Equatorial Energia S.A.

Quarterly Financial Information at September 30, 2017

(A free translation of the original report in Portuguese as published in Brazil containing quarterly financial information prepared in accordance with accounting practices adopted in Brazil)

KPDS 205696

Content

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Report on review of quarterly financial information

To the Directors and Shareholders of
Equatorial Energia S.A
São Luís - MA

Introduction
We have reviewed the interim, individual and consolidated, financial statements of Equatorial Energia S.A. ("Company"), contained in the quarterly information form for the period ended 30 September 2017, consisting of the statements of financial position as of September 30, 2017 and the related statements of income and comprehensive income for the three and nine months period then ended, the statements of changes in shareholders' equity and cash flows for the nine months period then ended, and the notes to the financial statements.

Company Management is responsible for preparing these individual and consolidated interim financial statements in accordance with CPC 21(R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, and for presenting this information in accordance with the standards issued by the Brazilian Securities Commission that apply to the preparation of Quarterly Information. Our responsibility is to express an opinion on the interim financial statements based on our review.

Review scope
We conducted our review in accordance with Brazilian and international standards on reviews of interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily to the management responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially smaller in scope than an audit conducted in accordance with audit standards, and we cannot therefore provide assurance that we have discovered all the significant matters that could have been identified by an audit. Accordingly, we do not express an audit opinion.

Conclusion about the individual and consolidated interim information
Our review did not detect any facts that suggest the individual and consolidated interim financial information included in the aforesaid quarterly information was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by IASB, as applicable to Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission.

Other matters

Statements of Added Value
The interim, individual and consolidated financial statements relating to the Statement of added value (DVA) for the nine months period ended September 30, 2017, developed by Company management, presented as supplementary information, for purpose of IAS 34, were subject to review procedures performed within the review of quarterly financial information - ITR. For the purpose of our conclusion, we evaluated if these statements are reconciled with the interim financial statements and the accounting records, as applicable and if the form and content are in accordance with Technical Pronouncement CPC 09 - Statements of added value. Based in our review, did not detect any facts that suggest the individual and consolidated interim financial statements taken as a whole have not been properly prepared, in all material respects.

Fortaleza, November 09, 2017

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original report in Portuguese signed by
João Alberto da Silva Neto
Accountant CRC RS-048980/O-0 T-CE

Equatorial Energia S.A.

Statements of financial position as of September 30, 2017 and December 31, 2016

(In thousands of Reais)

		Parent Company		Consolidated	
Assets	**Note**	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31/2016**
Current					
Cash and cash equivalents		169,108	137,661	928,321	920,784
Short-term investments	5	286,178	350,366	1,732,997	2,137,135
Trade accounts receivable	6	-	-	2,322,915	2,292,104
Accounts receivable - rate tiers		-	-	2,511	3,947
Fuel - CCC account		-	-	41,546	64,738
Services in progress		-	-	172,553	133,605
Related parties		10,422	-	-	-
"A Component" revenue receivable and other financial items	7	-	-	136,570	-
Judicial deposits	19	4,238	4,236	22,042	31,839
Derivative financial instruments	29	-	-	25,000	1,242
Inventory		-	-	15,534	19,987
Dividends		226,317	125,469	-	-
Taxes and contributions recoverable		641	-	109,295	105,000
Taxes and contributions recoverable on net income		18,588	21,959	101,159	127,909
Other receivables	8	2,276	2,665	216,444	89,242
Total current assets		**717,768**	**642,356**	**5,826,887**	**5,927,532**
Non-current assets					
Trade accounts receivable	6	-	-	513,247	372,004
"A Component" revenue receivable and other financial items	7	-	-	63,090	-
Sub-rogation to Fuel Consumption Account charges		-	-	87,718	93,306
Judicial deposits	19	-	-	189,750	165,018
Derivative financial instruments	28	-	-	21,600	-
Taxes and contributions recoverable		6	-	124,226	130,636
Taxes and contributions recoverable on net income		-	-	45,278	42,833
Subrogation to CCC		-	-	23,809	65,284
Advance for future capital increase		25,871	-	-	-
Other credits	8	8,539	48,219	83,408	66,965
Advance to suppliers		-	-	83,809	-
Concession financial assets	10	-	-	3,029,911	2,602,224
Investments	11	3,956,794	3,512,077	101,892	96,322
Property, plant and equipment		1,721	439	10,376	8,755
Intangible assets	12	-	-	4,867,972	4,648,641
Total non-current assets		**3,992,931**	**3,560,735**	**9,246,086**	**8,291,988**
Total assets		**4,710,699**	**4,203,091**	**15,072,973**	**14,219,520**

		Parent Company		Consolidated	
Liabilities	**Note**	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31/2016**
Current					
Trade accounts payables	13	532	702	1,045,631	943,283
Payroll charges		1,083	489	48,581	33,330
Loans and financing	14	-	-	913,024	868,211
Debentures	15	-	-	247,229	118,740
"A Component" revenue receivable (returnable) and other financial items	7	-	-	-	71,524
Taxes and contributions payable	17.1	3,742	4,013	428,388	357,041
Taxes and contributions payable on net income		629	-	13,807	9,306
Dividends and interest on equity		169,284	169,288	243,075	195,911
Consumer charges		-	-	50,065	28,748
Public lighting fee		-	-	25,789	42,101
Energy efficiency research and development		-	-	70,190	69,029
Profit sharing		6,697	4,234	65,840	76,559
Payables from judicial reorganization	18	-	-	40,085	96,409
Provision for civil, labor and tax litigation	19	-	-	73,369	86,222
Other accounts payable	20	10,614	317	603,968	419,891
Total current liabilities		**192,581**	**179,043**	**3,869,041**	**3,416,305**
Non-current					
Loans and financing	14	-	-	2,188,779	2,217,653
Debentures	15	-	-	1,553,856	1,629,727
Taxes and contributions payable	17.1	-	-	38,164	37,316
Deferred income and social contribution taxes	17.1	50	50	314,877	238,395
Provision for civil, labor and tax litigation	19	-	-	462,517	455,527
"A Component" revenue returnable and other financial items	7	-	-	-	1,501
Energy efficiency research and development		-	-	162,351	153,334
Payables from judicial reorganization	18	-	-	947,371	912,337
Retirement and pension plan		-	-	38,412	38,412
Derivative financial instruments	28	-	-	-	31,278
Other accounts payable	20	1,068	-	52,356	216,048
Total non-current liabilities		**1,118**	**50**	**5,758,683**	**5,931,528**
Shareholders' equity	21				
Capital		2,227,021	1,981,985	2,227,021	1,981,985
Capital reserves		58,408	54,959	58,408	54,959
Profit reserves		1,766,110	2,009,845	1,766,110	2,009,845
Equity appraisal adjustment		(22,262)	(22,262)	(22,262)	(22,262)
Other comprehensive income		(529)	(529)	(529)	(529)
Retained earnings		488,252	-	488,252	-
Equity attributable to equity holders		**4,517,000**	**4,023,998**	**4,517,000**	**4,023,998**
Minority interests		**-**	**-**	**928,249**	**847,689**
Total shareholders' equity		**4,517,000**	**4,023,998**	**5,445,249**	**4,871,687**
Total liabilities and equity		**4,710,699**	**4,203,091**	**15,072,973**	**14,219,520**

See the accompanying notes to the quarterly information

Equatorial Energia S.A.

Statements of income

Three and nine month period ended September 30, 2017 and 2016

(In thousands of Reais)

