COMMENTS ON PERFORMANCE

The comments on performance are expressed in thousands of Reais - R$, unless otherwise stated.

Profit or loss analysis

CPFL Energia (Parent)

This quarter, the increase in profit was R$ 660,477 when compared with the same period of the prior year (R$ 1,337,434 in 2020 and R$ 676,957 in 2019), mainly due to the increase in profit of investees.

COMMENTS ON CONSOLIDATED PERFORMANCE

	Consolidated					
	3rd quarter			Nine months		
	2020	2019	%	2020	2019	%
OPERATING REVENUES	**11,316,742**	**11,664,848**	**-3.0%**	**32,042,010**	**33,256,634**	**-3.7%**
Electricity sales to final consumers (*)	7,505,802	7,675,780	-2.2%	22,253,622	23,213,292	-4.1%
Electricity sales to wholesaler´s (*)	1,297,020	1,787,762	-27.5%	3,494,689	4,456,730	-21.6%
Revenue from construction of concession infrastructure	690,319	561,861	22.9%	1,789,593	1,488,441	20.2%
Other operating revenues (*)	1,567,977	1,401,168	11.9%	4,421,025	4,162,718	6.2%
Sector financial assets and liabilities	255,624	238,278	7.3%	83,080	(64,548)	-228.7%
Deductions from operating revenues	(3,535,722)	(3,918,367)	-9.8%	(10,417,079)	(11,346,400)	-8.2%
NET OPERATING REVENUE	**7,781,020**	**7,746,482**	**0.4%**	**21,624,931**	**21,910,234**	**-1.3%**
COST OF ELECTRIC ENERGY SERVICES	**(4,467,872)**	**(4,779,402)**	**-6.5%**	**(12,832,480)**	**(13,531,776)**	**-5.2%**
Electricity purchased for resale	(3,582,924)	(4,150,261)	-13.7%	(10,831,541)	(11,709,289)	-7.5%
Electricity network usage charges	(884,948)	(629,141)	40.7%	(2,000,939)	(1,822,487)	9.8%
OPERATING COST/EXPENSE	**(1,836,280)**	**(1,849,021)**	**-0.7%**	**(5,441,045)**	**(5,213,141)**	**4.4%**
Personnel	(354,870)	(363,683)	-2.4%	(1,066,448)	(1,077,469)	-1.0%
Employee pension plans	(42,813)	(29,020)	47.5%	(131,065)	(85,322)	53.6%
Materials	(74,125)	(71,009)	4.4%	(207,019)	(204,005)	1.5%
Outside Services	(127,637)	(171,957)	-25.8%	(449,342)	(515,414)	-12.8%
Depreciation and Amortization	(309,124)	(345,801)	-10.6%	(1,024,246)	(1,014,203)	1.0%
Merged Goodwill Amortization	(72,311)	(72,109)	0.3%	(216,530)	(216,328)	0.1%
Costs related to infrastructure construction	(685,234)	(560,882)	22.2%	(1,780,831)	(1,487,416)	19.7%
Other	(170,166)	(234,557)	-27.5%	(565,564)	(612,982)	-7.7%
INCOME FROM ELECTRIC ENERGY SERVICE	**1,476,868**	**1,118,058**	**32.1%**	**3,351,407**	**3,165,318**	**5.9%**
FINANCIAL INCOME (COST)	**(192,044)**	**(132,358)**	**45.1%**	**(143,297)**	**(563,722)**	**-74.6%**
Income	139,622	280,129	-50.2%	760,397	718,061	5.9%
Cost	(331,666)	(412,487)	-19.6%	(903,693)	(1,281,783)	-29.5%
Equity in subsidiaries	95,645	81,910	16.8%	265,839	257,339	3.3%
INCOME BEFORE TAXES	**1,380,469**	**1,067,610**	**29.3%**	**3,473,950**	**2,858,936**	**21.5%**
Social Contribution	(10,207)	(86,711)	-88.2%	(205,238)	(260,789)	-21.3%
Income Tax	(18,673)	(233,160)	-92.0%	(550,790)	(706,377)	-22.0%
NET INCOME	**1,351,589**	**747,739**	**80.8%**	**2,717,922**	**1,891,770**	**43.7%**
Net income attributable to the shareholders of the company	1,337,434	676,957	97.6%	2,678,569	1,861,036	43.9%
Net income attributable to the non controlling interests	14,155	70,782	-80.0%	39,354	30,734	28.0%
EBITDA	**1,954,094**	**1,618,024**	**20.8%**	**4,858,457**	**4,653,623**	**4.4%**

(*) For purposes of presentation of the comments on performance, the reclassification of revenue from network usage charge - TUSD to captive consumer was not made.

Gross operating revenue

Gross operating revenue for the 3rd quarter of 2020 was R$ 11,316,742, a decrease of 3.0% (R$ 348,107) compared with the same period of the prior year.

The main factors of this variation were:

- Decrease of 27.5% (R$ 490,742) in electricity supply, mainly due to:
  - Decrease of 55.4% (R$ 269,605) in sale of spot market energy in CCEE (Electric Energy Trading Chamber), mainly due to the reduction in average tariffs of 59.9% (R$ 324,569), partially offset by increase in energy sold of 11.3% (R$ 54,964);
  - Decrease of 20.1% (R$ 231,252) in other concessionaires, licensees and authorized, due to the decrease in electricity sold of 27.2% (R$ 313,727), partially offset by an increase of 9.8% in average tariff (R$ 82,478);
- Decrease of 2.2% (R$ 169,978) in electricity supply;
- Increase of R$ 147,064 in revenue due to network usage charge - TUSD, free consumers, mainly due to tariff adjustments and increase in volume of energy transported.
  - **Volume of energy sold**

In the 3rd quarter of 2020, the amount of energy billed to captive consumers in the period, including other licensees presented a decrease of -0.2% when compared with the same quarter of the prior year. Despite the good performance of the residential class in the 3rd quarter, the commercial, industrial and public power sectors were impacted by the effects of the global health crisis caused by Covid-19. Social isolation measures to tackle the pandemic led to the closure of shops and public buildings, in addition to the reduction of industrial production. As a result, there was a significant impact on electricity consumption in the period.

The consumption of the residential class represents 48.0% of the total market supplied by the distributor and recorded growth of +8.8% in the 3rd quarter of 2020 in relation to the same period of the prior year. Such growth reflects the effect of the increase in the number of consumer units, higher temperatures and a billing calendar with more days compared with the same period last year.

The commercial class represents 16.1% of the total market supplied by the distributor and recorded a decrease of -11.0% in the 3rd quarter of 2020 in relation to the same period of the prior year. In addition to the impacts from social distancing and restricted activities, such performance reflects the client's migration to the free market.

The industrial class, which represents 11.1% of the total market supplied by distributor, reported a drop of -16.1% in the 3rd quarter of 2020 in relation to the same period of the prior year. In addition to the impacts from social distancing and restricted activities, such performance reflects the client's migration to the free market.

The other consumption classes (rural, public administration, public utilities and licensees) participate with 24.8% of the total market supplied by distributor. Such classes presented a slight uptick of +0.1% in the 3rd quarter of 2020 in relation to the same period of the prior year. Worth noting is the positive result of the rural class (an increase of +13.8%) and the negative result of public power and licensees classes (decrease of -20.9% and -4.7%, respectively, the latter caused mainly by decreases in electricity purchase and sale contracts).

Regarding the amount of energy sold and transported in the concession area, which impacts both the billed supply (captive market) and the TUSD collection (free market), there was an increase of +0.4% when compared with the same period of the prior year. The variation by class presents an increase of +8.8% in the residential class, a decrease of -8.0% in the commercial class, a decrease of -3.0% in the industrial class and an increase of +1.3% in other classes.

➢ **Tariffs**

In the 3rd quarter of 2020, energy supply tariffs charged by distribution subsidiaries are as follows:

		2020		2019	
Distributor	**Month**	**RTA / RTP**	**Effect perceived by consumers (a)**	**RTA / RTP**	**Effect perceived by consumers (a)**
CPFL Paulista	April	14.90%	6.05%	12.02%	8.66%
CPFL Piratininga	October (b)	18.31%	9.82%	1.88%	-7.80%
RGE	June	15.74%	6.09%	10.05%	8.63%
RGE Sul (RGE)	June	15.74%	6.09%	10.05%	1.72%
CPFL Santa Cruz	March	10.71%	0.20%	13.70%	13.31%

(a) Represents the average effect perceived by the consumer, as a result of the elimination from the tariff base of financial components that had been added in the prior tariff adjustment.
(b) As described in note 36.1 to the Company's interim financial statements, RTP to the subsidiary CPFL Piratininga took place on October 20, 2020.

Deductions from operating revenue

Deductions from operating revenue in the 3rd quarter of 2020 were R$ 3,535,722, a decrease of 9.8% (R$ 382,645) in relation to the same quarter of 2019, which occurred mainly due to:

- Decrease of 99.9% (R$ 228,933) in tariff flags;
- Decrease of 10.7% (R$ 101,515) in CDE; and
- Decrease of 4.6% (R$ 46,217) in PIS and COFINS.

Cost of electric energy

The cost of electric energy this quarter amounted to R$ 4,467,872, a decrease of 6.5% (R$ 311,531) in relation to the same period of the prior year, mainly justified by:

- Decrease of 13.7% (R$ 567,338) in electric energy purchased for resale, due to:
  - Decrease of 7.4% (R$ 305,918) in the amount of energy purchased;
  - Decrease of 6.8% (R$ 261,419) in average price due to the decrease in the Price of Settlement of Differences (PLD).
- Partially offset by an increase of 40.7% (R$ 255,807) in the transmission and distribution system usage charges, mainly due to increases in: (i) basic network charges (R$ 177,995); (ii) reserve energy charges - EER (R$ 55,546; and (iii) system service charges – ESS, net of CONER pass-through (R$ 23,783).

Operating costs and expenses

Disregarding the cost of construction of the concession infrastructure, operating costs and expenses this quarter amounted to R$ 1,151,047, a decrease of 10.6% (R$ 137,093) compared with the same period of the prior year. This variation is mainly due to:

- **Personnel:** decrease of 2.4% (R$ 8,814), mainly due to the integration of CPFL Renováveis (note 13.5);
- **Private pension entity:** increase of 47.5% (R$ 13,792) due to the recognition of the impact of the actuarial report;
- **Materials**: increase of 4.4% (R$ 3,116), mainly due to the increase in materials sold to final consumers.
- **Third-party services:** decrease of 25.8% (R$ 44,320) mainly due to the decrease in (i) maintenance of hardware / software, (ii) reading and delivering invoices, (iii) pruning trees, (iv) travel (v) publicity and advertising, and (vi) collection fee.
- **Other expenses:** decrease of 27.5% (R$ 64,392), mainly due to decrease in: (i) allowance for doubtful debts (R$ 24,642), (ii) loss on disposal, retirement and other noncurrent assets (R$ 21,219), and (iii) legal and judicial expenses and indemnities (R$ 7.104);

Financial income (expenses)

Net finance result this quarter presented expenses of R$ 192,044, compared with R$ 132,358 in the same period of 2019, an increase of 45.1% (R$ 59,686). Such variation is basically due to:

- Decrease in financial income of 50.2% (R$ 140,508), mainly due to increase in: (i) income from financial investments (R$ 63,317); (ii) monetary and exchange adjustments (R$ 37,389); (iii) restatements of sectorial financial assets (R$ 19,641); (iv) late payment interest and fines (R$ 10.824); and (v) restatement of judicial deposits (R$ 6,255).
- Decrease in financial expenses of 19.6% (R$ 80,821), mainly due to debt charges (R$ 90,592).

Share of profit (loss) of investees

The variation in share of profit (loss) of investees in consolidated refers to the effect of the share of profit (loss) of joint ventures as follows:

	3rd quarter 2020	3rd quarter 2019
Epasa	18,671	20,354
Baesa	(1,064)	(3,724)
Enercan	41,800	25,950
Chapecoense	36,382	39,474
Amortization of goodwill on assets	(145)	(145)
Total	**95,645**	**81,910**

- **ENERCAN**: Increase of R$ 15,851, mainly due to the increase in the margin of energy operations (R$ 21,925), due to price adjustments.

Social contribution and income tax

Expenses on taxes on profit in the 3rd quarter of 2020 were R$ 28,880, a decrease of 91% (R$ 290,991) in relation to the one recorded in the same quarter of 2019, which reflects mainly the effects of recording losses on income tax and social contribution carryforwards for the period.

Profit for the period and EBITDA

Due to the factors described above, the profit for this quarter was R$ 1,351,589, i.e. 80.8% (R$ 603,850) higher than the one of the same period of 2019.

EBITDA (Earnings before the effects of depreciation, amortization, financial income and expenses, and income tax and social contribution) for the 3rd quarter of 2020 was R$ 1,954,094, i.e. 20.8% (R$ 336,070) higher than the one determined in the same period of 2019.

COMMENT ON THE PERFORMANCE OF SUBSIDIARIES/ASSOCIATES

Subsidiary/Associate: Companhia Paulista de Força e Luz - CPFL

The subsidiary Companhia Paulista de Força e Luz - CPFL is a publicly-held corporation, and the comment on its performance is included in its Quarterly Information - ITR at September 30, 2020 filed with the Brazilian Securities and Exchange Commission (CVM).

Subsidiary/Associate: CPFL Geração de Energia S.A.

The subsidiary CPFL Geração de Energia S/A is a publicly-held corporation, and the comments on its individual and consolidated performance is included in its Quarterly Information – ITR at September 30, 2020 filed with the Brazilian Securities and Exchange Commission (CVM).

Subsidiary/Associate: Companhia Piratininga de Força e Luz

The subsidiary Companhia Piratininga de Força e Luz is a publicly-held corporation, and the comments on its performance is included in its Quarterly Information – ITR at September 30, 2020 filed with the Brazilian Securities and Exchange Commission (CVM).

Subsidiary/Associate: RGE Sul Distribuidora de Energia S.A.

The subsidiary RGE Sul Distribuidora de Energia S.A is a publicly-held corporation, and the comment on its performance is included in its Quarterly Information – ITR at September 30, 2020 filed with the Brazilian Securities and Exchange Commission (CVM).

Subsidiary: CPFL Comercialização Brasil S.A.

	Consolidated					
	3rd quarter			Nine months		
	2020	2019	%	2020	2019	%
OPERATING REVENUES	**862,607**	**1,095,503**	**-21.3%**	**2,488,927**	**2,879,000**	**-13.5%**
Electricity sales to final consumers	580,537	551,675	5.2%	1,642,497	1,581,305	3.9%
Electricity sales to wholesaler´s	282,071	543,827	-48.1%	846,256	1,296,991	-34.8%
Other operating revenues	-	-	0.0%	175	704	-75.1%
Deductions from operating revenues	(105,938)	(127,473)	-16.9%	(307,419)	(340,528)	-9.7%
NET OPERATING REVENUE	**756,669**	**968,029**	**-21.8%**	**2,181,508**	**2,538,473**	**-14.1%**
COST OF ELECTRIC ENERGY SERVICES	**(740,094)**	**(932,705)**	**-20.7%**	**(2,122,953)**	**(2,433,708)**	**-12.8%**
Electricity purchased for resale	(739,878)	(932,608)	-20.7%	(2,122,970)	(2,433,515)	-12.8%
Electricity network usage charges	(217)	(97)	124.2%	17	(192)	-108.8%
OPERATING COST/EXPENSE	**(11,188)**	**(12,191)**	**-8.2%**	**(36,268)**	**(32,428)**	**11.8%**
Personnel	(7,143)	(7,986)	-10.6%	(24,169)	(20,988)	15.2%
Materials	(19)	(50)	-62.2%	(101)	(135)	-24.9%
Outside Services	(1,520)	(1,948)	-22.0%	(5,064)	(5,966)	-15.1%
Depreciation and Amortization	(1,108)	(458)	142.0%	(2,480)	(1,473)	68.4%
Other	(1,397)	(1,747)	-20.0%	(4,454)	(3,867)	15.2%
INCOME FROM ELECTRIC ENERGY SERVICE	**5,387**	**23,133**	**-76.7%**	**22,289**	**72,338**	**-69.2%**
FINANCIAL INCOME (EXPENSE)	**6,724**	**(7,735)**	**-186.9%**	**17,487**	**(16,799)**	**-204.1%**
Income	15,885	7,968	99.4%	33,861	29,431	15.1%
Expense	(9,161)	(15,703)	-41.7%	(16,374)	(46,231)	-64.6%
Equity in subsidiaries	23,902	10,648	124.5%	56,263	42,416	32.6%
INCOME BEFORE TAXES	**36,013**	**26,048**	**38.3%**	**96,037**	**97,955**	**-2.0%**
Social Contribution	(1,077)	(1,243)	-13.4%	(3,618)	(4,938)	-26.7%
Income Tax	(2,921)	(3,554)	-17.8%	(10,297)	(13,963)	-26.3%
NET INCOME	**32,016**	**21,251**	**50.7%**	**82,122**	**79,054**	**3.9%**
Net income attributable to the shareholders of the company	32,016	21,251	50.7%	82,122	79,054	3.9%
EBITDA	**31,184**	**36,102**	**-13.6%**	**83,853**	**119,153**	**-29.6%**
Net Income for the Period and Adjusted EBITDA Reconciliation						
NET INCOME FOR THE PERIOD	**32,016**	**21,251**		**82,122**	**79,054**	
Depreciation and Amortization	1,109	458		2,480	1,473	
Amortization of fair value adjustment of asset	787	1,862		2,822	2,926	
Financial Income (Expense)	(6,724)	7,735		(17,487)	16,799	
Social Contribution	1,077	1,243		3,618	4,938	
Income Tax	2,921	3,554		10,297	13,963	
Adjusted EBITDA	**31,184**	**36,102**		**83,853**	**119,153**	

Gross operating revenue

Gross operating revenue for the 3rd quarter of 2020 was R$ 862,607, a decrease of R$ 232,895 (21.3%) in relation to the same quarter of 2019, mainly due to (i) a decrease in energy supply operations of 48.1% (R$ 261,757), a decrease of 43.1% in the amount of energy sold (R$ 217,517) and decrease in average price of 7.7% (R$ 41,910); partially offset by (ii) an increase of 5.2% (R$ 28,861) in electricity supply, due to an increase in volume of 3% (R$ 17,362), mainly to commercial clients, and an increase in average price of 2% (R$ 10,895).

Cost of electric energy

Cost of electric energy in the 3rd quarter of 2020 was R$ 740,094, a decrease of R$ 192,610 (20.7%) in relation to the same quarter of 2019, basically due to a decrease in purchased energy volume of 21.4% (R$ 200,904), partially offset by an increase in average price of 1% (R$ 9,940).

Operating costs and expenses

The operating costs and expenses determined in the 3rd quarter of 2020 was R$ 11,188, a decrease of R$ 1,003 (8.2%) when compared with the same quarter of 2019, mainly due to the decrease in expenses with judicial expenses (R$ 738).

Financial income (expenses)

For the 3rd quarter of 2020 the Company posted financial income of R$ 6,724, a decrease of the financial expense of 186.9% (R$ 14,459) as compared with the same quarter of 2019.

Financial income: Increase of 99.4% (R$ 7,917), mainly due to the increase in income from monetary restatement of accounts receivable from CCEE (Electric Energy Trading Chamber) (R$ 8,795).

Financial expenses: Decrease of 41.7% (R$ 6,542), due to the decrease in expenses with debt charges (R$ 6,228), mainly in connection with the decrease in debt restatement indicators.

The share of profit (loss) of investees for the 3rd quarter of 2020 was up by R$ 23,902, mainly due to the recognition of equity holding of investee RGE Sul.

Profit for the period and EBITDA

The result determined in the 3rd quarter of 2020 was a profit of R$ 32,016, an increase of R$ 10,765 (50.7%) when compared with the same quarter of 2019.

EBITDA (Earnings before finance result, income tax and social contribution, depreciation and amortization) for the 3rd quarter of 2020 was R$ 31,184, a decrease of 13.6% when compared with the same quarter of 2019, which was R$ 36,102 (information not reviewed by the Independent Auditors).

SUMMARY

CPFL Energia S.A.

Statements of financial position at September 30, 2020 and December 31, 2019

(in thousands of Brazilian Reais)

		Parent company		Consolidated	
ASSETS	**Note**	**September 30, 2020**	**December 31, 2019**	**September 30, 2020**	**December 31, 2019**
Current assets					
Cash and cash equivalents	5	132,452	33,909	6,758,471	1,937,163
Marketable securities	6	-	-	1,357,372	851,004
Consumers, concessionaires and licensees	7	-	-	4,739,787	4,985,578
Inventories (*)		-	-	83,680	71,551
Dividends and interest on capital	13	2,005,314	816,205	99,942	100,297
Income tax and social contribution recoverable	8	28,073	78	155,524	87,698
Other taxes recoverable	8	18,167	58,947	433,502	331,428
Derivatives	34	-	-	1,139,475	281,326
Sector financial asset	9	-	-	332,721	1,093,588
Contract assets	16	-	-	24,565	24,387
Other assets	12	1,078	400	808,006	576,610
Total current assets		**2,185,083**	**909,539**	**15,933,045**	**10,340,630**
Noncurrent assets					
Consumers, concessionaires and licensees	7	-	-	758,494	713,068
Intragroup loans	32	413,787	424,387	-	-
Escrow Deposits	23	468	453	766,124	757,370
Income tax and social contribution recoverable	8	-	-	35,508	101,528
Other taxes recoverable	8	-	-	383,242	370,595
Sector financial assets	9	-	-	-	2,748
Derivatives	34	-	-	1,715,469	369,767
Deferred tax assets	10	58,661	85,474	348,049	1,064,716
Concession financial asset	11	-	-	9,772,378	8,779,717
Investments at cost		-	-	116,654	116,654
Other assets	12	3,284	3,960	193,624	736,019
Investments	13	14,011,118	12,327,132	1,098,857	997,997
Property, plant and equipment	14	2,244	2,226	8,894,142	9,083,710
Contract asset	16	-	-	1,581,055	1,322,822
Intangible assets	15	781	120	9,077,416	9,320,953
Total noncurrent assets		**14,490,343**	**12,843,753**	**34,741,011**	**33,737,664**
Total assets		**16,675,426**	**13,753,291**	**50,674,056**	**44,078,293**

(*) See note 2.8

The accompanying notes are an integral part of these interim financial statements.

CPFL Energia S.A.

Statements of financial position at September 30, 2020 and December 31, 2019

(in thousands of Brazilian Reais)

		Parent company		Consolidated	
LIABILITIES AND EQUITY	**Note**	**September 30, 2020**	**December 31, 2019**	**September 30, 2020**	**December 31, 2019**
Current liabilities					
Trade payables	17	416	4,698	2,881,472	3,260,180
Borrowings	18	-	-	3,466,905	2,776,193
Debentures	19	-	-	1,301,309	682,582
Private pension plan	20	-	-	154,851	224,851
Regulatory liabilities	21	-	-	114,067	232,251
Income tax and social contribution payable	22	19,932	40,629	178,712	218,961
Other taxes, fees and contributions	22	10,818	25,315	1,057,835	741,536
Dividends		2,078,063	645,737	2,120,493	668,859
Estimated payroll		-	-	184,210	125,057
Derivatives	34	-	-	-	29,400
Decommissioning of assets and environmental expenses (*)		-	-	20,834	24,485
Use of public asset		-	-	12,573	11,771
Other payables	24	20,711	22,318	1,496,983	1,069,784
Total current liabilities		**2,129,940**	**738,697**	**12,990,245**	**10,065,908**
Noncurrent liabilities					
Trade payables	17	-	-	399,297	359,944
Borrowings	18	-	-	8,915,535	7,587,102
Debentures	19	-	-	6,508,223	7,863,696
Private pension plan	20	-	-	1,849,054	2,153,327
Income tax and social contribution payable	22	-	-	157,883	156,198
Other taxes, fees and contributions	22	-	-	830	805
Deferred tax liabilities	10	-	-	891,192	1,048,069
Provision for tax, civil and labor risks	23	70	123	530,281	600,775
Intragroup loans	32	-	-	2,395,881	-
Derivatives	34	-	-	-	6,157
Sector financial liability	9	-	-	518,300	102,561
Decommissioning of assets and environmental expenses (*)		-	-	213,882	203,844
Use of public asset		-	-	100,290	91,181
Other payables	24	10,719	20,090	382,458	555,487
Total noncurrent liabilities		**10,789**	**20,213**	**22,863,105**	**20,729,147**
Equity	**25**				
Issued capital		9,388,080	9,388,081	9,388,080	9,388,081
Capital reserves		(1,643,776)	(1,640,962)	(1,643,776)	(1,640,962)
Legal reserve		1,036,125	1,036,125	1,036,125	1,036,125
Statutory reserve - working capital improvement		4,046,305	4,046,305	4,046,305	4,046,305
Dividend		-	1,433,295	-	1,433,295
Accumulated comprehensive income		(990,716)	(1,268,465)	(990,716)	(1,268,465)
Retained earnings		2,698,679	-	2,698,679	-
		14,534,698	**12,994,381**	**14,534,698**	**12,994,381**
Equity attributable to noncontrolling interests		-	-	286,008	288,857
Total equity		**14,534,698**	**12,994,381**	**14,820,706**	**13,283,238**
Total liabilities and equity		**16,675,426**	**13,753,291**	**50,674,056**	**44,078,293**

(*) See note 2.8

The accompanying notes are an integral part of these interim financial statements.

