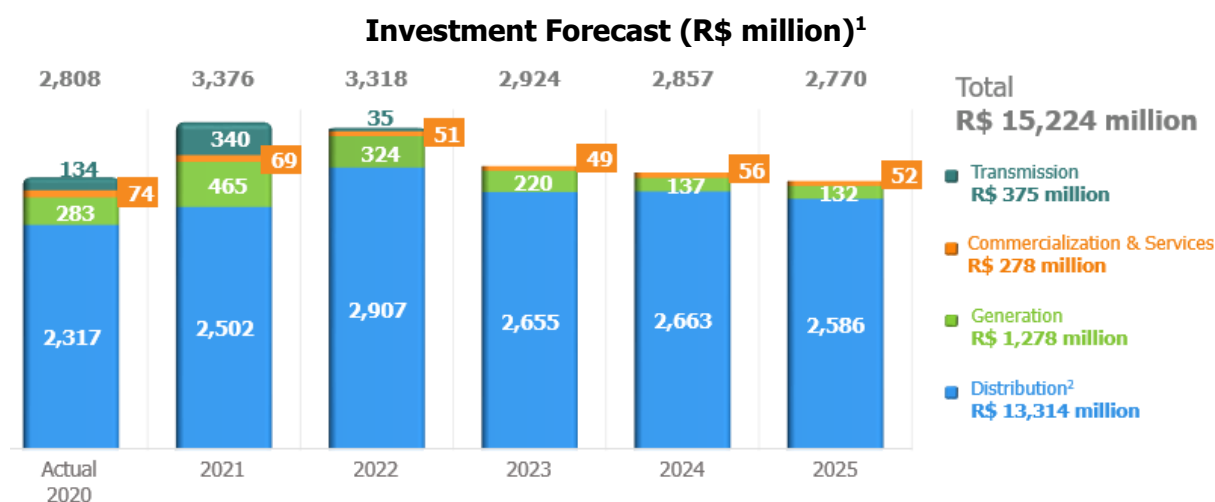
(2) Transmission - Transmission assets do not have fixed assets, the figures in this table is the addition of concession financial assets.

In 4Q20, the investments were of R\$ 880 million, an increase of 30.9%, compared to R\$ 672 million registered in 4Q19. We highlight investments made by CPFL Energia in the Distribution segment, in the amount of R\$ 716 million, mainly intended for expansion, modernization and maintenance of electrical system.

In the year, the investments were of R\$ 2,808 million, an increase of 24.6%, compared to R\$ 2,254 million registered in 2019. We highlight investments made by CPFL Energia in the Distribution segment, in the amount of R\$ 2,317 million.

3.3.2) Investment Forecast

On November 26th, 2020, the Board of Directors of CPFL Energia approved Board of Executive Officers' proposal for 2021 Annual Budget and 2021/2025 Multiannual Plan for the Company, which was previously discussed by the Budget and Corporate Finance Committee.



Notes:

1) Constant currency;

2) Disregard investments in Special Obligations (among other items financed by consumers).

4) STOCK MARKETS

4.1) Stock Performance

CPFL Energia is listed in the B3, in Novo Mercado, segment with the highest levels of corporate governance.

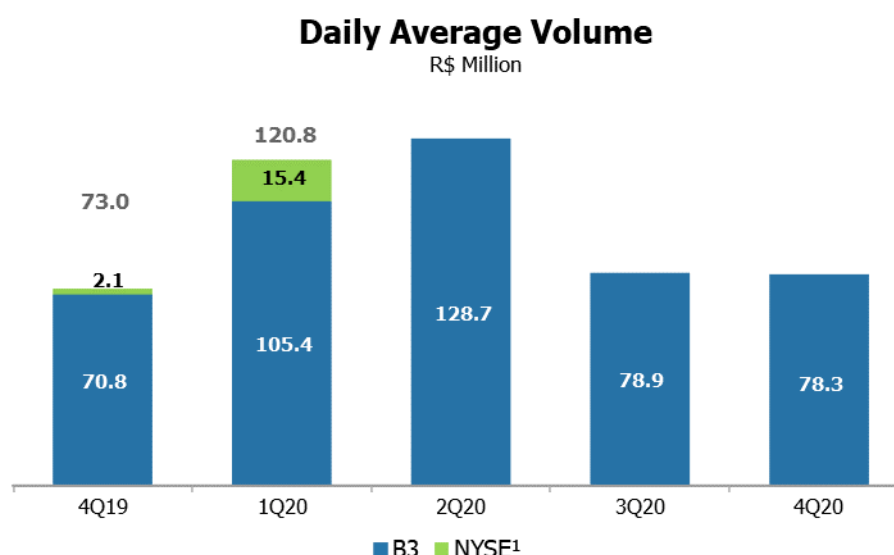
B3				
Date	CPFE3 (R\$)	IEE	IBOV	
12/31/2020	R\$ 32.55	82,846	119,017	
09/30/2020	R\$ 27.56	68,569	94,603	
12/31/2019	R\$ 35.55	76,627	115,645	
QoQ	18.1%	20.8%	25.8%	
YoY	-8.4%	8.1%	2.9%	

On December 31, 2020, CPFL Energia's shares closed at R\$ 32.55 per share in the B3, an appreciation of 18.1% in the quarter. Considering the variation in the last 12 months, the shares depreciated by 8.4%.

We also started to integrate 3 new indexes on the São Paulo Stock Exchange (B3): Bovespa Index - Ibovespa (2020), Corporate Sustainability Index - ISE (2021) and Carbon Efficient Index - ICO2 (2021), and the MSCI (2020).

4.2) Daily Average Volume

The daily average volume trading of CPFL Energia in 4Q20 was R\$ 78.3 million, representing an increase of 7.3% if compared to 4Q19. The daily average number of trades of CPFL Energia's share went from 7,008 in 4Q19 to 10,808 in 4Q20, a variation of 54.2%.



Note: For the NYSE daily average trading volume, it was considered the volume until 01/27/2020, the date on which the ADR negotiation was suspended in NYSE, as a result of the process of delisting in this stock exchange.

5) SUSTAINABILITY AND ESG INDICATORS


5.1) Sustainability Plan (2020-2024)


The Sustainability Plan (2020-2024), integrated into the CPFL Energia's Strategic Plan, defines the guidelines so that we can "provide sustainable, accessible and reliable energy at all times, making people's lives safer, healthier and more prosperous in the regions where we operate". Our corporate goal is to drive the transition to a more sustainable model of producing and consuming energy, leveraging the positive impacts of our business model on the community and the value chain.

To this end, we have identified three pillars that support the way we conduct our business and execute our strategy: Sustainable Energy, Smart Solutions and Society Shared Value. Within the pillars, we made 15 commitments guided by the United Nations' Sustainable Development Goals (SDGs). We also define the enablers: ethics, employee development & inclusion and transparency. The commitments are available on the CPFL Energia IR website: www.cpfl.com.br/ir

5.2) Key ESG Indicators aligned to the Plan

Below we list some indicators in line with the Sustainability Plan, which we will disclose quarterly for follow-up.

 SUSTAINABLE ENERGY - Seeking the smallest possible environmental footprint					
Theme	Indicator	Unit	2019	2020	Var.
Renewable energy	Total energy generated by renewable sources	GWh	13,060	11,288	-13.6%
	↳ HPPs (hydro)	GWh	6,585	4,941	-25.0%
	↳ SHPPs and CGHs	GWh	1,404	1,259	-10.3%
	↳ Solar	GWh	2	2	-6.3%
	↳ Wind	GWh	4,007	4,024	0.4%
	↳ Biomass	GWh	1,064	1,062	-0.1%
Circular economy	Number of refurbished transformers	unit	9,011	9,807	8.8%
	Volume of aluminum, copper and iron sent to the reverse chain	tons	6,371	6,351	-0.3%
Natural resources	Water consumption (administrative buildings)	1,000 m ³	200	188	-6.0%
	Energy consumption (administrative buildings)	MWh	101,967	54,716	-46.3%

 SMART SOLUTIONS - Offering solutions for the future of energy					
Theme	Indicator	Unit	2019	2020	Var.
Smart Grid	% of telemetered load	%	52.2%	52.5%	0.6%
	Number of installed automatic reclosers	unit	11,394	13,075	14.8%
Digitalization	% de digitalization of customer services	%	80%	87%	8.2%
	Number of digital bills	million	2.2	3.5	54.5%
	% of bills paid digitally	%	48.3%	57.2%	18.5%
Innovation	Investments in innovation (Aneel R&D) ¹	R\$ million	44.1	93.4	111.8%
Low carbon solutions	Number of projects qualified for the commercialization of carbon credits and renewable energy seals	unit	16	16	0.0%

Note ¹ Considering only investments that are 100% under CPFL Energia's management


SOCIETY SHARED VALUE - Maximizing our positive impacts on the community and the value chain

Theme	Indicator	Unit	2019	2020	Var.
Social transformation	Investment in Energy Efficiency actions (Aneel)	R\$ million	72.4	164.0	126.5%
	Investment through Instituto CPFL	R\$ million	35.6	31.1	-12.6%
	Number of hospitals benefited by the "CPFL nos Hospitais" Program ²	number of hospitals	17	63	270.6%
	Number of people benefited by Instituto CPFL social programs	1,000 people	195	347.9	78.4%
	Number of low income families benefited by the Energy Efficiency Programs (Aneel) ²	1,000 families	115.3	103.5	-10.2%
Health & Safety	Number of safety inspections carried out in our own headcount and in contracted ones	1,000 inspections	14.6	21.8	49.6%
	Number of audits carried out in the contracted companies	number of audits	630	715	13.5%
	Accident frequency rate (own employees)	Number of injured * IMM / hours worked with risk exposure	1.26	1.39	10.3%
	Accident frequency rate (outsourced)	Number of injured * IMM / hours worked with risk exposure	4.72	2.82	-40.3%
	Number of fatal accidents with the population	number of accidents	19	25	31.6%

Notes ¹ Including R\$ 25.2 million invested through tax incentives and R\$ 6 million donated to fight COVID pandemic

² The figures for 2019 were extracted from Aneel's base of closed projects; the quantitative of 2020 were based on the investments made in the year of 2020, whether the projects are closed in the year or not


ENABLERS

Theme	Indicator	Unit	2019	2020	Var.
Ethics	% of employees trained in Ethics and Integrity	%	80%	86%	7.5%
Employee Development & Inclusion	Number of training hours ¹	1,000 hours	1,191	598	-49.7%
	% of women in leadership positions	%	17.9%	17.3%	-3.6%
Transparency	Number of Independent Member in the Board of Directors	number	2	2	0.0%
	Number of women in the Board of Directors	number	0	0	-

Note: ¹ Consider the professional requalification program

6) PERFORMANCE OF BUSINESS SEGMENTS

6.1) Distribution Segment

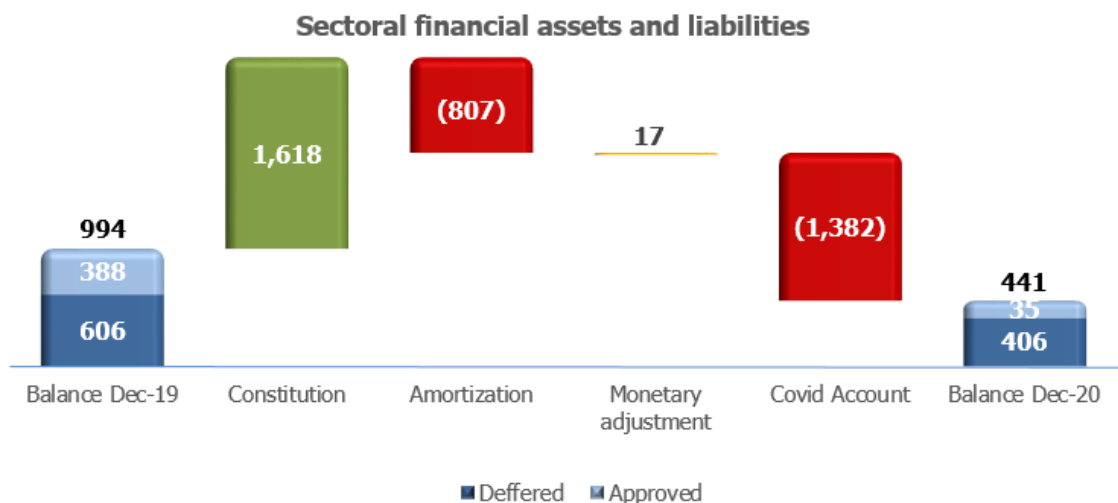
6.1.1) Economic-Financial Performance

Consolidated Income Statement - Distribution (R\$ Million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Gross Operating Revenue	11,615	9,963	16.6%	39,347	38,656	1.8%
Net Operating Revenue	7,750	6,423	20.6%	25,532	24,260	5.2%
Cost of Electric Power	(5,062)	(4,071)	24.3%	(16,263)	(15,623)	4.1%
Operating Costs & Expenses	(1,806)	(1,585)	13.9%	(6,204)	(5,761)	7.7%
EBIT	882	768	14.9%	3,065	2,876	6.6%
EBITDA⁽¹⁾	1,107	997	11.0%	3,938	3,696	6.5%
Financial Income (Expense)	(129)	(23)	452.8%	21	(197)	-
Income Before Taxes	754	744	1.3%	3,087	2,679	15.2%
Net Income	543	608	-10.7%	2,111	1,835	15.1%

Note: 1) EBITDA (IFRS) is calculated from the sum of net income, taxes, financial result and depreciation/amortization, as CVM Instruction no. 527/12.