	Note	Parent Company				Consolidated			
		01/01/2017 to 09/30/2017	07/01/2017 to 09/30/2017	01/01/2016 to 09/30/2016	07/01/2016 to 09/30/2016	01/01/2017 to 09/30/2017	01/07/2017 to 09/30/2017	01/01/2016 to 09/30/2016 Restated	07/01/2016 a 09/30/2016 Restated
Net operating revenue	24	-	-	-	-	6,346,987	2,422,094	5,593,947	2,004,253
Electricity, construction and operation costs	25	-	-	-	-	(4,491,926)	(1,608,118)	(4,122,473)	(1,456,087)
Electricity purchased for resale and transmission costs	26	-	-	-	-	(3,064,555)	(1,163,062)	(2,567,300)	(884,780)
Construction cost		-	-	-	-	(927,972)	(287,888)	(1,025,402)	(379,410)
Operation cost		-	-	-	-	(499,399)	(157,168)	(529,771)	(191,897)
Gross income		-	-	-	-	1,855,061	813,976	1,471,474	548,166
Sales expenses	25	-	-	-	-	(445,368)	(133,675)	(337,438)	(125,558)
General and administrative expenses	25	(32,232)	(12,232)	(28,057)	(7,829)	(446,296)	(173,666)	(251,972)	(99,092)
Amortization of concession rights		(4,442)	(1,481)	(4,780)	(1,593)	(4,442)	(1,481)	(4,780)	(1,593)
Equity in net income		488,584	315,346	497,647	183,333	17,303	4,022	20,266	7,340
Other operating expenses, net		(10)	(3)	-	1,119	(85,589)	(31,299)	(62,415)	(26,248)
Total operating revenue (expense)		451,900	301,630	464,810	175,030	(964,392)	(336,099)	(636,339)	(245,151)
Income before net financial items, income tax and social contributions		451,900	301,630	464,810	175,030	890,669	477,877	835,135	303,015
Financial revenue		45,954	11,016	56,343	20,174	424,679	140,396	625,016	127,401
Financial expense		(5,909)	(233)	(4)	(3)	(558,512)	(161,073)	(678,794)	(147,550)
Financial results, net	27	40,045	10,783	56,339	20,171	(133,833)	(20,677)	(53,778)	(20,149)
Net income before income and social contribution taxes		491,945	312,413	521,149	195,201	756,836	457,200	781,357	282,866
Income tax and social contribution - current	17.3	(6,827)	(731)	(14,839)	(6,479)	(74,676)	(39,007)	(70,612)	(30,276)
Income tax and social contribution - deferred		3,134	-	-	-	(60,114)	(32,364)	(80,233)	(13,687)
Taxes on net income		(3,693)	(731)	(14,839)	(6,479)	(134,790)	(71,371)	(150,845)	(43,963)
Net income for the period		**488,252**	**311,682**	**506,310**	**188,722**	**622,046**	**385,829**	**630,512**	**238,903**
Income attributable to:									
Non controlling interests		-	-	-	-	133,794	74,147	124,202	50,181
Controlling interests		488,252	311,682	506,310	188,722	488,252	311,682	506,310	188,722
Net income for the period		**488,252**	**311,682**	**506,310**	**188,722**	**622,046**	**385,829**	**630,512**	**238,903**
Basic earnings per lot of one thousand shares - R$		2.4567	1.5680	3.3538	0.4050	3.1299	1.9409	3.1736	1.2025
Diluted earnings per lot of one thousand shares - R$		2.4428	1.5597	3.2839	0.3966	3.1101	1.9287	3.1424	1.1907
Number of shares at period-end		**198,743**	**198,743**	**198,675**	**198,675**	**198,743**	**198,743**	**198,675**	**198,675**

See the accompanying notes to the quarterly information

Equatorial Energia S.A.

Statements of comprehensive income

Three and nine month period ended September 30, 2017 and 2016

(In thousands of Reais)

	Parent Company				Consolidated			
	01/01/2017 to 09/30/2017	**07/01/2017 to 09/30/2017**	**01/01/2016 to 09/30/2016**	**07/01/2016 to 09/30/2016**	**01/01/2017 to 09/30/2017**	**07/01/2017 to 09/30/2017**	**01/01/2016 to 09/30/2016**	**07/01/2016 to 09/30/2016**
Net income for the period	488,252	311,682	506,310	188,722	622,046	385,829	630,512	238,903
Comprehensive income	-	-	-	-	-	-	-	-
Total other comprehensive income	488,252	311,682	506,310	188,722	622,046	385,829	630,512	238,903
Non controlling interests	-	-	-	-	133,794	74,147	124,202	50,181
Controlling shareholders	488,252	311,682	506,310	188,722	488,252	311,682	506,310	188,722
Total comprehensive income	488,252	311,682	506,310	188,722	622,046	385,829	630,512	238,903

See the accompanying notes to the quarterly information

Equatorial Energia S.A.

Statements of changes in shareholders' equity

Nine month period ended September 30, 2017 and 2016

(In thousands of Reais)

	Capital	Capital reserves	Profit reserves: Statutory	Profit reserves: Investment and expansion reserve	Equity appraisal adjustment	Retained earnings	Other comprehensive income	Equity - parent company	Minority interests	Consolidated equity
Balances at December 31, 2015	1,980,214	44,909	138,124	1,334,217	(22,262)	-	4,050	3,479,252	749,987	4,229,239
Capital increase	1,771	-	-	-	-	-	-	1,771	-	1,771
Awarded options recognized (Note 22)	-	8,278	-	-	-	-	-	8,278	-	8,278
Dividends	-	-	-	-	-	-	-	-	(37,410)	(37,410)
Net income for the period	-	-	-	-	-	506,310	-	506,310	124,202	630,512
Balances at September 30, 2016	1,981,985	53,187	138,124	1,334,217	(22,262)	506,310	4,050	3,995,611	836,779	4,832,390
Balances at December 31, 2016	1,981,985	54,959	173,735	1,836,110	(22,262)	-	(529)	4,023,998	847,689	4,871,687
Capital increase (Note 21.1)	245,036	-	(173,735)	(70,000)	-	-	-	1,301	-	1,301
Awarded options recognized (Note 22)	-	3,449	-	-	-	-	-	3,449	-	3,449
Distribution of minority dividends	-	-	-	-	-	-	-	-	(53,234)	(53,234)
Net income for the period	-	-	-	-	-	488,252	-	488,252	133,794	622,046
Balances at September 30, 2017	2,227,021	58,408	-	1,766,110	(22,262)	488,252	(529)	4,517,000	928,249	5,445,249

See the accompanying notes to the quarterly information

Equatorial Energia S.A.

Statements of cash flows - indirect method

Nine month period ended September 30, 2017 and 2016

(In thousands of Reais)

	Parent Company		Consolidated	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Cash flows from operating activities				
Net income for the period	488,252	506,310	622,046	630,512
Adjustments for:				
Amortization and depreciation	4,447	4,785	290,470	259,643
Equity in income	(488,584)	(497,647)	(17,303)	(20,266)
Loss (gain) on the sale of intangible assets	-	-	13,281	18,138
Indexation of financial assets	-	-	(56,768)	(105,826)
Debt service charges, interest and monetary and exchange variance, net	(8,984)	-	331,096	20,996
Loss (gain) on derivative financial instruments	-	-	73,485	352,440
Adjustment to the present value	(362)	-	31,391	(25,345)
Allowance (reversal) for doubtful accounts and losses on uncollectible receivables	-	-	216,946	(139,189)
Update and provision for research and development and energy efficiency	-	-	64,805	-
Provision (reversal) for civil, labor and tax litigation	-	-	47,126	35,912
"A Component" revenue receivable and other financial items	-	-	(272,685)	71,631
Earnings on investments	(27,763)	(25,629)	(142,099)	(200,416)
Deferred income and social contribution taxes	(3,134)	-	60,114	80,233
Current income and social contribution taxes	6,827	14,839	74,676	70,612
Proposed dividends - payable	3,449	8,278	3,449	8,278
	(25,852)	10,936	1,340,030	1,057,353
Changes in current and noncurrent assets and liabilities				
Trade accounts receivable	-	-	(389,010)	(164,383)
Accounts receivable - rate tiers	-	-	1,436	5,029
Fuel - CCC account	-	-	28,780	59,622
Services in progress	-	-	(38,948)	(6,068)
Judicial deposits	(2)	(233)	(14,935)	(19,313)
Inventory	-	-	4,453	(12,439)
Taxes and contributions recoverable	(647)	-	2,115	9,552
Taxes and contributions recoverable on the net income	3,371	14,006	24,305	(31,974)
Subrogation to CCC	-	-	41,475	(20,137)
Other receivables	49,415	4,887	(143,645)	1,044
Trade payables	(170)	129	112,635	(109,219)
Payroll charges	594	(117)	15,251	5,716
Taxes and contributions payable	2,863	2,660	72,195	(35,471)
Taxes and contributions payable on net income	(6,198)	(18,010)	(4,710)	(118,509)
Consumer charges	-	-	21,317	2,919
Public lighting fee	-	-	(16,312)	2,563
Energy efficiency research and development	-	-	(54,627)	4,449
Profit sharing	2,463	291	(10,719)	(3,730)
Retirement and pension plan	-	-	-	(4,322)
Provision for civil, labor, tax and regulatory litigation	-	-	(52,989)	(90,326)
Interest paid	-	-	(203,904)	(174,094)
Income and social contribution taxes paid	-	-	(49,097)	87,142
Other accounts payable	10,299	2	20,385	34,570
Cash provided by (used in) operating activities	61,988	3,615	(634,549)	(577,379)
Flow of net cash provided by operating activities	36,136	14,551	705,481	479,974
Cash flows from investment activities				
Related parties	(10,422)	-	-	-
Advance for future capital increase	(97,817)	-	-	-
Acquisitions of intangible assets and property, plant and equipment	(1,287)	-	(885,886)	(902,234)
Concession financial assets	-	-	(9,682)	-
Investment acquisition	(90)	-	-	-
Advance to supplier	-	-	(83,809)	-
Investments/redemptions	91,951	(27,136)	546,237	653,089
Receipt of dividends	11,679	11,612	11,679	11,612
Flow of cash used in investment activities	(5,986)	(15,524)	(421,461)	(237,533)
Cash flow from financing activities				
Loans and financing and debentures obtained	-	-	721,119	264,993
Amortization of loans and financing and debentures	-	-	(751,089)	(505,817)
Amortization of derivative financial instruments	-	-	(140,314)	10,276
Judicial reorganization	-	-	(101,430)	9,228
Funding for capital increase	1,301	1,771	1,301	1,771
Dividends paid	(4)	-	(6,070)	(4,847)
Net cash provided by (used in) financing activities	1,297	1,771	(276,483)	(224,396)
Net increase in cash and cash equivalents	31,447	798	7,537	18,045
Cash and cash equivalents at beginning of the period	137,661	9,035	920,784	397,866
Cash and cash equivalents at period-end	169,108	9,833	928,321	415,911
Net increase in cash and cash equivalents	31,447	798	7,537	18,045

See the accompanying notes to the quarterly information

Equatorial Energia S.A.