CPFL Energia S.A.

Statements of income for the periods ended September 30, 2020 and 2019

(in thousands of Brazilian Reais, except for Earnings per share)

		Parent company				Consolidated			
		2020		2019		2020		2019	
	Note	3rd quarter	9 months	3rd quarter	9 months	3rd quarter	9 months	3rd quarter	9 months
Net operating revenue	27	-	(3,983)	2,308	2,308	7,781,020	21,624,931	7,746,482	21,910,234
Cost of services									
Cost of electric energy	28	-	-	-	-	(4,467,872)	(12,832,480)	(4,779,402)	(13,531,776)
Cost of operation		-	-	-	-	(682,618)	(2,144,542)	(722,164)	(2,141,267)
Depreciation and amortization		-	-	-	-	(280,345)	(939,944)	(318,080)	(950,487)
Other cost of operation	29	-	-	-	-	(402,273)	(1,204,598)	(404,088)	(1,190,780)
Cost of services rendered to third parties	29	-	-	-	-	(686,035)	(1,784,115)	(561,923)	(1,490,056)
Gross profit		-	(3,983)	2,308	2,308	1,944,495	4,863,794	1,682,988	4,747,135
Operating expenses									
Selling expenses		-	-	-	-	(148,986)	(516,096)	(175,518)	(538,964)
Depreciation and amortization		-	-	-	-	(2,288)	(5,916)	(1,330)	(3,893)
Allowance for doubtful accounts		-	-	-	-	(36,372)	(174,344)	(61,016)	(194,866)
Other selling expenses	29	-	-	-	-	(110,326)	(335,836)	(113,171)	(340,205)
General and administrative expenses		(7,877)	(28,391)	(8,949)	(33,957)	(213,825)	(683,635)	(263,140)	(707,294)
Depreciation and amortization		(116)	(316)	(47)	(155)	(26,492)	(78,386)	(26,391)	(59,822)
Other general and administrative expenses	29	(7,761)	(28,075)	(8,902)	(33,802)	(187,333)	(605,249)	(236,749)	(647,472)
Other operating expenses		-	-	-	-	(104,817)	(312,656)	(126,272)	(335,558)
Amortization of concession intangible asset		-	-	-	-	(72,311)	(216,530)	(72,109)	(216,328)
Other operating expenses	29	-	-	-	-	(32,506)	(96,126)	(54,163)	(119,230)
Income from electric energy services		(7,877)	(32,374)	(6,641)	(31,649)	1,476,868	3,351,407	1,118,058	3,165,318
Equity interests in subsidiaries, associates and	13	1,397,540	2,754,930	673,160	1,868,853	95,645	265,839	81,910	257,339
		1,389,663	**2,722,556**	**666,519**	**1,837,204**	**1,572,513**	**3,617,246**	**1,199,968**	**3,422,657**
Financial income (expenses)	30								
Financial income		(5,932)	2,898	54,087	67,750	139,622	760,397	280,129	718,061
Financial expenses		(16)	(41)	(14)	(49)	(331,666)	(903,693)	(412,487)	(1,281,783)
		(5,948)	**2,857**	**54,073**	**67,701**	**(192,044)**	**(143,297)**	**(132,358)**	**(563,722)**
Profit before taxes		1,383,714	2,725,414	720,592	1,904,905	1,380,469	3,473,950	1,067,610	2,858,936
Social contribution	10	(11,874)	(11,108)	(11,227)	(10,256)	(10,207)	(205,238)	(86,711)	(260,789)
Income tax	10	(34,406)	(35,737)	(32,408)	(33,614)	(18,673)	(550,790)	(233,160)	(706,377)
		(46,280)	**(46,845)**	**(43,635)**	**(43,870)**	**(28,880)**	**(756,028)**	**(319,871)**	**(967,166)**
Profit for the period		1,337,434	2,678,569	676,957	1,861,036	1,351,589	2,717,922	747,739	1,891,770
Profit (loss) for the period attributable to owners of the						1,337,434	2,678,569	676,957	1,861,036
Profit (loss) for the period attributable to noncontrolling interests						14,155	39,353	70,782	30,733
Basic earnings per share attributable to owners of the Company (R$):	26					1.16	2.32	0.59	1.75
Diluted earnings per share attributable to owners of the Company (R$):	26					1.16	2.32	0.58	1.74

The accompanying notes are an integral part of these interim financial statements

CPFL Energia S.A.

Statements of comprehensive income for the periods ended September 30, 2020 and 2019

(in thousands of Brazilian Reais)

	Parent company			
	2020		2019	
	3rd quarter	9 months	3rd quarter	9 months
Profit for the period	**1,337,434**	**2,678,569**	**676,957**	**1,861,036**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
Comprehensive income for the period of subsidiaries	(46,163)	297,022	(4,628)	(12,640)
Total comprehensive income for the period	**1,291,271**	**2,975,591**	**672,329**	**1,848,396**

	Consolidated			
	2020		2019	
	3rd quarter	9 months	3rd quarter	9 months
Profit for the period	**1,351,589**	**2,717,922**	**747,739**	**1,891,770**
Other comprehensive income				
Items that will not be reclassified subsequently to profit or loss				
- Actuarial gains (losses), net of tax effects	(4,333)	266,327	(1,813)	(5,512)
- Credit risk in fair value measurement of financial liabilities	(41,830)	30,695	(2,815)	(7,127)
Total comprehensive income for the period	**1,305,426**	**3,014,944**	**743,111**	**1,879,130**
Attributable to owners of the Company	1,291,271	2,975,591	672,329	1,848,396
Attributable to noncontrolling interests	14,155	39,353	70,782	30,733

The accompanying notes are an integral part of these interim financial statements

CPFL Energia S.A.

Statements of changes in the shareholder equity for the periods ended September 30, 2020 and 2019

(in thousands of Brazilian Reais)

			Earnings reserves			Accumulated comprehensive income				Noncontrolling interests		
	Issued capital	Capital reserve	Legal reserve	Statutory reserve / Working capital	Dividend	Deemed cost	Private pension plan / Credit risk in fair value measurement	Retained earnings	Total	Accumulated comprehensive income	Other equity components	Total equity
Balance at December 31, 2018	5,741,284	469,257	900,992	3,527,510	-	380,721	(757,016)	-	10,262,749	10,055	2,259,578	12,532,383
Total comprehensive income	-	-	-	-	-	-	**(12,640)**	**1,861,036**	**1,848,396**	-	**30,735**	**1,879,131**
Profit for the period	-	-	-	-	-	-	-	1,861,036	**1,861,036**	-	30,735	**1,891,770**
Other comprehensive income - credit risk in fair value measurement	-	-	-	-	-	-	(7,127)	-	**(7,127)**	-	-	**(7,127)**
Other comprehensive income - actuarial gains (losses)	-	-	-	-	-	-	(5,512)	-	**(5,512)**	-	-	**(5,512)**
Internal changes in equity	-	-	-	-	-	**(17,954)**	-	**17,954**	-	**(1,333)**	**1,284**	**(49)**
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	(27,204)	-	27,204	-	(2,020)	2,020	-
Tax effect on realization of deemed cost	-	-	-	-	-	9,249	-	(9,249)	-	687	(687)	-
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(49)	**(49)**
Capital transactions with owners	**3,647,694**	**(2,110,218)**	-	-	-	-	-	**765**	**1,538,241**	-	**(2,013,078)**	**(474,838)**
Capital increase (decrease)	3,694,342	-	-	-	-	-	-	-	**3,694,342**	-	122	**3,694,464**
Public offering costs	(46,648)	-	-	-	-	-	-	-	**(46,648)**	-	-	**(46,648)**
Gain (loss) on interest in subsidiaries with no change in control	-	(75,298)	-	-	-	-	-	-	**(75,298)**	-	75,298	-
Acquisition of noncontrolling interest of CPFL Renováveis (accounting cost)	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of noncontrolling interest of CPFL Renováveis	-	(2,034,920)	-	-	-	-	-	-	**(2,034,920)**	-	(2,072,635)	**(4,107,555)**
Prescribed dividend	-	-	-	-	-	-	-	765	**765**	-	-	**765**
Dividend proposal approved	-	-	-	-	-	-	-	-	-	-	(15,864)	**(15,864)**
Balance at September 30, 2019	9,388,977	(1,640,961)	900,992	3,527,510	-	362,767	(769,656)	1,879,755	13,649,386	8,722	278,519	13,936,628
Balance at December 31, 2019	9,388,081	(1,640,962)	1,036,125	4,046,305	1,433,295	355,049	(1,623,514)	-	12,994,381	8,278	280,578	13,283,238
Total comprehensive income	-	-	-	-	-	-	**297,022**	**2,678,569**	**2,975,590**	-	**39,353**	**3,014,943**
Profit for the period	-	-	-	-	-	-	-	2,678,569	**2,678,569**	-	39,353	**2,717,922**
Other comprehensive income - credit risk in fair value measurement	-	-	-	-	-	-	30,695	-	**30,695**	-	-	**30,695**
Other comprehensive income - actuarial gains (losses)	-	-	-	-	-	-	266,327	-	**266,327**	-	-	**266,327**
Internal changes in equity	-	-	-	-	-	**(19,273)**	-	**19,273**	-	**(1,333)**	**1,258**	**(75)**
Realization of deemed cost of property, plant and equipment	-	-	-	-	-	(29,202)	-	29,202	-	(2,020)	2,020	-
Tax effect on realization of deemed cost	-	-	-	-	-	9,929	-	(9,929)	-	687	(687)	-
Other changes in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	(75)	**(75)**
Capital transactions with owners	**(1)**	**(2,815)**	-	-	**(1,433,295)**	-	-	**837**	**(1,435,274)**	-	**(42,127)**	**(1,477,402)**
Public offering costs	(1)	-	-	-	-	-	-	-	**(1)**	-		**(1)**
Gain (loss) on interest in subsidiaries with no change in control	-	(2,815)	-	-	-	-	-	-	**(2,815)**	-	(2,489)	**(5,304)**
Additional proposed dividend	-	-	-	-	-	-	-	-	-	-	(39,638)	**(39,638)**
Dividend approved	-	-	-	-	-	-	-	837	**837**	-	-	**837**
Approval of the dividend proposal	-	-	-	-	(1,433,295)	-	-	-	**(1,433,295)**	-	-	**(1,433,295)**
Balance at September 30, 2020	9,388,080	(1,643,776)	1,036,125	4,046,305	-	335,776	(1,326,492)	2,698,679	14,534,698	6,945	279,061	14,820,706

The accompanying notes are an integral part of these interim financial statements.

CPFL Energia S.A.

Statements of cash flow for the periods ended September 30, 2020 and 2019

(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Profit before taxes	**2,725,414**	**1,904,905**	**3,473,950**	**2,858,936**
Adjustment to reconcile profit to cash from operating activities				
Depreciation and amortization	316	155	1,240,776	1,230,531
Provision for tax, civil and labor risks	28	384	83,312	108,778
Allowance for doubtful accounts	-	-	174,344	194,866
Interest on debts, monetary adjustment and exchange rate changes	(10,145)	(682)	324,364	709,731
Pension plan expense (income)	-	-	131,065	85,322
Equity interests in subsidiaries, associates and joint ventures	(2,754,930)	(1,868,853)	(265,839)	(257,339)
Loss (gain) on disposal of noncurrent assets	-	-	88,913	112,828
Others	-	-	7,788	(1,526)
	(39,317)	35,910	5,258,673	5,042,127
Decrease (increase) in operating assets				
Consumers, concessionaires and licensees	-	-	25,534	(602,274)
Dividend and interest on capital received	195,467	873,098	166,952	265,684
Taxes recoverable	31,626	(5,098)	(92,382)	(129,660)
Escrow deposits	(10)	224	3,682	4,665
Sector financial asset	-	-	828,023	40,692
Receivables - CDE	-	-	17,046	49,281
Transmission asset additions	-	-	(94,340)	(11,202)
Advance to suppliers	-	-	(66,017)	(22,438)
In progress	51	(1)	(113,151)	35,397
Other operating assets	296	940	(199,234)	22,049
Increase (decrease) in operating liabilities				
Trade payables	(4,282)	1,289	(339,355)	815,381
Other taxes and social contributions	(14,497)	(4,045)	316,013	(101,872)
Other liabilities with private pension plan	-	-	(136,345)	(109,148)
Regulatory charges	-	-	(118,184)	96,397
Tax, civil and labor risks paid	(73)	(323)	(177,871)	(313,060)
Sector financial liability	-	-	369,158	23,856
Payables - CDE	-	-	(8,591)	12,477
Other operating liabilities	(10,979)	(7,502)	392,782	337,019
Cash flows provided (used) by operations	**158,282**	**894,492**	**6,032,392**	**5,455,371**
Interest paid on debts and debentures	-	-	(617,375)	(806,722)
Income tax and social contribution paid	(42,318)	(17,305)	(382,776)	(769,448)
Cash flows provided (used) by operations activities	**115,964**	**877,187**	**5,032,241**	**3,879,202**
Investing activities				
Capital increase of shareholders	-	(4,107,555)	(3,348)	(4,107,555)
Purchases of property, plant and equipment	(314)	(1,706)	(230,626)	(126,174)
Purchases of contract asset	-	-	(1,600,393)	(1,435,540)
Purchases and construction of intangible assets	(680)	(13)	(7,200)	(9,325)
Securities, pledges and restricted deposits - investment	(350)	-	(1,446,698)	(309,813)
Securities, pledges and restricted deposits - redemption	-	-	1,486,459	360,968
Advances for future capital increases	(35,000)	-	-	-
Intragroup loans to subsidiaries	(46,945)	(424,116)	-	-
Receiving of intragroup loans from subsidiaries	66,001	72,422	-	-
Others	-	-	(1,950)	-
Net cash generated by (used) In investing activities	**(17,288)**	**(4,460,968)**	**(1,803,755)**	**(5,627,439)**
Financing activities				
Public offering costs	(1)	3,624,010	(1)	3,624,010
Borrowings and debentures raised	-	-	4,665,557	5,257,122
Repayment of principal of borrowings and debentures	-	-	(6,135,375)	(5,942,647)
Repayment of derivatives	-	-	708,362	185,817
Advance for future capital increase	-	-	-	12
Dividend and interest on capital paid	(132)	(77)	(20,462)	(35,800)
Intragroup loans raised	-	-	2,380,000	-
Intragroup loans paid	-	-	(5,258)	-
Net cash generated by (used in) financing activities	**(133)**	**3,623,933**	**1,592,823**	**3,088,514**
Net increase (decrease) in cash and cash equivalents	98,543	40,152	4,821,309	1,340,276
Cash and cash equivalents at the beginning of the period	33,909	79,364	1,937,163	1,891,457
Cash and cash equivalents at the end of the period	132,452	119,516	6,758,471	3,231,733

The accompanying notes are an integral part of these interim financial statements.

CPFL Energia S.A.

Statements of value added for the periods ended September 30, 2020 and 2019

(in thousands of Brazilian Reais)

	Parent company		Consolidated	
	2020	2019	2020	2019
	9 months	9 months	9 months	9 months
1. Revenues	**(2,989)**	**4,264**	**32,097,299**	**33,238,536**
1.1 Operating revenues	(3,983)	2,544	30,252,416	31,768,194
1.2 Revenues related to the construction of own assets	994	1,720	229,633	176,768
1.3 Revenue from infrastructure construction of the concession	-	-	1,789,593	1,488,441
1.4 Allowance for doubtful accounts	-	-	(174,344)	(194,866)
2. (-) Inputs	**(8,210)**	**(16,896)**	**(17,250,398)**	**(17,733,927)**
2.1 Electricity Purchased for Resale	-	-	(14,230,898)	(14,936,209)
2.2 Material	(358)	(1,826)	(1,264,912)	(1,122,901)
2.3 Outsourced Services	(5,400)	(12,961)	(1,259,898)	(1,141,497)
2.4 Other	(2,452)	(2,109)	(494,690)	(533,319)
3. Gross added value (1 + 2)	**(11,199)**	**(12,633)**	**14,846,901**	**15,504,610**
4. Retentions	**(316)**	**(155)**	**(1,246,912)**	**(1,235,612)**
4.1 Depreciation and amortization	(316)	(155)	(1,030,382)	(1,019,281)
4.2 Amortization of intangible assets of the concession	-	-	(216,530)	(216,329)
5. Net added value generated (3 + 4)	**(11,515)**	**(12,787)**	**13,599,987**	**14,268,998**
6. Added value received in transfer	**2,768,044**	**1,947,489**	**1,063,262**	**1,018,097**
6.1 Financial Income	13,113	78,636	797,422	760,758
6.2 Equity interests in subsidiaries, associates and joint ventures	2,754,930	1,868,853	265,839	257,339
7. Added value to be distributed (5 + 6)	**2,756,529**	**1,934,701**	**14,663,249**	**15,287,096**
8. Distribution of added value				
8.1 Personnel and Charges	**17,547**	**15,798**	**1,117,635**	**1,082,921**
8.1.1 Direct Remuneration	8,946	7,851	613,621	610,202
8.1.2 Benefits	7,289	6,923	456,450	423,333
8.1.3 Government severance indemnity fund for employees - F.G.T.S.	1,312	1,024	47,564	49,386
8.2 Taxes, Fees and Contributions	**60,169**	**57,743**	**9,827,185**	**10,957,993**
8.2.1 Federal	60,106	57,719	4,870,034	5,883,501
8.2.2 Estate	62	24	4,930,542	5,051,161
8.2.3 Municipal	-	-	26,609	23,331
8.3 Interest and Rentals	**244**	**125**	**1,000,506**	**1,354,415**
8.3.1 Interest	23	39	920,776	1,297,184
8.3.2 Rental	221	86	79,731	57,231
8.4 Interest on capital	**2,678,569**	**1,861,036**	**2,717,922**	**1,891,770**
8.4.1 Retained Earnings	2,678,569	1,861,036	2,717,922	1,891,770
	2,756,529	**1,934,701**	**14,663,249**	**15,287,096**

The accompanying notes are an integral part of these interim financial statements.

CPFL ENERGIA S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AT SEPTEMBER 30, 2020

(Amounts in thousands of Brazilian reais – R$, unless otherwise stated)

(1) OPERATIONS

CPFL Energia S.A. (“CPFL Energia” or “Company”) is a publicly-held corporation incorporated for the principal purpose of operating as a holding company, with equity interests in other companies primarily engaged in electric energy distribution, generation and commercialization activities in Brazil.

The Company’s registered office is located at Rua Jorge Figueiredo Corrêa, nº 1.632, Jardim Professora Tarcília, CEP 13087-397 – Campinas - SP - Brazil.

The Company has direct and indirect interests in the following subsidiaries and joint ventures:

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	4,644	30 years	November 2027
Companhia Piratininga de Força e Luz ("CPFL Piratininga")	Publicly-held corporation	Direct 100%	Interior and coast of São Paulo	27	1,814	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	2,954	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	472	30 years	July 2045

Energy generation (conventional and renewable sources) and Energy transmission	Company type	Equity interest	Location (state)	Number of plants / type of energy	Installed power (MW) Total	Installed power (MW) CPFL share
CPFL Geração de Energia S.A. ("CPFL Geração")	Publicly-held corporation	Direct 100%	São Paulo e Goiás	n/a	n/a	n/a
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% (c)	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% (a)	Tocantins	1 Hydropower	903	38
CPFL Energias Renováveis S.A. ("CPFL Renováveis") (d)	Publicly-held corporation	Direct and Indirect 100%	(b)	(b)	(b)	(b)
CPFL Transmissão Piracicaba S.A ("CPFL Transmissão Piracicaba")	Privately-held corporation	Indirect 100%	São Paulo	n/a	n/a	n/a
CPFL Transmissão Morro Agudo S.A ("CPFL Transmissão Morro Agudo")	Privately-held corporation	Indirect 100%	São Paulo	n/a	n/a	n/a
CPFL Transmissão Maracanaú S.A. ("CPFL Maracanaú") (e)	Privately-held corporation	Indirect 100%	Ceará	n/a	n/a	n/a
CPFL Transmissão Sul I S.A. ("CPFL Sul I")	Privately-held corporation	Indirect 100%	Santa Catarina	n/a	n/a	n/a
CPFL Transmissão Sul II S.A. ("CPFL Sul II")	Privately-held corporation	Indirect 100%	Rio Grande do Sul	n/a	n/a	n/a

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 and equity interest in other companies	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, Industria 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 Servicos Administrativos de Recursos Humanos Ltda ("CPFL Pessoas")	Limited liability company	Provision of human resources services	Direct 100%
Nect Servicos Administrativos Financeiros Ltda ("CPFL Finanças")	Limited liability company	Provision of financial services	Direct 100%
Nect Servicos Adm de Suprimentos E Logistica 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 Ltda ("CPFL Total")	Limited liability company	Collection services	Direct 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 Jaguari de Geração de Energia Ltda ("Jaguari 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%

a) Paulista Lajeado holds a 7% interest in the installed power of Investco S.A. (5.94% interest in total capital).

b) CPFL Renováveis has operations in the states of São Paulo, Minas Gerais, Mato Grosso, Goiás, Santa Catarina, Ceará, Rio Grande do Norte, Paraná and Rio Grande do Sul and its main activities are: (i) holding investments in companies of the renewable energy segment; (ii) identification, development, and exploration of generation potentials; and (iii) sale of electric energy. At September 30, 2020, CPFL Renováveis had a portfolio of 116 enterprises with 3,147.3 MW of installed capacity (2,833.7 MW in operation):

- Hydropower generation: 41 SHP's (481 MW) with 40 SHPs in operation (453.1 MW) and 1 SHPs under construction/development (28 MW), 3 hydroelectric power plants (HPP) in operation (678 MW) and 5 small hydroelectric power plants (SHPP) in operation (3 MW).
- CPFL Renováveis has 51.54% of the assured energy and power of the Serra da Mesa hydropower plant, which concession is owned by Furnas;
- Wind power generation: 57 enterprise (1,594.1 MW) with 45 in operation (1,308.5 MW) and 12 under construction/development (285.6 MW);
- Biomass power generation: 8 plants in operation (394 MW);
- Solar power generation: 1 solar plant in operation (1.1 MW).

c) The joint venture Chapecoense has as its direct subsidiary Foz do Chapecó and fully consolidates its financial statements.

d) According to the Material News Release published on September 30, 2020 and also described in note 13.5, on September 30, 2020, the second stage of the corporate restructuring plan was approved at the Extraordinary Shareholders' Meeting with the objective of integrating CPFL Renováveis, giving continuity to the communication made in the material new release dated May 21, 2019.

1.1 - New York Stock Exchange delisting

On December 18, 2019, the Company's Board of Directors Meeting approved the Company's intention to: (i) terminate the Second Amended and Restated Deposit Agreement ("Deposit Agreement") with Citibank N.A. ("Citibank") with respect to its American Depositary Receipts ("ADRs"); (ii) delist its American Depositary Shares ("ADSs") from the New York Stock Exchange ("NYSE"); and (iii) once the Company complies with the applicable requirements, cancel its registration with the U.S. Securities and Exchange Commission ("SEC"). The Company believes that the economic rationale for maintaining a listing on the NYSE has decreased partly due to: (i) increases in the volume of Brazilian shares traded on B3 S.A. – Bolsa, Brasil, Balcão ("B3") in Brazil by foreign investors due to the internationalization of the Brazilian financial and capital markets, as well as the narrowing of the differences between the Brazilian and the US international financial reporting standards; and (ii) a downward trend in recent years in the trading volume of the Company's ADSs on the NYSE.

On February 10, 2020, the Company, through a Notice to the Market, informed that the delisting of its NYSE ADSs, mentioned in item (ii) above, will be effective as of this date.

On May 8, 2020, the Company, through a Notice to the Market, informed that, regarding the delisting of its NYSE ADSs, on that date it filed its post-effective Amendment to Form F-3 with SEC USA, under the terms of the U.S. Securities Exchange Act of 1934 ("Exchange Act") to cancel the registration of registered and non-traded securities based on such Form F-3.

On June 15, 2020, the Company, through a Notice to the Market, informed that, for compliance with the applicable criteria, on that date it filed with SEC a Form 15F to cancel its registration and end its financial disclosure obligations under the Exchange Act. With the protocol of this Form 15F, CPFL Energia's legal obligations to make financial disclosures under the Exchange Act are suspended and the cancelation of registration became effective on September 15, 2020.

1.2 - Impacts of COVID-19

On March 11, 2020, the World Health Organization (WHO) declared the coronavirus (COVID-19) to be a pandemic. The outbreak triggered significant decisions from governments and private sector entities that added to the potential impact of the outbreak, increased the degree of uncertainty for economic agents and may impact financial statements. The World's main economies and the main economic blocs are assessing significant stimulus packages to overcome the potential economic recession that the measures to mitigate the spread of COVID-19 may cause.