Sectoral Financial Assets and Liabilities

On December 31, 2020, the balance of sectoral financial assets and liabilities was positive in R\$ 441 million. If compared to December 31, 2019, there was a reduction of R\$ 552 million, as demonstrated in the chart below:



The variation in this balance was due to the constitution of an asset of R\$ 1,618 million, due to higher energy costs of Itaipu. However, there was an amortization of R\$ 807 million, mainly favored by the tariff adjustments in the period, which allowed the pass-through of costs to consumers. The monetary adjustment of assets and liabilities totaled R\$ 17 million. In addition to these effects, the resources of COVID Account were received, in the total amount of R\$ 1,382 million, as a way of anticipating the resources that would be passed through in the next tariff events. Consumers will pay this loan through the CDE charge, as of the 2021 tariff event.

Operating Revenue

Operating Revenue						
	4Q20	4Q19	Var.	2020	2019	Var.
Gross Operating Revenue						
Revenue with Energy Sales (Captive + TUSD)	9,051	9,093	-0.5%	32,892	34,012	-3.3%
Short-term Electric Energy	389	304	27.9%	991	1,103	-10.2%
Revenue from Building the Infrastructure of the Concession	744	590	26.2%	2,439	2,067	18.0%
Sectoral Financial Assets and Liabilities	728	(538)	-	811	(602)	-
CDE Resources - Low-income and Other Tariff Subsidies	386	397	-2.9%	1,500	1,516	-1.0%
Adjustments to the Concession's Financial Asset	231	45	418.2%	388	281	38.4%
Other Revenues and Income	110	91	22.0%	410	364	12.5%
Compensatory Fines (DIC/FIC)	(24)	(18)	31.5%	(85)	(85)	0.8%
Total	11,615	9,963	16.6%	39,347	38,656	1.8%
Deductions from the Gross Operating Revenue						
ICMS Tax	(1,834)	(1,857)	-1.2%	(6,670)	(6,817)	-2.1%
PIS and COFINS Taxes	(976)	(879)	11.1%	(3,344)	(3,332)	0.4%
CDE Sector Charge	(845)	(651)	29.7%	(3,476)	(3,642)	-4.6%
R&D and Energy Efficiency Program	(68)	(58)	17.1%	(228)	(220)	3.4%
PROINFA	(45)	(48)	-7.5%	(174)	(175)	-0.7%
Tariff Flags	(90)	(39)	130.9%	108	(181)	-
Others	(8)	(7)	7.4%	(30)	(28)	7.4%
Total	(3,866)	(3,540)	9.2%	(13,815)	(14,396)	-4.0%
Net Operating Revenue	7,750	6,423	20.6%	25,532	24,260	5.2%

In 4Q20, gross operating revenue amounted to R\$ 11,615 million, an increase of 16.6% (R\$ 1,652 million), due to the following factors:

- Variation of R\$ 1,226 million in the accounting of **Sectoral Financial Assets/Liabilities**;
- Increase of 418.2% (R\$ 187 million) in the **adjustments to the Concession's Financial Asset**, mainly due to the increase of IPCA from 0.57% in 4Q19 to 2.41% in 4Q20;
- Increase of 26.2% (R\$ 154 million) in **Revenue from Building the Infrastructure of the Concession**, which has its counterpart in operating costs;
- Increase of 27.9% (R\$ 85 million) in **Short-term Electric Energy**, due to the higher PLD;

Partially offset by:

- Decrease of 0.4% (R\$ 40 million) in the **other items**.

Deductions from the gross operating revenue were R\$ 3,866 million in 4Q20, representing an increase of 9.2% (R\$ 326 million), due to the following factors:

- Increase of 29.7% (R\$ 194 million) in **CDE** due to the increase of the CDE;
- Increase of 2.7% (R\$ 75 million) in **taxes** (ICMS and PIS/Cofins);
- Increase of 130.9% (R\$ 51 million) in the accounting of **tariff flags**, approved by CCEE;
- Increase of 6.0% (R\$ 7 million) in the **other items**.

Net operating revenue reached R\$ 7,750 million in 4Q20, representing an increase of 20.6% (R\$ 1,326 million).

In 2020, gross operating revenue amounted to R\$ 39,347 million, an increase of 1.8% (R\$ 691 million), due to the following factors:

- Variation of R\$ 1,414 million in the accounting of **Sectoral Financial Assets/Liabilities**;
- Increase of 18.0% (R\$ 372 million) in **Revenue from Building the Infrastructure of the Concession**; which has its counterpart in operating costs;
- Increase of 38.4% (R\$ 108 million) in the **adjustments to the Concession's Financial Asset**, due to the increase in the IPCA, from 3.27% in 2019 to 4.31% in 2020. In addition, in 2019 there was an extraordinary effect in the amount of R\$ 42 million, due to the RAB appraisal report of CPFL Piratininga tariff review; disregarding this effect, the increase would be of 62.5% (R\$ 149 million);
- Increase of 1.6% (R\$ 29 million) in **other items**;

Partially offset by the following factors:

- Decrease of 3.3% (R\$ 1,120 million) in the **revenue with energy sales** (captive + free clients), due to the reduction of 1.7% in the load in the concession area² and the migration of customers to the free market, partially offset by the positive average tariff adjustments in the distribution companies in the period between 2019 and 2020;
- Decrease of 10.2% (R\$ 112 million) in **Short-term Electric Energy** due to a lower annual PLD (spot price), partially offset by the positive variation of 2.2 GWh in volume.

Deductions from the gross operating revenue were R\$ 13,815 million in 2020, representing a decrease of 4.0% (R\$ 581 million), due to the following factors:

- Variation of R\$ 289 million in the accounting of **tariff flags** approved by CCEE;
- Decrease of 4.6% (R\$ 166 million) in **CDE**, mainly due to the termination of ACR Account loans in August-19, partially offset by the increase of the CDE quota in 2020;
- Decrease of 1.3% (R\$ 134 million) in **taxes** (ICMS and PIS/COFINS);

Partially offset by:

- Increase of 1.9% (R\$ 8 million) in **others items**.

Net operating revenue reached R\$ 25,532 million in 2020, representing an increase of 5.2% (R\$ 1,272 million).

Cost of Electric Energy

²If considering the migration of large consumers the load in 2020 would be -1.1%.

Cost of Electric Energy (R\$ Million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Cost of Electric Power Purchased for Resale						
Energy from Itaipu Binacional	889	692	28.4%	3,828	2,794	37.0%
PROINFRA	72	94	-24.0%	292	397	-26.5%
Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market	3,373	3,000	12.4%	10,400	11,298	-7.9%
PIS and COFINS Tax Credit	(385)	(331)	16.5%	(1,293)	(1,228)	5.3%
Total	3,948	3,456	14.2%	13,227	13,260	-0.3%
Charges for the Use of the Transmission and Distribution System						
Basic Network Charges	730	529	37.9%	2,455	2,001	22.7%
Itaipu Transmission Charges	87	71	22.8%	321	281	14.1%
Connection Charges	46	38	20.8%	171	167	2.4%
Charges for the Use of the Distribution System	7	6	11.3%	26	29	-8.4%
ESS / EER	357	33	977.3%	373	127	194.5%
PIS and COFINS Tax Credit	(114)	(63)	81.1%	(309)	(241)	28.5%
Total	1,114	615	81.1%	3,036	2,363	28.5%
Cost of Electric Energy	5,062	4,071	24.3%	16,263	15,623	4.1%

Cost of Electric Power Purchased for Resale

In 4Q20, the cost of electric power purchased for resale amounted to R\$ 3,948 million, representing an increase of 14.2% (R\$ 492 million), due to:

- Increase of 12.4% (R\$ 372 million) in the cost with **energy purchased in the regulated environment, bilateral contracts and short term**, due to an increase in the average purchase price (14.8%), partially offset by decrease in volume (-2.1%);
- Increase of 28.4% (R\$ 197 million) in the cost with **Energy from Itaipu**, due to the increase in the average purchase price (28.8%), as a result of the exchange rate variation;

Partially offset by:

- Increase of 16.5% (R\$ 55 million) in **PIS and COFINS tax credit**;
- Increase of 24.0% (R\$ 23 million) in **Proinfra**, mainly due to a decrease in the average purchase price (-25.6%).

In 2020, the cost of electric power purchased for resale amounted to R\$ 13,227 million, representing a decrease of 0.3% (R\$ 33 million), due to:

- Decrease of 7.9% (R\$ 897 million) in the cost with **energy purchased in the regulated environment, bilateral contracts and short term**, due to a decrease in volume (-3.0%) and in the average purchase price (-5.1%);
- Decrease of 26.5% (R\$ 105 million) in **Proinfra**, due to a decrease in the average purchase price (-26.2%);
- Increase of 5.3% (R\$ 65 million) in **PIS and COFINS tax credit**;

Partially offset by:

- Increase of 37.0% (R\$ 1,034 million) in the cost with **Energy from Itaipu**, due to the increase in the average purchase price (37.6%), due to the exchange rate variation.

Volume of purchased energy (GWh)	4Q20	4Q19	Var.	2020	2019	Var.
Energy from Itaipu Binacional	2,772	2,780	-0.3%	10,973	11,021	-0.4%
PROINFA	301	295	2.1%	1,098	1,102	-0.4%
Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market	11,412	11,658	-2.1%	45,645	47,056	-3.0%
Total	14,485	14,733	-1.7%	57,715	59,179	-2.5%

Average price (R\$/MWh)	4Q20	4Q19	Var.	2020	2019	Var.
Energy from Itaipu Binacional	320.77	249.03	28.8%	348.85	253.52	37.6%
PROINFA	237.88	319.71	-25.6%	265.90	360.43	-26.2%
Energy Purchased through Auction in the Regulated Environment, Bilateral Contracts and Energy Purchased in the Spot Market	295.54	257.35	14.8%	227.85	240.09	-5.1%
Total	272.56	234.58	16.2%	229.18	224.07	2.3%

Charges for the Use of the Transmission and Distribution System

In 4Q20, the **charges for the use of the transmission and distribution system** reached R\$ 1,114 million, representing an increase of 81.1% (R\$ 499 million), due to:

- Increase of 977.3% (R\$ 324 million) in **sector charges (ESS/EER)**, mainly due to the System Service Usage Charges. The increase in this charge was due to the need to dispatch thermal power plants, in 4Q20, due to limited hydrological conditions and the need to ensure the energy security in the country;
- Increase of 35.0% (R\$ 225 million) in **connection and transmission charges** (basic network, Itaipu transmission, connection and use of the distribution system);

Partially offset by:

- Increase of 81.1% (R\$ 51 million) in **PIS and COFINS tax credit**.