Statements of added value

Nine month period ended September 30, 2017 and 2016

(In thousands of Reais)

	Parent Company		Consolidated	
	09/30/2017	09/30/2016	09/30/2017	09/30/2016 Restated
Revenue				
Sales of products and services	-	-	8,857,628	7,912,536
Provision for impairment of accounts receivable	-	-	(216,946)	(139,189)
Provision (reversal) for civil, labor, tax and regulatory litigation	-	-	(33,607)	36,379
Other operating expenses (revenue)	(10)	-	(48,823)	(16,439)
Other expenses (revenue) non-recurrent	-	-	(36,766)	(45,974)
	(10)	-	8,521,486	7,747,313
Inputs purchased from third parties (Including ICMS and IPI)				
Cost of goods sold and services rendered	-	-	(3,992,527)	(3,592,702)
Materials, energy, outsourced services and other	(11,018)	(4,784)	(512,985)	(507,782)
CCC Subsidy	-	-	(68,975)	(9,373)
	(11,018)	(4,784)	(4,574,487)	(4,109,857)
Gross added (applied) value	(11,028)	(4,784)	3,946,999	3,637,456
Depreciation and amortization	(5)	(5)	(286,028)	(254,870)
Added value (applied) produced by the Company	(11,033)	(4,789)	3,660,971	3,382,586
Transferred value added				
Financial income	45,954	56,339	405,687	12,090
Equity in income	488,584	497,648	17,303	20,266
Amortization of concession rights	(4,442)	(4,780)	(4,442)	(4,780)
Others	(5,905)	-	(178,584)	-
	524,191	549,207	239,964	27,576
Added value to be distributed	**513,158**	**544,418**	**3,900,935**	**3,410,162**
Distribution of value added				
Employees				
Direct compensation	17,345	20,588	205,138	213,185
Benefits	583	166	54,974	38,314
FGTS	390	58	19,158	13,585
Other	2,474	2,457	(21,383)	(24,313)
	20,792	23,269	257,887	240,771
Taxes				
Federal	3,693	14,839	1,261,772	1,211,568
State	-	-	1,372,128	1,250,877
Municipal	-	-	5,886	4,162
	3,693	14,839	2,639,786	2,466,607
Third-party capital remuneration				
Interest	4	-	328,445	65,869
Rent	417	-	20,280	6,403
Others financial expenses	-	-	32,491	-
	421	-	381,216	72,272
Interest earnings				
Net income for the period	488,252	506,310	488,252	506,310
Minority interests in retained earnings	-	-	133,794	124,202
	488,252	506,310	622,046	630,512
Added value	**513,158**	**544,418**	**3,900,935**	**3,410,162**

See the accompanying notes to the quarterly information

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

1 Operational context

Equatorial Energia S.A. (“Company” or “Equatorial” or “Parent”), headquartered in São Luís, Maranhão, Brazil, is a publicly traded holding corporation with interests primarily in electric power generation, distribution and transmission operations. The Company is listed on BM&F BOVESPA under the ticker “EQTL3” and has been listed on Novo Mercado since 2008.

2 Subsidiaries and joint ventures

Equatorial has the following interests:

Direct investment	**Note**	**30/09/2017**	**31/12/2016**
Companhia Energética do Maranhão S.A. - CEMAR		65,11%	65,11%
55 Soluções S.A.		100,00%	100,00%
Centrais Elétricas do Pará S.A. - CELPA		96,50%	96,50%
Geradora de Energia do Norte		25,00%	25,00%
Vila Velha Termoelétricas Ltda.		50,00%	50,00%
Equatorial Telecomunicações		0,04%	0,04%
Equatorial Transmissão S.A.	(a)	100,00%	100,00%
Equatorial Transmissora 1 SPE S.A.	(b)	100,00%	100,00%
Equatorial Transmissora 2 SPE S.A.	(c)	100,00%	100,00%
Equatorial Transmissora 3 SPE S.A.	(d)	100,00%	100,00%
Equatorial Transmissora 4 SPE S.A.	(e)	100,00%	100,00%
Equatorial Transmissora 5 SPE S.A.	(f)	100,00%	100,00%
Equatorial Transmissora 6 SPE S.A.	(g)	100,00%	100,00%
Equatorial Transmissora 7 SPE S.A.	(h)	100,00%	100,00%
Equatorial Transmissora 8 SPE S.A.	(i)	100,00%	-

Secondary investment	**Note**	**30/09/2017**	**31/12/2016**
Solenergias	(j)	51%	51%
Hélios	(k)	99,99	99,99
Equatorial Telecomunicações		99,96	99,96

Headquartered in the city of Brasília, in the Federal District. The Company’s corporate purpose: a) to transmit and commercialize energy and provide related services; b) study, plan, designs, deploy, operate and maintain energy transmission systems; c) provide Consulting and engineering services within its area of operation; d) participate in technical, scientific and business associations and organizations; and, e) the participation in other companies national or foreign, as partner, shareholder or quotaholder, established on November 17, 2016;

Equatorial Transmissora 1 SPE S.A.: A closed-end corporation, headquartered in the city of Brasília, in the Federal District. The Company's corporate purpose is to: a) explore and operate the concession of a public electric power transmission service for the construction, assembly, operation and maintenance of transmission facilities, in accordance with Bid Notice no. 13 / 2015- ANEEL 2nd Stage- Republishing, consisting of the 500 kV Transmission Line Rio das Águas - Barreiras II C2, with 251 kilometers, established on November 17, 2016;

Equatorial Transmissora 2 SPE S.A.: A closed-end corporation, headquartered in the city of Brasília, in the Federal District. The Company's corporate purpose is to: a) explore and operate the concession of a public electric power transmission service for the construction, assembly, operation and maintenance of transmission facilities, in accordance with Bid Notice no. 13 / 2015- ANEEL 2nd Stage- Republishing, consisting of (a) Transmission Line 500 kV - Barreiras II, Buritirama C1, with 213 kilometers; And (b) Substation 500kV Buritirama (new substation for line connections and reactive compensation), established on November 17, 2016;

Equatorial Transmissora 3 SPE S.A.: A closed-end corporation, headquartered in the city of Brasilia, in the Federal District. The Company's corporate purpose is to: a) explore and operate the concession of a public electric power transmission service for the construction, assembly, operation and maintenance of transmission facilities, in accordance with Bid Notice no. 13 / 2015- ANEEL 2nd Stage- Republishing, consisting of the 500 kV Buritirama - Queimada Nova II, C2, 380 km transmission line, established on November 17, 2016;

Equatorial Transmissora 4 SPE S.A.: A closed-end corporation, headquartered in the city of Brasilia, in the Federal District. The Company's corporate purpose is to: a) explore and operate the concession of a public electric power transmission service for the construction, assembly, operation and maintenance of transmission facilities, in accordance with Bid Notice no. 13 / 2015- ANEEL 2nd Stage- Republishing, consisting of (a) Transmission Line 500 kV Igaporã III - Janaúba 3 C1, with 257 kilometers; (B) Transmission Line 500 kV Janaúba 3 - Presidente Juscelino C1, with 337 kilometers; And (c) Substation 500 kV Janaúba 3 (new 500 kV yard - part 1), established on November 17, 2016;

Equatorial Transmissora 5 SPE S.A.: A closed-end corporation, headquartered in the city of Brasilia, in the Federal District. The Company's corporate purpose is to: a) explore and operate the concession of a public electric power transmission service for the construction, assembly, operation and maintenance of transmission facilities, in accordance with Bid Notice no. 13 / 2015- ANEEL 2nd Stage- Republishing, consisting of the 500 kV Igaporã III - Janaúba 3 C2 Transmission Line, with 257 kilometers.