In Brazil, the executive and legislative branches of the government edited various acts to prevent and contain the pandemic, particularly Legislative Decree No. 6, edited on March 20, 2020, which declared a state of public calamity. The state and municipal governments also edited various acts seeking to restrict the free movement of people and commercial and service activities, in addition to making emergency investments in the healthcare sector available.

Management has constantly assessed the impact of the outbreak on the operations and the equity and financial position of the Group, in order to implement the appropriate measures to mitigate the impact to operations. Up until the authorization date for the issuance of this interim financial information, the following measures have been taken and the primary matters that are constantly being monitored are listed below:

- Implementing temporary measures for employees, such as home office plans, adapting collective spaces to avoid agglomerations of people, and other applicable measures relating to health;
- Negotiating with suppliers of equipment to evaluate delivery deadlines in light of the new scenario, without, until now, any indications of significant risks of delay that could impact operations;
- Evaluating contractual terms with financial institutions relating to loans and financing as well as supplier payments to mitigate any potential liquidity risks;
- Monitoring the variations of market indexes that may affect loans, financing and debentures;

- Evaluating potential renegotiations with customers, due to macroeconomic downturn. Management's initial expectation is that such renegotiations will be mostly directed towards temporary shifts in contracted quantities;

- Monitoring of any reduction in the billed market due to the closure of commercial and industrial establishments resulting from measures to combat the pandemic;

- Monitoring over-contracting of the Group's distributors due to load reductions and consequent energy surpluses exceeding the 5% provided for in the regulatory requirements;

- Monitoring of default faced by the Group's distributors, especially in light of the initial suspension for 90 days, as from March 25, 2020, and its extension until July 31, 2020, of the power supply cuts for default on the part of certain power consumers (residential and services considered essential, according to specific rule established by ANEEL), as well as the effects from resumption of the power supply disconnection policy after August 1, 2020.

Due to the significance of the potential impacts mentioned, the authorities of the Brazilian Electricity Sector, in particular the Ministry of Mines and Energy (MME) and the ANEEL adopted some measures during the period, as follows:

- Exemption for low-income power consumers with monthly consumption of up to 220 kilowatt-hours (kWh/month) from payment of the electric energy bill, in the period from April 1 to June 30, 2020, as provided for in Provisional Measure No. 950, of April 8, 2020, allowed by funding through Federal Government contributions to the CDE sector fund, as provided for in Provisional Measure No. 949, of April 8, 2020.
- Recognition of energy surpluses resulting from the load reduction of distributors, resulting from the effects of the COVID-19 pandemic, as an involuntary contractual exposure, to be regulated by ANEEL, as provided for in Provisional Measure No. 950, of April 8, 2020, and in Decree No. 10,350, of May 18, 2020.
- Creation of the COVID Account through Provisional Measure No. 950, of April 8, 2020 and regulated by Decree No. 10,350, of May 18, 2020, and Normative Resolution No. 885, of June 23, 2020.

The COVID Account is intended to receive funds to cover deficits or advance revenues, whether in whole or in part, to the concessionaires and licensees of electric energy distribution, related to: i) the effects of over-contracting from April to December 2020; ii) the creation of the Account for Compensation of "Parcel A" Variations - CVA between the date of approval of the last tariff process and December 2020; iii) the neutrality of sector charges from April to December 2020; iv) the postponement until June 30, 2020 of the results of the tariff processes of energy distributors approved until the same date, while the effects of the postponement persist; v) CVA balance recognized and deferrals recognized or reversed in the last tariff process, which have not been fully amortized; and vi) advance on of the regulatory asset related to "Parcel B".

The availability of such funds (except for item "iv" presented above) is limited to the effects of the pandemic estimated by ANEEL for each distributor, being: i) reduction in sales and collection, until December 2020, resulting from the effects of the state of public calamity; and ii) estimated amounts of deferrals and installments of overdue and falling due obligations related to the billing of contracted demand for Group A consumer units.

CCEE will contract a credit operation to contribute funds to the COVID Account and later pass them on to distributors until January 2021, according to the need declared by them individually, limited to the amounts to be approved by ANEEL. Payment of funds from the credit operation will be made through a charge, called CDE COVID, to be approved by ANEEL and charged to consumers based on the 2021 tariff processes during the time necessary to settle such operation.

In July 2020, the Group's distributors declared their needs by means of a digital protocol together with the Acceptance Document contained in Annex I of Normative Resolution No. 885, of June 23, 2020, considering items "i" to "iii" mentioned above, of which the maximum amount corresponded to the sum of the billing and collection reductions resulting from the effects of the prevailing declared public calamity, until December 2020, estimated by ANEEL and included in Annex II of said Resolution. Until September 30, 2020, the amounts were approved by ANEEL and the transfers for July, August and September were made by CCEE, according to the schedule presented by the power distributors, in the amount of R$ 1,280,260. The amounts related to the subsequent months, declared by the Group's power distributors within the limits established by ANEEL through Normative Resolution No. 885/20, totaling R$101,644, will be approved and transferred until January 2021, according to the schedule established by the regulatory Agency.

Considering all the analyses carried out on the aspects related to the possible impacts of COVID-19 on its businesses and those of its subsidiaries, as well as the regulatory updates made in the period, for the nine-month period ended September 30, 2020, the Company concluded that the main effects on its interim financial information are in Parcel A, Parcel B and allowance for doubtful accounts

The financial and economic effect for the Group and its subsidiaries during the year 2020 will depend on the outcome of the crisis and its macroeconomic impacts, especially with regard to the retraction in economic activity, as well as the extent of social distancing. The Group will continue to regularly monitor the effects of the crisis and the impacts on their operations and financial statements.

Economic and Financial Rebalancing

Due to the effects of the restrictive measures adopted by government to contain the advance of the pandemic caused by the Coronavirus outbreak (COVID-19), the Company and its subsidiaries, as well as other energy distribution concessionaires in the country, suffered some extraordinary and immediate impacts, such as a fall in revenue due to the retraction of the consumer market and a reduction in revenue due to the increase in defaults.

Considering the effects of the pandemic and, based on the concession contract between the Group's Distributors and the Granting Authority, through ANEEL, as well as articles 9 and 10 of Law No. 8,987, of February 13, 1995, among others applicable legal provisions, the Group's Distributors have the right to economic and financial rebalancing of the concession contract, so that, in a situation in which the burden generated by events outside the management of the risks inherent to the operation, such as, but not limited to, , events categorized as act of God or force majeure, or even determinations from the Granting Authority that impact the Company and its subsidiaries, must be reimbursed to the Company and its subsidiaries to rebalance the economic and financial health of the concession contract.

Decree nº 10.350, of May 18, 2020, which regulates Provisional Measure nº 950, of April 8, 2020, provides for ANEEL's analysis, in a specific administrative process, of the need to restore the economic and financial balance of the concessionaires of distribution of electricity, upon request from interested parties. Pursuant to ANEEL Normative Resolution No. 885, of June 23, 2020, the Agency established the second phase of Public Consultation No. 35 of 2020 (“CP35/2020”) in the period from August 18 to October 5, 2020, with the objective of regulating restoration of the economic and financial balance of concession contracts and permission for providing public power distribution service, which has not been concluded until closing of these interim financial statements.

Considering the impacts related to the drop in revenue due to the contraction of the consumer market and the reduction in revenue due to the increase in defaults, to be perceived at least between April and December 2020, the Company and its subsidiaries continue to evaluate the form of an eventual claim. Recomposition for such impacts, as well as accompanying, in parallel, the discussions on the definition of this specific regulation to be established by ANEEL after the aforementioned Public Consultation. Any impacts will be measured according to the progress of the public consultation and concluded after the definition of the methodology by ANEEL.

(2) PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

2.1 Basis of preparation

This interim individual (Parent Company) and consolidated financial statement has been prepared and is being presented in accordance with the International Accounting Standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standard Board – IASB, and also based on standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Financial Information (ITR), in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Reporting.

The Company and its subsidiaries (“Group”) also follows the guidelines of the Accounting Manual of the Brazilian Electricity Sector and the standards laid down by the Brazilian Electricity Regulatory Agency (Agência Nacional de Energia Elétrica – ANEEL), when these do not conflict with the accounting practices adopted in Brazil and/or International Financial Reporting Standards.

The accounting practices and criteria adopted in preparing these individual and consolidated interim financial statements are consistent with those adopted in preparing the financial statements at December 31, 2019, and therefore should be read together.

Management states that all material information of the interim financial statements is disclosed and corresponds to what is used in the Group's management.

The interim financial statements were authorized for issue by Management and on November 10, 2020.

2.2 Basis of measurement

The interim financial statements has been prepared on the historical cost basis except for the following items recorded in the statements of financial position: i) derivative financial instruments measured at fair value and ii) non derivative financial instruments measured at fair value through profit or loss. The classification of the fair value measurement in the level 1, 2 or 3 categories (depending on the degree of observance of the variables used) is presented in note 34 – Financial Instruments.

2.3 Use of estimates and judgments

The preparation of the interim financial statements requires the Group's management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

By definition, the accounting estimates are rarely the same as the actual results. Accordingly, the Group's management review the estimates and assumptions on an ongoing basis, based on previous experience and other relevant factors. Adjustments resulting from revisions to accounting estimates are recognized in the period in which the estimates are revised and applied on a prospective basis.

The main accounts that require the adoption of estimates and assumptions, which are subject to a greater degree of uncertainty and may result in a material adjustment if these estimates and assumptions suffer significant changes in subsequent periods, are:

- Note 7 – Consumers, concessionaires and licensees (Allowance for doubtful accounts: key assumptions regarding to the expected credit loss – ECL and premises for measuring the supply and Tariff for use of the distribution system ("TUSD") not invoiced);
- Note 9 – Sector financial asset and liability (Regulatory discretion and judgement over certain items);
- Note 10 – Deferred tax assets and liabilities (recognition of assets: availability of future taxable profit against which the tax losses can be utilized);
- Note 11 – Concession financial asset (assumptions for fair value measurement, based on significant unobservable inputs, see note 34);
- Note 12 – Other assets (allowance for doubtful accounts: key assumptions regarding to the expected credit loss - ECL);
- Note 14 – Property, plant and equipment (definition of useful lives and key assumptions regarding recoverable amounts);
- Note 15 – Intangible assets (key assumptions regarding recoverable amounts);
- Note 18 – Borrowings (key assumptions used in the fair value measurement);
- Note 19 – Debentures (key assumptions used in the fair value measurement);
- Note 16 – Contract Asset (key assumptions regarding recoverable amounts);
- Note 20 – Private pension plan (key actuarial assumptions used in the measurement of defined benefit obligations);
- Note 23 – Provision for tax, civil and labor risks and escrow deposits (recognition and measurement: key assumptions on the probability and magnitude of outflow of resources); and

- Note 34 - Financial instruments – derivatives (key assumptions used in the fair value measurement).

2.4 Functional currency and presentation currency

The Group's functional currency is the Brazilian Real, and the individual and consolidated interim financial statements is being presented in thousands of reais. Figures are rounded only after sum-up of the amounts. Consequently, when summed up, the amounts stated in thousands of reais may not tally with the rounded totals.

2.5 Segment information

An operating segment is a component of the Company (i) that engages in operating activities from which it earns revenues and incurs expenses, (ii) whose operating results are regularly reviewed by Management to make decisions about resources to be allocated and assess the segment's performance, and (iii) for which individual financial information is available.

The Group's officers use reports to make strategic decisions, segmenting the business into: (i) electric energy distribution activities ("Distribution"); (ii) electric energy generation and transmission from conventional sources activities ("Generation"); (iii) electric energy generation activities from renewable sources ("Renewables"); (iv) energy commercialization activities ("Commercialization"); (v) service activities ("Services"); and (vi) other activities not listed in the previous items.

2.6 Information on equity interests

The Company's equity interests in direct and indirect subsidiaries and joint ventures are described in note 1. Except for (i) the companies ENERCAN, BAESA, Chapecoense and EPASA, which use the equity method of accounting, and (ii) the non-controlling interest in the investment stated at cost by the subsidiary Paulista Lajeado in Investco S.A., all other entities are fully consolidated.

At September 30, 2020 and December 31, 2019 and for the quarters and nine months periods ended September 30, 2020 and 2019 the noncontrolling interests in the consolidated balances refer to interests held by third parties in subsidiaries CERAN, Paulista Lajeado and CPFL Renováveis.

2.7 Statement of value added

The Company has prepared the individual and consolidated statements of value added ("DVA") in conformity with technical pronouncement CPC 09 - Statement of Value Added, which are presented as an integral part of the interim financial statements in accordance with accounting practices adopted in Brazil and as supplementary information to the interim financial statements in accordance with IFRS, as this statement is neither provided for nor required by IFRS.

2.8 New presentation of the financial statements

As of September 2020, in order to make improvements in the presentation of accounting information, the Company started opening inventory lines in assets and provisions for demobilization and environmental expenses in liabilities.

For comparability purposes, these changes were applied retrospectively in accordance with CPC 23 / IAS 8, and, therefore, the Company is restating the 2019 financial statements with the same opening, R $ 71,551 in inventories, previously allocated to the other assets item, and R $ 24,485 in current and R $ 203,744 in non-current in provisions for demobilization and environmental expenses, previously allocated to other accounts payable. There were no changes in the income statement.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the changes noted bellow these interim financial information of the Group was prepared based on the same accounting policies described in notes 3.1 to 3.17 disclosed in the financial statements for the year ended December 31, 2019. Effects of the changes in accounting policies on the group's consolidated financial statements for the year ended December 31, 2020 are also expected.

Nature and effect of changes:

a) Financial instruments – financial liabilities measured at fair value through profit or loss

Financial liabilities are initially recognized on the date in which they are originated or on the trade date in which the Company or its subsidiaries become a party to the contractual provisions of the instrument and may be measured at fair value through profit or loss or at amortized cost. For debts contracted from the first quarter of 2020, due to characteristics at the time of contracting, the Group recognized gains or losses arising from borrowings in foreign currency designated at fair value in the profit or loss. See note 18.

b) Property, plant and equipment - change in the useful life of certain assets

With enactment of Normative Resolution 859/2019, related to the regulation on concession renewal, and after conducting internal studies and analyses, the depreciation rate of certain assets related to power generation of small hydroelectric power plants was changed, which was previously limited to the shorter of concession period or useful life, and started to consider the renewed concession period compared to the useful life. The effect in the 9 months of 2020 was a reduction in depreciation expense of R$ 40,031 and the expectation will be a reduction in annual depreciation of approximately R $ 53,374.

New standards and interpretations effective

The main standards amended, issued or under discussion by the International Accounting Standards Board (IASB) and the Accounting Pronouncements Committee (CPC) are as follows:

a) Amendments to accounting standards in effect

Standard	Description of amendment	Effective date
IFRS 3/CPC 15: Business Combinations	Establishes new requirements to determine whether a transaction should be recognized as business acquisition or asset acquisition.	January 1st, 2020
IFRS 9/CPC 48: Financial Instruments I FRS 7/CPC 40: Financial Instruments - Disclosures IAS 39/CPC 38: Financial Instruments - Recognition and Measurement	Inclusion of temporary exceptions to current hedge accounting requirements to neutralize the effects of uncertainties caused by the change of the benchmark interest rate (IBOR).	January 1st, 2020
IAS 1 / CPC 26: Presentation of Financial Statements IAS 8 / CPC 23: Accounting Policies, Changes in Accounting Estimates and Errors.	Changes the definition of “material”, establishing that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions made by users of the financial statements.	January 1st, 2020
IFRS 16 / CPC 06 (R2): Leases	Requirements for the purpose of making it easier for lessees to account for any concessions obtained in connection with agreements as a result of COVID-19, such as waiver, suspension or even temporary reduction of payments.	January 1st, 2020

(4) FAIR VALUE MEASUREMENT

A number of the Group’s accounting policies and disclosures require the fair value measurement, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, additional information on the assumptions made in the fair value measurement is disclosed in the notes specific to that asset or liability.

The Group measures fair value as the value at which an asset can be traded, or a liability settled, between interested parties, knowledgeable of the business and independent from each other, with the absence of factors that put pressure on the settlement of the transaction or that characterize a compulsory transaction.

- Property, plant and equipment, intangible assets and contract asset

The fair value of items of property, plant and equipment, intangible and contract asset is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

- Financial instruments

Financial instruments measured at fair value are valued based on quoted prices in an active market, or, if such prices are not available, they are assessed using pricing models, applied individually to each transaction, taking into consideration future cash flows, based on the contractual conditions, discounted to present value at rates obtained from market interest curves, having as a basis, whenever available, information obtained from the websites of B3 S.A. and "*Associação Brasileira das Entidades dos Mercados Financeiro e de Capitais – ANBIMA*" (note 34) and also includes the debtor's credit risk rate.

The right to compensation, to be paid by the Federal Government when the distribution concessionaires' assets are handed over at the end of the concession period are classified as measured at fair value through profit or loss. The methodology adopted for valuing these assets is based on the tariff review process for distributors. This process, conducted every four or five years according to each concessionaire, involves assessing the replacement price of the distribution infrastructure, in accordance with criteria established by the granting authority ("ANEEL"). This valuation basis is also used for establishing the distribution tariff, which is adjusted annually up to the next tariff review, based on main inflation indices.

Accordingly, at the time of the tariff review, each distribution concessionaire adjusts the position of the financial asset base for compensation at the amounts ratified by the granting authority and uses the Extended Consumer Price Index ("IPCA") as the best estimates for adjusting the original value until the next tariff review process.

(5) CASH AND CASH EQUIVALENTS

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Bank balances	613	2,195	210,247	450,622
Short-term financial investments	131,840	31,714	6,548,224	1,486,541
Private credit notes (a)	131,840	31,714	5,662,637	1,279,740
Investment funds (b)	-	-	885,587	206,801
Total	**132,452**	**33,909**	**6,758,471**	**1,937,163**

a) Short-term investments in: (i) Bank Certificates of Deposit (CDB) amounting to R$ 5,642,103 (R$ 994,521 in December 31, 2019, (ii) secured debentures amounting to R$ 20,534 (R$ 284,863 in December 31, 2019 and (iii) leasing notes amounting to R$ 356 in December 31, 2019. All with major financial institutions that operate in the Brazilian financial market, with daily liquidity, short term maturity, low credit risk and interest equivalent, on average, to 99.63% of the CDI (94.13% of the CDI in December 31, 2019).

b) Investments funds, with high liquidity and interest equivalent, on average, to 81.72% of the CDI, subject to floating rates tied to the CDI (92.26% of the CDI in December 31, 2019). linked to federal government bonds, CDBs, financial bills and secured debentures of major financial institutions, with low credit risk and short term maturity.

(6) MARKETABLE SECURITIES

	Consolidated	
Marketable securities	September 30, 2020	December 31, 2019
Through investment funds (a)	10	449,786
Direct investment (b)	1,357,362	401,218
Total	**1,357,372**	**851,004**

(a) At December 31, 2019, it represents amounts invested in government securities, Financial Bills ("LF") and Financial Treasury Bills ("LFT"), through investment fund quotas, yielding on average 99.87% of CDI.

(b) This refers to amounts invested in government securities and LFT, yielding on average 100% of SELIC.

(7) CONSUMERS, CONCESSIONAIRES AND LICENSEES

The consolidated balance includes mainly activities from the supply of electric energy, broken down as follows at September 30, 2020 and December 31, 2019:

	Consolidated				
	Amounts not due	Past due		Total	
		until 90 days	> 90 days	September 30, 2020	December 31, 2019
Current					
Consumer classes					
Residential	848,458	534,713	90,239	1,473,410	1,560,630
Industrial	289,173	59,617	101,494	450,283	504,078
Commercial	271,067	63,402	35,260	369,729	498,499
Rural	110,992	26,192	15,881	153,066	149,864
Public administration	63,809	12,497	9,519	85,825	119,389
Public lighting	66,035	4,724	4,526	75,284	79,373
Public utilities	103,603	18,775	9,898	132,276	124,655
Billed	**1,753,137**	**719,920**	**266,817**	**2,739,873**	**3,036,488**
Unbilled	1,362,705	-	-	1,362,705	1,230,883
Financing of consumers' debts	247,324	32,552	35,602	315,479	247,431
CCEE transactions	215,086	3	31,737	246,826	350,354
Concessionaires and licensees	336,982	3,600	10,666	351,248	403,628
Others	49,880	-	-	49,880	50,191
	3,965,114	**756,075**	**344,822**	**5,066,011**	**5,318,975**
Allowance for doubtful accounts				(326,224)	(333,396)
Total				**4,739,787**	**4,985,578**
Noncurrent					
Financing of consumers' debts	175,291	-	-	175,291	179,045
Free market energy	6,893	-	-	6,893	6,739
CCEE transactions	262,312	313,998	-	576,310	527,284
Total	**444,496**	**313,998**	-	**758,494**	**713,068**
				758,494	**713,068**

Allowance for doubtful accounts

The allowance for doubtful debts is set up based on the expected credit loss (ECL), adopting the simplified method of recognizing, based on the history and future probability of default. The allowance methodology is detailed in note 34.f.

Movements in the allowance for doubtful accounts are shown below:

	Consumers, concessionaires and licensees	Other assets (note 12)	Total
At December 31, 2019	**(333,396)**	**(29,019)**	**(362,415)**
Allowance - reversal (recognition)	(302,330)	379	(301,951)
Recovery of revenue	127,499	108	127,607
Write-off of accrued receivables	182,003	(108)	181,906
At September 30, 2020	**(326,224)**	**(28,640)**	**(354,850)**
Current	(326,224)	(28,640)	(354,850)

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(8) TAXES RECOVERABLE

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Current				
Prepayments of social contribution – CSLL	-	-	5,270	5,088
Prepayments of income tax - IRPJ	-	-	14,414	12,522
Income tax and social contribution to be offset	28,073	78	135,840	70,088
Income tax and social contribution to be offset	**28,073**	**78**	**155,524**	**87,698**
Withholding income tax - IRRF on interest on capital	15,576	40,099	15,576	40,432
Withholding income tax - IRRF	2,591	18,847	169,729	80,499
State VAT - ICMS to be offset	-	-	156,417	144,415
Social Integration Program - PIS	-	-	14,859	10,958
Contribution for Social Security Funding - COFINS	-	-	70,850	51,084
Others	-	-	6,071	4,039
Other taxes to be offset	**18,167**	**58,947**	**433,502**	**331,428**
Total current	**46,239**	**59,025**	**589,026**	**419,126**
Noncurrent				
Social contribution to be offset - CSLL	-	-	695	65,589
Income tax to be offset - IRPJ	-	-	34,813	35,939
Income tax and social contribution to be offset	-	-	**35,508**	**101,528**
State VAT - ICMS to be offset	-	-	206,816	191,523
Social Integration Program - PIS	-	-	30,653	30,987
Contribution for Social Security Funding - COFINS	-	-	141,214	142,779
Others	-	-	4,559	5,306
Other taxes to be offset	-	-	**383,242**	**370,595**
Total noncurrent	-	-	**418,750**	**472,123**

Exclusion of ICMS from the PIS and COFINS tax base

A number of subsidiaries of the Group are parties to several pending legal proceedings involving the Brazilian Federal Government that address the exclusion of ICMS amounts from the PIS and COFINS tax base, and right to receive refunds of other amounts previously paid. In 2019, CPFL Santa Cruz (related to the original lawsuit presented by four merged companies - CPFL Leste Paulista, CPFL Sul Paulista, CPFL Jaguari and CPFL Mococa) received a favorable final judicial decision on these matters, which is not subject to further appeal. As a result, CPFL Santa Cruz recognized a tax credit of R$ 166,870 using the calculation method in accordance with the “Federal Revenue Orientation 13/2018”. In 2019, CPFL Santa Cruz recognized a liability related to tax credits that need to be refunded, considering a maximum period of 10 years.