In 2020, the **charges for the use of the transmission and distribution system** reached R\$ 3,036 million, representing an increase of 28.5% (R\$ 673 million), due to:

- Increase of 20.0% (R\$ 495 million) in **connection and transmission charges** (basic network, Itaipu transmission, connection and use of the distribution system);
- Increase of 194.5% (R\$ 246 million) in **sector charges (ESS/EER)**. The increase in the EER (Reserve Energy Charges) was due to the lower PLD observed during the year and the lower need to dispatch the plants contracted to generate reserve energy. The ESS was pressured at the end of the year by adverse hydrological conditions, as explained above;

Partially offset by:

- Increase of 28.5% (R\$ 69 million) in **PIS and COFINS tax credit**.

PMSO

PMSO (R\$ million)								
	4Q20	4Q19	Variation		2020	2019	Variação	
			R\$ MM	%			R\$ MM	%
Personnel	(257)	(258)	1	-0.5%	(945)	(962)	17	-1.7%
Material	(46)	(44)	(2)	5.3%	(178)	(180)	2	-1.1%
Outsourced Services	(250)	(233)	(17)	7.2%	(858)	(872)	14	-1.6%
Other Operating Costs/Expenses	(242)	(204)	(38)	18.8%	(740)	(749)	10	-1.3%
<i>Allowance for doubtful accounts</i>	<i>(52)</i>	<i>(40)</i>	<i>(13)</i>	<i>32.7%</i>	<i>(225)</i>	<i>(233)</i>	<i>8</i>	<i>-3.6%</i>
<i>Legal and judicial expenses</i>	<i>(103)</i>	<i>(44)</i>	<i>(58)</i>	<i>131.1%</i>	<i>(206)</i>	<i>(166)</i>	<i>(40)</i>	<i>24.1%</i>
<i>Assets write-off</i>	<i>(26)</i>	<i>(71)</i>	<i>45</i>	<i>-63.0%</i>	<i>(100)</i>	<i>(162)</i>	<i>62</i>	<i>-38.2%</i>
<i>Others</i>	<i>(61)</i>	<i>(49)</i>	<i>(12)</i>	<i>24.5%</i>	<i>(209)</i>	<i>(188)</i>	<i>(21)</i>	<i>10.9%</i>
Total PMSO	(795)	(739)	(56)	7.6%	(2,721)	(2,763)	42	-1.5%

In 4Q20, **PMSO** reached R\$ 795 million, an increase of 7.6% (R\$ 56 million), due to the following factors:

- (i) Increase of 131.1% (R\$ 58 million) in legal and judicial expenses with labor, civil and regulatory lawsuits;
- (ii) Increase of 32.7% (R\$ 13 million) in the allowance for doubtful accounts, reflecting the negotiations with hospitals and other public institutions in 2019, which reduced the comparison base with the 4Q20;
- (iii) Other items with an increase of 5.1% (R\$ 30 million), highlighting call center expenses (R\$ 7 million), tree pruning (R\$ 6 million), properties surveillance and security (R\$ 6 million), hardware/software maintenance (R\$ 5 million), actions to fight delinquency (R\$ 5 million), among others;

Partially offset by:

- (iv) Decrease of 63.0% (R\$ 45 million) in assets write-off, related to discontinued projects in 2019.

In 2020, **PMSO** reached R\$ 2,721 million, a decrease of 1.5% (R\$ 42 million), due to the following factors:

- (i) Decrease of 38.2% (R\$ 62 million) in assets write-off related to discontinued projects in 2019 and a gain in vehicle auctions;
- (ii) Decrease of 1.7% (R\$ 17 million) in personnel expenses;
- (iii) Decrease of 3.6% (R\$ 8 million) in allowance for doubtful accounts, reflecting the implementation of new payment options during the pandemic period and the resumption of power cuts due to delinquency, as of August 2020;
- (iv) Other items with a decrease of 0.7% (R\$ 8 million) compared to IPCA of 4.52% in the year;

Partially offset by:

- (v) Increase of 24.1% (R\$ 40 million) in legal and judicial expenses with labor, civil and regulatory lawsuits;
- (vi) Increase of 11.9% (R\$ 13 million) in expenses with lines, grid and substation maintenance, related to Capex efforts.

Other operating costs and expenses

Other operating costs and expenses						
	4Q20	4Q19	Var.	2020	2019	Var.
Costs of Building the Infrastructure	744	590	26.2%	2,439	2,067	18.0%
Private Pension Fund	42	27	57.1%	171	111	54.4%
Depreciation and Amortization	211	216	-2.2%	816	764	6.9%
Total	997	832	19.8%	3,426	2,941	16.5%

EBITDA

EBITDA totaled R\$ 1,107 million in 4Q20, an increase of 11.0% (R\$ 110 million), mainly due to the concession's financial assets (R\$ 187 million), partially offset by the increase in the PMSO, private pension fund and ADA, in a total of R\$ 70 million.

In 2020, **EBITDA** totaled R\$ 3,938 million, an increase of 6.5% (R\$ 242 million), favored by the market performance and tariff (R\$ 199 million), by the financial asset concession (R\$ 149 million) and the reduction of PMSO and ADA (R\$ 43 million). Such effects were partially offset by the increase in private pension expenses (R\$ 60 million) and two extraordinary effects that occurred in 2019: (i) the RAB appraisal report of CPFL Piratininga tariff review, which led to a gain of R\$ 42 million; and (ii) the accounting of the judicial decision regarding PIS/Cofins over ICMS in CPFL Santa Cruz, with a benefit of R\$ 34 million.

Conciliation of Net Income and EBITDA (R\$ million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Net income	543	608	-10.7%	2,111	1,835	15.1%
Depreciation and Amortization	225	230	-2.1%	873	820	6.4%
Financial Results	129	23	452.8%	(21)	197	-
Income Tax /Social Contributio	211	137	54.1%	975	844	15.6%
EBITDA	1,107	997	11.0%	3,938	3,696	6.5%

EBITDA by Distributor

EBITDA by Distributor						
Distribution	4Q20	4Q19	Var.	2020	2019	Var.
CPFL Paulista	451	445	1.3%	1,665	1,552	7.3%
CPFL Piratininga	192	147	30.2%	646	568	13.7%
RGE	417	365	14.3%	1,435	1,368	4.8%
CPFL Santa Cruz	47	39	18.5%	192	208	-7.6%
EBITDA	1,107	997	11.0%	3,938	3,696	6.5%

CPFL Paulista:

EBITDA totaled R\$ 451 million in 4Q20, an increase of 1.3% (R\$ 6 million), explained by the monetary adjustment of the concession financial asset, which contributed with R\$ 73 million, partially offset by the weak market performance in 4Q20. In addition, CPFL Paulista presented an increase of R\$ 17 million in ADA and of R\$ 11 million in the private pension fund.

In 2020, EBITDA totaled R\$ 1,665 million, an increase of 7.3% (R\$ 114 million), favored by the market performance and the tariff adjustment, in addition to the concession financial assets and a reduction of 3.4% in the PMSO. On the other hand, there was an increase of R\$ 45 million in the private pension fund and of R\$ 9 million in the ADA.

CPFL Piratininga:

EBITDA totaled R\$ 192 million in 4Q20, an increase of 30.2% (R\$ 44 million). The positive result is explained by the better performance of the market and the tariff, already reflecting the tariff adjustment favored by the IGP-M increase, in addition to the positive market mix with the increase in the residential class (8.3% if compared to 4Q19). The concession financial assets also contributed to this result.

In 2020, the EBITDA totaled R\$ 646 million, an increase of 13.7% (R\$ 78 million), mainly due to the market and tariff positive results, in addition to the concession financial assets and the improvement in the ADA. Such effects were partially offset by the RAB appraisal report of the tariff review, which led to a gain of R\$ 42 million in 2019 (extraordinary effect). Disregarding this effect, EBITDA would have increased 22.7%.

RGE:

EBITDA totaled R\$ 417 million in 4Q20, an increase of 14.3% (R\$ 52 million), explained by the update of the concession financial assets, which contributed with R\$ 83 million, partially offset by an increase in PMSO costs of R\$ 35 million, mainly in legal and judicial expenses.

In 2020, EBITDA totaled R\$ 1,435 million, an increase of 4.8% (R\$ 66 million), due to the update of the concession financial assets (R\$ 67 million) and the good performance of the market and tariff. In contrast, there was an increase in PMSO costs (R\$ 34 million) and an adjustment in the regulatory asset in the 2019 tariff adjustment, which led to a gain of R\$ 22 million in the previous year (extraordinary effect).

CPFL Santa Cruz:

EBITDA totaled R\$ 47 million in 4Q20, an increase of 18.5% (R\$ 7 million), explained by the better market and tariff performance, leveraged by the positive variation of the residential class (8.8% if compared to 4T19), and a reduction of 8.9% in the PMSO.

In 2020, EBITDA totaled R\$ 192 million, a reduction of 7.6% (R\$ 16 million). The less expressive result in 2020 is due to the accounting of the favorable decision regarding the PIS/Cofins over ICMS (extraordinary effect), which led to a gain of R\$ 34 million in 2019. Disregarding this effect, EBITDA would have increased 10.6%.

Financial Result

Financial Result (R\$ Million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Revenues	119	163	-27.2%	754	624	20.7%
Expenses	(247)	(186)	32.8%	(733)	(822)	-10.9%
Financial Result	(129)	(23)	452.9%	21	(197)	-

In 4Q20, the financial result recorded a net financial expense of R\$ 129 million, up 452.9% (R\$ 106 million). The items that explain this variation are:

- (i) Variation of R\$ 72 million in the **mark-to-market** (non-cash effect);
- (ii) Variation of R\$ 35 million in other financial income and expenses;
- (iii) Increase of R\$ 29 million in **contingency monetary adjustment**, due to the accounting of tariff increase lawsuits started in the 90's, with relevant values of monetary adjustments;
- (iv) Increase of 18.1% (R\$ 25 million) in the **expenses with net debt**, resulting mainly from the increase in the IPCA;
- (v) Variation of R\$ 16 million in the **monetary adjustment of sectoral financial assets/liabilities**;

Partially offset by:

- (vi) Increase of 76.7% (R\$ 72 million) in **late payment interest and fines**, due to the higher IGP-M.

In 2020, the financial result recorded a net financial revenue of R\$ 21 million, compared to a net financial expense of R\$ 197 million. The items that explain this R\$ 219 million variation are:

- (i) Decrease of 24.4% (R\$ 153 million) in the **expenses with net debt**, due to the fall in the interest rate (CDI);
- (ii) Increase of 30.6% (R\$ 113 million) in **late payment interest and fines**, due to the higher IGP-M;
- (iii) Variation of R\$ 105 million in the **mark-to-market** (non-cash effect);
- (iv) Increase of 30.5% (R\$ 15 million) in **contingency monetary adjustment**;

Partially offset by:

- (v) Decrease of 80.3% (R\$ 71 million) in the **monetary adjustment of sectoral financial assets/liabilities**;
- (vi) Decrease of 55.8% (R\$ 18 million) in **judicial deposits monetary adjustment**;
- (vii) Decrease of 36.9% (R\$ 9 million) in the **discount on the acquisition of ICMS credit**;
- (viii) Variation of R\$ 39 million in other financial revenues and expenses.

Net Income

Net Income totaled R\$ 543 million in 4Q20, a decrease of 10.7% (R\$ 65 million), due to a worsening in financial results, mainly reflecting mark-to-market, and increase in Income Tax and Social Contribution, partially offset by the increase of EBITDA.

In 2020, **Net Income** totaled R\$ 2,111 million, an increase of 15.1% (R\$ 277 million). The positive result was mainly a reflection of the increase in EBITDA and the gain registered in the financial result, partially offset by the increase in Income Tax and Social Contribution.