Equatorial Transmissora 6 SPE S.A.: A closed-end corporation, headquartered in the city of Brasilia, in the Federal District. The Company's corporate purpose is to: a) explore and operate the concession of a public electric power transmission service for the construction, assembly, operation and maintenance of transmission facilities, in accordance with Bid Notice no. 13 / 2015- ANEEL 2nd Stage- Republishing, consisting of the transmission line 500 kV Janaúba 3 - President Juscelino C2, with 330 kilometers, established on November 17, 2016.; and

Equatorial Transmissora 7 SPE S.A.: A closed-end corporation, headquartered in the city of Brasilia, in the Federal District. The Company's corporate purpose is to: a) explore and operate the concession of a public electric power transmission service for the construction, assembly, operation and maintenance of transmission facilities, in accordance with Bid Notice no. 13 / 2015- ANEEL 2nd Stage- Republishing, consisting of (a) 500 kV Transmission Line Vila do Conde - Marituba - 56.1 kilometers; (B) Marituba - Castanhal 230 kV Transmission Line - 68.6 km; (C) Marituba 500/230 kV Substation - (3 + 1R) x300 MVA; And (d) Marituba 2x200 MVA 230/69 kV Substation, constituted on November 17, 2016.

Equatorial Transmissora 8 SPE S.A.: A closed-end corporation, headquartered in the city of São Luís, Maranhão. The Company's corporate purpose is to: a) explore and operate the concession of a public electric power transmission service for the construction, assembly, operation and maintenance of transmission facilities, in the Brazilian State of Pará, in accordance with Bid Notice no. 05 / 2016, consisting of (a) 230 kV Transmission Line Xingu - Altamira - 61 kilometers; (b) Altamira- Transamazônica 230 kV Transmission Line - 188 km; (c) Transamazônica - Tapajós 230 kV Transmission Line - 187 km; (d) Tapajós 2x150 MVA 230/138-13,8 kV Substation; (e) Tapajós - Synchronous Condenser (-75/+50 MVAR) Substation; and (f) Rurópolis - Synchronous Condenser (-55/+110 MVAR) Substation, constituted on June 14, 2017.

Solenergias Comercializadora de Energia S.A. (“Solenergias”): A limited liability Corporation, headquartered in the city of Rio de Janeiro, Rio de Janeiro. The Company’s purpose is: electric power sales, manage electricity supply contracts for consumers, organize bids for purchase or sale of energy and sell inputs for generation of electric energy.

Helios Energia Comercializadora e Serviços Ltda: A limited partnership, headquartered in the city of Rio de Janeiro, Rio de Janeiro. The Company’s purpose is: electric power sales, manage electricity supply contracts for consumers, organize bids for purchase or sale of energy and sell inputs for generation of electric energy.

The subsidiaries CEMAR, CELPA, 55 Soluções, Equatorial Transmissão and the SPEs are collectively referred to in the notes hereafter as "Subsidiaries".

Geradora de Energia do Norte and Vila Velha are joint ventures controlled by Equatorial and are recognized using the equity method of accounting. These investments are initially recognized at cost, which includes transaction expenses.

The presentation of quarterly information for subsidiaries included in the consolidation are the same as the parent company’s and accounting policies have been applied consistently with the consolidated companies, including jointly-controlled companies, and are consistent with those used in the previous year.

All intercompany accounts and transactions have been eliminated in the consolidation.

3 Basis of preparation and presentation of quarterly information

3.1 Statement of compliance

The individual and consolidated quarterly information has been prepared in accordance with Technical Pronouncement CPC 21 (R1) - Interim Financial Statements, IAS 34 - Interim Financial Reporting of the International Accounting Standards Board (IASB) and Brazilian generally accepted accounting principles (BR-GAAP), and includes information required to be presented under Brazilian corporate law in a manner consistent with the standards set out in Accounting Pronouncements (CPC) approved by the Federal Accounting Counsel (CFC) and by the Brazilian Securities Commission (CVM) as applicable to the preparation of quarterly information.

The individual and consolidated interim quarterly information were authorized for issue by the Directors on November 7, 2017.

After issuance, the quarterly information can only be altered by shareholders.

All material information related to the quarterly information and that alone, is being presented, which corresponds to that used by it in its management.

3.2 Functional and presentation currency

These quarterly individual and consolidated information are presented in Reais, which is the Company’s functional currency. All balances have been rounded off to the nearest thousand, except where specified otherwise.

3.3 Use of estimates and judgments

In preparing these quarterly individual and consolidated information, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the period September 30, 2017 is included in the following notes:

- **Note 6.2 -** credits risk analysis criteria for determining the impairment;

- **Note 10 -** criteria for determining and restating concession financial assets;

- **Note 12 -** amortization of intangible concession assets linearly over the period in which the company is entitled to charge consumers for the use of the underlying concession asset (the regulatory useful life of assets) or the term of the concession contract, whichever is shortest;

- **Note 16 -** The deferred income tax and social contribution on temporary differences considering its projections of taxable income and the availability of future taxable income. Deferred taxes are recognized in relation to temporary differences between the carrying amounts for the purpose of financial statements and the corresponding amounts for tax purposes; And in relation to tax losses, considering its projections of taxable income and the availability of future taxable income.

- **Note 19 -** recognition of provisions for tax, civil and labor risks by rating the chance of defeat according to the evidence available, the hierarchy of law, available case law, recent court decisions and their relevance in the legal framework, in addition to independent legal advisors' opinions;

- **Note 28 -** definition of fair value using valuation techniques including the discounted cash flow method for financial assets and liabilities not traded in an active market.

(i) Measurement of fair values

A number of the Company’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer, when applicable.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of CPCs / IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2:** inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company recognizes transfers between levels of the fair value hierarchy at the period of review of quarterly information’s, or at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is disclosed in note 28.3.

3.4 Basis of measurement

The quarterly individual and consolidated information’s have been prepared on the historical cost basis, except for the following material items recognized in the statements of financial position:

- Short-term investments are measured at fair value;
- Derivative financial instruments are measured at fair value, and
- The defined benefit's net asset or liability is recognized as the fair value of the plans' assets, less the present value of the defined-benefit obligation, and is limited.

3.5 Rectifying corresponding amounts

The quarterly financial statements referring to nine months period ended September 30, 2016 is being rectified to reflect the corresponding amount on September 30, 2017 the accounting practices changes referring to the updating of financial assets of the concession. The company, in reviewing its accounting practices, concluded that the financial assets of the concession, previously presented in the financial income line, is better presented in the operating revenue group.

In addition, in the explanatory note of information by segment, the Company eliminated certain amounts of its subsidiaries in the “Central Management and others” which were being eliminated in the “Disposal and adjustment” column. This changes didn’t modify the total consolidated amounts.

The Company is performing the following reclassifications for the period ended September30, 2017, in accordance with CPC 26 - Presentation of Financial Statements (R1) and CPC 23 - Accounting Policies, Changes in Estimation and Correction of Errors (R3):

(a) Reclassifications in the statements of income (Consolidated) and statements of added value (Consolidated)

(i) Statements of income (Consolidated)

September 30, 2017 (nine months period)		**Previously published**	**Adjustments**	**Restated**
Net operating revenue	(a)	5.488.121	105.826	5.593.947
Cost of electricity, construction and operation		(4.122.473)	-	(4.122.473)
Gross profit		1.365.648	105.826	1.471.474
Total operating revenue (expense)		(636.339)	-	(636.339)
Income before net financial items, income tax and social contributions		729.309	105.826	835.135
Financial revenues	(a)	792.123	(167.107)	625.016
Financial expenses	(a)	(740.075)	61.281	(678.794)
Financial income, net		52.048	(105.826)	(53.778)
Net income before income and social contribution taxes		781.357	-	781.357
Taxes on net income		(150.845)	-	(150.845)
Net income for the period		**630.512**	**-**	**630.512**

September 30, 2017 (three months period)		**Previously published**	**Adjustments**	**Restated**
Net operating revenue	(a)	2.022.643	(18.390)	2.004.253
Cost of electricity, construction and operation		(1.456.087)	-	(1.456.087)
Gross profit		566.556	(18.390)	548.166
Total operating revenue (expense)		(245.151)	-	(245.151)
Income before net financial items, income tax and social contributions		321.405	(18.390)	303.015
Financial revenues	(a)	114.316	13.739	128.055
Financial expenses	(a)	(152.855)	4.651	(148.204)
Financial income, net		(38.539)	18.390	(20.149)
Net income before income and social contribution taxes		282.866	-	282.866
Taxes on net income		(43.963)	-	(43.963)
Net income for the period		**238.903**	**-**	**238.903**

(a) Reclassification of update of financial assets of the concession, previously presented in the financial income line, to operating revenue's group.