(9) SECTOR FINANCIAL ASSET AND LIABILITY

The breakdown of the balances of sector financial asset and liability and the movement for the period are as follows:

	Consolidated									
	At December 31, 2019			Operating income (note 27)		Financial income or expenses (note 30)	Receipt	At September 30, 2020		
	Deferred	Approved	Total	Constitution	Through billing	Monetary adjustment	COVID Account	Deferred	Approved	Total
Parcela "A"	**891,247**	**497,977**	**1,389,225**	**712,611**	**(688,102)**	**21,421**	**(1,111,523)**	**(28,812)**	**352,445**	**323,634**
CVA (*)										
CDE (**)	1,277	118,083	119,360	212,034	(190,272)	5,915	14,035	31,523	129,550	161,073
Electric energy cost	294,291	180,446	474,737	(1,335,875)	(130,968)	250	337,601	(506,302)	(147,953)	(654,255)
ESS e EER (***)	(341,381)	(301,275)	(642,656)	(380,043)	434,505	(13,195)	292,437	(10,869)	(298,082)	(308,951)
Proinfa	881	23,361	24,242	(44,864)	(12,186)	(392)	8,084	(9,497)	(15,618)	(25,115)
Basic network charges	180,686	7,967	188,654	279,202	(87,973)	3,871	(124,472)	137,147	122,136	259,283
Pass-through from Itaipu	848,587	542,747	1,391,334	1,200,752	(817,764)	28,027	(987,366)	222,773	592,209	814,983
Transmission from Itaipu	29,275	18,763	48,038	41,085	(29,326)	898	(14,519)	24,243	21,933	46,176
Neutrality of sector charges	9,636	(34,324)	(24,688)	174,620	33,383	(829)	(152,627)	26,365	3,494	29,859
Overcontracting	(132,005)	(57,791)	(189,796)	565,699	112,498	(3,125)	(484,696)	55,805	(55,224)	581
Other financial components	**(285,566)**	**(109,885)**	**(395,451)**	**44,426**	**14,145**	**(3,596)**	**(168,738)**	**(405,909)**	**(103,304)**	**(509,213)**
Total	**605,681**	**388,092**	**993,775**	**757,037**	**(673,957)**	**17,826**	**(1,280,261)**	**(434,721)**	**249,141**	**(185,579)**
Current assets			1,093,588							332,721
Noncurrent assets			2,748							-
Noncurrent liabilities			(102,561)							(518,300)

(*) Deferred tariff costs and gains variations from Parcel “A” items
(**) Energy Development Account – CDE
(***) System Service Charge (ESS) and Reserve Energy Charge (EER)

Receipt from the COVID account

This quarter, the power distribution subsidiaries received from the COVID account the amount of R$1,280,261 corresponding to the net amount between sector financial assets and liabilities, relating to the months of April to August 2020. This receipt represents the amount declared and approved by ANEEL.

The details of the nature of each sector financial asset and liability are provided in Note 8 to the financial statements at December 31, 2019

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

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(10) DEFERRED TAX ASSETS AND LIABILITIES

10.1 Breakdown of tax assets and liabilities

	Parent Company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Social contribution credit/(debit)				
Tax losses carryforwards	16,500	22,174	246,312	124,852
Tax benefit of merged intangible	-	-	83,677	89,511
Temporarily nondeductible/taxable differences	(482)	553	(480,971)	(218,616)
Subtotal	**16,019**	**22,727**	**(150,982)**	**(4,254)**
Income tax credit / (debit)				
Tax losses carryforwards	43,980	61,209	682,946	345,462
Tax benefit of merged intangible	-	-	268,928	288,754
Temporarily nondeductible/taxable differences	(1,337)	1,537	(1,324,251)	(602,934)
Subtotal	**42,642**	**62,747**	**(372,378)**	**31,282**
PIS and COFINS credit/(debit)				
Temporarily nondeductible/taxable differences	-	-	(19,785)	(10,380)
Total	**58,661**	**85,474**	**(543,143)**	**16,647**
Total tax credit	58,661	85,474	348,049	1,064,716
Total tax debit	-	-	(891,192)	(1,048,069)

The expected recovery of the deferred tax assets arising from nondeductible temporary differences, tax benefit of merged intangible and income tax and social contribution losses, is based on the projections of future profits.

10.2 Tax benefit of merged intangible asset

Refers to the tax benefit calculated on the intangible assets derived from the acquisition of subsidiaries, as shown in the following table, which were merged and are recognized in accordance with the concepts of CVM Instructions No. 319/1999 and No. 349/2001 and ICPC 09 (R2) - Individual Financial Statements, Separate Financial Statements, Consolidated financial statements and Application of the Equity Method. The benefit is being realized in proportion to the tax amortization of the merged intangible assets that originated them as per CPC 27 and CPC 04 (R1) - Clarification of acceptable methods of depreciation and amortization, over the remaining concession period, as shown in note 15.

	Consolidated			
	September 30, 2020		December 31, 2019	
	Social Contribution	Income tax	Social Contribution	Income tax
CPFL Paulista	33,151	92,086	36,620	101,723
CPFL Piratininga	8,368	28,720	9,145	31,385
RGE	42,158	138,323	43,746	144,878
CPFL Geração	-	-	-	10,769
CPFL Renováveis	-	9,800	-	-
Total	**83,677**	**268,928**	**89,511**	**288,754**

10.3 Accumulated balances on nondeductible temporary / taxable differences

	Consolidated					
	September 30, 2020			December 31, 2019		
	Social Contribution	Income tax	PIS/COFINS	Social Contribution	Income tax	PIS/COFINS
Temporarily nondeductible/ taxable differences						
Provision for tax, civil and labor risks	35,284	98,012	-	41,817	116,158	-
Private pension fund	5,679	15,774	-	4,006	11,127	-
Allowance for doubtful accounts	32,274	89,649	-	33,288	92,466	-
Free energy supply	9,821	27,279	-	9,632	26,756	-
Research and development and energy efficiency programs	26,173	72,703	-	33,289	92,468	-
Personnel-related provisions	4,104	11,401	-	6,225	17,293	-
Depreciation rate difference	3,617	10,046	-	4,097	11,380	-
Derivatives	(241,521)	(670,891)	-	(46,344)	(128,733)	-
Recognition of concession - adjustment of intangible asset	(4,735)	(13,154)	-	(5,352)	(14,867)	-
Recognition of concession - adjustment of financial asset	(185,741)	(515,945)	-	(171,599)	(476,664)	-
Actuarial losses	23,603	65,565	-	25,567	71,020	-
Fair value measurement - Derivatives	(11,613)	(32,258)	-	(8,670)	(24,082)	-
Fair value measurement - Debts	(4,594)	(12,762)	-	9,440	26,222	-
Other	(30,825)	(83,747)	(19,785)	(28,477)	(77,238)	(10,380)
Temporarily nondeductible differences - accumulated comprehensive income:						
Property, plant and equipment - adjustment of deemed cost	(43,140)	(119,833)	-	(45,568)	(126,578)	-
Actuarial losses	111,891	310,810	-	137,853	382,925	-
Fair value measurement - Derivatives	(2,149)	(5,968)	-	(318)	(883)	-
Fair value measurement - Debts	(10,444)	(29,011)	-	(6,638)	(18,439)	-
Temporarily nondeductible differences - business combination						
Deferred taxes - asset:						
Provision for tax, civil and labor risks	12,124	33,679	-	10,748	29,855	-
Fair value of property, plant and equipment (negative value added of assets)	17,262	47,949	-	18,344	50,955	-
Deferred taxes - liability:						
Value added derived from determination of deemed cost	(19,344)	(53,732)	-	(19,177)	(53,270)	-
Intangible asset - exploration right/authorization in indirect subsidiaries acquired	(199,666)	(554,629)	-	(216,651)	(601,809)	-
Other temporary differences	(9,032)	(15,190)	-	(4,128)	(8,995)	-
Total	**(480,971)**	**(1,324,251)**	**(19,785)**	**(218,616)**	**(602,934)**	**(10,380)**

10.4 Reconciliation of the income tax and social contribution amounts recognized in the statements of profit or loss for the quarters and nine-month period ended by September 30, 2020 and 2019:

	Parent Company				Consolidated			
	Social Contribution				Social Contribution			
	2020		2019		2020		2019	
	3rd quarter	Nine months	3rd quarter	Nine months	3rd quarter	Nine months	3rd quarter	Nine months
Profit before taxes	**1,383,714**	**2,725,414**	**720,592**	**1,904,905**	**1,380,469**	**3,473,950**	**1,067,610**	**2,858,936**
Reconciliation to reflect effective rate:								
Result of equity interests	(1,397,540)	(2,754,930)	(673,160)	(1,868,853)	(95,645)	(265,839)	(81,910)	(257,339)
Amortization of intangible asset acquired	(3,382)	(10,146)	(3,382)	(10,146)	12,162	36,486	12,162	36,486
Effect of presumed profit system	-	-	-	-	(231,310)	(356,839)	(129,209)	(277,407)
Adjustment of revenue from excess demand and excess reactive power	-	-	-	-	34,989	103,664	34,296	121,516
Interest on capital	103,840	103,840	78,155	78,155	-	-	-	-
Other permanent additions (exclusions), net	3,249	17,190	2,537	9,892	32,224	156,378	14,529	53,240
Tax base	**89,881**	**81,368**	**124,742**	**113,953**	**1,132,889**	**3,147,800**	**917,478**	**2,535,432**
Statutory rate	9%	9%	9%	9%	9%	9%	9%	9%
Tax credit/(debit)	**(8,089)**	**(7,323)**	**(11,227)**	**(10,256)**	**(101,960)**	**(283,302)**	**(82,573)**	**(228,189)**
Recorded (unrecognized) tax credit, net	(3,785)	(3,785)	-	-	92,176	78,916	(1,569)	(30,029)
Provision for tax risks	-	-	-	-	(425)	(852)	(2,570)	(2,570)
Total	**(11,874)**	**(11,108)**	**(11,227)**	**(10,256)**	**(10,207)**	**(205,238)**	**(86,711)**	**(260,789)**
Current	(4,399)	(4,400)	(7,049)	(7,050)	(50,861)	(90,256)	(43,666)	(215,536)
Deferred	(7,475)	(6,708)	(4,178)	(3,206)	40,654	(114,982)	(43,044)	(45,253)

	Parent Company				Consolidated			
	Income tax				Income tax			
	2020		2019		2020		2019	
	3rd quarter	Nine months	3rd quarter	Nine months	3rd quarter	Nine months	3rd quarter	Nine months
Profit before taxes	**1,383,714**	**2,725,414**	**720,592**	**1,904,905**	**1,380,469**	**3,473,950**	**1,067,610**	**2,858,936**
Reconciliation to reflect effective rate:								
Result of equity interests	(1,397,540)	(2,754,930)	(673,160)	(1,868,853)	(95,645)	(265,839)	(81,910)	(257,339)
Amortization of intangible asset acquired	-	-	-	-	15,689	47,067	15,689	47,067
Effect of presumed profit system	-	-	-	-	(255,001)	(412,215)	(150,956)	(316,709)
Adjustment of revenue from excess demand and excess reactive power	-	-	-	-	34,989	103,664	34,296	121,516
Interest on capital	103,840	103,840	78,155	78,155	-	-	-	-
Other permanent additions (exclusions), net	5,558	26,575	4,047	20,248	29,803	165,061	10,346	32,932
Tax base	**95,572**	**100,899**	**129,634**	**134,455**	**1,110,304**	**3,111,688**	**895,075**	**2,486,403**
Statutory rate	25%	25%	25%	25%	25%	25%	25%	25%
Tax credit/(debit)	**(23,893)**	**(25,225)**	**(32,408)**	**(33,614)**	**(277,576)**	**(777,922)**	**(223,769)**	**(621,601)**
Recorded (unrecognized) tax credit, net	(10,513)	(10,513)	-	-	258,902	227,304	(4,295)	(79,680)
Provision for tax risks	-	-	-	-	-	(172)	(5,097)	(5,097)
Total	**(34,406)**	**(35,737)**	**(32,408)**	**(33,614)**	**(18,673)**	**(550,790)**	**(233,160)**	**(706,377)**
Current	(15,533)	(15,633)	(22,785)	(23,165)	(135,519)	(235,313)	(114,524)	(575,929)
Deferred	(18,873)	(20,104)	(9,623)	(10,449)	116,846	(315,477)	(118,637)	(130,448)

Tax credit recognized (not recognized), net - The tax credit recognized corresponds to the portion of the tax credit calculated on income tax and social contribution losses, recorded due to the revision of estimated future results. The portion of tax credit not recognized corresponds to the loss generated for which, at this moment, there is no probable certainty about generation of sufficient future taxable profits for its offset.

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(11) CONCESSION FINANCIAL ASSET

	Consolidated
At December 31, 2019	**8,779,717**
Noncurrent	8,779,717
Transfer - contract asset	851,827
Transfer - intangible asset	(2,051)
Fair value adjustment	166,991
Disposals	(24,104)
At September 30, 2020	**9,772,378**
Noncurrent	9,772,378

The amount refers to the financial asset corresponding to the right established in the concession agreements of the energy distributors to receive cash by compensation upon the return of the assets to the granting authority at the end of the concession, measured at fair value.

According to the current tariff model, the remuneration for this asset is recognized in profit or loss upon billing to consumers and the realization occurs upon receipt of the electric energy bills. Moreover, the difference to adjust the balance at fair value (new replacement value) is recognized as a balancing item to the operating income account (note 27) in the statement of profit or loss for the period.

In the nine-month period of 2020, the amount of write-offs of R$ 24,104 (R$ 18,057 in the nine-month period of 2019) refers to the write-off of the asset-related adjustment of R$ 9,867 (R$ 7,063 in the nine-month period of 2019) and the write-off of assets of R$ 14,238 (R$ 10,994 in the nine-month period of 2019).

(12) OTHER ASSETS

	Consolidated			
	Current		Noncurrent	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Advances - Fundação CESP	7,625	13,562	6,797	6,797
Advances to suppliers	109,604	43,587	-	-
Pledges, funds and restricted deposits	9,921	1,431	27,180	569,733
Orders in progress	244,105	130,954	10,586	9,448
Services rendered to third parties	22,602	23,388	-	-
Energy pre-purchase agreements	-	-	8,373	10,432
Prepaid expenses	67,434	76,756	4,034	4,608
GSF renegotiation	-	6,488	-	-
Receivables - CDE	130,424	147,470	-	-
Advances to employees	41,893	20,640	-	-
Others	203,038	141,353	136,654	135,000
(-) Allowance for doubtful debts (note 7)	(28,640)	(29,019)	-	-
Total	**808,006**	**576,610**	**193,624**	**736,019**

Orders in progress - Comprises costs and revenues related to the deactivation or sale, in progress, of intangible assets and the costs of services related to expenses with ongoing projects of the Energy Efficiency Programs (“PEE”) and Research and Development (“R&D”). When the respective projects are closed, the balances are amortized against the respective liabilities recorded in Other Accounts Payable (note 24).

Receivables – CDE: refer to: (i) low-income subsidies amounting to R$ 24,502 (R$ 16,944 at December 31, 2019), (ii) other tariff discounts granted to consumers amounting to R$ 105,699 (R$ 130,516 at December 31, 2019), and (iii) tariff discounts – court injunctions amounting to R$ 223 (R$ 9 at December 31, 2019)

(13) INVESTMENTS

	Parent company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Equity method				
By equity method of the subsidiary and joint venture	13,490,672	11,741,300	1,089,811	988,516
Advances for future capital increases	5,000	14,160	-	-
Subtotal	13,495,672	11,755,460	1,089,811	988,516
Fair value of assets, net	509,392	565,617	9,046	9,481
Goodwill	6,054	6,054	-	-
Total	**14,011,118**	**12,327,132**	**1,098,857**	**997,997**

13.1 Equity interests – equity method

The main information on investments in direct equity interests is as follows:

Investment	Total assets	Issued capital	Equity	Profit or loss for the period	Share of equity of investees September 30, 2020	Share of equity of investees December 31, 2019	Share of profit (loss) of investees Nine months 2020	Share of profit (loss) of investees Nine months 2019
	September 30, 2020							
CPFL Paulista	13,598,115	1,325,848	1,840,191	712,243	1,840,191	1,522,421	712,243	553,156
CPFL Piratininga	4,819,561	253,909	722,388	263,856	722,388	564,024	263,856	195,620
CPFL Santa Cruz	1,858,500	170,413	533,968	66,732	533,968	465,625	66,732	78,062
RGE	12,649,096	2,820,677	4,125,177	525,662	3,611,442	3,489,745	478,590	367,265
CPFL Geração	5,011,262	935,783	3,378,363	890,224	3,378,363	3,068,752	890,224	580,135
CPFL Renováveis	11,450,417	4,032,219	5,735,675	456,141	2,819,084	2,125,023	226,041	-
CPFL Jaguari Geração	66,614	40,108	55,557	7,095	55,557	58,310	7,095	6,184
CPFL Brasil	1,609,399	3,000	116,562	82,122	116,562	86,651	82,122	79,054
CPFL Planalto	6,205	630	5,790	3,346	5,790	6,466	3,346	2,940
CPFL Serviços	294,703	150,929	187,965	26,784	187,965	131,181	26,784	10,164
CPFL Atende	29,943	13,991	21,785	8,316	21,785	24,296	8,316	8,592
CPFL Infra	21,753	38	1,109	1,064	1,109	14,025	1,064	17,590
CPFL Pessoas	10,671	811	7,174	6,201	7,174	4,517	6,201	-
CPFL Finanças	15,075	385	10,944	10,482	10,944	5,566	10,482	-
CPFL Supre	7,920	826	4,882	3,891	4,882	3,267	3,891	-
CPFL Total	34,958	9,005	31,079	21,396	31,079	35,348	21,396	19,118
CPFL Telecom	4,426	1,928	4,228	40	4,228	4,188	40	99
CPFL Centrais Geradoras	-	-	-	(214)	-	16,020	(214)	(195)
CPFL Eficiência	139,608	90,234	130,756	2,388	130,756	118,189	2,388	(4,595)
AUTHI	23,313	10	12,406	560	12,406	11,846	560	12,228
Subtotal - by subsidiary's equity					**13,495,672**	**11,755,460**	**2,811,157**	**1,925,416**
Amortization of fair value adjustment of assets					-	-	(56,225)	(56,563)
Total					**13,495,672**	**11,755,460**	**2,754,930**	**1,868,853**
Investment					13,490,672	11,741,300		
Advances for future capital increases					5,000	14,160		

Asset surplus (value added) of net assets acquired in business combinations are classified in the parent's statement of profit or loss in the group of Investments. In the parent company's statement of profit or loss, the amortization of the asset surplus (value added) of net assets of R$ 56,225 (R$ 56,563 in the nine-month period of 2019) is classified in line item "share of profit (loss) of investees", in conformity with ICPC 09 (R2).

The movements, in the parent company, of the balances of investments in subsidiaries for the period are as follows:

Investment	Investment at December 31, 2019	Capital increase /payment of capital	Share of profit (loss) of investees	Other comprehensive income	Corporate restructuring (note 13.5)	Dividend and Interest on capital	Advances for future capital increases	Investment at September 30, 2020
CPFL Paulista	1,522,421	-	712,243	181,862	-	(576,334)	-	1,840,191
CPFL Piratininga	564,024	-	263,856	90,565	-	(196,057)	-	722,388
CPFL Santa Cruz	465,625	-	66,732	1,611	-	-	-	533,968
RGE	3,489,745	-	478,590	20,777	-	(377,670)	-	3,611,442
CPFL Geração	3,068,752	-	890,224	86,822	(564,118)	(103,317)	-	3,378,363
CPFL Renováveis	2,125,023	-	226,041	(88,617)	579,924	(23,287)	-	2,819,084
CPFL Jaguari Geração	58,310	-	7,095	-	-	(9,848)	-	55,557
CPFL Brasil	86,651	-	82,122	1,185	-	(53,397)	-	116,562
CPFL Planalto	6,466	-	3,346	-	-	(4,022)	-	5,790
CPFL Serviços	131,181	30,000	26,784	-	-	-	-	187,965
CPFL Atende	24,296	-	8,316	-	-	(10,827)	-	21,785
CPFL Infra	14,025	-	1,064	-	-	(13,980)	-	1,109
CPFL Pessoas	4,517	-	6,201	-	-	(3,544)	-	7,174
CPFL Finanças	5,566	-	10,482	-	-	(5,105)	-	10,944
CPFL Supri	3,267	-	3,891	-	-	(2,276)	-	4,882
CPFL Total	35,348	-	21,396	-	-	(25,665)	-	31,079
CPFL Telecom	4,188	-	40	-	-	-	-	4,228
CPFL Centrais Geradoras	16,020	-	(214)	-	(15,806)	-	-	-
CPFL Eficiência	132,349	14,160	2,388	-	-	5,179	(9,160)	130,756
AUTHI	11,846	-	560	-	-	-	-	12,406
	11,769,620	**44,160**	**2,811,157**	**294,206**	**-**	**(1,400,150)**	**(9,160)**	**13,495,672**

In the consolidated, the investment balances refer to interests in joint ventures accounted for using the equity method:

Investments in joint ventures	September 30, 2020	December 31, 2019	Nine months 2020	Nine months 2019
	Share of equity		Share of profit (loss)	
Baesa	124,794	156,185	(8,842)	(3,426)
Enercan	227,161	207,868	110,919	92,890
Chapecoense	491,770	381,219	110,550	101,050
EPASA	246,086	243,244	53,647	67,260
Fair value adjustments of assets, net	9,046	9,481	(435)	(435)
	1,098,857	**997,997**	**265,839**	**257,339**

13.2 Fair value adjustments and goodwill

Fair value adjustments refer basically to the right to the concession acquired through business combinations. The goodwill refers basically to acquisitions of investments and is based on projections of future profits.

In the financial statements, these amounts are classified as Intangible Assets (note 15).

13.3 Dividends and interest on capital receivable

At September 30, 2020 and December 31, 2019, the Company has the following amounts receivable from the subsidiaries below, relating to dividends and interest on capital:

	Parent Company					
	Dividend		Interest on capital		Total	
Subsidiary	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
CPFL Paulista	951,124	504,789	115,928	115,928	1,067,052	620,717
CPFL Piratininga	228,229	32,172	35,254	35,254	263,483	67,426
CPFL Santa Cruz	3,473	3,473	39,728	39,728	43,201	43,201
RGE	377,671	-	-	-	377,671	-
CPFL Geração	-	-	141,757	53,937	141,757	53,937
CPFL Centrais Geradoras	-	815	-	-	-	815
Jaguari de Geração	11,042	10,194	-	-	11,042	10,194
CPFL Brasil	53,397	-	-	1,200	53,397	1,200
CPFL Serviços	-	3,193	-	-	-	3,193
CPFL Atende	-	-	444	343	444	343
CPFL Infra	13,980	-	-	-	13,980	-
CPFL Eficiência	-	2,630	-	2,550	-	5,179
AUTHI	10,000	10,000	-	-	10,000	10,000
CPFL Renováveis	23,287	-	-	-	23,287	-
	1,672,203	**567,266**	**333,111**	**248,940**	**2,005,314**	**816,205**

The consolidated balance includes dividends and interest on capital receivable amounting to R$ 99,942 at September 30, 2020 and R$ 100,297 at December 31, 2019 related basically to joint ventures.