6.1.2) Tariff Events

Reference dates

Tariff Revision				
Distributor	Periodicity	Next Revision	Cycle	Tariff Process Dates
CPFL Paulista	Every 5 years	April 2023	5 th PTRC	April 8 th
RGE	Every 5 years	June 2023	5 th PTRC	June 19 th
CPFL Piratininga	Every 4 years	October 2023	6 th PTRC	October 23 rd
CPFL Santa Cruz	Every 5 years	March 2026	6 th PTRC	March 22 nd

Annual tariff adjustments and periodic tariff reviews in 2020 and 2021

Annual Tariff Adjustments (ATAs)					Periodic tariff reviews (PTRs)
	CPFL Santa Cruz	CPFL Paulista ⁽¹⁾	RGE ⁽¹⁾	CPFL Piratininga	CPFL Santa Cruz
Ratifying Resolution	2,668	2,670	2,697	2,792	2,837
Adjustment	10.71%	14.90%	15.74%	18.31%	17.19%
Parcel A	4.79%	5.83%	8.25%	11.80%	11.90%
Parcel B	-1.59%	0.26%	1.82%	3.96%	5.08%
Financial Components	7.51%	8.80%	5.67%	2.55%	0.21%
Effect on consumer billings	0.20%	6.05%	6.09%	9.82%	9.95%
Date of entry into force	03/22/2020	04/08/2020	06/19/2020	10/23/2020	03/22/2021

1) ANEEL suspended the application of 2020 new tariffs for CPFL Paulista and RGE until July 1, 2020, due to the COVID-19 pandemic. The difference in revenue from the anniversary date of the Distributors until July 1 was transferred to the Distributor through the sectoral loan "COVID Account". Additionally, to avoid a cash flow mismatch, ANEEL gave a discount on the CDE payment to CCEE, in the same period, in the estimated amount of this difference of revenue, to be refunded in installments from July to December 2020.

6.2) Commercialization and Services Segments

Economic-Financial Performance

Consolidated Income Statement - Commercialization (R\$ Million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Net Operating Revenue	797	949	-16.0%	2,983	3,491	-14.6%
EBITDA⁽¹⁾	29	22	28.6%	57	99	-42.4%
Net Income	37	8	364.1%	66	47	38.7%

Consolidated Income Statement - Services (R\$ Million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Net Operating Revenue	208	164	26.9%	725	614	18.0%
EBITDA⁽¹⁾	37	32	17.7%	159	138	14.8%
Net Income	21	20	4.0%	102	83	22.6%

Note: 1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization.

Ebitda of the main companies of the Service segment			
	2020	2019	Var.
CPFL Serviços	61	43	42.1%
CPFL Total	33	30	11.5%
CPFL Atende	18	18	1.5%
Others¹	47	48	-2.5%
Total	159	138	14.8%

Note: (1) Other companies: Nect, CPFL Eficiência, CPFL GD, CPFL Pessoas, CPFL Finanças and CPFL Supri.

6.3) Generation Segment

Consolidated Income Statement - Generation Segment (R\$ Million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Gross Operating Revenue	1,030	980	5.1%	3,569	3,393	5.2%
Net Operating Revenue	955	906	5.5%	3,307	3,141	5.3%
Cost of Electric Power	(103)	(136)	-24.6%	(379)	(453)	-16.3%
Operating Costs & Expenses	(405)	(345)	17.4%	(1,360)	(1,292)	5.3%
EBIT	448	425	5.4%	1,569	1,397	12.3%
Equity income	144	92	56.6%	410	350	17.3%
EBITDA¹	768	708	8.5%	2,677	2,511	6.6%
Financial Income (Expense)	(59)	(114)	-48.6%	(374)	(556)	-32.7%
Income Before Taxes	533	402	32.5%	1,604	1,189	34.9%
Net Income	502	354	41.9%	1,665	971	71.5%

Note: (1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization.

Operating Revenue

In 4Q20, the **Gross Operating Revenue** reached R\$ 1,030 million, an increase of 5.1% (R\$ 50 million). The **Net Operating Revenue** was of R\$ 955 million, registering an increase of 5.5% (R\$ 49 million).

The main factors that affected the net operating revenue were:

- Increase of R\$ 29 million in the **Revenue from Building the Infrastructure of the Concession**, related to the services rendered to the construction of transmission lines and substation; this revenue has its counterpart in operating costs;
- Increase of R\$ 12 million with **Electric Energy Supply**;
- Increase of 33.2% (R\$ 9 million) in **Other Revenues**;
- Lower expense with **CFURH** (R\$ 1 million);

These effects were partially offset by:

- Increase of 3.3% (R\$ 2 million) of **PIS/COFINS**.

In 2020, the **Gross Operating Revenue** reached R\$ 3,569 million, an increase of 5.2% (R\$ 176 million). The **Net Operating Revenue** was of R\$ 3,307 million, an increase of 5.3% (R\$ 166 million).

The main factors that affected the net operating revenue were:

- Increase of R\$ 112 million in the **Revenue from Building the Infrastructure of the Concession**;
- Increase of 1.9% (R\$ 61 million) with **Electric Energy Supply**;
- Variation of R\$ 7 million in **other items**;

These effects were partially offset by:

- Increase of 6.7% (R\$ 15 million) of **PIS/COFINS**.

Cost of Electric Power

Cost of Electric Energy - R\$ Million						
	4Q20	4Q19	Var.	2020	2019	Var.
Energy Purchased in the Spot Market	7	(53)	-	(43)	(139)	-68.8%
Energy Purchased Bilateral Contracts and ACL	(83)	(55)	52.3%	(217)	(200)	8.3%
PIS and COFINS Tax Credit	8	5	66.3%	16	15	8.3%
Cost of Electric Power Purchased for Resale	(68)	(103)	-33.6%	(244)	(324)	-24.7%
Basic Network Charges	(26)	(25)	3.6%	(102)	(97)	5.3%
Connection Charges	(3)	(3)	0.6%	(12)	(11)	5.9%
Charges for the Use of the Distribution System	(8)	(7)	9.0%	(27)	(26)	4.2%
SSC/REC	1	0	1688.9%	1	0	51511.1%
PIS and COFINS Tax Credit	1	1	7.7%	5	5	1.7%
Distribution System Usage Charges	(35)	(34)	2.5%	(135)	(129)	4.7%
Cost of Electric Energy	(103)	(136)	-24.6%	(379)	(453)	-16.3%

In 4Q20, the Cost of Electric Energy was of R\$ 103 million, representing a decrease of 24.6% (R\$ 34 million), compared to 4Q19, due to:

- Decrease of R\$ 60 million in the **cost with short-term energy**, favored by the accounting of the solution for the GSF of the free market of Ceran (R\$ 45 million) and of SHPPs of CPFL Renováveis (R\$ 9 million) - extraordinary effect;
- Increase of R\$ 3 million in **PIS and COFINS tax credit**.

Partially offset by:

- Increase of 52.3% (R\$ 29 million) in **the cost with energy purchased in the regulated market, free market and through bilateral contracts**, due to the increase in the volume (+15.0%) and in the average purchase price (+32.5%);
- Increase of 2.5% (R\$ 1 million) in the **Distribution System Usage Charges** (Basic Network, Connection, Use of the Distribution System, SSC and REC), net of PIS/Cofins tax credit.

In 2020, the Cost of Electric Energy amounted to R\$ 379 million, representing a decrease of 16.3% (R\$ 74 million), compared to 2019, due to:

- Variation of R\$ 95 million in the **cost with short-term energy**, mainly reflecting the GSF extraordinary gain from the free market mentioned above (R\$ 54 million);
- Increase of R\$ 1 million in **PIS and COFINS tax credit**;

Partially offset by:

- Increase of 8.3% (R\$ 17 million) in **the cost with energy purchased in the regulated market, free market and through bilateral contracts**, due to the increase in the average purchase price (+23.8%), partially offset by the reduction in the volume (-12.5%);
- Increase of 4.7% (R\$ 6 million) in the **Distribution System Usage Charges** (Basic Network, Connection, Use of the Distribution System, SSC and REC), net of PIS/Cofins tax credit.

Volume of purchased energy (GWh)	4Q20	4Q19	Var.	2020	2019	Var.
Energy Purchased in the Spot Market	283	641	-55.8%	528	191	176.1%
Energy Purchased Bilateral Contracts and ACL	350	305	15.0%	631	721	-12.5%
Total	633	945	-33.0%	1,159	912	27.1%

Average price (R\$/MWh)	4Q20	4Q19	Var.	2020	2019	Var.
Energy Purchased in the Spot Market	(4.94)	(82.10)	-94.0%	(98.54)	(725.79)	-86.4%
Energy Purchased Bilateral Contracts and ACL	(237.37)	(179.20)	32.5%	(343.56)	(277.61)	23.8%
Total	(133.50)	(113.39)	17.7%	(231.92)	(590.99)	-60.8%

PMSO

PMSO (R\$ million)								
	4Q20	4Q19	Variation		2020	2019	Variação	
			R\$ MM	%			R\$ MM	%
Personnel	(39)	(42)	3	-6.1%	(146)	(153)	7	-4.6%
Material	(10)	(8)	(2)	28.6%	(27)	(24)	(3)	12.3%
Outsourced Services	(62)	(65)	3	-4.4%	(213)	(231)	18	-7.8%
Other Operating Costs/Expenses	(81)	(30)	(51)	172.0%	(150)	(98)	(53)	54.1%
Asset Write-off	(45)	(1)	(44)	5138.4%	(49)	(12)	(37)	312.8%
GSF Risk Premium	(6)	(3)	(2)	64.2%	(18)	(13)	(4)	32.0%
Others	(31)	(25)	(5)	20.4%	(84)	(72)	(11)	15.7%
Total PMSO	(192)	(144)	(48)	33.3%	(537)	(506)	(31)	6.0%

PMSO reached R\$ 192 million in 4Q20, an increase of 33.3% (R\$ 48 million) compared to 4Q19, due to:

- Increase of R\$ 44 million in **Assets Write-off**;
- Increase of R\$ 2 million in **GSF Risk Premium**, due to the monetary adjustment;
- Increase of R\$ 5 million in **other expenses**, mainly due to an increase in legal expenses;

Partially offset by:

- Decrease of R\$ 4 million in the expenses with **Personnel, Material and Outsourced Services**.

In 2020, PMSO reached R\$ 537 million, an increase of 6.0% (R\$ 31 million) if compared to 2019, due to:

- Increase of R\$ 37 million in **Asset Write-off**;
- Increase of R\$ 11 million in **other expenses**, mainly due to an increase in legal expenses;
- Increase of R\$ 4 million in **GSF Risk Premium**, due to the monetary adjustment;

Partially offset by:

- Decrease of R\$ 22 million in the expenses with **Personnel, Material and Outsourced Services**.

It is worth mentioning that the commitment to reduce expenses assumed at the time of the acquisition of the additional portion of CPFL Renováveis and its integration to the CPFL Energia group was achieved, with a reduction of 5.4% (R\$ 22 million) in our expenses with Personnel, Material and Outsourced Services in 2020.

Other operating costs and expenses

Other operating costs and expenses						
	4Q20	4Q19	Var.	2020	2019	Var.
Private Pension Fund	(1)	(0)	148.2%	(3)	(2)	82.5%
Costs with Infrastructure Construction	(35)	(9)	292.8%	(121)	(19)	529.3%
Depreciation and amortization	(135)	(149)	-9.5%	(530)	(595)	-10.9%
Amortization of Concession Intangible	(41)	(42)	-2.2%	(168)	(169)	-0.4%
Total	(176)	(191)	-7.9%	(699)	(764)	-8.6%

Equity Income

Equity Income (R\$ Million)						
	4Q20	4Q19	Var. %	2020	2019	Var. %
Projects						
Barra Grande HPP	45	4	986.4%	37	1	4772.1%
Campos Novos HPP	90	30	195.0%	200	123	62.6%
Foz do Chapecó HPP	17	40	-57.3%	128	141	-9.5%
Epasa TPP	(8)	17	-	46	85	-46.2%
Total	144	92	56.6%	410	350	17.3%

Note: Disclosure of interest in subsidiaries is made in accordance with IFRS 12 and CPC 45.

In 4Q20, the result of the Equity Income was R\$ 144 million, an increase of 56.6% (R\$ 52 million). In 2020, the result of the Equity Income was R\$ 410 million, an increase of 17.3% (R\$ 61 million).