(ii) Statements of added value (Consolidated)

September 30, 2016		Previously published	Adjustments	Restated
Revenue				
Sales of products, services and construction revenue	(a)	7.806.710	105.826	7.912.536
Allowance for doubtful accounts and losses on uncollectible receivables		(139.189)	-	(139.189)
Provision (reversal) for civil, labor and tax litigation		36.379	-	36.379
Other operating expenses/revenue		(62.415)	45.976	(16.439)
Non-recurring expenses/revenue		-	(45.974)	(45.974)
		7.641.485	**105.828**	**7.747.313**
Consumables acquired from third parties (including ICMS and IPI)				
Cost of goods sold and services rendered		(3.592.702)	-	(3.592.702)
Materials, energy, outsourced services and other		(507.781)	(1)	(507.782)
CCC Subsidy		(9.373)	-	(9.373)
		(4.109.856)	**(1)**	**(4.109.857)**
Gross added value		**3.531.629**	**105.827**	**3.637.456**
Amortization		(254.870)	-	(254.870)
Added value produced by the Company		**3.276.759**	**105.827**	**3.382.586**
Transferred added value				
Financial revenues		12.090	-	12.090
Equity in income of subsidiaries		20.266	-	20.266
Amortization of concession rights		(4.780)	-	(4.780)
Financial Asset Update	(a)	105.827	(105.827)	-
		133.403	**(105.827)**	**27.576**
Total added value to be distributed		**3.410.162**	**-**	**3.410.162**
Distribution of added value				
Employees		240.771	-	240.771
Taxes		2.466.607	-	2.466.607
Third-party capital remuneration		72.272	-	72.272
Equity Capital remuneration		**630.512**	**-**	**630.512**
Added value		**3.410.162**	**-**	**3.410.162**

(a) Reclassification of update of financial assets of the concession, previously presented in the financial income line, to operating revenue's group.

(b) Segment reporting

The Company eliminated some amounts of its subsidiaries at Central Management column and other that were being eliminated at Disposals and adjustaments column. This changes didn't modify the total consolidated amounts (note nº 29).

4 Significant accounting policies

The interim financial individual and consolidated information is being presented without repeating certain notes previously disclosed, but disclosing any material changes in the period. The accounting principles used in the preparation of interim information are the same as used in the preparation of the Company's annual financial statements, as described in Note 4, for the financial year ended December 31, 2016. The interim financial individual and consolidated information should therefore be read in conjunction with the Company's annual individual and consolidated financial statements for the financial year ended December 31, 2016, which include the full set of notes.

The Company has adopted all revised pronouncements and standards and interpretations issued by CPC and IASB and in force as of September 30, 2017.

5 Short-term investments

	Parent company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Investments funds	286,178	350,366	1,728,867	2,133,514
Others	-	-	4,130	3,621
Total	286,178	350,366	1,732,997	2,137,135

The change in the balance was mainly influenced by investments for settlement of operating expenses, with own investments activities and PLPT and financing activities. The investment funds consists of minimal-risk operations with finance institutions with a risk rating above AA. They include a range of assets intended to improve returns at a lower levels of risk, such as: fixed income securities, government bonds, repo transactions, debentures, CDBs and other investments permitted under the Company's investment policy. These operations pay interest, as of September 30, 2017, at approximately 101.05% (102.81% of the Interbank Deposit Certificate (CDI) rate (102.81% as of December 31, 2016) and are classified as financial assets at fair value.

6 Trade accounts receivable (Consolidated)

6.1 Breakdown of balances

	Consolidated	
	09/30/2017	**12/31/2016**
Trade accounts receivable, billed	1,460,916	1,587,366
Trade accounts receivable, unbilled (a)	312,293	272,652
Financed bills (b)	1,272, ,385	973,436
Low-income and “viva luz” consumers	69,233	62,375
Other	125,470	123,286
Total	3,240,297	3,019,115
(-) Provision for impairment of accounts receivable	(404,135)	(355,007)
Total trade accounts receivable	2,836,162	2,664,108
Total noncurrent	513,247	372,004

The variations in the balances in the accounts receivable items of consumers invoiced and installments refer respectively to the improvement in collection due to the increase in collection actions; And debits of delinquent customers with more than five invoices. The largest impact of this variation is due to the subsidiary CELPA.

(a) This consists of the estimated energy supplied between the reading date and end of the month, pursuant to the practice set out in the 2015 Power Sector Accounting Manual; and

(b) Financing of electricity bills of the subsidiaries CEMAR and CELPA, can be financed in up to 48 installments, however the tranche must be at a level until 30% of customer invoice. The installments have interest of 1% a.m. The development of installments is mainly due to the new combating actions for defaults implemented as of December 2016 mainly for costumers that already had part of the debt provisioned in losses. Part of these debts were negotiated with costumers according as they no longer has the capacity to pay the full debt.

6.2 Allowance for doubtful accounts (CEMAR and CELPA)

	Consolidated			
	12/31/2016	**Provisions additions**	**Reversals (write-offs)(a)**	**09/30/2017**
Trade accounts receivable, billed (a)	253,236	151,626	(162,024)	242,838
Financed receivables	91,416	79,583	(21,954)	149,045
Other	10,355	10,344	(8,447)	12,252
Total	355,007	241,553	(192,425)	404,135

(a) The subsidiary CELPA reassessed the aging of trade receivables and identified a total of R$ 153,364 (R$ 399,964 in December 31, 2016) more than 360 days overdue. These were written off based on statutory aging limits. The write-off did not affect the results of operations for the period, however, as a provision had been established for these receivables.

The allowance for doubtful accounts is recognized based on defined criteria and Management's best estimates, in accordance with General Instruction No 6.3.2 (criteria mentioned in the financial statements of December 31, 2016) of the Accounting Manual for Public Electric Utility Service.

a. Trade accounts receivable, billed (CEMAR and CELPA)

	Consolidated			
	09/30/2017			
	Outstanding balances	**Overdue by up to 90 days**	**More than 90 days overdue**	**Total**
Residential	255,856	358,135	107,590	721,581
Industrial	70,239	18,142	41,654	130,035
Commercial	157,444	72,987	43,684	274,115
Rural	17,935	18,517	26,462	62,914
Government	75,640	69,841	35,267	180,748
Public lighting	15,777	6,817	19,196	41,790
Public utility	18,019	12,589	19,125	49,733
Total supplies billed	610,910	557,028	292,978	1,460,916

	Consolidated			
	12/31/2016			
	Outstanding balances	**Overdue by up to 90 days**	**More than 90 days overdue**	**Total**
Residential	310,424	392,818	123,878	827,120
Industrial	81,755	26,068	51,024	158,847
Commercial	180,605	84,913	37,191	302,709
Rural	20,221	18,949	21,673	60,843
Government	131,119	7,120	4,772	143,011
Public lighting	57,973	8	744	58,725
Public utility	34,803	797	511	36,111
Total supplies billed	816,900	530,673	239,793	1,587,366

b. Financed receivables

	Consolidated			
	09/30/2017			
	Outstanding balances	**Overdue by up to 90 days**	**More than 90 days overdue**	**Total**
Residential	310,424	392,818	123,878	827,120
Industrial	81,755	26,068	51,024	158,847
Commercial	180,605	84,913	37,191	302,709
Rural	20,221	18,949	21,673	60,843
Government	131,119	7,120	4,772	143,011
Public lighting	57,973	8	744	58,725
Public utility	34,803	797	511	36,111
Total supplies billed	816,900	530,673	239,793	1,587,366

	Consolidated			
	12/31/2016			
	Outstanding balances	**Overdue by up to 90 days**	**More than 90 days overdue**	**Total**
Residential	538,879	49,490	59,107	647,476
Industrial	44,245	4,986	13,338	62,569
Commercial	83,289	8,662	10,916	102,867
Rural	22,092	2,323	4,799	29,214
Government	77,468	4,960	4,254	86,682
Public lighting	16,581	761	319	17,661
Public utility	23,568	2,576	823	26,967
Total supplies billed	806,122	73,758	93,556	973,436

7 "A Component" revenue receivable (returnable) and other financial items (Consolidated)

The "A Component" offsetting account (CVA) is a system for recognizing changes in costs related to purchased electricity and regulatory charges during the period between rate adjustments and/or periodic reviews. It is a system designed to ensure greater neutrality in the passing on of these changes to electricity rates, in which utilities record changes in these costs as regulatory assets and liabilities, as shown follows:

		12/31/2016	Establishment	Disposal	Indexation	Amortization	09/30/2017
Portion A							
Energy Development Account - CDE		(8,960)	(40,720)	(820)	(896)	10,469	(40,927)
Alternative Source Incentive Program (PROINFA)		13,023	(467)	(1,081)	496	(10,869)	1,102
National grid		6,441	38,071	4,285	420	(1,656)	47,561
Acquisition of energy - CVA-	(a)	254,424	131,315	53,593	24,240	(96,783)	366,789
System Service Charges - ESS	(b)	(125,307)	(204,828)	(6,886)	(12,219)	74,745	(274,495)
		139,621	(76,629)	49,091	12,041	(24,094)	100,030
Financial items							
Over-purchased electricity	(c)	(8,129)	138,477	(7,346)	4,108	8,401	135,511
Financial exposure	(d)	(66,420)	67,431	(43,580)	101	42,468	-
Eletronuclear		245	-	(47)	-	(198)	-
Neutrality		(62,611)	46,950	17,126	123	24,997	26,585
CEPISA violation of continuity limit		75	86	(61)	(75)	424	449
Excess demand and surplus reactive energy		(77,488)	(35,379)	-	(7,026)	-	(119,893)
Regulatory assets ANGRA III	(e)	-	56,487	5,208	1,476	(7,642)	55,529
Other		1,682	3,187	(2,320)	297	(1,397)	1,449
		(212,646)	277,239	(31,020)	(996)	67,053	99,630
Total		(73,025)	200,610	18,071	11,045	42,959	199,660
Current		(71,524)					136,570
Non-current		(1,501)					63,090

(a) The observed variation represents an increase of the costs with the new contracts in force from 2017, plus higher expenses with hydrological risk and the effect of availability, result of transferred costs to the subsidiaries CEMAR and CELPA for marketing supply, affected directly for the scenario which the hydrological status still below expected level, the activation of thermals with higher cost is necessary;

(b) The System Service Charge is related to checked Thermal Plants payment which operate with purchase price above the spot price. The measure to check these thermals is taken by National System Operator - ONS to guarantee the energy security of the System. In the annual readjustment at the subsidiaries CEMAR and CELPA, the forecast value of this charge granted by ANEEL was higher than actually paid expenses by the companies, which in the tariff procedure results in the return through regulatory liabilities. So in the period ended September 30, 2017, the ESS account was below the tariff coverage, resulting in a liability in the amount of R$ 68,900 in the subsidiary CEMAR and R$ 135,928 in the subsidiary CELPA arising from the scenario of reduction of dispatch quantity thermal (note of movement of CVA). It also includes the receipt of revenues from the Reserve Energy Account, CONER;

(c) In the period ended September 30, 2016, the spot price averaged R$ 82.85 and R$ 82,94 per MWh, being lower than the same period in 2017, which had an average price of R$ 201,66 and R$ 206,24, respectively, in the subsidiaries CEMAR and CELPA for each MWh, and thus constituting an active component of the year 2017, so the overcontracting will be constituted between the difference of spot price and the average purchase price of distributor, associated to the amount traded on the short-term market;

(d) After the 2017 adjustment, ANEEL changed the way to accounts the financial exposure by placing it within the purchase of energy; and

(e) Refers to the recalculation of distribution agent fees in order to exclude from the Reserve Energy Charge (REE) the portion corresponding to the contracting of the Angra III nuclear power plant in 2016. In December 2015, through of dispatch no. 4,043, ANEEL determined the non-payment of the charge for the years 2016 and 2017, due to the works of the plant not having been concluded.

On an annual basis, in August, ANEEL calculates a new rate adjustment index for subsidiaries CEMAR e CELPA to adjust their "A Component" expenses (non-manageable costs such as purchased electricity, sector charges and transmission charges). ANEEL determined the subsidiary CEMAR's rate review through Resolution 2,289 of August 22, 2017, with new rates that will be effective from August 28, 2017 to August 27, 2018. By way of Resolution 2,284 issued August 31, 2017, ANEEL determined the subsidiary CELPA's annual rate adjustment with new rates that will be effective from August 7, 2017 to August 6, 2018.

In this process, the CVAs reported by subsidiaries are evaluated, and any difference between the amount calculated by CEMAR and CELPA and the amount approved by ANEEL for the period is derecognized. The application fees of subsidiaries are on average, adjusted by 12.88% ate CEMAR and 7.19% ate CELPA, corresponding to the average rate effect to be felt by consumers, including the financial components embedded in subsidiarie’s rates.

8 Other receivables

	Holding		**Consolidated**	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Current				
Employee amounts recoverable	-	-	4,090	1,778
Advances to suppliers (a)	-	-	9,565	4,402
Sale of assets and rights	-	-	5,215	5,191
Electricity reimbursement credit	-	-	3,508	2,665
Credits on electricity bills	-	-	1,140	1,374
Prepaid expenses	-	-	897	897
Agreement collection [1](b)	-	-	47,268	13,995
PIS/COFINS neutrality (c)	-	-	32,830	4,967
Subsidy discount rates [1](d)	-	-	71,142	14,753
Other credits receivable (e)	2,276	2,665	40,789	39,220
Total	2,276	2,665	216,444	89,242
Noncurrent				
Amounts to be released (e)	-	-	14,862	16,140
Guarantee (f)	-	-	60,002	49,170
Credit assignment - CELPA	8,480	48,219	-	-
Other receivables	59	-	8,544	1,655
Total	8,539	48,219	83,408	66,965

(a) Prepayment of cost quotas from PROINFA of subsidiary CELPA;

(b) Refer mainly to the administrative billing rates of public lighting contribution;

(c) Differences between PIS / COFINS resulting from the application of average tax rates on the reference month's rate and the amounts actually collected in the month of validity of the average equivalent rate over the reference month's income and the amounts actually collected in the validity month of average equivalent rate;

(d) Refer to CCEE subsidy amounts according to ANEEL Technical Note nº 226 of July 26, 2017;

(e) The main balances amounts are the operation with the subsidiary CELPA: i) R$ 18,505 of common post use, which is the available electric power infrastructure sharing, accounted; ii) R$ 9,679 refers to the network incorporation, financial participation for construction, according to Resolution223/229/414 - ANEEL; e iii) R$ 12,608 other diverse receivables;

(f) The subsidiary CELPA has a balance amounts to be released with Daycoval Bank in the amount of R$ 14,862 blocked as a result of financing agreements renegotiated through Judicial Reorganization Plan, and

(g) Refers to subsidiary balance CELPA in compliance with the contractual requirements of Medium and Long-Term Debt (DMLP) contract, with the National Treasury Department (STN), Discount Bonus and Bonus to Pair, the guarantees are maintained constituted as cash deposits with STN and are intended to amortize the principal amounts related to these loan, due to April 15, 2024.

9 Related parties

Transactions with related parties derive from transactions between the Company and its subsidiaries, shareholders and their related parties key members of Management and other related parties, as defined by CVM Resolution 560 issued December 11, 2008, which approved CPC 05 (R1) - Disclosure about Related Parties. There were no significant changes in the period in relation to the disclosures made in the Company's annual financial statements**.**

Key management personnel compensation

Key management personnel includes Directors and Officers. The compensation was set at up to R$ 15,500 by the Annual General Meeting held May 15, 2017.

Proportion of each constituent of overall compensation in the period ended September 30, 2017:

Board of Directors	
Fixed compensation:	100%
Executive Board	
Fixed compensation:	19%
Variable compensation:	65%
Share-based payments:	16%

Compensation paid by the Company to the Board of Directors and Executive Board during the period:

	Board of directors	**Statutory Board**	**Total**
Number of members	7	7	14
Annual fixed compensation	810	1,758	2,568
Salaries or management fees	810	1,660	2,470
Direct and indirect benefits	-	98	98
Variable compensation	-	6,033	6,033
Bonuses	-	6,033	6,033
Post-employment benefits	-	11	11
Share-based payments	-	1,535	1,535
Total compensation by body	810	9,337	10,147

10 Concession financial assets (Consolidated)

The changes in concession financial asset balances are as follows:

	12/31/2016	Indexation of financial assets (a)	Capitalization	Write-offs	Recognition	09/30/2017
Financial asset	3,747,057	65,205	440,282	(10,598)	9,682	4,251,628
Special obligations	(1,144,833)	(8,437)	(73,661)	5,214	-	(1,221,717)
Total	2,602,224	56,768	366,621	(5,384)	9,682	3,029,911

(a) For a better estimate of the indemnity upon the termination of the concession of the subsidiaries CEMAR and CELPA, the fair value of financial assets is indexed on a monthly basis to the IPCA price index, which is one of the primary indexes used for annual indexation by the regulator in rate adjustment processes

The concession held by CEMAR and CELPA is without consideration and therefore there are no fixed financial obligations or payments to be made to the concession authority.