13.4 Noncontrolling interests and joint ventures

The disclosure of interests in subsidiaries, in accordance with IFRS 12 and CPC 45, is as follows:

13.4.1 Movements in noncontrolling interests

	CERAN	CPFL Renováveis	Paulista Lajeado	Total
At December 31, 2019	**104,134**	**104,532**	**80,191**	**288,857**
Equity interest and voting capital	35.00%	0.06%	40.07%	
Equity attributable to noncontrolling interests	24,639	9,144	5,571	39,354
Gain (loss) on interest in subsidiaries with no change in control	-	(2,489)	-	(2,489)
Dividends	(27,686)	(11,952)	-	(39,638)
Other movements	-	(59)	(15)	(75)
At September 30, 2020	**101,087**	**99,175**	**85,747**	**286,008**
Equity interest and voting capital	35.00%	0.00%	40.07%	

13.4.2 Summarized financial information on subsidiaries that have noncontrolling interests

The summarized financial information on subsidiaries that have noncontrolling interests at September 30, 2020 and December 31, 2019 and the nine-month period ended at September 30, 2020 and 2019, is as follows:

BALANCE SHEET

	September 30, 2020			December 31, 2019		
	CERAN	CPFL Renováveis	Paulista Lajeado	CERAN	CPFL Renováveis	Paulista Lajeado
Current assets	167,233	1,703,385	26,366	78,836	1,312,372	19,734
Cash and cash equivalents	134,212	892,167	20,906	33,140	412,579	9,564
Noncurrent assets	717,950	10,915,103	148,877	751,546	10,496,351	141,185
Current liabilities	261,389	1,821,270	37,088	215,198	1,545,741	35,374
Borrowings and debentures	107,639	451,023	-	106,128	617,030	-
Intragroup loan	-	393,689	-	-	-	-
Other financial liabilities	14,576	33,044	166	13,256	430,257	250
Noncurrent liabilities	334,975	4,962,367	791	317,660	5,616,562	782
Borrowings and debentures	211,413	1,822,596	-	211,051	4,387,676	-
Intragroup loan	-	2,013,573	-	-	-	-
Other financial liabilities	100,289	-	-	91,181	-	-
Equity	288,819	5,834,850	137,365	297,523	4,646,421	124,763
Equity attributable to owners of the Company	288,819	5,735,675	137,365	297,523	4,544,434	124,763
Equity attributable to noncontrolling interests	-	99,175	-	-	101,987	-

PROFIT OR LOSS

	Nine months 2020			Nine months 2019		
	CERAN	CPFL Renováveis	Paulista Lajeado	CERAN	CPFL Renováveis	Paulista Lajeado
Net operating revenue	218,732	1,384,183	28,071	248,522	1,344,542	30,719
Operacional costs and expenses	(54,393)	(473,719)	(16,586)	(69,061)	(517,417)	(19,163)
Depreciation and amortization	(32,805)	(432,983)	(2)	(32,766)	(483,953)	(3)
Interest income	1,552	30,040	297	3,259	57,761	598
Interest expense	(26,883)	(239,048)	-	(30,789)	(328,574)	-
Income tax expense	(36,133)	245,252	(1,908)	(39,782)	(35,305)	(1,589)
Profit (loss) for the year	70,397	465,286	14,002	78,762	(7,634)	12,240
Attributable to owners of the Company	70,397	456,143	14,002	78,762	(15,405)	12,240
Attributable to noncontrolling interests	-	9,144	-	-	7,772	-

13.4.3 Joint ventures

The summarized financial information on joint ventures at September 30, 2020 and December 31, 2019 and the nine-month periods ended at September 30, 2020 and 2019, is as follows:

BALANCE SHEET

	September 30, 2020				December 31, 2019			
	Enercan	Baesa	Chapecoense	Epasa	Enercan	Baesa	Chapecoense	Epasa
Current assets	229,157	39,703	541,326	314,714	219,117	66,863	379,359	294,877
Cash and cash equivalents	71,576	20,723	305,696	179,109	77,290	18,315	240,645	96,130
Noncurrent assets	941,231	892,492	2,397,783	446,319	982,032	915,379	2,472,085	470,864
Current liabilities	433,667	127,968	387,675	97,773	390,817	72,383	451,803	93,512
Borrowings and debentures	128,087	-	138,183	35,580	133,548	-	138,759	35,660
Other financial liabilities	7,955	39,652	76,502	916	7,131	35,944	75,668	1,416
Noncurrent liabilities	270,492	305,167	1,587,181	201,937	383,699	285,269	1,652,152	216,233
Borrowings and debentures	127,861	-	811,829	89,523	255,756	-	913,308	115,842
Other financial liabilities	27,142	289,492	754,149	-	25,513	271,267	731,113	-
Equity	466,229	499,060	964,254	461,323	426,632	624,591	747,489	455,996

PROFIT OR LOSS

	Nine months 2020				Nine months 2019			
	Enercan	Baesa	Chapecoense	Epasa	Enercan	Baesa	Chapecoense	Epasa
Net operating revenue	527,905	132,861	693,108	201,562	484,361	196,313	653,010	476,780
Operacional costs and expenses	(133,715)	(103,332)	(150,899)	(48,714)	(135,107)	(146,928)	(147,358)	(286,263)
Depreciation and amortization	(37,317)	(38,054)	(93,518)	(26,096)	(36,562)	(38,043)	(93,244)	(26,048)
Interest income	2,496	671	7,516	3,345	4,780	1,533	13,282	2,896
Interest expense	(13,566)	(45,006)	(132,064)	(8,043)	(27,710)	(25,785)	(127,371)	(10,906)
Income tax expense	(117,265)	17,574	(111,827)	(24,193)	(97,563)	(482)	(99,936)	(30,448)
Profit (loss) for the period	227,651	(35,358)	216,765	100,569	190,649	(13,702)	198,138	126,088
Equity Interests and voting capital	**48.72%**	**25.01%**	**51.00%**	**53.34%**	**48.72%**	**25.01%**	**51.00%**	**53.34%**

Even holding more than 50% of the equity interest in Epasa and Chapecoense, the subsidiary CPFL Geração jointly controls these investments with other shareholders. The analysis of the classification of the type of investment is based on the Shareholders' Agreement of each joint venture.

The borrowings from BNDES obtained by the joint venture Chapecoense establish restrictions on the payment of dividend to subsidiary CPFL Geração above the minimum mandatory dividend of 25% without the prior consent of BNDES.

13.4.4 Joint ventures operation

Through its wholly-owned subsidiary CPFLRenováveis, the Company holds part of the assets of the Serra da Mesa hydropower plant, located on the Tocantins River, in Goias State. The concession and the right to operate the hydropower plant are held by Furnas Centrais Elétricas S.A. In order to maintain these assets operating jointly with Furnas (jointly operation), CPFL Renováveis was assured 51.54% of the installed power of 1,275 MW (657 MW) and the assured energy of mean 637.5 MW (mean 328.57 MW) until 2028.

13.5 Integration of CPFL Renováveis

On September 22, 2020, through Authorizing Resolutions No. 9,229/2020 and 9,230/2020, ANEEL authorized partial spin-off of CPFL Geração, with transfer of its spun-off net assets to CPFL Renováveis, the total merger of CPFL Centrais Geradoras into CPFL Renováveis and capital increase of CPFL Renováveis through the payment of credits by CPFL Geração, with all the operations being approved by the Extraordinary Shareholders' Meeting ("ESM") held on September 30, 2020. The new structure aims to strengthen administrative structures and bring synergies to the Group.

As a result of the corporate restructuring and the transactions, the Share Capital of CPFL Geração and CPFL Renováveis is now R$ 935,782 and R$ 4,032,291, respectively, in addition, CPFL Centrais Geradoras was extinguished, being succeeded by CPFL Renováveis. After the aforementioned transactions, equity interest of CPFL Energia and CPFL Geração in CPFL Renováveis is 50.85% and 49.15%, respectively.

CPFL Geração's spun-off net assets as a consequence of these transactions amount to R$ 395,929 on June 30, 2020 (date of the technical report), with share capital R $ 108,129 and comprehensive income R $ 287,700 and R $ 564,118 on September 30, 2020 (date of approval at the EGM and completion of the transaction), with share capital R $ 108,129, comprehensive income R $ 281,840 and retained earnings of R$ 174,139, which have not generated any effect on the Group's consolidated financial statements.

(14) PROPERTY, PLANT AND EQUIPMENT

	Consolidated							
	Land	Reservoirs, dams and water mains	Buildings, construction and improvements	Machinery and equipment	Vehicles	Furniture and fittings	In progress	Total
At December 31, 2019	**167,228**	**1,314,749**	**940,779**	**6,281,123**	**46,136**	**7,070**	**326,625**	**9,083,710**
Historical cost	224,053	2,226,232	1,599,104	9,999,155	105,863	23,447	326,625	14,504,478
Accumulated depreciation	(56,825)	(911,483)	(658,325)	(3,718,031)	(59,727)	(16,377)	-	(5,420,768)
Additions	-	-	-	-	-	-	231,751	231,751
Disposals	(852)	(2,466)	(8)	(64,877)	(462)	(19)	(398)	(69,082)
Transfers	852	3,455	72,869	55,740	11,865	744	(145,525)	-
Transfers from/to other assets - cost	-	18,254	12,034	115,305	181	133	253	146,160
Depreciation	(1,933)	(39,907)	(39,940)	(318,401)	(10,957)	(660)	-	(411,798)
Write-off of depreciation	40	1,009	6	57,378	282	12	-	58,727
Transfers from/to other assets - depreciation	-	(18,254)	(12,057)	(114,698)	(181)	(133)	-	(145,323)
At September 30, 2020	**165,335**	**1,276,841**	**973,681**	**6,011,572**	**46,865**	**7,145**	**412,703**	**8,894,142**
Historical cost	224,053	2,245,475	1,683,998	10,105,323	117,447	24,304	412,703	14,813,303
Accumulated depreciation	(58,718)	(968,633)	(710,317)	(4,093,751)	(70,583)	(17,159)	-	(5,919,161)
Average depreciation rate	**3.86%**	**2.42%**	**3.23%**	**4.28%**	**12.11%**	**5.67%**		

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(15) INTANGIBLE ASSETS

	Consolidated					
		Concession right				
	Goodwill	Acquired in business combinations	Distribution infrastructure - operational	Public utilities	Other intangible assets	Total
At December 31, 2019	**6,115**	**3,483,750**	**5,728,040**	**23,065**	**79,981**	**9,320,953**
Historical cost	6,152	7,495,458	12,814,937	35,840	238,352	20,590,739
Accumulated amortization	(37)	(4,011,708)	(7,086,896)	(12,774)	(158,372)	(11,269,787)
Additions	-	-	-	-	7,200	7,200
Amortization	-	(216,530)	(607,693)	(1,065)	(9,854)	(835,142)
Transfer - contract assets	-	-	618,516	-	-	618,516
Transfer - financial asset	-	-	2,051	-	-	2,051
Disposal and transfer - other assets	-	-	(35,558)	-	(602)	(36,160)
Saldo em 30/09/2020	**6,115**	**3,267,220**	**5,705,356**	**22,001**	**76,724**	**9,077,416**
Historical cost	6,152	7,495,458	13,399,946	35,840	244,950	21,182,346
Accumulated amortization	(37)	(4,228,238)	(7,694,589)	(13,839)	(168,226)	(12,104,929)

In the consolidated financial statements the amortization of intangible assets is recognized in the income statement as follows: (i) "depreciation and amortization" for amortization of distribution infrastructure intangible assets, use of public asset and other intangible assets; and (ii) "amortization of concession intangible asset" for amortization of the intangible asset acquired in business combination.

15.1 Intangible asset acquired in business combinations

The breakdown of the intangible asset related to the right to operate the concessions acquired in business combinations is as follows:

	Consolidated					
	September 30, 2020			December 31, 2019	Annual amortization rate	
	Historic cost	Accumulated amortization	Net value	Net value	2020	2019
Intangible asset - acquired in business combinations						
Intangible asset acquired and not merged						
CPFL Paulista	304,861	(234,463)	70,399	77,888	3.28%	3.28%
CPFL Piratininga	39,065	(28,600)	10,464	11,435	3.31%	3.31%
RGE	3,768	(2,501)	1,267	1,399	4.67%	4.68%
CPFL Geração	54,555	(40,562)	13,992	15,376	3.38%	3.38%
Jaguari Geração	7,896	(4,593)	3,303	3,505	3.41%	3.41%
CPFL Renováveis	3,653,906	(1,330,131)	2,323,775	2,443,397	4.37%	4.36%
Subtotal	**4,064,052**	**(1,640,851)**	**2,423,201**	**2,553,000**		
Intangible asset acquired and merged						
RGE	1,433,007	(1,062,310)	370,697	409,739	3.63%	3.63%
CPFL Renováveis (CPFL Geração on December 31,2019)	426,450	(350,870)	75,579	83,053	2.34%	2.34%
Subtotal	**1,859,457**	**1,413,182**	**446,275**	**492,792**		
Intangible asset acquired and merged – reassembled						
CPFL Paulista	1,074,026	(843,228)	230,799	254,952	3.00%	3.00%
CPFL Piratininga	115,762	(84,752)	31,010	33,887	3.31%	3.31%
Jaguari Geração	15,275	(9,641)	5,633	5,978	3.01%	3.01%
RGE	366,887	(236,583)	130,304	143,141	4.67%	4.67%
Subtotal	**1,571,949**	**(1,174,205)**	**397,744**	**437,958**		
Total	**7,495,458**	**(4,228,239)**	**3,267,220**	**3,483,750**		

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(16) CONTRACT ASSET

	Distribution	Transmission	Consolidated
At December 31, 2019	**1,068,207**	**279,003**	**1,347,210**
Current	-	24,387	24,387
Noncurrent	1,068,207	254,616	1,322,822
Additions	1,624,529	94,340	1,718,869
Transfer - intangible assets in service	(618,516)	-	(618,516)
Transfer - financial assets	(851,826)	-	(851,826)
Monetary adjustment	-	27,921	27,921
Cash inputs - RAP	-	(18,038)	(18,038)
At September 30, 2020	**1,222,393**	**383,227**	**1,605,620**
Current	-	24,565	24,565
Noncurrent	1,222,393	358,662	1,581,055

Contractual asset of distribution companies: Refers to concession infrastructure assets of the distribution companies during the construction period.

Contract asset of transmission companies: refers to the right to receive the "Permitted Annual Revenue – RAP" over the concession period as well as an indemnity at the end of the concession of the transmission subsidiaries

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(17) TRADE PAYABLES

	Consolidated	
	September 30, 2020	December 31, 2019
Current		
System service charges	3,083	2,707
Energy purchased	1,968,349	2,288,441
Electricity network usage charges	345,380	250,600
Materials and services	397,447	554,940
Free market energy	167,212	163,492
Total	**2,881,472**	**3,260,180**
Noncurrent		
Energy purchased	399,297	359,944
Total	**399,297**	**359,944**

(18) BORROWINGS

The movement in borrowings are as follows:

	Consolidated						
Category	At December 31, 2019	Raised	Repayment	Interest, monetary adjustment and fair value measurement	Exchange rates variation	Interest paid	At September 30, 2020
Measured at cost							
Local currency							
Pre fixed	711,398	-	(699,515)	20,032	-	(22,332)	9,583
Post fixed							
TJLP	2,744,331	3,000	(2,250,389)	115,665	-	(122,901)	489,706
IPCA	1,609,038	1,250,000	(108,352)	107,843	-	(70,049)	2,788,480
Selic	83,073	-	(84,405)	2,498	-	(1,166)	-
CDI	180,012	-	(48,547)	3,666	-	(5,410)	129,721
IGP-M	42,605	-	(9,042)	7,211	-	(2,611)	38,163
UMBNDES	1,694	-	(1,796)	121	-	(19)	-
Others	39,777	-	(39,671)	996	-	(1,102)	-
Total at cost	**5,411,928**	**1,253,000**	**(3,241,717)**	**258,031**	-	**(225,590)**	**3,455,653**
Borrowing costs (*)	**(57,684)**	**(17,432)**	-	**23,315**	-	-	**(51,801)**
Measured at fair value							
Foreign currency							
Dollar	4,178,417	1,909,349	(2,147,630)	143,928	2,064,740	(136,618)	6,012,186
Euro	846,692	1,520,640	-	11,992	796,670	(11,124)	3,164,870
Fair value measurement	(16,056)	-	-	(182,412)	-	-	(198,468)
Total at fair value	**5,009,052**	**3,429,989**	**(2,147,630)**	**(26,491)**	**2,861,410**	**(147,742)**	**8,978,588**
Total	**10,363,296**	**4,665,557**	**(5,389,347)**	**254,855**	**2,861,410**	**(373,332)**	**12,382,440**
Current	**2,776,193**						**3,466,905**
Noncurrent	**7,587,102**						**8,915,535**

(*) In accordance with CPC 48/IFRS 9, this refers to borrowing costs directly attributable to the issuance of the respective debts, measured at cost.

The detail on borrowings are as follows:

Category	Annual interest		September 30, 2020	December 31, 2019	Maturity range	Collateral
Mensuradas ao custo - Moeda Nacional						
Pré fixado						
FINEM	Pré fixado from 2.5% to 6%	(a)	-	264,093	2013 to 2020	(i) Liens on equipment; (ii) Pledge and liens on credit rights; (iii) Reserve, centralizing and receivables accounts; (iv) Pledge of emergent rights of the authorizations; (v) Pledge of shares; (vi) CPFL Renováveis, CPFL Energia e State Grid guarantee
FINAME	Pré fixado from 2.5% to 10%	(a)	9,583	54,328	2012 to 2024	(i) Liens on equipment; (ii) Pledge and liens on credit rights; (iii) Reserve, centralizing and receivables accounts; (iv) CPFL Renováveis, CPFL Energia e State Grid Brazil Power guarantee
FINEP	Pré fixado from 3.5% to 5%		-	944	2013 to 2020	Bank guarantee
BNB	Pré fixado from 9.5% to 10.14%		-	392,033	2027 to 2020	(i) Liens on equipment; (ii) Pledge of revenue; (iii) Pledge of shares; (iv)Pledge of emergents rights authorized; (v) Reserve account; (vi) Bank guarantee; (vii) CPFL Renováveis guarantee
			9,583	**711,398**		
Post Fixed						
TJLP						
FINEM	TJLP e TJLP + from 1.72% to 5.5%	(b)	487,048	2,721,358	2012 to 2039	(i) Pledge and liens on equipment; (ii) Pledge and liens on credit rights (iii) Reserve, centralizing and receivables accounts; (iv) Pledge of shares (v) Pledge of emergents rights authorized by ANEEL; (vi) Pledge of beneficiary shares; (vii) CPFL Renováveis, CPFL Energia and State Grid Brazil Power guarantee; (viii) Bank guarantee
FINAME	TJLP + 2.2% to 4.2%	(b)	-	14,853	2017 to 2020	CPFL Energia guarantee and Liens on equipment and receivables
FINEP	TJLP + 5% to 6%		2,658	4,284	2017 to 2022	Bank guarantee
Bank loans	TJLP + 2.99 to 3.10%		-	3,837	2014 to 2020	CPFL Energia guarantee
			489,706	**2,744,331**		
IPCA						
FINEM	IPCA + 4.27% to 4.80%		**2,788,480**	**1,609,038**	2020 to 2040	CPFL Energia guarantee and receivables
SELIC						
FINEM	SELIC + 2.19% to 2.66%	(c)	-	79,131	2015 to 2020	State Grid Brazil Power and CPFL Energia guarantee and Receivables
FINAME	SELIC + 2.70% to 3.90%		-	3,943	2016 to 2020	CPFL Energia guarantee and Liens on equipment
			-	**83,073**		
CDI						
Bank loans	(i) 105% of CDI (ii) CDI - 1.25% to + 1.90%	(c)	**129,721**	**180,012**	2012 to 2023	(i) CPFL Energia guarantee; (ii) Structure of redeemable preferred shares and (iii) CPFL Renováveis guarantee
UMBNDES						
Bank loans	Cesta from Moedas + from 1.99% to 2.10%		-	**1,694**	2014 to 2020	CPFL Energia guarantee
IGPM						
Bank loans	IGPM + 8.63%		**38,163**	**42,605**	2023	(i) Liens on equipment and receivables (ii) Pledge of shares of SPE and rights authorized by ANEEL and receivables of operation contracts
Other						
Other	RGR 6%		-	**39,777**	2010 to 2020	Receivables, Promissory notes and Bank guarantee
Total - Local currency			**3,455,653**	**5,411,928**		
Borrowing costs (*)			**(51,801)**	**(57,684)**		
Measured at fair value - Foreign Currency						
Dollar						
Bank loans (Law 4.131)	US$ + Libor 3 meses + from 0,87% to 1,41%		1,018,677	975,333	2019 to 2025	CPFL Energia guarantee and Promissory notes
Bank loans (Law 4.131)	US$ + from 1,83% to 4,32%		4,993,509	3,203,083	2018 to 2025	CPFL Energia guarantee and Promissory notes
			6,012,186	**4,178,416**		
Euro						
Bank loans (Law 4.131)	Euro + from 0,43% to 0,82%		**3,164,870**	**846,692**	2021 to 2025	CPFL Energia guarantee and Promissory notes
Fair value measurement			**(198,468)**	**(16,056)**		
Total in foreign currency			**8,978,588**	**5,009,052**		
Total			**12,382,440**	**10,363,296**		

(*) In accordance with CPC 48/IFRS 9, this refers to borrowing costs directly attributable to the issuance of the respective debts, measured at cost.

The subsidiaries hold swaps converting the operating cost of currency variation to interest tax variation in reais. For further information about the considered rates, see note 32.

Effective rate:
(a) 30% to 70% of CDI (b) 60% to 110% of CDI (c) 100% to 130% of CDI

As segregated in the tables above, in conformity with CPC 48 and IFRS 9, the Group classified their debts as (i) financial liabilities measured at amortized cost, and (ii) financial liabilities measured at fair value through profit or loss.

The objective of the classification as financial liabilities of borrowings measured at fair value is to reduce the effects of the recognition of gains and losses derived from fair valuing debt-related derivatives in order to obtain more relevant and consistent accounting information, reducing the accounting mismatch.

Changes in the fair values of these debts are recognized in the Group's financial result, except for the change in fair value due to credit risk, which, depending on the characteristics of the debts at the time of contracting, may be recorded in other comprehensive income or in the result of the period. At September 30, 2020, the unrealized accumulated gains obtained from the fair value measurement of these debts were R$ 198,468 (accumulated gains of R$ 16,056 at December 31, 2019) plus the unrealized gains obtained from the fair value measurement of derivative financial instruments of R$ 66,724 (gains of R$ 24,178 at December 31, 2019), contracted as a hedge against exchange rate variation (Note 34.b), generated total net unrealized gain of R$ 265,191 (R$ 40,234 at December 31, 2019).

The maturities of the principal of borrowings recorded in noncurrent liabilities are scheduled as follows:

Maturity	Consolidated
From October 1st, 2021	202,912
2022	1,530,333
2023	2,752,185
2024	975,169
2025	1,969,850
2026 to 2030	1,557,522
2031 to 2035	68,371
2036 to 2040	56,412
Subtotal	**9,112,754**
Fair value measurement	(197,219)
Total	**8,915,535**

Main borrowings raised in the period:

Category Subsidiary	Released (R$ thousand) Total approved	Released in 2020	Net of fundraising costs	Interest	Repayment	Utilization	Annual rate	Effective annual rate
Local currency								
TJLP - BNDES								
Boa Vista 2	144,500	3,000	3,000	Monthly	Monthly from December 2019	Investment plan	TJLP + 2.52%	TJLP + 3.27%
IPCA - BNDES								
CPFL Paulista	312,596	114,297	112,724	Quarterly	Monthly from July 2023	Investment plan	IPCA + 4.27%	IPCA + 4.34%
CPFL Paulista	1,002,912	366,703	361,679	Quarterly	Bullet in June 2027	Investment plan	IPCA + 4.27%	IPCA + 4.34%
CPFL Piratininga	126,086	37,723	37,083	Quarterly	Monthly from July 2023	Investment plan	IPCA + 4.27%	IPCA + 4.34%
CPFL Piratininga	298,402	89,277	87,776	Quarterly	Bullet in June 2028	Investment plan	IPCA + 4.27%	IPCA + 4.34%
CPFL Santa Cruz	244,385	115,000	113,758	Quarterly	Monthly from July 2023	Investment plan	IPCA + 4.27%	IPCA + 4.34%
RGE	353,019	125,228	123,451.07	Quarterly	Monthly from July 2023	Investment plan	IPCA + 4.27%	IPCA + 4.34%
RGE	1,132,601	401,772	396,097.71	Quarterly	Bullet in June 2027	Investment plan	IPCA + 4.27%	IPCA + 4.34%
Foreign Currency								
Law 4.131								
CPFL Brasil	107,000	107,000	107,000	Semiannually	Bullet in February 2023	Working capital	USD + 1.83%	USD + 1.83%
CPFL Santa Cruz	108,000	108,000	108,000	Semiannually	Anually from February 2023	Working capital	USD + 2.07%	USD + 2.07%
CPFL Paulista	196,567	196,567	196,567	Quarterly	Bullet in February 2025	Working capital	USD + 2.40%	USD + 2.40%
CPFL Paulista	174,960	174,960	174,960	Quarterly	Anually from February 2023	Working capital	USD + 2.39%	USD + 2.39%
CPFL Paulista	274,046	274,046	274,046	Quarterly	Anually from February 2023	Working capital	USD + Libor 3M + 0.99%	USD + Libor 3M + 0.99%
CPFL Paulista	534,880	534,880	534,880	Quarterly	Bullet in February 2023	Working capital	EUR + 0.43%	EUR + 0.43%
RGE	100,000	100,000	100,000	Semiannually	Bullet in January 2025	Working capital	USD + 2.64%	USD + 2.64%
RGE	418,280	418,280	418,280	Semiannually	Anually from February 2023	Working capital	USD + 2.07%	USD + 2.07%
RGE	185,000	185,000	185,000	Quarterly	Anually from February 2023	Working capital	USD + Libor 3M + 0.87%	USD + Libor 3M + 0.87%
RGE	225,497	225,497	225,497	Quarterly	Anually from February 2023	Working capital	USD + 1.84% (1.94% on March 2021)	USD + 1.84% (1.94% on March 2021)
CPFL Piratininga	419,760	419,760	419,760	Quarterly	Bullet in March 2025	Working capital	EURO + 0.70%	EURO + 0.70%
CPFL Renováveis	120,000	120,000	120,000	Semiannually	Anually from February 2023	Working capital	USD + 2.07%	USD + 2.07%
CPFL Paulista	566,000	566,000	566,000	Quarterly	Bullet in March 2023	Working capital	EUR + 0.57%	EUR + 0.57%
	7,044,489	**4,682,989**	**4,665,557**					

Pre-payment

In the nine-month period of 2020, R$ 2,818,178 of borrowings were paid in advance, whose due dates were from until July 2038.

Covenants

Borrowings raised by Group companies require the compliance with certain restrictive financial clauses, under penalty of restriction in the distribution of dividends and/or advance maturity of the related debts. Furthermore, failure to comply with the obligations or restrictions mentioned may result in default in relation to other contractual obligations (cross default), depending on each borrowing agreement. Additionally, borrowings contain non-financial covenants, which are met as per the last calculation period.

For borrowings raised or with funds released in 2019, certain have restrictive clauses related to financial ratios, as follows:

Ratios required for the consolidated financial statements of CPFL Energia

- Debt indebtedness divided by EBITDA maximum of 3.75 and
- EBITDA divided by the financial result minimum of 2.25.

Ratios required in the individual financial statements of the subsidiary of CPFL Renováveis, holder of the contract

- Debt Service Coverage Ratio (DSCR) greater than or equal to 1.2.
- Company Capitalization Ratio greater than or equal to 30%.