Equity Income (R\$ Million)						
BARRA GRANDE	4Q20	4Q19	Var. %	2020	2019	Var.%
Net Revenue	41	23	81.2%	74	72	3.4%
Operating Costs / Expenses	41	(14) -		15	(50) -	
Deprec. / Amortization	(3)	(3)	6.7%	(13)	(13)	1.7%
Net Financial Result	(10)	(1)	636.4%	(21)	(7)	184.1%
Income Tax	(23)	(0)	-	(19)	(0)	-
Net Income	45	4	986.4%	37	1	4772.1%

Equity Income (R\$ Million)						
CAMPOS NOVOS	4Q20	4Q19	Var. %	2020	2019	Var.%
Net Revenue	93	81	15.1%	351	317	10.6%
Operating Costs / Expenses	50	(28) -		(15)	(94)	-83.5%
Deprec. / Amortization	(6)	(6)	-0.9%	(24)	(24)	1.3%
Net Financial Result	(2)	(2)	-4.7%	(8)	(14)	-43.5%
Income Tax	(45)	(14)	222.2%	(102)	(62)	66.2%
Net Income	90	30	195.0%	200	123	62.6%

Equity Income (R\$ Million)						
FOZ DO CHAPECÓ	4Q20	4Q19	Var. %	2020	2019	Var.%
Net Revenue	123	117	5.2%	476	450	5.9%
Operating Costs / Expenses	(38)	(25)	54.3%	(115)	(100)	15.3%
Deprec. / Amortization	(16)	(16)	0.2%	(64)	(63)	0.3%
Net Financial Result	(38)	(17)	123.7%	(102)	(75)	35.2%
Income Tax	(12)	(19)	-37.2%	(69)	(70)	-1.4%
Net Income	17	40	-57.3%	128	141	-9.5%

Equity Income (R\$ Million)						
EPASA	4Q20	4Q19	Var. %	2020	2019	Var.%
Net Revenue	109	44	144.7%	216	299	-27.6%
Operating Costs / Expenses	(83)	(17)	373.4%	(109)	(170)	-36.1%
Deprec. / Amortization	(34)	(5)	644.2%	(48)	(19)	160.6%
Net Financial Result	(1)	(1)	-17.9%	(3)	(5)	-36.7%
Income Tax	1	(5)	-	(12)	(21)	-42.9%
Net Income	(8)	17	-	46	85	-46.2%

Below are the main variations:

Barra Grande:

In 4Q20, the net revenue increased 81.2% (R\$ 18 million), while the operating costs and expenses had a variation (gain) of R\$ 55 million, due to the accounting of the GSF solution in the free market. The net financial expense presented an increase of R\$ 9 million, due to the increase in expenses with UBP, which were impacted by IGP-M.

In 2020, the net revenue increased 3.4% (R\$ 2 million), while the operating costs and expenses had a variation (gain) of R\$ 66 million, due to the accounting of the GSF solution in the free market. The net financial expense presented an increase of R\$ 14 million, due to the increase in expenses with UBP (impacted by IGP-M).

Campos Novos:

In 4Q20, the net revenue increased 15.1% (R\$ 12 million), mainly due to the contracts readjustments. The operating costs and expenses had a gain of R\$ 78 million, due to the accounting of the GSF solution in the free market. The net financial expense remained practically stable in the period.

In 2020, the net revenue increased 10.6% (R\$ 33 million), mainly due to the contracts readjustments. The operating costs and expenses decreased 83.5% (R\$ 78 million) due to the accounting of the GSF solution in the free market. The net financial expense presented a reduction of 43.5% (R\$ 6 million), due to the lower debt expenses, favored by lower CDI interest rate over debentures, partially offset by the increase in expenses with UBP (impacted by IGP-M).

Foz do Chapecó:

In 4Q20, net revenue increased 5.2% (R\$ 6 million), mainly due to the contracts readjustments. The operating costs and expenses presented an increase of 54.3% (R\$ 13 million). In the net financial expense, there was an increase of R\$ 21 million, due mainly to the increase in expenses with UBP (impacted by IGP-M and IPCA).

In 2020, net revenue increased 5.9% (R\$ 26 million), mainly due to the contracts readjustment. The operating costs and expenses increased 15.3% (R\$ 15 million). The net financial expense presented an increase of 35.2% (R\$ 27 million), due mainly to the increase in expenses with UBP (impacted by IGP-M and IPCA), partially offset by the reduction in debt expenses.

Epasa:

In 4Q20, net revenue increased R\$ 64 million and the operating costs and expenses increased R\$ 65 million, due to higher volumes of generation. Depreciation and amortization increased sharply, influenced by the change in the depreciation rate of assets to coincide with the end of the contract; previously, the life cycle of each asset was considered. The net financial expense remained practically stable in the period.

In 2020, the net revenue decreased 27.6% (R\$ 82 million), due to the lower volume of generation and lower short-term energy sales. The operating costs and expenses decreased 36.1% (R\$ 61 million), due to lower fuel purchase, reduction with third party services and lower short-term energy purchased. The net financial expense presented a decrease of 36.7% (R\$ 2 million), due to lower debt expenses.

EBITDA

In 4Q20, **EBITDA** was of R\$ 768 million, an increase of 8.5% (R\$ 60 million), mainly due to the GSF solution in the free market and the contracts readjustments, partially offset by the increase in assets write-off, lower thermal generation and changes in the depreciation rate of Epasa's assets.

In 2020, **EBITDA** was of R\$ 2,677 million, an increase of 6.6% (R\$ 167 million). This variation is mainly explained by the same factors that impacted the quarter.

EBITDA and Net Income conciliation (R\$ million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Net Income	502	354	41.9%	1,665	971	71.5%
Depreciation and Amortization	176	191	-7.9%	699	765	-8.6%
Financial Result	59	114	-48.6%	374	556	-32.7%
Income Tax / Social Contribution	30	48	-36.9%	(61)	219	-
EBITDA	768	708	8.5%	2,677	2,511	6.6%

Financial Result

Financial Result (IFRS - R\$ Million)						
	4Q20	4Q19	Var.	2020	2019	Var.
Financial Revenues	38	41	-7.1%	133	218	-39.0%
Financial Expenses	(97)	(155)	-37.7%	(507)	(774)	-34.5%
Financial Result	(59)	(114)	-48.6%	(374)	(556)	-32.7%

In 4Q20, the financial result was a **net financial expense** of R\$ 59 million, a reduction of 48.6% (R\$ 56 million), mainly due to lower expenses with net debt (R\$ 65 million) and other items (R\$ 3 million), partially offset by the increase in expenses with UBP (R\$ 12 million).

In 2020, the financial result was a **net financial expense** of R\$ 374 million, a reduction of 32.7% (R\$ 182 million), mainly due to lower expenses with net debt (R\$ 159 million) and other items (R\$ 24 million).

Income Tax and Social Contribution

In 4Q20, the income tax and social contribution item registered a negative result of R\$ 30 million, compared to a negative result of R\$ 48 million in 4Q19, a reduction of 36.9% (R\$ 18 million). In 2020, the income tax and social contribution item registered a positive result of R\$ 61 million, compared to a negative result of R\$ 219 million in 2019, a variation of R\$ 279 million. These variations are explained by the recognition of tax credits (R\$ 271 million) recorded in 3Q20.

Net Income

In 4Q20, **net income** was R\$ 502 million, an increase of 41.9% (R\$ 148 million), compared to 4Q19. In 2020, **net income** was R\$ 1,665 million, an increase of 71.5% (R\$ 694 million), compared to 2019. These results mainly reflects the higher EBITDA, the gain with the financial result, due to lower expenses with net debt, and the lower effective rate verified this year, due to the recognition of tax credits.

7) ATTACHMENTS

7.1) Balance Sheet - Assets – CPFL Energia

(R\$ thousands)



	Consolidated	
ASSETS	12/31/2020	12/31/2019
CURRENT		
Cash and Cash Equivalents	3,918,796	1,937,163
Bonds and securities	1,872,079	851,004
Consumers, Concessionaries and Licensees	5,206,854	4,985,578
Dividend and Interest on Equity	80,647	100,297
Recoverable Taxes	425,045	419,126
Derivatives	744,660	281,326
Sectoral Financial Assets	558,884	1,093,588
Contractual Assets	24,833	24,387
Other assets	980,006	648,161
TOTAL CURRENT	13,811,803	10,340,630
NON-CURRENT		
Consumers, Concessionaries and Licensees	828,314	713,068
Judicial Deposits	764,760	757,370
Recoverable Taxes	404,394	472,123
Sectoral Financial Assets	108,908	2,748
Derivatives	1,340,113	369,767
Deferred Taxes	585,869	1,064,716
Concession Financial Assets	10,347,567	8,779,717
Investments at Cost	116,654	116,654
Other assets	172,140	736,019
Investments	1,015,918	997,997
Property, Plant and Equipment	8,797,903	9,083,710
Contractual Assets	1,842,905	1,322,822
Intangible Assets	8,969,637	9,320,953
TOTAL NON-CURRENT	35,295,081	33,737,664
TOTAL ASSETS	49,106,884	44,078,293

7.2) Balance Sheet - Liabilities – CPFL Energia

(R\$ thousands)



	Consolidated	
LIABILITIES AND SHAREHOLDERS' EQUITY	12/31/2020	12/31/2019
CURRENT		
Trade payables	3,909,517	3,260,180
Borrowings	2,797,195	2,776,193
Debentures	1,191,270	682,582
Private pension plan	199,803	224,851
Regulatory liabilities	108,371	232,251
Taxes, Fees and Contributions	965,222	960,497
Dividends	906,852	668,859
Estimated payroll	133,429	125,057
Derivatives	1,354	29,400
Use of public asset	12,573	11,771
Other payables	1,729,304	1,094,269
TOTAL CURRENT	14,405,951	10,065,908
NON-CURRENT		
Trade payables	456,658	359,944
Borrowings	8,624,840	7,587,102
Debentures	6,257,032	7,863,696
Private pension plan	2,759,826	2,153,327
Taxes, Fees and Contributions	166,738	157,003
Deferred tax liabilities	767,807	1,048,069
Provision for tax, civil and labor risks	616,136	600,775
Derivatives	-	6,157
Sectoral financial liabilities	185,592	102,561
Use of public asset	112,055	91,181
Other payables	518,471	759,332
TOTAL NON-CURRENT	20,465,155	20,729,147
SHAREHOLDERS' EQUITY		
Issued capital	9,388,071	9,388,081
Capital Reserves	(1,643,775)	(1,640,962)
Legal Reserve	1,218,283	1,036,125
Statutory reserve - working capital improvement	5,803,145	4,046,305
Dividend	865,288	1,433,295
Accumulated comprehensive income	(1,695,235)	(1,268,465)
Retained earnings	-	-
	13,935,777	12,994,381
Equity attributable to noncontrolling interests	300,001	288,857
TOTAL SHAREHOLDERS' EQUITY	14,235,778	13,283,238
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	49,106,884	44,078,293

7.3) Income Statement – CPFL Energia

(R\$ thousands)