11 Investments

The main information about investments in subsidiaries and joint ventures is as follows:

		Parent company		Consolidated	
		09/30/2017	12/31/2016	09/30/2017	12/31/2016
Appraiser by equity accounting:					
CEMAR	65.11%	1,741,410	1,609,904	-	-
CELPA	96.50%	1,997,308	1,777,825	-	-
Geradora de Energia do Norte	25.00%	88,649	83,027	88,649	83,027
Vila Velha	50.00%	3,300	3,300	3,300	3,300
55 Soluções	100.00%	54,070	38,021	-	-
Transmissora SPE 01	100.00%	7,052	-	-	-
Transmissora SPE 02	100.00%	7,315	-	-	-
Transmissora SPE 03	100.00%	9,051	-	-	-
Transmissora SPE 04	100.00%	17,121	-	-	-
Transmissora SPE 05	100.00%	6,715	-	-	-
Transmissora SPE 06	100.00%	8,481	-	-	-
Transmissora SPE 07	100.00%	16,310	-	-	-
Transmissora SPE 08	100.00%	12	-	-	-
Subtotal		3,956,794	3,512,077	91,949	86,327
Other investments		-	-	9,943	9,995
Total		3,956,794	3,512,077	101,892	96,322

11.1 Changes in the capital expenditure in subsidiaries and joint subsidiaries

	CEMAR	CELPA	Geradora de Energia do Norte	Vila Velha	55 Soluções	SPE 01	SPE 02	SPE 03	SPE 04	SPE 05	SPE 06	SPE 07	SPE 08	Equatorial Transmissão	Total
Balance at December 31, 2016	1,609,904	1,777825	83,027	3,300	38,021	-	-	-	-	-	-	-	-	-	3,512,077
Capital increase	-		-	-	-	7,043	7,306	9,049	17,161	6,710	8,483	16,194	-	-	71,946
Acquisition of new investment	-		-	-	-	10	10	10	10	10	10	10	10	10	90
Additional dividends	(81,988)	(18,862)	(11,679)	-	-	-	-	-	-	-	-	-	-	-	(112,529)
Equity income	217,936	238,345	17,301	-	16,049	(1)	(1)	(8)	(50)	(5)	(12)	106	2	(1,078)	488,584
Provision for devaluation of permanent investment	-	-	-	-	-	-	-	-	-	-	-	-	-	1,068	1,068
Amortization of concession rights (a)	(4,442)	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,442)
Balance at September 30, 2017	1,741,410	1,997,308	88,649	3,300	54,070	7,052	7,315	9,051	17,121	6,715	8,481	16,310	12	-	3,956,794

(a) Refers to the amortization of concession rights of the subsidiary CEMAR, which will be amortized through the end of the concession in 2030.

11.2 Reconciliation of capital expenditure

	2017							
Subsidiary	**Interest**	**Equity of subsidiary**	**Profit or loss**	**PPA Result**	**Equity income**	**Investment value**	**Balance goodwill/PPA/ Loss accrual**	**Total investment**
CEMAR	65.1087%	2,385,001	334,724	-	217,936	1,552,843	188,567	1,741,410
CELPA	96.4992%	2,346,089	247,623	(631)	238,345	2,263,957	(266,649)	1,997,308
Geradora de Energia do Norte	25.0000%	309,072	68,923	288	17,301	77,268	11,381	88,649
Vila Velha	50.0000%	6,600	-	-	-	3,300	-	3,300
55 Soluções	100.0000%	54,070	16,049	-	16,049	54,070	-	54,070
Transmissora SPE 01	100.0000%	7,052	(1)	-	(1)	7,052	-	7,052
Transmissora SPE 02	100.0000%	7,315	(1)	-	(1)	7,315	-	7,315
Transmissora SPE 03	100.0000%	9,051	(8)	-	(8)	9,051	-	9,051
Transmissora SPE 04	100.0000%	17,121	(50)	-	(50)	17,121	-	17,121
Transmissora SPE 05	100.0000%	6,715	(5)	-	(5)	6,715	-	6,715
Transmissora SPE 06	100.0000%	8,481	(12)	-	(12)	8,481	-	8,481
Transmissora SPE 07	100.0000%	16,310	106	-	106	16,310	-	16,310
Transmissora SPE 08	100.0000%	12	2	-	2	12	-	12
Equatorial Transmissão	100.0000%	(1,068)	(1,078)	-	(1,078)	(1,068)	1,068	-
		5,171,821	666,272	(343)	488,584	4,022,427	(65,633)	3,956,794

	2016							
Subsidiary	**Interest**	**Equity of subsidiary**	**Profit or loss**	**PPA Result**	**Equity income**	**Investment value**	**Balance goodwill/PPA**	**Total investment**
CEMAR	65.1087%	2,176,199	399,794	-	260,301	1,416,895	193,009	1,609,904
CELPA	96.4992%	2,118,012	351,556	45,918	383,560	2,043,864	(266,039)	1,777,825
Geradora de Energia do Norte	25.0000%	286,584	111,136	385	27,879	71,646	11,381	83,027
Vila Velha	50.0000%	6,600	-	-	-	3,300	-	3,300
55 Soluções	100.0000%	38,021	11,008	-	11,008	38,021	-	38,021
		4,625,416	873,494	46,303	682,748	3,573,726	(61,649)	3,512,077

11.3 Information about the subsidiaries and joint ventures

		Statement of financial position					Results					
		Current		Noncurrent								
Balance at 30/09/2017	**Equity interest**	**Asset**	**Liabilities**	**Asset**	**Liabilities**	**Shareholders' equity**	**Net revenue**	**Gross Profit**	**Operating revenue/ expenses**	**Net finance Income**	**Income and social contr. taxes**	**Net income for the period Net income**
CEMAR	65.1087%	2,418,843	1,849,472	3,557,529	1,741,899	2,385,001	2,408,356	782,225	(349,004)	(23,277)	(75,220)	**334,724**
CELPA	96.4992%	2,811,285	1,944,207	5,284,356	3,805,345	2,346,089	3,670,021	987,263	(543,233)	(154,894)	(41,513)	**247,623**
Geradora de Energia do Norte	25.0000%	235,691	203,782	573,667	296,793	309,072	319,115	109,516	(11,135)	(17,092)	(12,366)	**68,923**
Vila Velha	50.0000%	-	-	6,600	-	6,600	-	-	-	-	-	**-**
55 Soluções	100.0000%	46,333	24,119	32,020	164	54,070	78,403	60,259	(38,881)	1,546	(6,874)	**16,050**
Transmissora SPE 01	100.0000%	1,428	1,005	10,559	3,930	7,052	958	21	-	(22)	-	**(1)**
Transmissora SPE 02	100.0000%	1,458	985	9,152	2,310	7,315	948	20	-	(21)	-	**(1)**
Transmissora SPE 03	100.0000%	765	1,146	11,642	2,210	9,051	217	3	-	(8)	(3)	**(8)**
Transmissora SPE 04	100.0000%	1,241	1,043	19,733	2,810	17,121	572	19	-	(69)	-	**(50)**
Transmissora SPE 05	100.0000%	998	2,219	9,566	1,630	6,715	456	4	-	(6)	(3)	**(5)**
Transmissora SPE 06	100.0000%	1,025	2,019	11,175	1,700	8,481	153	(1)	-	(6)	(5)	**(12)**
Transmissora SPE 07	100.0000%	1,180	6,658	26,538	4,750	16,310	6,608	148	-	(42)	-	**106**
Transmissora SPE 08	100.0000%	880	722	5,504	5,650	12	11	(1)	-	3	-	**2**
Equatorial Transmissão	100.0000%	327	1,680	1,166	881	(1,068)	-	(993)	(86)	1	-	**(1,078)**
		5,521,454	**4,039,057**	**9,559,207**	**5,870,072**	**5,171,821**	**6,485,818**	**1,938,483**	**(942,339)**	**(193,887)**	**(135,984)**	**666,273**

		Statement of financial position					Results					
		Current		Noncurrent					Operating	Net	Income and	Net income
	Equity interest	Asset	Liabilities	Asset	Liabilities	Shareholders' equity	Net revenue	Gross Profit	revenue/ expenses	finance Income	social contr. taxes	for the year
Balance at 12/31/2016												
CEMAR	65.1087%	2,337,609	1,281,632	3,290,584	2,170,362	2,176,199	3,064,644	915,743	(463,149)	36,819	(89,619)	**399,794**
CELPA	96.4992%	3,035,484	2,084,922	4,756,509	3,589,059	2,118,012	4,513,037	1,085,403	(546,446)	(117,478)	(69,923)	**351,556**
Geradora de Energia do Norte	25.0000%	116,431	98,191	572,980	304,636	286,584	413,961	166,921	(12,724)	(22,966)	(20,095)	**111,136**
Vila Velha	50.0000%	-	-	6,600	-	6,600	-	-	-	-	-	-
55 Soluções	100.0000%	33,447	24,676	30,335	1,085	38,021	73,619	72,132	(59,058)	1,223	(3,289)	**11,008**
		5,522,971	**3,489,421**	**8,657,008**	**6,065,142**	**4,625,416**	**8,065,261**	**2,240,199**	**(1,081,377)**	**(102,402)**	**(182,926)**	**873,494**

On September 30, 2017, the Company has balances related to “advance for future capital increase” in the amount of R$ 25,871, with transmission companies.