Ratios required in the individual financial statements of distribution subsidiaries, holder of the contract

- Debt Service Coverage Ratio (DSCR) greater than or equal to 3.75.
- Net debt divided by net debt + equity less than or equal of 0.9.

For other borrowings, the details of the covenants are presented in note 18 to the financial statements as of December 31, 2019.

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. At September 30, 2020, all covenants, financial and non-financial clauses are properly complied, in the opinion of the Group´s Management.

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(19) DEBENTURES

The movement in debentures are as follows:

	Consolidated				
Category	At December 31, 2019	Repayment	Interest, monetary adjustment and fair value measurement	Interest paid	At September 30, 2020
Post fixed					
TJLP	438,990	(448,249)	12,003	(2,744)	-
CDI	6,336,467	(297,779)	150,625	(154,268)	6,035,045
IPCA	1,320,909	-	69,358	(61,788)	1,328,479
Total at cost	**8,096,368**	**(746,028)**	**231,983**	**(218,800)**	**7,363,524**
Borrowing costs (*)	(42,215)	-	13,869	-	(28,346)
Measured at fair value - Post fixed					
IPCA	444,939	-	25,777	(25,243)	445,473
Fair value measurement	47,186	-	(18,304)	-	28,882
Total at fair value	**492,125**	-	**7,472**	**(25,243)**	**474,354**
Total	**8,546,278**	**(746,028)**	**253,325**	**(244,043)**	**7,809,532**
Current	**682,582**				**1,301,309**
Noncurrent	**7,863,696**				**6,508,223**

(*) In accordance with IFRS 9/CPC 48, this refers to borrowing costs directly attributable to the issuance of the respective debts, measured at cost.

The detail on debentures are as follows :

Category	Annual Interest		Consolidated September 30, 2020	Consolidated December 31, 2019	Maturity range	Collateral
Measured at cost - Post fixed						
TJLP	TJLP + 1%	(c)	-	438,990	2009 to 2020	Liens
CDI	(i) From 103.6% to 109.75% of CDI (ii) CDI + 0.75% to 0.83%	(a)	5,035,256	5,339,824	2018 to 2025	CPFL Energia guarantee
	From 104.75% to 110% of CDI	(a)	999,789	996,644	2020 to 2023	No guarantee
IPCA	IPCA + from 4.42% to 5.8%	(b)	1,328,479	1,320,909	2021 to 2027	CPFL Energia guarantee
			7,363,524	**8,096,367**		
	Borrowing costs (*)		(28,347)	(42,215)		
Measured at fair value - Post fixed						
IPCA	IPCA + 5.80%	(b)	**445,473**	**444,939**	2024 to 2025	CPFL Energia guarantee
	Fair value measurement		28,882	47,186		
	Total		**7,809,532**	**8,546,277**		

Certain debentures have swap exchanging the variation based on IPCA for variation based on CDI. For further information on the rates considered, see note 34

Effective rate
(a) From 104.68% to 110.77% of CDI | CDI + from 0.76% to 0.89%
(b) IPCA + 4.84% to 6.31%
(c) TJLP + 3.48%

(*) In accordance with CPC 48/IFRS 9 this refers to borrowing costs directly attributable to the issuance of the respective debts.

As shown in the table above, the Group classifies its debentures as (i) financial liabilities measured at amortized cost; and (ii) financial liabilities measured at fair value through profit or loss.

The classification of debentures measured at fair value as financial liabilities is aimed at reducing the accounting mismatching of the effects of the recognition of gains and losses derived from the fair value measurement of hedging derivatives linked to such debentures, in order to obtain a more relevant and consistent accounting information.

The changes in the fair values of these debentures are recognized in the Group finance income (expense), except for the fair value changes in credit risk, which is recognized in other comprehensive income. At June 30, 2020, the unrealized accumulated losses obtained from the fair value measurement of such debentures amounted to R$ 28,882 (R$ 47,136 at December 31, 2019) which, reduced to the unrealized gains obtained from the fair value measurement of the derivative instruments of R$ 72,400 (R$ 70,517 at December 31, 2019), undertaken to hedge the interest rate changes (note 34.b), generated a total net unrealized gain of R$ 43,518 (R$ 23,331 at December 31, 2019).

The maturities of the principal of debentures recognized in noncurrent liabilities are as follows:

Maturity	Consolidated
From October 1st, 2021	161,989
2022	1,686,191
2023	2,268,486
2024	1,892,517
2025	374,160
2026 to 2030	95,999
Subtotal	**6,479,342**
Fair value measurement	28,881
Total	**6,508,223**

Pre-payment

In the nine-month period of 2020, R$ 579,748 of debenture were paid in advance, whose due dates were from December 2020 to November 2028.

RESTRICTIVE COVENANTS

The debenture agreements are subject to certain restrictive covenants, including covenants that require the Company and its subsidiaries to maintain certain financial ratios within pre-established parameters.

The details of the restrictive conditions for other debentures are presented in note 19 to the Financial Statements of December 31, 2019.

The Group's management monitors these ratios on a systematic and constant basis, so that all conditions are met. At September 30, 2020, all covenants, financial and non-financial clauses are properly complied, in the opinion of the Group´s Management.

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(20) PRIVATE PENSION PLAN

The subsidiaries sponsor supplementary retirement and pension plans for their employees, the characteristics of which are described in note 18 to the financial statements for the year ended December 31, 2018.

Movements in the defined benefit plans

The movements in net liability occurred in the period are as follows:

	CPFL Paulista	CPFL Piratininga	CPFL Renováveis (CPFL Geração until September 30,2020	RGE Plan 1	RGE Plan 2	Total
Net actuarial liability at December 31, 2019	**1,721,619**	**420,039**	**46,340**	-	**177,496**	**2,365,494**
Expenses (income) recognized in the statement of profit or loss	92,129	25,723	2,278	(248)	11,183	131,065
Sponsors' contributions transferred during the period	(93,594)	(27,968)	(1,707)	(3,681)	(5,355)	(132,303)
Actuarial loss (gain): effect of changes in financial assumptions	(469,316)	(175,080)	(12,525)	(42,872)	(70,055)	(769,848)
Actuarial loss (gain): return on plan assets	216,341	72,672	(748)	47,658	47,724	383,647
Effect of asset ceiling	16,123	-	-	(156)	-	15,967
Net actuarial liability at September 30, 2020	**1,483,302**	**315,386**	**33,638**	**701**	**160,992**	**1,994,019**
Other contributions						9,886
Total liability						**2,003,905**
Current						**154,851**
Noncurrent						**1,849,054**

At March, 2020, owing to the change occurred in the macroeconomic scenario prevailing in Brazil when compared to that as of December 31, 2019, especially related to the impacts of social isolation due to the new coronavirus (see note 1.2), the actuarial reports were updated to the reporting date March 31, 2020 and the corresponding liability and other comprehensive income balances were adjusted reflecting a reduction in the amount of R$ 372,171.

The income and expenses recognized as cost of the operation are shown below:

	nine months period 2020 actual					
	CPFL Paulista	CPFL Piratininga	CPFL Geração	RGE Plan 1	RGE Plan 2	Total
Service cost	1,023	5,804	83	(42)	1,436	8,304
Interest on actuarial obligations	342,042	97,901	8,425	25,645	37,522	511,535
Expected return on plan assets	(256,240)	(77,983)	(6,229)	(25,889)	(27,775)	(394,117)
Effect of asset ceiling	5,302	-	-	38	-	5,340
Total expense (income)	**92,129**	**25,723**	**2,278**	**(248)**	**11,183**	**131,065**

	nine months period 2019					
	CPFL Paulista	CPFL Piratininga	CPFL Geração	RGE Plan 1 (*)	RGE Plan 2	Total
Service cost	693	4,086	63	139	1,964	6,945
Interest on actuarial obligations	336,879	93,795	7,881	25,757	40,760	505,072
Expected return on plan assets	(279,090)	(80,847)	(6,525)	(28,125)	(34,204)	(428,791)
Effect of asset ceiling	-	-	-	2,096	-	2,096
Total expense (income)	**58,483**	**17,033**	**1,419**	**(133)**	**8,520**	**85,322**

As a result of the change in the macroeconomic scenario, the effect estimate for the 2020 result was also changed (see note 1.2). The new actuarial estimate for expenses and / or revenues to be recognized in the remainder of 2020 is presented below:

	4th quarter 2020 estimated					
		CPFL		RGE		
	CPFL Paulista	Piratininga	CPFL Renováveis	Plan 1	Plan 2	Total
Service cost	320	1,760	26	18	437	2,561
Interest on actuarial obligations	115,798	32,947	2,848	8,643	12,612	172,849
Expected return on plan assets	(87,629)	(26,693)	(2,169)	(8,709)	(9,354)	(134,554)
Effect of asset ceiling	5,867	-	-	-	-	1,956
Total expense (income)	**34,357**	**8,015**	**705**	**(48)**	**3,696**	**42,813**

Main Actuarial Assumptions

The main assumptions taken into consideration in the actuarial calculation at the end of the report were as follows:

	CPFL Paulista, CPFL Geração and CPFL Piratininga			RGE (Plans 1 and 2)		
	March 31, 2020	December 31, 2019	December 31, 2018	March 31, 2020	December 31, 2019	December 31, 2018
Nominal discount rate for actuarial liabilities:	8.47% p.a.	7.43% p.a.	9.10% p.a.	8.47% p.a.	7.43% p.a.	9.10% p.a. (*)
Nominal return rate on plan assets:	8.47% p.a.	7.43% p.a.	9.10% p.a.	8.47% p.a.	7.43% p.a.	9.10% p.a. (*)
Estimated rate of nominal salary increase:	5.56% p.a.(**)	5.56% p.a.(**)	5.56% p.a.(**)	5.97% p.a.(***)	5.97% p.a.(***)	5.97% p.a.(***)
Estimated rate of nominal benefits increase:	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.
Estimated long-term inflation rate (basis for the nominal rates above)	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.	4.00% p.a.
General biometric mortality table:	AT-2000 (-10)	AT-2000 (-10)	AT-2000 (-10)	BR-EMS sb v.2015	BR-EMS sb v.2015	BR-EMS sb v.2015
Biometric table for the onset of disability:	Low Light (-30)	Low Light (-30)	Low Light	Medium Light	Medium Light	Medium Light
Expected turnover rate:	ExpR_2012	ExpR_2012	ExpR_2012	Null	Null	Null
Likelihood of reaching retirement age:	After 15 years of filiation and 35 years of service time for men and 30 years of service time for women	After 15 years of filiation and 35 years of service time for men and 30 years of service time for women	After 15 years of filiation and 35 years of service time for men and 30 years of service time for women	100% when a beneficiary first becomes eligible for a full benefit	100% when a beneficiary first becomes eligible for a full benefit	100% when a beneficiary first becomes eligible for a full benefit

(*) Nominal discount rate for the actuarial obligation and expected nominal yield rate on plan assets were 9.3% for RGE (Plan 1)
(**) The estimated rate of nominal salary increase for CPFL Piratininga was 6.39%
(***) The estimated rate of nominal salary increase for RGE (Plan 1) was 5.15%

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(21) REGULATORY LIABILITIES

	Consolidated	
	September 30, 2020	December 31, 2019
Financial compensation for the use of water resources - CFURH	1,769	1,265
Global reversal reserve - RGR	17,278	17,260
ANEEL inspection fee - TFSEE	7,500	7,375
Energy development account - CDE	87,083	-
Tariff flags and others	437	206,352
Total	**114,067**	**232,251**

(22) TAXES, FEES AND CONTRIBUTIONS

	Parent company		Consolidated	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Current				
IRPJ (corporate income tax)	15,532	31,038	132,440	156,240
CSLL (social contribution on net income)	4,399	9,591	46,272	62,721
Income tax and social contribution	**19,932**	**40,629**	**178,712**	**218,961**
ICMS (State VAT)	-	-	494,419	435,155
PIS (tax on revenue)	1,742	4,423	88,483	36,657
COFINS (tax on revenue)	8,067	20,392	408,072	168,195
PIS/COFINS payment	-	-	2,783	9,323
Income tax withholding on interest on capital	-	-	-	40,099
Other taxes	1,010	500	64,079	52,105
Other taxes and contributions payable	**10,818**	**25,315**	**1,057,835**	**741,536**
Total current	**30,750**	**65,944**	**1,236,547**	**960,497**
Noncurrent				
Prepayments of income tax - IRPJ	-	-	157,883	156,198
ICMS (State VAT)	-	-	830	805
Other taxes and contributions payable	**-**	**-**	**830**	**805**
Total noncurrent	**-**	**-**	**158,713**	**157,003**

PIS and COFINS: The subsidiaries adhered to the PIS and COFINS maturity extension plan, for March, April and May 2020, pursuant to Federal Government Ordinances No. 139 and 254 of 2020, which are being paid from August 2020.

Corporate Income tax – IRPJ: in noncurrent refers to provision for tax risks related to income tax payable. The case refers to the Writ of Mandamus filed by the subsidiary CPFL Piratininga, which discussed the possibility of excluding the Social Contribution on Profit (CSLL) from its own calculation base, as well as from the calculation base of the Corporate Income Tax (IRPJ); for such case, it is more probable that the Tax Authorities will not accept the procedure.

The Group has some uncertain income tax treatments for which Management concluded that it is more probable than not that they will be accepted by the tax authority and for which the effect of potential contingencies is disclosed in note 23 – Provisions for tax, civil and labor risks and escrow deposits.

(23) PROVISION FOR TAX, CIVIL AND LABOR RISKS AND ESCROW DEPOSITS

	Consolidated			
	September 30, 2020		December 31, 2019	
	Provision for tax, civil ad labor risks	Escrow deposits	Provision for tax, civil ad labor risks	Escrow deposits
Labor	180,000	98,808	235,085	96,094
Civil	248,036	68,461	245,464	66,243
Tax				
Income Tax and tax contribution	3,481	424,169	7,571	417,664
Others	44,157	174,686	46,255	177,369
	47,638	598,855	53,825	595,033
Others	54,608	-	66,401	1
Total	**530,281**	**766,124**	**600,775**	**757,370**

The movements in the provision for tax, civil, labor and other risks are shown below:

	Consolidated					
	At December 31, 2019	Additions	Reversals	Payments	Monetary adjustment	At September 30, 2020
Labor	235,085	40,841	(26,628)	(84,670)	15,371	180,000
Civil	245,464	79,853	(21,513)	(75,754)	19,986	248,036
Tax	53,825	3,908	(5,374)	(7,308)	2,585	47,638
Others	66,401	-	(1,832)	(10,139)	178	54,608
Total	**600,775**	**124,603**	**(55,348)**	**(177,871)**	**38,120**	**530,281**

The provision for tax, civil, labor and other risks was based on the assessment of the risks of losing the lawsuits to which the Group is part, where the likelihood of loss is probable in the opinion of the outside legal counselors and the Management of the Group.

The details of the nature of the provision for tax, civil, labor and other risks and escrow deposits are presented in the note 23 of the financial statements at December 31, 2019.

Possible losses

The Group is part to other lawsuits in which Management, supported by its external legal counselors, believes that the chances of a successful outcome are possible due to a solid defensive position in these cases, therefore no provision was recognized. It is not yet possible to predict the outcome of the courts' decisions or any other decisions in similar proceedings considered probable or remote.

The claims relating to possible losses at September 30, 2020 and December 31, 2019 were as follows:

	Consolidated		
	September 30, 2020	December 31, 2019	
Labor	608,428	583,348	Work accidents, risk premium for dangerousness at workplace and overtime
Civil	2,287,055	1,815,143	Compensation claims, electrical damages, overfed tariffs, review of contracts and charges for occupation of the right-of-way.
Tax	4,640,888	4,350,740	Income tax and social contribution (note 23)
Tax - others	2,293,754	2,654,331	INSS, ICMS, FINSOCIAL, PIS and COFINS
Regulatory	86,039	76,404	Technical, commercial and economic-financial supervisions
Total	**9,916,164**	**9,479,966**	

Tax – One of the main cases refers to litigation about deductibility for income tax purposes of expenses recognized in 1997 relating to novation of debt in connection with the pension plan of employees of subsidiary CPFL Paulista to Fundação CESP ("Vivest") in the estimated amount of 1,492,703, with escrow deposits in the amount of R$ 22,794 and financial guarantees (insurance and letters of guarantee) in the total amount of R $ 1,874,663, under the terms required by the relevant procedural law. In addition, the litigation includes interest that was levied on the escrow deposit withdrawn by the Company, in the amount of R$ 253,814 and that is deposited in court. On May 23, June 6 and September 17, 2019, the special appeal of the main proceeding was judged by the Second Panel of the Higher Court of Justice (STJ), which handed down a decision unfavorable to the subsidiary, fully published on June 26, 2020, about which were presented the relevant resources. Additionally, the controlled property has an extraordinary appeal in the initial stage of processing at the Supreme Federal Court (STF). Additionally, the subsidiary has an extraordinary appeal in the initial stage at the Federal Supreme Court (STF). Consequently, based on the current stage of the appeal, both at the STJ and at the STF, and based on the opinion of its legal advisors, the subsidiary remains confident in the legal grounds consubstantiating the appeal and will continue to defend its arguments before the judiciary branch, assessing the chances of loss as not probable, there is a new opportunity for the analysis of the case at the Federal Supreme Court (STF), with a constitutional approach with solid bases, indicating possible success in the extraordinary appeals, and will continue to try to avoid possible cash outflows should it be required to replace existing judicial guarantees with cash deposits.

Labor - As regards labor contingencies, there is a discussion in progress about the possibility of changing the inflation adjustment index adopted by the Labor Court. Currently, there is a STF decision that suspends the change ruled by the Higher Labor Court (TST), which intended to replace the index currently adopted by the Labor Court ("TR") by the IPCA-E. Considering the possibility of conflicting decisions, and that it is the Supreme Court's prerogative to decide on constitutional matters, the STF granted suspension of the proceedings dealing with the divergence in the scope of the Labor Court. In view of such a decision, and until there is a definitive decision published by STF, the Group's Management considers the risk of losses as possible, and, since this matter still requires definition by the Courts, it is not possible to reasonably estimate the amounts involved. In addition, in accordance with Law No. 13,467 of November 11, 2017, the TR has been the inflation adjustment index adopted by the Labor Court since the law came into effect.

Based on the opinion of their outside legal counselors, the Group's management believes that the amounts provided for reflect the current best estimate.

(24) OTHER PAYABLES

	Consolidated			
	Current		Noncurrent	
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
Consumers and concessionaires	153,422	114,610	58,723	183,938
Energy efficiency program - PEE	332,390	230,451	35,806	89,522
Research & Development - P&D	195,367	93,658	36,262	125,111
EPE / FNDCT / PROCEL (*)	23,631	49,275	-	-
Reversion fund	1,712	1,712	11,332	12,615
Advances	476,060	234,556	24,249	43,263
Tariff discounts - CDE	68,041	76,632	-	-
Provision for socio environmental costs	-	-	-	-
Payroll	12,067	18,004	-	-
Profit sharing	67,337	98,713	16,163	29,631
Collection agreements	92,327	93,740	-	-
Business acquisition	8,843	7,901	-	-
Others	65,786	50,533	199,923	71,406
Total	**1,496,983**	**1,069,784**	**382,458**	**555,487**

(*) EPE - Energy Research Company, FNDCT - National Fund for Scientific and Technology Development, PROCEL - National Electric Energy Conservation Program

Advances: refer mainly to advances from customers in relation to advance billing by the subsidiary CPFL Renováveis, before the energy or service has actually been provided or delivered.

(25) EQUITY

The shareholders' interest in the Company's equity at September 30, 2020 and December 31, 2019 is shown below:

	Number of shares			
	September 30, 2020		December 31, 2019	
Shareholders	Common shares	Interest %	Common shares	Interest %
State Grid Brazil Power Participações S.A.	730,435,698	63.39%	730,435,698	63.39%
ESC Energia S.A.	234,086,204	20.32%	234,086,204	20.32%
Members of the Executive Board	102,789	0.01%	189	0.00%
Other shareholders	187,629,749	16.28%	187,732,349	16.29%
Total	**1,152,254,440**	**100.00%**	**1,152,254,440**	**100.00%**

The details of the items included in equity are described in the financial statements for the year ended December 31, 2019.

Public Offering of Shares – CPFL Renováveis

On December 19, 2019, the Company's Board of Directors and the Executive Board of CPFL Geração approved the holding of a public tender offer of the common shares issued by CPFL Energias Renováveis, outstanding in the market, for the purpose of converting its registration as a publicly-held company category "A" into category "B" ("OPA Conversion of Registration") and/or exit from the New Market ("OPA Exit from the New Market", and, together with the OPA Conversion of Registration, "OPA"), to be carried out by CPFL Geração, direct controlling shareholder of CPFL Renováveis. The holding of the OPA is subject to its registration by the CVM and its authorization by B3 and will be intended for the acquisition of up to 291,550 common shares issued by CPFL Renováveis outstanding in the market, which represent, on that date, 0.056% equity interest in CPFL Renováveis ("Outstanding Shares").

On April 27, 2020, the Company received approval from the CVM related to the OPA Conversion of Registry request as well as to the OPA Exit from the New Market. The Public Offering Notice, containing all the terms and conditions of the OPA, was released by CPFL Geração on May 6, 2020.

On May 21, 2020, the Company, by means of a Material News Release, informed that, on that date, its Board of Directors expressed its agreement with acceptance of the OPA by the Company's shareholders, pursuant to the opinion approved at the meeting held on that date.

On June 5, 2020, CPFL Geração, through a Material News Release, informed that the definitive acquisition price for the OPA auction, after the adjustments provided for in item 4.5 of the Notice, was R$ 18.24 per common share, to be fully paid in cash on the financial settlement date (June 15, 2020) of the OPA auction.

On June 10, 2020, CPFL Renováveis, by means of a Material News Release, informed the result of the public offering auction of the Company's common shares outstanding in the market, unifying the modalities for the purpose of converting its registration as a publicly-held company category “A” into category “B” (“OPA Conversion of Registration”) and leaving the New Market (“OPA Exit from the New Market”), and, together with OPA Conversion of Registration, “OPA” and “Auction”, respectively) carried out on that date on B3 S.A. – Brasil, Bolsa, Balcão (“B3”). As a result of the Auction, CPFL Geração (“the Offering Party”) acquired 183,539 common shares issued by the Company outstanding in the market, representing 0.035% of its issued capital. The shares were acquired at the unit price of R$ 18.24, totaling R$ 3,347,751.36. With the financial settlement of the acquisitions made at the Auction, which took place on June 15, 2020, the remaining outstanding shares now represent 0.021% of the Company's share capital. Considering that the number of shares acquired by the Offering Party at the Auction exceeded the minimum amount necessary for the conversion of its registration as a publicly-held company category “A” into category “B” with the CVM, of 2/3rd of the shares offered at the Auction, the Company proceeded with the necessary acts for the conversion. The Company's shares immediately ceased to be part of B3's New Market segment, moving on to B3's basic segment until CVM issues a statement regarding the category conversion.

On June 19, 2020, CPFL Renováveis, through a Material News Release, informed that the Board of Directors approved, on that date, the call for the Extraordinary General Meeting (“EGM”) of the Company's shareholders, to be held on July 7, 2020, to decide about the redemption of all common shares issued by the Company that remained outstanding after the OPA auction. The EGM took place on that date and the share redemption was approved. The redemption price is R$ 18.28 per share, equivalent to the price of the OPA, adjusted by the variation of the SELIC rate from June 15, 2020, the settlement date of the OPA, until the date of deposit of the redemption amount (July 22, 2020).

(26) EARNINGS PER SHARE

Earnings per share – basic and diluted

The calculation of the basic and diluted earnings per share for the quarters and nine months periods ended at September 30, 2020 and 2019 was based on the profit of the period attributable to controlling shareholder and the weighted average number of common shares outstanding in the period:

	3rd quarter 2020	Nine months 2020	3rd quarter 2019	Nine months 2019
Numerator				
Profit attributable to controlling shareholders	1,337,434	2,678,569	676,957	1,861,036
Denominator				
Weighted average number of shares held by shareholders	1,152,254,440	1,152,254,440	1,152,254,440 (**)	1,066,295,074 (**)
Earnings per share - basic	**1.16**	**2.32**	**0.59**	**1.75**
Numerator				
Profit attributable to controlling shareholders	1,337,434	2,678,569	676,957	1,861,036
Dilutive effect of convertible debentures of subsidiary CPFL Renováveis (*)	-	-	(7,008)	(7,008)
Profit attributable to controlling shareholders	1,337,434	2,678,569	669,949	1,854,028
Denominator				
Weighted average number of shares held by shareholders	1,152,254,440	1,152,254,440	1,152,254,440 (**)	1,066,295,074 (**)
Earnings per share - diluted	**1.16**	**2.32**	**0.58**	**1.74**

(*) Proportional to the percentage of participation of the Company in the subsidiaries
(**) Considers the events occurred on June 12, 2019 and June 28, 2019, related to the Company's IPO process (note 24.1)

The dilutive effect of the numerator in the calculation of diluted earnings per share considers the dilutive effects of the debentures convertible into shares issued by the Company's indirect subsidiaries (note 19). These instruments reduce the result available to the Company's controlling shareholders. The effects were calculated considering the assumption that such debentures would be converted into common shares of the subsidiaries at the beginning of the period.