	Consolidated					
	4Q20	4Q19	Variation	2020	2019	Variation
OPERATING REVENUES						
Electricity Sales to Final Customers	8,377,315	8,548,336	-2.0%	30,630,937	31,761,628	-3.6%
Electricity Sales to Distributors	1,537,697	1,646,031	-6.6%	5,032,386	6,102,761	-17.5%
Revenue from building the infrastructure	783,060	599,554	30.6%	2,572,653	2,087,995	23.2%
Update of concession's financial asset	231,270	44,632	418.2%	388,394	280,632	38.4%
Sectorial financial assets and liabilities	728,364	(537,914)	-	811,445	(602,461)	-
Other Operating Revenues	1,663,218	1,451,865	14.6%	5,927,119	5,378,583	10.2%
	13,320,924	11,752,504	13.3%	45,362,934	45,009,138	0.8%
DEDUCTIONS FROM OPERATING REVENUES	(4,047,397)	(3,730,263)	8.5%	(14,464,476)	(15,076,664)	-4.1%
NET OPERATING REVENUES	9,273,527	8,022,241	15.6%	30,898,458	29,932,474	3.2%
COST OF ELECTRIC ENERGY SERVICES						
Electricity Purchased for Resale	(4,510,376)	(4,197,452)	7.5%	(15,341,918)	(15,906,741)	-3.6%
Electricity Network Usage Charges	(1,143,170)	(641,767)	78.1%	(3,144,109)	(2,464,254)	27.6%
	(5,653,547)	(4,839,219)	16.8%	(18,486,027)	(18,370,994)	0.6%
OPERATING COSTS AND EXPENSES						
Personnel	(408,215)	(403,080)	1.3%	(1,474,662)	(1,480,549)	-0.4%
Material	(73,750)	(75,284)	-2.0%	(280,769)	(279,288)	0.5%
Outsourced Services	(203,680)	(199,469)	2.1%	(653,021)	(714,884)	-8.7%
Other Operating Costs/Expenses	(334,084)	(230,613)	44.9%	(899,648)	(843,595)	6.6%
<i>Allowance for Doubtful Accounts</i>	<i>(52,994)</i>	<i>(38,558)</i>	<i>37.4%</i>	<i>(227,338)</i>	<i>(233,424)</i>	<i>-2.6%</i>
<i>Legal and judicial expenses</i>	<i>(130,489)</i>	<i>(46,340)</i>	<i>181.6%</i>	<i>(237,906)</i>	<i>(172,495)</i>	<i>37.9%</i>
<i>Others</i>	<i>(150,600)</i>	<i>(145,715)</i>	<i>3.4%</i>	<i>(434,403)</i>	<i>(437,675)</i>	<i>-0.7%</i>
Cost of building the infrastructure	(779,445)	(598,641)	30.2%	(2,560,276)	(2,086,057)	22.7%
Employee Pension Plans	(43,282)	(27,281)	58.7%	(174,347)	(112,603)	54.8%
Depreciation and Amortization	(354,028)	(394,091)	-10.2%	(1,378,273)	(1,408,293)	-2.1%
Amortization of Concession's Intangible	(71,195)	(56,431)	26.2%	(287,725)	(272,760)	5.5%
	(2,267,677)	(1,984,890)	14.2%	(7,708,721)	(7,198,030)	7.1%
EBITDA¹	1,921,437	1,740,549	10.4%	6,779,894	6,394,173	6.0%
INCOME FROM ELECTRIC ENERGY SERVICE	1,352,303	1,198,132	12.9%	4,703,710	4,363,450	7.8%
FINANCIAL REVENUES (EXPENSES)						
Financial Revenues	176,385	185,513	-4.9%	936,782	903,575	3.7%
Financial Expenses	(349,063)	(348,039)	0.3%	(1,252,756)	(1,629,822)	-23.1%
	(172,678)	(162,525)	6.2%	(315,974)	(726,247)	-56.5%
EQUITY ACCOUNTING						
Equity Accounting	143,911	91,895	56.6%	410,185	349,669	17.3%
Assets Surplus Value Amortization	(145)	(145)	0.0%	(579)	(579)	0.0%
	143,766	91,750	56.7%	409,606	349,090	17.3%
INCOME BEFORE TAXES	1,323,391	1,127,357	17.4%	4,797,341	3,986,293	20.3%
Social Contribution	(91,899)	(75,821)	21.2%	(297,137)	(336,610)	-11.7%
Income Tax	(242,429)	(195,009)	24.3%	(793,219)	(901,386)	-12.0%
NET INCOME	989,063	856,527	15.5%	3,706,986	2,748,296	34.9%
Controlling Shareholders' Interest	964,579	841,635	14.6%	3,643,148	2,702,671	34.8%
Non-Controlling Shareholders' Interest	24,484	14,891	64.4%	63,838	45,625	39.9%

Note: (1) EBITDA is calculated from the sum of net income, taxes, financial result and depreciation/amortization, according to CVM Instruction no. 527/12.

7.4) Income Statement by business segment

Income Statement by business segment - CPFL Energia (R\$ million)							
	Distribution	Generation	Commercialization	Services	Others	Eliminations	Total
4Q20							
Net operating revenue	7,750	955	797	208	0	(436)	9,274
Operating costs and expenses	(6,867)	(507)	(769)	(178)	(35)	436	(7,921)
Depreciation e amortization	(225)	(176)	(1)	(7)	(16)	-	(425)
Income from electric energy service	882	448	28	30	(35)	0	1,352
Equity accounting	-	144	-	-	-	-	144
EBITDA	1,107	768	29	37	(20)	-	1,921
Financial result	(129)	(59)	27	0	(12)	-	(173)
Income (loss) before taxes	754	533	54	30	(47)	-	1,323
Income tax and social contribution	(211)	(30)	(18)	(9)	(66)	-	(334)
Net income (loss)	543	502	37	21	(114)	-	989
4Q19							
Net operating revenue	6,423	906	949	164	0	(419)	8,022
Operating costs and expenses	(5,656)	(481)	(932)	(140)	(34)	419	(6,824)
Depreciation e amortization	(230)	(191)	(6)	(8)	(16)	-	(451)
Income from electric energy service	768	425	17	23	(34)	0	1,198
Equity accounting	-	92	-	-	-	-	92
EBITDA	997	708	22	32	(19)	-	1,741
Financial result	(23)	(114)	(6)	1	(20)	-	(163)
Income (loss) before taxes	744	402	11	24	(54)	-	1,127
Income tax and social contribution	(137)	(48)	(3)	(4)	(79)	-	(271)
Net income (loss)	608	354	8	20	(133)	-	857
Variation							
Net operating revenue	20.6%	5.5%	-16.0%	26.9%	7964.1%	4.0%	15.6%
Operating costs and expenses	21.4%	5.5%	-17.5%	26.8%	2.8%	4.0%	16.1%
Depreciation e amortization	-2.1%	-7.9%	-82.2%	-11.1%	-0.1%	-	-5.6%
Income from electric energy service	14.9%	5.4%	65.2%	27.8%	2.6%	-15.4%	12.9%
Equity accounting	-	56.6%	-	-	-	-	56.6%
EBITDA	11.0%	8.5%	28.6%	17.7%	4.8%	-	10.4%
Financial result	452.8%	-48.6%	-	-95.7%	-39.1%	-	6.2%
Income (loss) before taxes	1.3%	32.5%	402.6%	23.7%	-12.6%	-	17.4%
Income tax and social contribution	54.1%	-36.9%	506.6%	121.2%	-15.9%	-	23.4%
Net income (loss)	-10.7%	41.9%	364.1%	4.0%	-14.5%	-	15.5%
Income Statement by business segment - CPFL Energia (R\$ million)							
	Distribution	Generation	Commercialization	Services	Others	Eliminations	Total
2020							
Net operating revenue	25,532	3,307	2,983	725	(4)	(1,644)	30,898
Operating costs and expenses	(22,467)	(1,739)	(2,929)	(594)	(111)	1,644	(26,195)
Depreciation e amortization	(873)	(699)	(3)	(28)	(63)	-	(1,667)
Income from electric energy service	3,065	1,569	54	131	(115)	0	4,704
Equity accounting	-	410	-	-	-	-	410
EBITDA	3,938	2,677	57	159	(52)	-	6,780
Financial result	21	(374)	44	2	(9)	-	(316)
Income (loss) before taxes	3,087	1,604	98	132	(124)	-	4,797
Income tax and social contribution	(975)	61	(32)	(30)	(113)	-	(1,090)
Net income (loss)	2,111	1,665	66	102	(237)	-	3,707
2019							
Net operating revenue	24,260	3,141	3,491	614	2	(1,576)	29,932
Operating costs and expenses	(21,384)	(1,744)	(3,398)	(503)	(116)	1,576	(25,569)
Depreciation e amortization	(820)	(765)	(7)	(27)	(63)	-	(1,682)
Income from electric energy service	2,876	1,397	92	112	(113)	0	4,363
Equity accounting	-	350	-	-	-	-	350
EBITDA	3,696	2,511	99	138	(50)	-	6,394
Financial result	(197)	(556)	(23)	2	48	-	(726)
Income (loss) before taxes	2,679	1,189	70	114	(65)	-	3,986
Income tax and social contribution	(844)	(219)	(22)	(30)	(123)	-	(1,238)
Net income (loss)	1,835	971	47	83	(188)	-	2,748
Variation							
Net operating revenue	5.2%	5.3%	-14.6%	18.0%	-	4.3%	3.2%
Operating costs and expenses	5.1%	-0.3%	-13.8%	18.2%	-4.0%	4.3%	2.4%
Depreciation e amortization	6.4%	-8.6%	-50.7%	5.5%	0.2%	-	-0.9%
Income from electric energy service	6.6%	12.3%	-41.8%	17.0%	1.4%	323.1%	7.8%
Equity accounting	-	17.3%	-	-	-	-	17.3%
EBITDA	6.5%	6.6%	-42.4%	14.8%	2.8%	-	6.0%
Financial result	-	-32.7%	-	-14.7%	-	-	-56.5%
Income (loss) before taxes	15.2%	34.9%	40.6%	16.5%	90.5%	-	20.3%
Income tax and social contribution	15.6%	-	44.4%	0.0%	-7.8%	-	-11.9%
Net income (loss)	15.1%	71.5%	38.7%	22.6%	26.3%	-	34.9%

7.5) Cash Flow – CPFL Energia

(R\$ thousands)



Consolidated		
	4Q20	2020
Beginning Balance	6,758,471	1,937,163
Net Income Before Taxes	1,323,391	4,797,341
Depreciation and Amortization	425,223	1,665,999
Interest on Debts and Monetary and Foreign Exchange Restatements	106,990	431,354
Consumers, Concessionaries and Licensees	(600,033)	(574,499)
Sectoral Financial Assets	(327,814)	500,209
Accounts Receivable - Resources Provided by the CDE/CCEE	(11,979)	5,067
Suppliers	1,085,406	746,051
Sectoral Financial Liabilities	(298,907)	70,251
Accounts Payable - CDE	(8,018)	(16,609)
Interest on Debts and Debentures Paid	(143,841)	(761,216)
Income Tax and Social Contribution Paid	(335,394)	(718,170)
Others	114,173	215,655
	5,806	1,564,093
Total Operating Activities	1,329,197	6,361,434
Investment Activities		
Purchases of Contract Asset, Property, Plant and Equipment and Intangible Assets	(832,714)	(2,670,933)
Securities, Pledges and Restricted Deposits	(487,075)	(447,309)
Others	8	(5,290)
Total Investment Activities	(1,319,781)	(3,123,532)
Financing Activities		
Loans and Debentures	-	4,665,557
Principal Amortization of Loans and Debentures, Net of Derivatives	(750,046)	(6,177,059)
Dividend and Interest on Equity Paid	(2,095,917)	(2,116,379)
Intragroup Loans with Subsidiaries	-	2,380,000
Amortization of Intragroup Loans with Subsidiaries	(3,824)	(9,082)
Others	695	694
Total Financing Activities	(2,849,092)	(1,256,269)
Cash Flow Generation	(2,839,676)	1,981,633
Ending Balance - 12/31/2020	3,918,796	3,918,796

7.6) Income Statement – Generation Segment

(R\$ thousands)