(27) NET OPERATING REVENUE

	Consolidated			
	2020		2019	
Revenue from Eletric Energy Operations	3rd quarter	Nine months	3rd quarter	Nine months
Consumer class				
Residential	3,771,200	11,244,492	3,596,757	11,177,109
Industrial	1,181,113	3,359,825	1,330,904	3,846,684
Commercial	1,345,219	4,324,540	1,526,556	4,837,452
Rural	379,099	1,136,911	336,818	1,028,699
Public administration	174,902	577,955	224,693	688,011
Public lighting	207,701	608,472	223,743	617,644
Public services	308,935	906,536	317,087	907,179
Billed	**7,368,171**	**22,158,731**	**7,556,558**	**23,102,779**
Unbilled (net)	137,631	94,891	119,223	110,513
(-) Reclassificacion to Network Usage Charge - TUSD - Captive Consumers	(3,286,695)	(9,739,244)	(3,032,127)	(9,248,991)
Electricity sales to final consumers	**4,219,107**	**12,514,378**	**4,643,653**	**13,964,301**
Furnas Centrais Elétricas S.A.	158,738	466,044	148,623	429,980
Other concessionaires and licensees	921,183	2,326,809	1,152,435	3,060,113
(-) Reclassificacion to Network Usage Charge - TUSD - Captive Consumers	(29,123)	(90,176)	(32,529)	(100,984)
Spot market energy	217,099	701,836	486,704	966,637
Electricity sales to wholesalers	**1,267,897**	**3,404,513**	**1,755,233**	**4,355,746**
Revenue due to Network Usage Charge - TUSD - Captive Consumers	3,315,818	9,829,420	3,064,656	9,349,975
Revenue due to Network Usage Charge - TUSD - Free Consumers	985,946	2,745,663	838,882	2,438,164
(-) Compensation paid for failure to comply with the limits of continuity	(11,190)	(61,035)	(17,220)	(66,124)
Revenue from construction of concession infrastructure	690,319	1,789,593	561,861	1,488,441
Sector financial asset and liability (Note 8)	255,624	83,080	238,278	(64,548)
Concession financial asset - fair value adjustment (Note 10)	79,774	157,124	63,213	236,000
Energy development account - CDE - Low-income, Tariff discounts - judicial injunctions ,and other t	355,225	1,114,802	351,996	1,119,004
Other revenues and income	158,222	464,471	164,296	435,674
Other operating revenues	**5,829,738**	**16,123,118**	**5,265,962**	**14,936,586**
Total gross operating revenue	**11,316,742**	**32,042,010**	**11,664,848**	**33,256,634**
Deductions from operating revenues				
ICMS	(1,631,225)	(4,925,748)	(1,637,355)	(5,046,961)
PIS	(168,456)	(484,589)	(176,333)	(503,826)
COFINS	(773,893)	(2,230,076)	(812,233)	(2,320,214)
ISS	(6,264)	(17,334)	(4,881)	(14,617)
Energy development account - CDE	(845,172)	(2,631,092)	(946,687)	(2,990,897)
Research and development and energy efficiency programs	(56,685)	(162,636)	(56,460)	(165,466)
PROINFA	(40,670)	(129,322)	(44,031)	(126,918)
Tariff flags and others	(300)	197,815	(229,233)	(141,670)
Financial compensation for the use of water resources - CFURH	(3,279)	(5,520)	(1,532)	(7,017)
Others	(9,778)	(28,576)	(9,622)	(28,815)
	(3,535,722)	**(10,417,079)**	**(3,918,367)**	**(11,346,400)**
Net operating revenue	**7,781,020**	**21,624,931**	**7,746,482**	**21,910,234**

Revenue from Eletric Energy Operations - in GWh	2020 3rd quarter	2020 Nine months	2019 3rd quarter	2019 Nine months
Consumer class				
Residential	5,041	15,334	4,632	15,037
Industrial	3,128	8,821	3,330	9,784
Commercial	2,239	7,204	2,378	7,836
Rural	805	2,500	711	2,385
Public administration	263	890	332	1,079
Public lighting	513	1,524	517	1,531
Public services	566	1,700	570	1,736
Billed	**12,555**	**37,973**	**12,470**	**39,389**
Own comsuption	8	26	8	26
Electricity sales to final consumers	**12,563**	**37,999**	**12,478**	**39,415**
Furnas Centrais Elétricas S.A.	725	2,158	725	2,150
Other concessionaires and licensees	3,568	9,770	4,903	13,592
Spot market energy	2,585	7,233	2,323	4,724
Electricity sales to wholesalers	**6,878**	**19,161**	**7,951**	**20,466**

Number of consumers	Consolidated September 30, 2020	Consolidated September 30, 2019
Consumer class		
Residential	8,856,517	8,681,330
Industrial	56,016	57,527
Commercial	522,489	530,380
Rural	362,817	362,676
Public administration	62,995	61,543
Public lighting	12,124	11,954
Public services	10,732	10,450
Total	**9,883,690**	**9,715,860**

27.1 Adjustment of revenues from excess demand and excess reactive power

The information related to accounting and historical are described in note 27.1 of financial statements of December 31, 2019.

27.2 Periodic tariff review (“RTP”) and Annual tariff adjustment (“RTA”)

Distributor	Month	2020 RTA / RTP	2020 Effect perceived by consumers (a)	2019 RTA / RTP	2019 Effect perceived by consumers (a)
CPFL Paulista	April	14.90%	6.05%	12.02%	8.66%
CPFL Piratininga	October (b)	18.31%	9.82%	1.88%	-7.80%
RGE	June	15.74%	6.09%	10.05%	8.63%
RGE Sul (RGE)	June	15.74%	6.09%	10.05%	1.72%
CPFL Santa Cruz	March	10.71%	0.20%	13.70%	13.31%

(a) Represents the average effect perceived by the consumer, as a result of the elimination from the tariff base of financial components that had been added in the prior tariff adjustment.

(b) As described in note 36.1, on October 20, 2020, there was the RTA for the subsidiary CPFL Piratininga.

27.3 Energy Development Account (CDE) – Low income, other tariff subsidies and tariff discounts - injunctions

The details on the CDE contribution are disclosed in notes 27.3 to the financial statements as of December 31, 2019.

In nine months period of 2020, revenue of R$ 1,114,802 was recognized (R$ 1,119,004 in the nine months period of 2019), considering (i) R$ 160,930 for low-income subsidy (R$ 55,732 in the nine months period of 2019), (ii) R$ 892,591 for other tariff discounts (R$ 940,390 in the nine months period of 2019), and (iii) R$ 61,281 for tariff discounts – CCRBT injunctions and subsidy (R$ 122,883 in the nine months period of 2019). These items were recognized against other assets in the line item Receivables – CDE (note 12) and other payables in line item Tariff discounts – CDE (note 24).

27.4 Energy development account ("CDE")

Details on the CDE are disclosed in note 27.4 to the financial statements of December 31, 2019.

ANEEL, through the Homologatory Resolution ("REH") No. 2,664, of December 17, 2019, established the definitive annual quotas of CDE - USAGE current for the year 2020.

(28) COST OF ELECTRIC ENERGY

	Consolidated			
	2020		2019	
Electricity Purchased for Resale	3rd quarter	Nine months	3rd quarter	Nine months
Itaipu Binacional	1,009,640	2,938,725	751,510	2,101,706
PROINFA	76,107	220,264	99,079	302,938
Energy purchased through auction in the regulated market,bilateral contracts and spot market	2,842,792	8,728,704	3,711,248	10,387,173
PIS and COFINS credit	(345,615)	(1,056,152)	(411,576)	(1,082,529)
Subtotal	**3,582,924**	**10,831,541**	**4,150,261**	**11,709,289**
Electricity network usage charge				
Basic network charges	721,641	1,788,258	543,646	1,530,440
Transmission from Itaipu	90,995	234,136	74,105	210,638
Connection charges	47,662	129,897	40,363	133,730
Charges for use of the distribution system	11,633	33,054	11,484	35,994
System service charges - ESS net of CONER pass through (*)	17,197	(189,744)	(6,586)	(28,817)
Reserve energy charges - EER	84,507	205,100	28,961	122,553
PIS and COFINS credit	(88,687)	(199,763)	(62,832)	(182,051)
Subtotal	**884,948**	**2,000,939**	**629,141**	**1,822,487**
Total	**4,467,872**	**12,832,480**	**4,779,402**	**13,531,776**

(*) Energy reserve account.

	Consolidated			
	2020		2019	
Electricity Purchased for Resale in GWh	3rd quarter	Nine months	3rd quarter	Nine months
Itaipu Binacional	2,765	8,201	2,776	8,241
PROINFA	285	797	284	807
Energy purchased through auction in the regulated market, bilateral contracts and spot market	15,296	46,920	16,746	49,328
Total	**18,346**	**55,918**	**19,806**	**58,376**

(29) OTHER OPERATING COSTS AND EXPENSES

	3rd quarter											
	Consolidated											
					Operating expenses							
	Cost of operation		Cost of Services Rendered to Third Parties		Selling expenses		General and administrative		Other operating expenses		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Personnel	233,908	229,101	-	1	39,984	42,212	80,893	92,369	-	-	354,785	363,683
Private Pension Plans	42,813	29,020	-	-	-	-	-	-	-	-	42,813	29,020
Materials	73,074	65,740	220	294	5,754	2,606	(4,923)	2,368	-	-	74,125	71,008
Third party services	27,766	55,045	576	748	40,994	42,569	58,302	73,595	-	-	127,638	171,957
Costs of infrastructure construction	-	-	685,234	560,882	-	-	-	-	-	-	685,234	560,882
Others	24,712	25,182	5	(3)	23,594	25,785	53,062	68,417	32,506	54,163	133,879	173,545
Collection fees	-	-	-	-	23,048	25,460	-	-	-	-	23,048	25,460
Leases and rentals	16,054	12,641	-	-	-	-	4,713	4,888	-	-	20,767	17,529
Publicity and advertising	-	4	-	-	-	-	3,359	6,166	-	-	3,359	6,170
Legal, judicial and indemnities	-	-	-	-	-	-	43,655	55,180	-	-	43,655	55,180
Donations, contributions and subsidies	-	614	-	-	-	-	663	915	-	-	663	1,529
Gain (loss) on disposal, retirement and other noncurrent assets	-	-	-	-	-	-	-	-	30,158	51,926	30,158	51,926
Others	8,658	11,924	5	(3)	546	325	672	1,268	2,348	2,237	12,229	15,751
Total	**402,273**	**404,088**	**686,035**	**561,923**	**110,326**	**113,171**	**187,333**	**236,749**	**32,506**	**54,163**	**1,418,472**	**1,370,094**

	Nine months											
					Despesas Operacionais							
	Cost of operation		Cost of Services Rendered to Third Parties		Selling expenses		General and administrative		Other operating expenses		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Personnel	694,752	697,805	-	2	122,765	128,013	248,847	251,650	-	-	1,066,364	1,077,470
Private Pension Plans	131,065	85,322	-	-	-	-	-	-	-	-	131,065	85,322
Materials	186,137	189,971	932	734	13,860	7,456	6,089	5,844	-	-	207,018	204,005
Third party services	125,435	161,912	2,337	1,909	127,175	128,984	194,488	222,611	-	-	449,435	515,416
Costs of infrastructure construction	-	-	1,780,831	1,487,416	-	-	-	-	-	-	1,780,831	1,487,416
Others	67,209	55,770	15	(5)	72,037	75,753	155,825	167,367	96,126	119,230	391,212	418,115
Collection fees	-	-	-	-	70,771	74,576	-	-	-	-	70,771	74,576
Leases and rentals	44,935	37,794	-	-	-	-	15,528	15,403	-	-	60,463	53,197
Publicity and advertising	88	8	-	-	-	-	12,481	14,495	-	-	12,569	14,503
Legal, judicial and indemnities	-	-	-	-	-	-	107,418	126,154	-	-	107,418	126,154
Donations, contributions and subsidies	-	790	-	-	-	-	8,703	2,774	-	-	8,703	3,564
Gain (loss) on disposal, retirement and other noncurrent assets	-	-	-	-	-	-	-	-	88,913	112,828	88,913	112,828
Others	22,186	17,178	15	(5)	1,266	1,177	11,695	8,541	7,213	6,402	42,375	33,293
Total	**1,204,597**	**1,190,780**	**1,784,116**	**1,490,056**	**335,837**	**340,205**	**605,248**	**647,472**	**96,126**	**119,230**	**4,025,924**	**3,787,743**

(30) FINANCIAL INCOME (COSTS)

	Consolidated			
	2020		2019	
	3rd quarter	Nine months	3rd quarter	Nine months
Financial income				
Income from financial investments	44,726	135,146	108,043	215,954
Late payment interest and fines	72,165	225,916	82,989	233,632
Adjustment for inflation of tax credits	6,882	12,760	8,232	11,495
Adjustment for inflation of escrow deposits	2,838	12,443	9,093	26,840
Adjustment for inflation and exchange rate changes	(17,018)	279,695	20,371	52,013
Discount on purchase of ICMS credit	4,855	11,677	7,132	17,252
Adjustments to the sector financial asset (note xx)	5,693	17,826	25,334	72,818
PIS and COFINS on other financial income	(19,199)	(37,026)	(13,353)	(35,467)
Other	38,678	101,960	32,287	123,524
Total	**139,622**	**760,397**	**280,129**	**718,061**
Financial expenses				
Interest on debts	(196,527)	(654,460)	(287,119)	(878,874)
Adjustment for inflation and exchange rate changes	(40,660)	(89,290)	(55,947)	(233,482)
(-) Capitalized interest	7,744	21,085	6,976	18,594
Use of public asset	(9,439)	(19,073)	(2,822)	(9,647)
Other	(92,785)	(161,955)	(73,575)	(178,375)
Total	**(331,666)**	**(903,693)**	**(412,487)**	**(1,281,783)**
Financial income (expenses), net	**(192,044)**	**(143,297)**	**(132,358)**	**(563,722)**

In line item of monetary adjustment and exchange rate changes, the expense includes the net effects of gains of R$ 2,906,467 in the nine-month period of 2020 (R$ 409,012 in the nine months period of 2019) on derivative instruments (note 34.b).

(31) SEGMENT INFORMATION

	Distribution	Generation (conventional source)	Generation (renewable source)	Commercialization	Services	Subtotal	Other (*)	Elimination	Total
Nine months 2020									
Net operating revenue	17,775,695	617,217	989,442	2,169,676	76,854	21,628,883	(3,951)	-	21,624,931
(-) Intersegment revenues	6,980	350,645	394,742	15,946	439,944	1,208,257	-	(1,208,257)	-
Cost of electric energy	(11,201,461)	(71,778)	(204,223)	(2,122,953)	-	(13,600,415)	-	767,935	(12,832,480)
Operating costs and expenses	(3,750,442)	(163,142)	(269,497)	(34,170)	(395,217)	(4,612,468)	(28,123)	440,322	(4,200,268)
Depreciation and amortization	(647,867)	(89,446)	(432,983)	(2,482)	(20,642)	(1,193,420)	(47,356)	-	(1,240,776)
Income from electric energy service	2,182,906	643,495	477,481	26,017	100,938	3,430,837	(79,430)	-	3,351,407
Equity interests in subsidiaries, associates and joint ventures	-	265,839	-	-	-	265,839	-	-	265,839
Financial income	635,451	27,612	67,527	33,998	3,035	767,622	2,968	(10,194)	760,397
Financial expenses	(485,406)	(85,533)	(324,974)	(16,391)	(1,542)	(913,846)	(41)	10,194	(903,693)
Profit (loss) before taxes	2,332,951	851,413	220,034	43,624	102,431	3,550,453	(76,503)	-	3,473,950
Income tax and social contribution	(764,458)	(154,201)	245,252	(14,419)	(21,349)	(709,175)	(46,853)	-	(756,028)
Profit (loss) for the period	1,568,493	697,212	465,286	29,205	81,082	2,841,278	(123,356)	-	2,717,922
Purchases of contract asset PP&E and intangible assets	1,600,796	100,890	189,454	1,837	38,586	1,931,563	994	-	1,932,557
Nine months 2019									
Net operating revenue	17,802,995	519,064	983,393	2,538,616	63,855	21,907,923	2,310	-	21,910,234
(-) Intersegment revenues	33,869	371,698	361,149	3,472	386,732	1,156,920	-	(1,156,920)	-
Cost of electric energy	(11,552,425)	(90,517)	(225,895)	(2,433,708)	-	(14,302,545)	-	770,769	(13,531,776)
Operating costs and expenses	(3,585,797)	(82,318)	(291,522)	(31,299)	(343,933)	(4,334,869)	(33,891)	386,151	(3,982,609)
Depreciation and amortization	(590,498)	(89,156)	(483,953)	(1,474)	(18,256)	(1,183,337)	(47,194)	-	(1,230,531)
Income from electric energy service	2,108,144	628,772	343,171	75,607	88,398	3,244,092	(78,774)	-	3,165,318
Equity interests in subsidiaries, associates and joint ventures	-	257,339	-	-	-	257,339	-	-	257,339
Financial income	461,587	35,926	141,371	29,556	3,988	672,427	67,947	(22,313)	718,061
Financial expenses	(635,609)	(162,314)	(456,871)	(46,244)	(3,008)	(1,304,045)	(51)	22,313	(1,281,783)
Profit (loss) before taxes	1,934,122	759,723	27,671	58,920	89,378	2,869,813	(10,878)	-	2,858,936
Income tax and social contribution	(707,131)	(135,231)	(35,305)	(19,343)	(26,281)	(923,291)	(43,875)	-	(967,166)
Profit (loss) for the period	1,226,991	624,492	(7,634)	39,577	63,097	1,946,523	(54,753)	-	1,891,770
Purchases of contract asset PP&E and intangible assets	1,435,539	18,041	94,612	1,855	30,472	1,580,519	1,719	-	1,582,238

(*) Other – refer basically to assets and transactions which are not related to any of the identified segments.

(32) RELATED PARTY TRANSACTIONS

The Company’s controlling shareholders, related party information and main transactions are disclosed in note 32 of the financial statements of December 31, 2019

The total compensation of key management personnel in the nine-month period of 2020, in accordance with CVM Decision 560/2008, was 50,769 R$ (R$ 53,888 in the nine-month period of 2019). This amount comprises R$ 48,937 (R$ 52,000 in the nine months period of 2019) in respect of short-term benefits and R$ 1,832 (R$ 1,532 in the nine months period of 2019) of post-employment benefits.

The intercompany loan balance in the parent company, in the amount of R$ 413,787, mainly refers to the intercompany loan with subsidiary CPFL Renováveis, maturing up to March 2021 and bearing 107% of CDI interest.

The balance of the intercompany loan payable in the consolidated, in the amount of R$ 2,395,881, mainly refers to the loan between subsidiary CPFL Renováveis and the parent company State Grid Brazil Power - SGBP, maturing up to December 2021 and bearing interest corresponding to CDI + 1.1% p.a. spread.

Transactions with entities under common control basically refers to transmission system charge paid by the Company’s subsidiaries to the direct or indirect subsidiaries of State Grid Corporation of China.

Transactions involving controlling shareholders, entities under common control or significant influence and joint ventures:

	Consolidated							
	ASSETS		LIABILITIES		INCOME		EXPENSES	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019	Nine months 2020	Nine months 2019	Nine months 2020	Nine months 2019
Energy purchase and sales, and charges								
Entities under common control (State Grid Corporation of China subsidiaries)	-	-	-	2,998	756	-	217,432	132,972
BAESA – Energética Barra Grande S.A.	-	3,082	573	6,544	10	10	35,711	18,236
Foz do Chapecó Energia S.A.	1,689	1,773	43,324	45,009	15,442	15,633	389,623	367,599
ENERCAN - Campos Novos Energia S.A.	1,108	1,017	67,249	62,330	9,867	8,668	294,170	270,567
EPASA - Centrais Elétricas da Paraiba	-	-	5,903	6,737	3	2	41,783	64,619
Intangible assets, property, plant and equipment, materials and service rendered								
Entities under common control (State Grid Corporation of China subsidiaries)	-	-	111	-	-	-	645	77
BAESA – Energética Barra Grande S.A.	161	198	-	-	1,654	1,695	-	-
Foz do Chapecó Energia S.A.	17	11	-	-	1,706	1,598	-	-
ENERCAN - Campos Novos Energia S.A.	-	2	-	-	1,530	1,477	1	-
EPASA - Centrais Elétricas da Paraíba S.A.	15	-	-	-	153	347	-	-
Intragroup loans								
State Grid Brazil Power Participações S.A.	-	-	2,395,881	-	-	-	m e	-
Intragroup loans								
BAESA – Energética Barra Grande S.A.	18,547	3,504	-	-	-	-	-	-
Chapecoense Geração S.A.	-	37,090	-	-	-	-	-	-
ENERCAN - Campos Novos Energia S.A.	81,394	59,289	-	-	-	-	-	-
EPASA - Centrais Elétricas da Paraiba	-	-	-	-	-	-	-	-
Others								
Instituto CPFL	-	-	-	-	-	-	8,651	2,771

(33) RISK MANAGEMENT

The information about the risk management structure and the main risk factors that affect the Group’s business are disclosed in note 33 to the financial statements for the year ended December 31, 2019

The Group follows operating and financial policies and strategies in order to ensure liquidity, security and profitability of its assets. These include procedures for controlling and monitoring transactions and balances of financial instruments, so as to monitor risks and interest rates compared to those observable in the market. Such potential impact, stemming from volatility of risk factors and their effects, is periodically assessed to provide support for the decision-making process in connection with the risk management strategy, which may include financial instruments and derivatives.

The financial instruments portfolio is monitored monthly, thus allowing finance results to be monitored together with their impact on cash flow.

The Group is also exposed to market risks from construction contracts of power transmission subsidiaries entered into in 2019, due to the volatility of prices of commodities and inputs, such as aluminum used in the construction phase. Pursuant to its risk management policy, risk mitigation strategies may be used to reduce such oscillations in cash flow. These risk mitigation strategies may include derivative instruments, mainly forward contracts, futures contracts and options.

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by Covid-19, are described in note 1.2.

(34) FINANCIAL INSTRUMENTS

The main financial instruments at fair value and/or the carrying amount is significantly different of the respective fair value, classified in accordance with the group´s accounting practices are:

				Consolidated	
				September 30, 2020	
	Note	Category / Measurement	Level (*)	Carrying amount	Fair value
Assets					
Cash and cash equivalent	5	(a)	Level 2	6,758,471	6,758,471
Securities	6	(a)	Level 1	1,357,372	1,357,372
Derivatives	34	(a)	Level 2	2,854,944	2,854,944
Concession financial asset - distribution	11	(a)	Level 3	9,772,378	9,772,378
Total				**20,743,165**	**20,743,165**
Liabilities					
Borrowings - principal and interest	18	(b)	Level 2 (***)	3,403,852	3,278,179
Borrowings - principal and interest (**)	18	(a)	Level 2	8,978,588	8,978,588
Debentures - Principal and interest	19	(b)	Level 2 (***)	7,335,177	7,194,121
Debentures - Principal and interest (**)	19	(a)	Level 2	474,355	474,355
Total				**20,191,972**	**19,925,243**

Key

Category / Measurement:

(a) - Measured at amortized cost

(b) - Mensured at fair value

(*) Refers to the hierarchy for fair value measurement

(**)As a result of the initial designation of this financial liability, the consolidated balances reported a gain of R$ 200,716 in the nine months period of 2020 (a loss of R$ 184,330 in the nine months period of 2019).

(***) For disclosure purposes based on CPC 40 (R1) / IFRS 7

Key

Category / Measurement:

(a) - Measured at amortized cost

(b) - Mensured at fair value

The classification of financial instruments in “amortized cost” or “fair value through profit or loss” is based on the portfolio business model and in the characteristics of expected cash flow for each instrument.

The financial instruments for which the carrying amounts approximate the fair values, due to their nature, at the end of the reporting year are:

- Financial assets: (i) consumers, concessionaires and licensees, (ii) leases, (iii) intercompany loans between associates, subsidiaries and parent company, (iv) receivables – CDE, (v) pledges, funds and restricted deposits, (vi) services rendered to third parties, (vii) collection agreements and (viii) sector financial asset;
- Financial liabilities: (i) trade payables, (ii) regulatory charges, (iii) use of public asset, (iv) intragroup loans (v) consumers and concessionaires, (vi) FNDCT/EPE/PROCEL, (vii) collection agreement, (viii) reversal fund, (ix) payables for business combination, (x) tariff discounts – CDE and (xi) sector financial liability.

In addition, in the nine months period of 2020 there were no transfers between the fair value hierarchy levels.

a) Measurement of financial instruments

As mentioned in note 4, the fair value of a security corresponds to its maturity value (redemption value) adjusted to present value by the discount factor (relating to the maturity date of the security) obtained from the market interest curve, in Brazilian reais.