	Consolidated					
	4Q20	4Q19	Variation	2020	2019	Variation
OPERATING REVENUES						
Electricity Sales to Final Customers	6,355	5,600	13.5%	23,919	22,188	7.8%
Electricity Sales to Distributors	949,397	937,705	1.2%	3,320,680	3,259,659	1.9%
Other Operating Revenues	35,499	26,648	33.2%	90,712	89,632	1.2%
	1,030,335	979,895	5.1%	3,568,734	3,392,651	5.2%
DEDUCTIONS FROM OPERATING REVENUES	(75,299)	(74,307)	1.3%	(261,653)	(251,758)	3.9%
NET OPERATING REVENUES	955,036	905,588	5.5%	3,307,081	3,140,892	5.3%
COST OF ELECTRIC ENERGY SERVICES						
Electricity Purchased for Resale	(68,099)	(102,518)	-33.6%	(243,980)	(323,960)	-24.7%
Electricity Network Usage Charges	(34,596)	(33,739)	2.5%	(134,716)	(128,709)	4.7%
	(102,695)	(136,256)	-24.6%	(378,696)	(452,668)	-16.3%
OPERATING COSTS AND EXPENSES						
Personnel	(39,272)	(41,803)	-6.1%	(146,143)	(153,228)	-4.6%
Material	(10,317)	(8,021)	28.6%	(27,023)	(24,057)	12.3%
Outsourced Services	(61,684)	(64,501)	-4.4%	(213,189)	(231,297)	-7.8%
Other Operating Costs/Expenses	(80,734)	(29,686)	172.0%	(150,435)	(97,647)	54.1%
Cost of building the infrastructure	(35,468)	(9,029)	292.8%	(121,045)	(19,234)	529.3%
Employee Pension Plans	(1,174)	(473)	148.2%	(3,452)	(1,892)	82.5%
Depreciation and Amortization	(134,761)	(148,888)	-9.5%	(530,093)	(595,101)	-10.9%
Amortization of Concession's Intangible	(41,384)	(42,298)	-2.2%	(168,481)	(169,194)	-0.4%
	(404,794)	(344,700)	17.4%	(1,359,862)	(1,291,649)	5.3%
EBITDA¹	767,603	707,713	8.5%	2,677,282	2,510,539	6.6%
INCOME FROM ELECTRIC ENERGY SERVICE	447,547	424,632	5.4%	1,568,522	1,396,575	12.3%
FINANCIAL REVENUES (EXPENSES)						
Financial Revenues	37,811	40,685	-7.1%	132,950	217,982	-39.0%
Financial Expenses	(96,582)	(155,105)	-37.7%	(507,089)	(774,290)	-34.5%
	(58,771)	(114,420)	-48.6%	(374,139)	(556,308)	-32.7%
INCOME BEFORE TAXES ON INCOME	532,542	401,962	32.5%	1,603,989	1,189,356	34.9%
Social Contribution	(9,130)	(15,008)	-39.2%	9,258	(63,829)	-
Income Tax	(21,279)	(33,201)	-35.9%	51,384	(154,917)	-
NET INCOME	502,133	353,752	41.9%	1,664,631	970,610	71.5%

Note: (1) EBITDA (IFRS) is calculated from the sum of net income, taxes, financial result and depreciation/amortization, as CVM Instruction no. 527/12.

7.7) Income Statement – Distribution Segment

(R\$ thousand)



Consolidated						
	4Q20	4Q19	Variation	2020	2019	Variation
OPERATING REVENUE						
Electricity Sales to Final Customers	7,758,668	7,972,897	-2.7%	28,352,230	29,588,296	-4.2%
Electricity Sales to Distributors	574,335	501,820	14.5%	1,672,821	2,160,766	-22.6%
Revenue from building the infrastructure	743,977	589,612	26.2%	2,439,230	2,066,823	18.0%
Adjustments to the concession's financial asset	231,270	44,632	418.2%	388,394	280,632	38.4%
Sectoral financial assets and liabilities	728,364	(537,914)	-	811,445	(602,461)	-
Other Operating Revenues	1,578,844	1,392,144	13.4%	5,683,222	5,162,016	10.1%
	11,615,457	9,963,191	16.6%	39,347,342	38,656,072	1.8%
DEDUCTIONS FROM OPERATING REVENUE	(3,865,809)	(3,539,759)	9.2%	(13,815,019)	(14,395,775)	-4.0%
NET OPERATING REVENUE	7,749,648	6,423,433	20.6%	25,532,323	24,260,297	5.2%
COST OF ELECTRIC ENERGY SERVICES						
Electricity Purchased for Resale	(3,947,956)	(3,456,104)	14.2%	(13,227,088)	(13,260,342)	-0.3%
Electricity Network Usage Charges	(1,113,794)	(614,959)	81.1%	(3,036,122)	(2,363,146)	28.5%
	(5,061,750)	(4,071,063)	24.3%	(16,263,211)	(15,623,488)	4.1%
OPERATING COSTS AND EXPENSES						
Personnel	(256,728)	(257,998)	-0.5%	(945,251)	(961,956)	-1.7%
Material	(45,840)	(43,546)	5.3%	(178,317)	(180,219)	-1.1%
Outsourced Services	(250,220)	(233,498)	7.2%	(857,637)	(871,707)	-1.6%
Other Operating Costs/Expenses	(241,762)	(203,533)	18.8%	(739,746)	(749,378)	-1.3%
<i>Allowance for Doubtful Accounts</i>	<i>(52,484)</i>	<i>(39,538)</i>	<i>32.7%</i>	<i>(224,586)</i>	<i>(233,077)</i>	<i>-3.6%</i>
<i>Legal and Judicial Expenses</i>	<i>(102,501)</i>	<i>(44,356)</i>	<i>131.1%</i>	<i>(206,303)</i>	<i>(166,230)</i>	<i>24.1%</i>
<i>Others</i>	<i>(86,777)</i>	<i>(119,639)</i>	<i>-27.5%</i>	<i>(308,856)</i>	<i>(349,497)</i>	<i>-11.6%</i>
Cost of building the infrastructure	(743,977)	(589,612)	26.2%	(2,439,230)	(2,066,823)	18.0%
Employee Pension Plans	(42,108)	(26,808)	57.1%	(170,895)	(110,711)	54.4%
Depreciation and Amortization	(210,824)	(215,575)	-2.2%	(816,292)	(763,675)	6.9%
Amortization of Concession's Intangible	(14,133)	(14,133)	0.0%	(56,531)	(56,531)	0.0%
	(1,805,591)	(1,584,704)	13.9%	(6,203,899)	(5,760,999)	7.7%
EBITDA¹	1,107,264	997,374	11.0%	3,938,036	3,696,016	6.5%
EBIT	882,307	767,666	14.9%	3,065,213	2,875,809	6.6%
FINANCIAL INCOME (EXPENSE)						
Financial Income	118,534	162,873	-27.2%	753,985	624,459	20.7%
Financial Expenses	(247,097)	(186,131)	32.8%	(732,503)	(821,739)	-10.9%
	(128,563)	(23,258)	452.8%	21,482	(197,280)	-
INCOME BEFORE TAXES ON INCOME	753,744	744,408	1.3%	3,086,695	2,678,529	15.2%
Social Contribution	(57,170)	(38,376)	49.0%	(260,233)	(228,113)	14.1%
Income Tax	(153,702)	(98,448)	56.1%	(715,097)	(615,841)	16.1%
NET INCOME	542,873	607,584	-10.7%	2,111,366	1,834,575	15.1%

Note: (1) EBITDA (IFRS) is calculated from the sum of net income, taxes, financial result and depreciation/amortization, as CVM Instruction no. 527/12.

7.8) Economic-Financial performance by Distributor

(R\$ thousand)



CPFL PAULISTA						
	4Q20	4Q19	Var.	2020	2019	Var.
Gross Operating Revenue	5,189,991	4,492,218	15.5%	17,385,556	16,936,198	2.7%
Net Operating Revenue	3,481,572	2,894,225	20.3%	11,447,521	10,730,696	6.7%
Cost of Electric Power	(2,344,142)	(1,893,801)	23.8%	(7,541,219)	(7,136,199)	5.7%
Operating Costs & Expenses	(761,988)	(633,996)	20.2%	(2,534,910)	(2,319,714)	9.3%
EBIT	375,442	366,429	2.5%	1,371,392	1,274,783	7.6%
EBITDA⁽¹⁾	451,399	445,439	1.3%	1,665,415	1,551,519	7.3%
Financial Income (Expense)	(30,334)	418	-	77,018	(46,933)	-
Income Before Taxes	345,108	366,847	-5.9%	1,448,410	1,227,851	18.0%
Net Income	259,726	284,447	-8.7%	971,969	837,604	16.0%

CPFL PIRATININGA						
	4Q20	4Q19	Var.	2020	2019	Var.
Gross Operating Revenue	2,108,241	1,731,342	21.8%	7,038,451	7,027,117	0.2%
Net Operating Revenue	1,414,844	1,121,650	26.1%	4,568,629	4,345,303	5.1%
Cost of Electric Power	(981,186)	(784,363)	25.1%	(3,174,737)	(3,019,013)	5.2%
Operating Costs & Expenses	(272,244)	(222,006)	22.6%	(865,626)	(872,627)	-0.8%
EBIT	161,414	115,281	40.0%	528,267	453,663	16.4%
EBITDA⁽¹⁾	191,772	147,290	30.2%	645,835	568,076	13.7%
Financial Income (Expense)	(9,728)	(3,255)	198.9%	34,530	(30,928)	-
Income Before Taxes	151,686	112,026	35.4%	562,797	422,734	33.1%
Net Income	109,631	86,014	27.5%	373,487	281,634	32.6%

RGE						
	4Q20	4Q19	Var.	2020	2019	Var.
Gross Operating Revenue	3,807,464	3,295,901	15.5%	13,070,762	12,936,555	1.0%
Net Operating Revenue	2,494,878	2,091,397	19.3%	8,205,816	7,963,590	3.0%
Cost of Electric Power	(1,504,260)	(1,211,213)	24.2%	(4,794,433)	(4,771,167)	0.5%
Operating Costs & Expenses	(676,947)	(619,464)	9.3%	(2,380,155)	(2,202,233)	8.1%
EBIT	313,671	260,721	20.3%	1,031,227	990,189	4.1%
EBITDA⁽¹⁾	417,425	365,279	14.3%	1,434,580	1,368,431	4.8%
Financial Income (Expense)	(81,692)	(18,884)	332.6%	(85,529)	(108,863)	-21.4%
Income Before Taxes	231,979	241,837	-4.1%	945,698	881,327	7.3%
Net Income	149,821	213,956	-30.0%	675,483	614,109	10.0%

CPFL SANTA CRUZ						
	4Q20	4Q19	Var.	2020	2019	Var.
Gross Operating Revenue	509,761	443,730	14.9%	1,852,574	1,756,202	5.5%
Net Operating Revenue	358,355	316,160	13.3%	1,310,358	1,220,707	7.3%
Cost of Electric Power	(232,162)	(181,687)	27.8%	(752,822)	(697,109)	8.0%
Operating Costs & Expenses	(94,413)	(109,239)	-13.6%	(423,208)	(366,425)	15.5%
EBIT	31,780	25,234	25.9%	134,327	157,174	-14.5%
EBITDA⁽¹⁾	46,668	39,366	18.5%	192,207	207,989	-7.6%
Financial Income (Expense)	(6,810)	(1,537)	343.2%	(4,538)	(10,556)	-57.0%
Income Before Taxes	24,970	23,698	5.4%	129,790	146,618	-11.5%
Net Income	23,695	23,166	2.3%	90,427	101,228	-10.7%

Note: (1) EBITDA (IFRS) is calculated from the sum of net income, taxes, financial result and depreciation/amortization, as CVM Instruction no. 527/12.