The three levels of the fair value hierarchy are:

Level 1: Quoted prices in an active market for identical instruments;

Level 2: Observable inputs other than quoted prices in an active market that are observable for the asset or liability, directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Instruments whose relevant factors are not observable market inputs.

Pricing of forward and futures contracts is on the basis of future curves of the underlying assets. Said curves are usually provided by the stock exchanges on which these assets are traded, or other market price providers. When price is not available for the intended maturity, it is obtained on the basis of interpolation between available maturities.

As the distribution concessionaries classified the respective concession financial assets as fair value through profit or loss, the relevant factors for fair value measurement are not publicly observable. Therefore, the fair value hierarchy classification is level 3. The movements and respective gains (losses) in profit for or loss for the nine months period of 2020 are R$ 166,991 (R$ 247,182 in the nine months period of 2019) and the main assumptions are described in note 11 and 27.

Additionally, the main assumptions used in the fair value measurement of the zero-cost collar derivative, the fair value hierarchy of which is Level 3, are disclosed in note 34 b.1.

The Company recognizes in “Investments in equity instruments” in the financial statements the 5.94% interest held by the indirect subsidiary Paulista Lajeado Energia S.A. in the total capital of Investco S.A. (“Investco”), in the form of 28,154,140 common shares and 18,593,070 preferred shares. As Investco’s main objective of its operations is to generate electric energy for commercialization by the shareholders holding the concession, the Company opted to recognize the investment at fair value, that is the best estimate of their cost, since there are no available recent information for the fair value calculation, according to CPC48/IFRS 9.

b) Derivatives

The Group has the policy of using derivatives to hedge against the risks of fluctuations in exchange and interest rates, without any speculative purposes. The Group has currency hedges in a volume compatible with the net exchange exposure, including all assets and liabilities tied to exchange rate changes.

The hedging instruments entered into by the Group are currency or interest rate swaps with no leverage component, margin call requirements or daily or periodic adjustments. Furthermore, in 2015 the subsidiary CPFL Geração contracted a zero-cost collar derivative (see item b.1 below) derivative contract involving forward aluminum purchase with no physical delivery.

As a large part of the derivatives entered into by the subsidiaries have their terms fully aligned with the hedged debts, and in order to obtain more relevant and consistent accounting information through the recognition of income and expenses, these debts were designated for the accounting recognition at fair value (notes 18 and 19). Other debts that have terms different from the derivatives contracted as a hedge continue to be recognized at amortized cost. Furthermore, the Group did not adopt hedge accounting for transactions with derivative instruments.

In the year ended 2019, in order to provide hedge for purchases of inputs used in the construction of new power transmission projects, subsidiary CPFL Geração entered into derivative contracts involving forward aluminum purchases for future financial settlement in order to mitigate the risk arising from oscillation in prices during the period when (pure) aluminum purchases are made.

At September 30, 2020, the Group had the following swap transactions, all traded on the over-the-counter market:

	Fair values (carrying amounts)								
Strategy	Assets	Liabilities	Fair value, net	Values at cost, net (1)	Gain (loss) on fair value measurement	Currency / debt index	Currency / swap index	Maturity range	Nocional
Derivatives to hedge debts designated at fair value									
Exchange rate hedge									
Bank Loans - Law 4.131	1,979,094	-	1,979,094	1,878,951	100,143	US$ + (Libor 3 months + 0.87% a 0.99%) or (1.83% a 3.66%)	99,80% to 116% do CDI or CDI + 0,61% to 0,90%	May/19 a February/25	4,123,241
Bank Loans - Law 4.131	772,509	-	772,509	805,929	(33,420)	Euro + 0.43% to 0.82%	102,6% to 105,8% of CDI or CDI +0,58% to 1,10%	May/21 to March/25	2,355,270
	2,751,603	-	**2,751,603**	**2,684,880**	**66,724**				
Hedge variation price index									
Debentures	99,974	-	99,974	27,574	72,400	IPCA + 5.8%	104.3% of CDI	August/24 to August/25	416,600
Subtotal debt hedge	**2,851,578**	-	**2,851,578**	**2,712,454**	**139,124**				
Other (2)						**Currency / debt index**	**Maturity range**	**Notional in US$**	
Zero cost collar	2,128	-	2,128	-	2,128	aluminum (US$/ton)	December 2020	3,062	
Commodity forward contract (aluminum)	1,165	-	1,165	1,221	(56)	US$	December 2020	5,116	
NDF - Aluminum	73	-	73	73	-	US$	Octover/20 to November/20	237	
Subtotal other	**3,366**	-	**3,366**	**1,294**	**2,072**				
Total	**2,854,944**	-	**2,854,944**	**2,713,748**	**141,196**				
Current	**1,139,475**	-							
Noncurrent	**1,715,469**	-							

For further details on terms and information on debts and debentures, see notes 18 and 19

[(1)]The value at cost are the derivative amount without the respective fair value measurement, while the notional refers to the balance of the debt and is reduced according to the respective amortization;

[(2)] Due to the characteristics of this derivativesthe notional amount is presented in U.S. dollar.

Changes in derivatives are stated below:

	Consolidated			
	At December 31, 2019	Exchange rate and monetary adjustments, and fair value	Settlement	At September 30, 2020
Derivatives				
Debts designed at fair value	515,591	2,900,807	(703,944)	2,712,454
Other	52	5,660	(4,418)	1,294
Fair value measurement (*)	99,893	41,303	-	141,196
	615,536	**2,947,770**	**(708,362)**	**2,854,944**

(*)The effects on the profit or loss and comprehensive income of 2020 related to the fair value adjustments (MTM) of the derivatives are: (i) gains of R$ 44,429 for the debts designated at fair value, (ii) losses of R$ 3,126 for other derivatives .

As mentioned above, certain subsidiaries elected to fair value measurement debts for which they have fully debt-related derivatives instruments (note 18 and 19).

The Group has recognized gains and losses on their derivatives. However, as these derivatives are used as a hedging instrument, these gains and losses minimized the impacts of fluctuations in exchange and interest rates on the hedged debts. For the nine months period ended at September 30, 2020 and 2019, the derivatives generated the following impacts on the consolidated profit or loss, recognized in the line item of Finance costs on monetary adjustment and exchange rate changes and in the consolidated comprehensive income in the credit risk in the fair value measurement related to debts at fair value:

	Gain (Loss)				Gain (Loss) in Comprehensive Income	
	2020		2019		2020	
Hedged risk / transaction	**3rd quarter**	**Nine months**	**3rd quarter**	**Nine months**	**3rd quarter**	**Nine months**
Interest rate variation	8,619	15,836	1,139	11,006	-	-
Fair Value Measurement	(7,476)	(2,540)	10,098	39,605	2,822	4,422
Exchange variation	497,592	2,890,632	297,787	226,073	-	-
Fair Value Measurement	(51,344)	39,645	10,964	132,327	-	(225)
Total	**447,391**	**2,943,574**	**319,988**	**409,011**	**2,822**	**4,197**

b.1) Zero-cost collar derivative transactions entered into by CPFL Geração

In 2015, the subsidiary CPFL Geração entered into a transaction involving put options and call options in US$, both having the same institution as counterpart, and that combined are featured as a transaction usually known as zero-cost collar. Entering into this transaction does not have any speculative purpose, in as much as it is aimed at minimizing any negative impacts on future revenue of the joint venture ENERCAN, which has electric energy sale agreements with annual adjustment of part of the tariff based on the dollar variation. In addition, according to Management's view, the scenario in 2015 was favorable to enter into this type of financial instrument, considering the high volatility implicit in dollar options and the fact that there is no initial cost for this type of transaction.

The total amount contracted was US$ 111,817 thousand, with due dates between October 1, 2015 and September 30, 2020. At September 30, 2020, the total amount liquidated was US$ 5,243 thousand, considering the options already settled until this date. The strike prices of the dollar options vary from R$ 4.20 to R$ 4.40 for put options and from R$ 5.40 to R$ 7.50 for call options.

These options were measured at fair value in a recurring manner, as required by IFRS 9 /CPC 48. The fair value of the options that are part of this transaction was calculated based on the following assumptions:

Valuation technique(s) and key information	We used the Black Scholes Option Pricing Model, which aims to obtain the fair price of the options involving the following variables: value of the asset, strike price of the option, interest rate, term and volatility.
Significant unobservable inputs	Volatility determined based on the average market pricing calculations, future dollar and other variables applicable to this specific transaction, with average variation of 23%.
Relationship between unobservable inputs and fair value (sensitivity)	A slight rise in long-term volatility, analyzed separately, would result in an insignificant increase in fair value.

The following table reconciles the opening and closing balances of the call and put options for the nine months period ended September 30, 2020, as required by IFRS 13/CPC 46:

	Consolidated		
	Asset	**Liability**	**Net**
At December 31, 2019	**5,419**	-	**5,419**
Measurement at fair value	(5,419)	-	(5,419)
At September 30, 2020	-	-	-

The fair value measurement of these financial instruments was recognized as finance income (expense) of the period, and no effects were recognized in other comprehensive income.

c) Concession financial assets - distribution

As the distribution subsidiaries have classified the respective financial assets of the concession as measured at fair value through profit or loss, the relevant factors to measure the fair value are not publicly observable and there is no active market. Therefore, the classification of the fair value hierarchy is level 3.

d) Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates and interest rates – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group uses derivatives to manage market risks.

e) Sensitivity analysis

The Group performed sensitivity analyses of the main risks to which their financial instruments (including derivatives) are exposed, mainly comprising changes in exchange and interest rates.

When the risk exposure is considered asset, the risk to be taken into account is a reduction in the pegged indexes, due to a consequent negative impact on the Group's profit or loss. Similarly, if the risk exposure is considered liability, the risk is of an increase in the pegged indexes and the consequent negative effect on the profit or loss. The Group therefore quantify the risks in terms of the net exposure of the variables (dollar, euro, CDI, IGP-M, IPCA, TJLP and SELIC), as shown below:

e.1) Exchange rates variation

Considering that the net exchange rate exposure at September 30, 2019 is maintained, the simulation of the effects by type of financial instrument for three different scenarios would be:

	Consolidated				
			Income (expense)		
Instruments	Exposure (a)	Risk	Currency depreciation (b)	Currency appreciation of 25%(c)	Currency appreciation of 50%(c)
Financial liability instruments	(5,944,131)		(65,967)	1,436,557	2,939,082
Derivatives - Plain Vanilla Swap	6,173,273		68,510	(1,491,935)	(3,052,381)
	229,142	drop in the dollar	**2,543**	**(55,378)**	**(113,299)**
Financial liability instruments	(3,034,457)		(57,907)	715,184	1,488,275
Derivatives - Plain Vanilla Swap	3,168,474		60,464	(746,770)	(1,554,005)
	134,017	drop in the euro	**2,557**	**(31,586)**	**(65,730)**
Total	**363,159**		**5,100**	**(86,964)**	**(179,029)**
Effects on the comprehensive income			**1,015**	**(18,274)**	**(37,563)**
Effects on the net profit			**4,085**	**(68,690)**	**(141,466)**

			Income (expense) on result		
Instruments	Exposure (a) US$ thousand	Risk	Currency depreciation (b)	Currency depreciation of 25% (c)	Currency depreciation of 50% (c)
Derivatives - zero cost collar	3,062 (d)	raise of dollar	(9)	(4,188)	(5,947)
NDF Dollar	5,353 (d)	drop in the dollar	-	(7,496)	(14,992)

(a) The exchange rate considered at 09/30/2020 was R$ 5.64 per US$ 1.00 and R$ 6.61 per €$ 1.00.
(b) As per the exchange rate curves obtained from information made available by B3 S.A., with the exchange rate being considered at R$ 5.70 and 6.74, and the currency depreciation at 1.11% and 1.91% for US$ and €$, respectively at 09/30/2020.
(c) As required by CVM Instruction No. 475/2008, the percentage increases in the ratios applied refer to the information made available by the B3 S.A..
(d) Owing to the characteristics of this derivatives, the notional amount is presented in US$.

Except for zero-cost collar derivative and commodity forward contract, as the net exchange exposure of the dollar and the euro for the other derivative instruments is an asset, the risk is a drop in the dollar, and the euro, therefore, the exchange rate is appreciated by 25% and 50% in relation to the probable exchange rate.

e.2) Interest rates variation

Assuming that the scenario of net exposure of the financial instruments indexed to floating interest rates at September 30, 2020 is maintained, the net finance cost for the next 12 months for each of the three scenarios defined, would be:

	Consolidated						
					Income (expense)		
Instruments	**Exposure R$ thousand**	**Risk**	**Rate in the period**	**Likely scenario rate (a)**	**Likely scenario**	**Raising/Drop index by 25% (b)**	**Raising/Drop index by 50% (b)**
Financial asset instruments	6,597,049				189,995	237,494	284,993
Financial liability instruments	(6,164,766)				(177,545)	(221,932)	(266,318)
Derivatives - Plain Vanilla Swap	(7,004,433)				(201,728)	(252,160)	(302,592)
	(6,572,150)	CDI apprec.	**3.56%**	**2.88%**	**(189,278)**	**(236,598)**	**(283,917)**
Financial liability instruments	(151,026)				(6,071)	(7,589)	(9,107)
Derivatives - Plain Vanilla Swap	-				-	-	-
	(151,026)	IGP-M apprec.	**17.94%**	**4.02%**	**(6,071)**	**(7,589)**	**(9,107)**
Financial liability instruments	(489,706)				(22,282)	(27,852)	(33,422)
	(489,706)	TJLP apprec.	**5.13%**	**4.55%**	**(22,282)**	**(27,852)**	**(33,422)**
Financial liability instruments	(4,591,313)				(191,458)	(143,593)	(95,729)
Derivatives - Plain Vanilla Swap	514,264				21,445	16,084	10,722
Concession financial asset	9,772,378				407,508	305,631	203,754
	5,695,329	drop in the IPCA	**3.14%**	**4.17%**	**237,495**	**178,122**	**118,747**
Setorial financial assets and liabilities	(185,579)				(5,345)	(4,009)	(2,672)
Financial instruments - assets	1,358,381				39,121	29,341	19,561
	1,172,802	drop in the SELIC	**3.56%**	**2.88%**	**33,776**	**25,332**	**16,889**
Total	**(344,751)**				**53,640**	**(68,585)**	**(190,810)**
Effects on the comprehensive income					**1,886**	**1,526**	**1,166**
Effects on the net profit					**51,754**	**(70,111)**	**(191,976)**

(a) The indexes considered in this analysis were obtained from information available in the market.
(b) In compliance with CVM Instruction 475/08, the percentage of raising index are applied to the likely scenario.

(a) The indexes were obtained from information available in the market.

(b) As required by CVM Instruction number 475/2008, the percentages of increase were applied to the indexes in the probable scenario.

Additionally, the debts exposed to pre-fixed indexes would generate an expense of R$ 679.

f) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from Consumers, Concessionaires and Licensees and financial instruments. Monthly, the risk is monitored and classified according to the current exposure, considering the limit approved by Management.

Impairment losses on financial assets recognized in profit or loss are presented in note 7 – Consumers, Concessionaires and Licensees.

<u>Accounts receivable and contract assets - Consumers, Concessionaires and Permissionaires</u>

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, Management also considers the factors that may influence the credit risk.

The Group uses a provision matrix to measure the expected credit losses of trade receivables according to the consumer class (Residential, Commercial, Rural, Public Power, Public Lighting, Public Services), Other Revenues and Unbilled Revenue, comprising mostly a large number of dispersed balances.

Loss rates are based on actual experience of credit loss verified in recent months. These rates reflect differences between economic conditions during the period over which the historical data have been collected, current conditions and the Group's view of future economic conditions over the expected lives of the receivables. Thus, the calculation was made considering the past due balances according to the interval currently used in the provision guided by regulatory parameters (aging), divided by revenue and deducted from the power cut efficiency factor. The regulatory parameters are classified as follows:

Class	Days
Residential	90
Commercial and other revenues	180
Industrial, rural, public power in general	360

After calculating the amount according to the regulatory criteria presented above, it was divided by the total revenue billed for the period related to the aging of each consumption class and then deducting the average efficiency percentage of the power cuts. The efficiency percentage was calculated based on the Group's historical data and shows that there is an efficiency gain in the receipt of past due amounts when there is the possibility of a power cut, which, according to regulatory requirements, were prohibited until July 31, 2020.

For the 3rd quarter of 2020, considering the return of the power supply disconnections, the Company revised the criterion of the supply disconnection efficiency component in the calculation of the allowance for impaired receivables and reassessed the estimate used in the 2nd quarter of 2020.

The methodology used by Management includes a percentage that is compliant with the accounting rule described as expected credit losses, including in a single percentage the probability of loss, weighted by the expected loss and possible outcomes, that is, including Probability of Default ("PD"), Exposure at Default ("EAD") and Loss Given Default ("LGD").

It is important to mention that the Group continues to monitor the results of the current crisis in its results, seeking to evaluate the methodology that timely reflects the expected loss.

<u>Macroeconomic factors</u>

After studies developed by the Group to assess which variables present a correlation ratio with the actual amount of Expected Credit Losses Allowance, in addition to the effects of the COVID-19 pandemic and which are considered in our calculation methodology, no other ratios or macroeconomic factors that would have material impacts or that had direct correlation with the default level were identified, due to the electric sector characteristic of having instruments that mitigate the risk of losses, such as cutting energy supply to default customers.

<u>Cash and cash equivalents and Marketable securities</u>

The Group limits its exposure to credit risk by investing only in liquid debt securities and only with counterparties that have a credit rating of at least AA-.

The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. Management did not identify for the quarter ended September 30, 2020 and the year ended December 31, 2019 that the securities had a significantly change in credit risk.

<u>Derivatives</u>

The Group adopts a policy of using derivatives with the purpose of hedge (economic hedge) against the risks of fluctuations in exchange rates and interest rates, mostly comprising currency and interest rate swaps. The derivative transactions are entered into with first-tier banks and financial institutions with a rating of at least AA-, based on the main credit rating agencies in the market (note 34). Management has not identified for the period of 2020 and the year 2019 that the derivative financial assets had a significant impairment using the criterion of expected losses.

The Group adopts a policy of providing financial guarantees for the obligations of its subsidiaries and joint ventures. At September 30, 2020 and December 31, 2019, the Company had provided guarantees to certain financial institutions with respect to the credit lines granted to its subsidiaries and joint ventures, as presented in notes 18 and 19.

The effects and disclosures in these interim financial statements, resulting from the pandemic caused by COVID-19, are described in note 1.2.

(35) NON-CASH TRANSACTIONS

	Consolidated	
	September 30, 2020	September 30, 2019
Capital increase in investees with advance for future capital increase	-	7,825
Advance for future capital increase in subsidiaries	-	84
Capitalized interest	-	14,529
Interest capitalized in concession intangible asset - distribution infraestruture	21,085	18,594
Transfer between property, plant and equipament and other assets	837	3,214

(36) RELEVANT FACT AND EVENTS AFTER THE REPORTING PERIOD

36.1 Periodic tariff review - CPFL Piratininga

On October 20, 2020, ANEEL published Homologatory Resolution ("REH") No. 2,792, related to the result of the Annual Tariff Readjustment - RTA 2020, which established the average readjustment of the Company's tariffs, effective as of October 2020, + 18.31%, with + 15.76% referring to the economic tariff adjustment and + 2.55% related to the relevant financial components. The total average effect to be perceived by consumers is + 9.82%, in view of the removal of the previous year's financial components from the tariff base.

On August 27, 2020, ANEEL published Order no. 2,508 / 2020-SGT-SRM / ANEEL with different interpretations of the current regulation regarding the exercise of the maximum effort, by the distributors, for the recognition, or not, of its involuntary leftovers, for the years 2016 and 2017, that is, a new evaluation criterion established by Technical Note nº 97 was used, however this legislation was not in force in these periods. As this order is still under discussion at the administrative level, since ANEEL did not assess the merit of the administrative appeal of this distributor, we did not make any accounting records in this quarter until the date of approval of this interim financial information.

36.2 Advance for future capital increase ("AFCI")

In October 2020, the Company made an AFCI in subsidiary CPFL Geração, in the amount of R$ 1,087,000.

BOARD OF DIRECTORS

Bo Wen
Chairman

Shirong Lyu
Vice Chairman

Gustavo Estrella

Anselmo Henrique Seto Leal

Antonio Kandir

Hong Li

Marcelo Amaral Moraes

Directors

EXECUTIVE BOARD

GUSTAVO ESTRELLA
Chief Executive Officer

SHIRONG LYU
Senior Executive Vice President, holding also the function of
Strategy, Innovation and Business Excellence Vice President

YUMENG ZHAO
Executive Vice President

YUEHUI PAN
Chief Financial Executive Officer and Investor Relations Officer

GUSTAVO PINTO GACHINEIRO
Legal and Institutional Relations Vice President

FLÁVIO HENRIQUE RIBEIRO
Business Management Vice President

LUIS HENRIQUE FERREIRA PINTO
Regulated Operations Vice President

KARIN REGINA LUCHESI
Market Operations Vice President

VITOR FAGALI
Business Development Vice President

ACCOUNTING DIVISION

SERGIO LUIS FELICE
Accounting Director
CT CRC 1SP192767/O-6

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Report on Review of interim Financial Information - ITR

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with CPC 21(R1) and International Standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board – (IASB), and in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information (ITR))

To the Board Directors and Shareholders of
CPFL Energia S.A.
Campinas - SP

Introduction
We have reviewed the individual and consolidated interim financial information of CPFL Energia S.A. ("the Company"), included in the Quarterly Information Form (ITR), for the quarter ended September 30, 2020, which comprises the statement of financial position as of September 30, 2020 and the respective statements of profit or loss and other comprehensive income for the three and nine-month period then ended, and the statement of changes in shareholders equity and cash flows for the nine-month period then ended, comprising the explanatory footnotes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21(R1) and International Standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board – (IASB), and for presentation of these interim financial information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review
We conducted our review in accordance with the Brazilian and International Standard on review engagements (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information
Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of the Quarterly Information - ITR and presented in accordance with the rules issued by Brazilian Securities and Exchange Commission - CVM.

Other matters - Statements of Value Added
The quarterly information referred to above include the individual and consolidated statements of value added (DVA) for the nine-month period ended September 30, 2020, prepared under the responsibility of the

Company's management, and presented as supplementary information for the purposes of IAS 34. These statements were submitted to the same review procedures followed together with the review of the Company's interim financial information, in order to form our conclusion whether they are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the statements of value added were not prepared, in all material respects, in accordance with the criteria set on that Standard and consistently with the individual and consolidated interim financial information taken as a whole.

Campinas, November 10, 2020.

KPMG Auditores Independentes
CRC 2SP027612/O-4
(Original in Portuguese signed by)
Marcio José dos Santos
Accountant CRC 1SP252906/O-0

Management declaration on financial statements

In compliance with the provisions in items V and VI of article 25 of the Brazilian Securities & Exchange Commission (CVM) Instruction No. 480, of December 7, 2009, as amended by CVM Instruction No. 586, of June 8, 2017, the chief executive officers and the officers of CPFL Energia S.A, a publicly traded company, with its registered office at Rua Jorge Figueiredo Corrêa, nº 1.632, Jardim Professora Tarcília, CEP 13087-397 - Campinas - SP - Brazil, enrolled with the National Register of Legal Entities (CNPJ) under No. 02.429.144/0001-93, hereby stated that:

a) they have reviewed and discussed, and agree with, the opinions expressed in the opinion of KPMG Auditores Independentes on the interim financial statements (Quarterly Information – ITR) of **CPFL Energia** for the period ended September 30, 2020;

b) they have reviewed and discussed, and agree with, the interim financial statements (Quarterly Information – ITR) of **CPFL Energia** for the period ended September 30, 2020;

Campinas, November 10, 2020.

GUSTAVO ESTRELLA

Chief Executive Officer

YUEHUI PAN

Financial and Investor Relations Vice-President

Management declaration on independent auditor´s report

In compliance with the provisions in items V and VI of article 25 of the Brazilian Securities & Exchange Commission (CVM) Instruction No. 480, of December 7, 2009, as amended by CVM Instruction No. 586, of June 8, 2017, the chief executive officers and the officers of CPFL Energia S.A, a publicly traded company, with its registered office at Rua Jorge Figueiredo Corrêa, nº 1.632, Jardim Professora Tarcília, CEP 13087-397 - Campinas - SP - Brazil, enrolled with the National Register of Legal Entities (CNPJ) under No. 02.429.144/0001-93, hereby stated that:

a) they have reviewed and discussed, and agree with, the opinions expressed in the opinion of KPMG Auditores Independentes on the interim financial statements (Quarterly Information – ITR) of CPFL Energia for the period ended September 30, 2020;

b) they have reviewed and discussed, and agree with, the interim financial statements (Quarterly Information – ITR) of CPFL Energia for the period ended September 30, 2020;

GUSTAVO ESTRELLA

Chief Executive Officer

YUEHUI PAN

Financial and Investor Relations Vice-President