7.9) Sales within the Concession Area by Distributor

(In GWh)



CPFL Paulista						
	4Q20	4Q19	Var.	2020	2019	Var.
Residential	2,816	2,679	5.1%	10,115	9,888	2.3%
Industrial	2,901	2,904	-0.1%	10,420	11,034	-5.6%
Commercial	1,407	1,600	-12.1%	5,220	5,854	-10.8%
Others	1,141	1,250	-8.8%	4,492	4,593	-2.2%
Total	8,265	8,434	-2.0%	30,247	31,369	-3.6%

CPFL Piratininga						
	4Q20	4Q19	Var.	2020	2019	Var.
Residential	1,095	1,011	8.3%	4,141	4,027	2.8%
Industrial	1,647	1,574	4.6%	6,022	6,148	-2.0%
Commercial	621	672	-7.7%	2,386	2,576	-7.4%
Others	314	338	-7.1%	1,264	1,307	-3.3%
Total	3,677	3,596	2.3%	13,813	14,058	-1.7%

RGE						
	4Q20	4Q19	Var.	2020	2019	Var.
Residential	1,461	1,410	3.6%	5,817	5,605	3.8%
Industrial	1,547	1,629	-5.0%	5,799	6,419	-9.7%
Commercial	558	659	-15.3%	2,323	2,618	-11.3%
Others	1,175	1,193	-1.5%	4,859	4,926	-1.4%
Total	4,741	4,891	-3.1%	18,798	19,568	-3.9%

CPFL Santa Cruz						
	4Q20	4Q19	Var.	2020	2019	Var.
Residential	237	218	8.8%	870	836	4.1%
Industrial	287	285	0.9%	1,062	1,082	-1.8%
Commercial	91	100	-8.5%	342	375	-8.7%
Others	209	212	-1.5%	793	768	3.3%
Total	824	814	1.2%	3,067	3,061	0.2%

7.10) Sales to the Captive Market by Distributor

(in GWh)



CPFL Paulista						
	4Q20	4Q19	Var.	2020	2019	Var.
Residential	2,816	2,679	5.1%	10,115	9,888	2.3%
Industrial	482	652	-26.1%	1,952	2,420	-19.3%
Commercial	985	1,195	-17.6%	3,724	4,325	-13.9%
Others	1,079	1,194	-9.7%	4,272	4,397	-2.9%
Total	5,363	5,721	-6.3%	20,063	21,030	-4.6%

CPFL Piratininga						
	4Q20	4Q19	Var.	2020	2019	Var.
Residential	1,095	1,011	8.3%	4,141	4,027	2.8%
Industrial	186	258	-27.9%	778	1,021	-23.8%
Commercial	397	476	-16.5%	1,591	1,827	-12.9%
Others	233	262	-11.4%	963	1,088	-11.5%
Total	1,911	2,007	-4.8%	7,472	7,963	-6.2%

RGE						
	4Q20	4Q19	Var.	2020	2019	Var.
Residential	1,461	1,410	3.6%	5,817	5,605	3.8%
Industrial	333	447	-25.6%	1,400	1,844	-24.1%
Commercial	445	556	-20.1%	1,879	2,227	-15.6%
Others	1,145	1,187	-3.5%	4,794	4,897	-2.1%
Total	3,383	3,600	-6.0%	13,890	14,573	-4.7%

CPFL Santa Cruz						
	4Q20	4Q19	Var.	2020	2019	Var.
Residential	237	218	8.8%	870	836	4.1%
Industrial	62	99	-37.4%	279	386	-27.6%
Commercial	78	91	-14.3%	297	345	-14.0%
Others	208	211	-1.5%	791	766	3.3%
Total	585	619	-5.5%	2,238	2,333	-4.1%

7.11) Information on Interest in Companies

Energy distribution	Company type	Equity interest	Location (state)	Number of municipalities	Approximate number of consumers (in thousands)	Concession period	End of the concession
Companhia Paulista de Força e Luz ("CPFL Paulista")	Publicly-held corporation	Direct 100%	Interior of São Paulo	234	4,675	30 years	November 2027
Companhia Piratininga de Força e Luz ("CPFL Piratininga")	Publicly-held corporation	Direct 100%	Interior and coast of São Paulo	27	1,828	30 years	October 2028
RGE Sul Distribuidora de Energia S.A. ("RGE")	Publicly-held corporation	Direct and Indirect 100%	Interior of Rio Grande do Sul	381	2,975	30 years	November 2027
Companhia Jaguari de Energia ("CPFL Santa Cruz")	Privately-held corporation	Direct 100%	Interior of São Paulo, Paraná and Minas Gerais	45	476	30 years	July 2045

Energy generation (conventional and renewable sources)	Company type	Equity interest	Location (state)	Number of plants / type of energy	Installed power (MW)	
					Total	CPFL share
CPFL Geração de Energia S.A. ("CPFL Geração")	Publicly-held corporation	Direct 100%	See chapter 2.2.2	See chapter 2.2.2	See chapter 2.2.2	See chapter 2.2.2
CERAN - Companhia Energética Rio das Antas ("CERAN")	Privately-held corporation	Indirect 65%	Rio Grande do Sul	3 Hydropower	360	234
Foz do Chapecó Energia S.A. ("Foz do Chapecó")	Privately-held corporation	Indirect 51% (a)	Santa Catarina e Rio Grande do Sul	1 Hydropower	855	436
Campos Novos Energia S.A. ("ENERCAN")	Privately-held corporation	Indirect 48.72%	Santa Catarina	1 Hydropower	880	429
BAESA - Energética Barra Grande S.A. ("BAESA")	Publicly-held corporation	Indirect 25.01%	Santa Catarina e Rio Grande do Sul	1 Hydropower	690	173
Centrais Elétricas da Paraíba S.A. ("EPASA")	Privately-held corporation	Indirect 53.34%	Paraíba	2 Thermal	342	182
Paulista Lajeado Energia S.A. ("Paulista Lajeado")	Privately-held corporation	Indirect 59.93% (b)	Tocantins	1 Hydropower	903	38
CPFL Energias Renováveis S.A. ("CPFL Renováveis")	Publicly-held corporation	Direct and Indirect 100% (c)	See chapter 2.2.2	See chapter 2.2.2	See chapter 2.2.2	See chapter 2.2.2

Transmissão	Company Type	Location	Core Activity	Equity Interest
CPFL Transmissão Piracicaba S.A. ("CPFL Transmissão Piracicaba")	Privately-held corporation	São Paulo	Provision of service in the area of electricity transmission	Indirect 100%
CPFL Transmissão Morro Agudo S.A. ("CPFL Transmissão Morro Agudo")	Privately-held corporation	São Paulo	Provision of service in the area of electricity transmission	Indirect 100%
CPFL Transmissão Maracanaú S.A. ("CPFL Maracanaú")	Privately-held corporation	Ceará	Provision of service in the area of electricity transmission	Indirect 100%
CPFL Transmissão Sul I S.A. ("CPFL Sul I")	Privately-held corporation	Santa Catarina	Provision of service in the area of electricity transmission	Indirect 100%
CPFL Transmissão Sul II S.A. ("CPFL Sul II")	Privately-held corporation	Rio Grande do Sul	Provision of service in the area of electricity transmission	Indirect 100%

Notes:

- (a) The joint venture Chapecoense fully consolidates the interim financial statements of its direct subsidiary, Foz de Chapecó, and fully consolidates its financial statements;
- (b) Paulista Lajeado has a 7% participation in the installed power of Investco S.A. (5.94% share of its capital);
- (c) CPFL Renováveis has 51.54% of the assured energy and power of HPP Serra da Mesa, whose concession belongs to Furnas.

Energy commercialization	Company type	Core activity	Equity interest
CPFL Comercialização Brasil S.A. ("CPFL Brasil")	Privately-held corporation	Energy commercialization	Direct 100%
Clion Assessoria e Comercialização de Energia Elétrica Ltda ("CPFL Meridional")	Limited liability company	Commercialization and provision of energy services	Indirect 100%
CPFL Comercialização de Energia Cone Sul Ltda ("CPFL Cone Sul")	Limited liability company	Energy commercialization	Indirect 100%
CPFL Planalto Ltda ("CPFL Planalto")	Limited liability company	Energy commercialization	Direct 100%
CPFL Brasil Varejista de Energia Ltda ("CPFL Brasil Varejista")	Limited liability company	Energy commercialization	Indirect 100%

Provision of services	Company type	Core activity	Equity interest
CPFL Serviços, Equipamentos, Indústria e Comércio S.A. ("CPFL Serviços")	Privately-held corporation	Manufacturing, commercialization, rental and maintenance of electro-mechanical equipment and service provision	Direct 100%
Nect Serviços Administrativos de Infraestrutura Ltda ("CPFL Infra")	Limited liability company	Provision of infrastructure and fleet services	Direct 100%
Nect Serviços Administrativos de Recursos Humanos Ltda ("CPFL Pessoas")	Limited liability company	Provision of human resources services	Direct 100%
Nect Serviços Administrativos Financeiros Ltda ("CPFL Finanças")	Limited liability company	Provision of financial services	Direct 100%
Nect Serviços Adm de Suprimentos E Logística Ltda ("CPFL Supre")	Limited liability company	Supply and logistics services	Direct 100%
CPFL Atende Centro de Contatos e Atendimento Ltda ("CPFL Atende")	Limited liability company	Provision of call center services	Direct 100%
CPFL Total Serviços Administrativos S.A. ("CPFL Total")	Privately-held corporation	Collection services	Indirect 100%
CPFL Eficiência Energética Ltda ("CPFL Eficiência")	Limited liability company	Energy efficiency management	Direct 100%
TI Nect Serviços de Informática Ltda ("Authi")	Limited liability company	Provision of IT services	Direct 100%
CPFL Geração Distribuída de Energia Ltda ("CPFL GD")	Limited liability company	Provision of maintenance services for energy generation companies	Indirect 100%

Others	Company type	Core activity	Equity interest
CPFL Jaguarí de Geração de Energia Ltda ("Jaguarí Geração")	Limited liability company	Holding company	Direct 100%
Chapecoense Geração S.A. ("Chapecoense")	Privately-held corporation	Holding company	Indirect 51%
Sul Geradora Participações S.A. ("Sul Geradora")	Privately-held corporation	Holding company	Indirect 99.95%
CPFL Telecomunicações Ltda ("CPFL Telecom")	Limited liability company	Telecommunication services	Direct 100%
Alesta Sociedade de Crédito Direto S.A. ("Alesta")	Privately-held corporation	Financial services	Direct 100%

Note: On April 15, 2020, the constitution of Alesta Sociedade de Crédito Direto S.A. was approved. The Company is a private financial institution that operates in the category of Direct Credit Society, constituted in the form of a corporation.

7.12) Reconciliation of Net Debt/EBITDA Pro Forma ratio of CPFL Energia for purposes of financial covenants calculation

(R\$ million)



Dec-20	Majority-controlled subsidiaries (fully consolidated)			Investees accounted for under the equity method					Total
	CERAN	Paulista Lajeado	Subtotal	ENERCA N	BAESA	Chapecoense	EPASA	Subtotal	
Borrowings and Debentures	211	-	211	257	-	916	116	1,290	1,501
(-) Cash and Cash Equivalents	(15)	(18)	(33)	(108)	(15)	(123)	(105)	(351)	(384)
Net Debt	197	(18)	178	149	(15)	793	12	939	1,117
CPFL Stake (%)	65.00%	59.93%	-	48.72%	25.01%	51.00%	53.34%	-	-
Net Debt in Generation Projects	128	(11)	117	73	(4)	405	6	480	597

Reconciliation

CPFL Energia	
Gross Debt	19,196
(-) Cash and Cash Equivalents	(3,919)
Net Debt (IFRS)	15,278
(-) Fully Consolidated Projects	(178)
(+) Proportional Consolidation	597
Net Debt (Pro Forma)	15,696

EBITDA Pro Forma Reconciliation (4Q20 - LTM)

EBITDA - Generation Projects

2020	Majority-controlled subsidiaries (fully consolidated)			Investees accounted for under the equity method					Total
	CERAN	Paulista Lajeado	Subtotal	ENERCA N	BAESA	Chapecoense	EPASA	Subtotal	
Net operating revenue	291	40	331	720	296	933	406	2,355	2,686
Operating cost and expense	(30)	(22)	(52)	(32)	62	(226)	(204)	(400)	(452)
EBITDA	261	19	280	688	358	708	202	1,955	2,235
CPFL stake (%)	65.00%	59.93%	-	48.72%	25.01%	51.00%	53.34%	-	-
Proportional EBITDA	170	11	181	335	89	361	108	893	1,074

Reconciliation

CPFL Energia - 4Q20 LTM	
Net income	3,707
Amortization	1,666
Financial Results	(68)
Income Tax /Social Contribution	1,090
EBITDA	6,780
(-) Equity income	(410)
(-) EBITDA - Fully consolidated projects	(280)
(+) Proportional EBITDA	1,074
EBITDA Pro Forma	7,164
Net Debt / EBITDA Pro Forma	2.19x

Note: in accordance with financial covenants calculation in cases of assets acquired by the Company.