On August 30, 2017, the Company entered into an Purchase and Sale of Share and Other Covenants Agreement to purchase shares which represents 51% (fifty one percent) of total capital stock from Integração Transmissora de Energia S.A. (“Intesa”). The completion of this operation is subject to check of certain previous requirements.

12 Intangible assets (Consolidated)

Intangible assets are comprised as follows:

	09/30/2017				
	Weighted average annual amortization rates (%)	**Cost**	**Amortization**	**(-) Obligations linked to the concession**	**Net value**
In service	4.37%	9,542,633	(4,186,465)	(1,728,637)	3,627,531
In progress		1,393,677	-	(341,803)	1,051,874
Concession agreement		291,810	(103,243)	-	188,567
Total		11,228,120	(4,289,708)	(2,070,440)	4,867,972

	12/31/2016				
	Weighted average annual amortization rates (%)	**Cost**	**Amortization**	**(-) Obligations linked to the concession**	**Net value**
In service	4.22%	9,151,586	(3,832,123)	(1,802,386)	3,517,077
In progress		1,390,888	-	(452,333)	938,555
Concession agreement		291,810	(98,801)	-	193,009
Total		10,834,284	(3,930,924)	(2,254,719)	4,648,641

Change in intangible assets:

	12/31/2016	**Additions**	**Write-offs**	**Capitalization/ transfer**	**09/30/2017**
In service	9,151,586	7,709	(83,256)	466,594	9,542,633
(-) Amortization	(3,832,123)	(398,074)	43,732	-	(4,186,465)
Total in service	5,319,463	(390,365)	(39,524)	466,594	5,356,168
In progress	1,390,888	909,665	-	(906,876)	1,393,677
Total in progress	1,390,888	909,665	-	(906,876)	1,393,677
Special obligations	(3,072,480)	(33,308)	42,135	73,661	(2,989,992)
(-) Amortization	817,761	112,299	(10,508)	-	919,552
Total special obligations	(2,254,719)	78,991	31,627	73,661	(2,070,440)
Concession right	291,810	-	-	-	291,810
(-) Amortization	(98,801)	(4,442)	-	-	(103,243)
Total concession rights	193,009	(4,442)	-	-	188,567
Total	4,648,641	593,849	(7,897)	(366,621)	4,867,972

Intangible assets in progress

The balance of intangible assets in progress breaks down as follows:

	Consolidated	
	09/30/2017	**12/31/2016**
Work in progress	1,178,021	1,202,692
Materials in inventory	187,423	157,013
Advances to suppliers	45,248	47,998
Provision for losses	(17,015)	(16,815)
Total	1,393,677	1,390,888

The intangible assets in progress of the subsidiaries CEMAR e CELPA, increased as a result of growing expenditure on distribution system expansion and improvements, initiatives against electricity theft and new connections.

13 Trade accounts payable

	Parent company		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**
Electricity sales to distributors (a)	-	-	706,462	400,977
Electricity network usage charge	-	-	41,574	23,686
Materials and services (b)	-	-	261,146	499,741
Other	532	702	36,449	18,879
Total	532	702	1,045,631	943,283

(a) In the period ended September 30, 2017, energy purchase costs in the short term were influenced by the following factors: (i) increase in average LDP used for spot market energy settlement, in the amount of R$ 206.24, which the average value for 2016 was R$ 65.01 per MWh; Ii) increase in financial exposure expenses influenced by the 251% variation in the average price of submarkets; And iii) increase in the hydrological risk related to the physical generation of the shareholder plants, which was 80% of its generation capacity, and by contract must deliver 95% of its generation; and

(b) The main variation occurred in the subsidiary CELPA, due to the settlement of the purchase of fuel from supplier Petrobras, which is transferred through the CCC reimbursement, in addition to the payments to several suppliers with a disbursement schedule in 2016, being carried out only in 2017.

14 Loans and financing (Consolidated)

	Average cost of the debt (% p.a.)	09/30/2017 Principal and interest		
		Current	**Noncurrent**	**Total**
Foreign currency (USD)				
National Treasury	4.64%	1,502	69,986	71,488
CCBI Citibank	4.15%	3,561	557,744	561,305
Transaction Itaú	3.00%	130,653	-	130,653
Transaction Santander	3.00%	131,468	-	131,468
Total foreign currency		267,184	627,730	894,914
Domestic currency				
Eletrobras	3.90%	32,578	148,722	181,300
Guanabara	13.03%	2,034	169	2,203
IBM	12.96%	14,097	4,542	18,639
BNDES	10.96%	243,576	1,282,891	1.526.467
Banco do Brasil	12.44%	320,716	3,578	324,294
BNB	8.50%	18,528	43,784	62,312
Caixa	6.00%	6,789	53,200	59,989
FINEP	4.00%	1,126	1,682	2,808
SUDENE	7.00%	7,570	27,149	34,719
Votorantim	4.50%	473	697	1,170
Subtotal		647,487	1,566,414	2,213,901
(-) Arrangement costs		(1,647)	(5,365)	(7,012)
Total local currency		645840	1,561,049	2,206,889
Total		913,024	2,188,779	3,101,803

	Average cost of the debt (% p.a.)	12/31/2016 Principal and interest		
		Current	**Noncurrent**	**Total**
Foreign currency (USD)				
National Treasury	2.66%	682	71,886	72,568
CCBI Itaú	1.99%	114,169	-	114,169
CCBI Citibank	3.76%	165,496	203,647	369,143
Transaction Itaú	3.00%	133,448	-	133,448
Transaction Santander	3.00%	133,355	-	133,355
Total foreign currency		547,150	275,533	822,683
Domestic currency				
Eletrobras	8.94%	55,874	214,411	270,285
Guanabara	14.00%	2,045	1,690	3,735
IBM	15.17%	22,239	17,120	39,359
BNDES	8.48%	178,891	1,281,913	1,460,804
Banco do Brasil	14.89%	32,545	285,021	317,566
BNB	8.50%	18,639	57,372	76,011
Cash	6.00%	4,456	56,997	61,453
FINEP	4.00%	1,128	2,523	3,651
SUDENE	7.00%	6,995	30,534	37,529
Votorantim	4.50%	474	1,050	1,524
Subtotal		323,286	1,948,631	2,271,917
(-) Arrangement costs		(2,225)	(6,511)	(8,736)
Total local currency		321,061	1,942,120	2,263,181
Total		868,211	2,217,653	3,085,864

At September 30, 2017, the amounts recorded under loans and financing have an average cost of 8.49% p.a., equal to 73.64% of the CDI rate (11% p.a., equal to 80.67% of the CDI rate at December 31, 2016).

At September 30, 2017 and December 31, 2016 the installment payments under the primary loans and financing agreements were as follows:

	09/30/2017		12/31/2016	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	913,024	29%	868,211	28%
2018	93,702	3%	785,825	25%
2019	365,726	12%	383,455	12%
2020	695,492	22%	335,964	11%
2021	480,472	15%	230,956	8%
2021 onwards	558,752	18%	487,964	16%
Subtotal	2,194,144	71%	2,224,164	72%
Arrangement costs (Noncurrent)	(5,365)	0%	(6,511)	0%
Noncurrent	2,188,779	71%	2,217,653	72%
Total	3,101,803	100%	3,085,864	100%

Changes in balances of loans and financing are as follows:

	Local currency		**Foreign currency (USD)**		
	Current liabilities	**Noncurrent liabilities**	**Current liabilities**	**Noncurrent liabilities**	**Total**
Balances as of December 31, 2016	321,060	1,942,121	547,151	275,532	3,085,864
Inflows	-	155,619	-	542,500	698,119
Interest	109,870	2,265	21,006	-	133,141
Monetary and exchange variance	14,072	25,766	(19,062)	1,691	22,467
Transfers	565,867	(565,867)	191,993	(191,993)	-
Amortization of principal	(261,590)	-	(455,709)	-	(717,299)
Interest payments	(103,971)	-	(18,195)	-	(122,166)
Arrangement costs	194	1,145	-	-	1,339
Transaction transfers	338	-	-	-	338
Balances as of September 30, 2017	645,840	1,561,049	267,184	627,730	3,101,803

Covenants and guarantees

The loans and financing transactions of subsidiaries CEMAR and CELPA involve certain covenants and financial guarantees which, if breached, could result in the accelerated maturity of the contracts. The subsidiaries CEMAR and CELPA was compliant with its covenants in the period ended September 30, 2017.

15 Debentures (Consolidated)

The change in debentures at the subsidiaries CEMAR and CELPA in the period is as follows:

	Consolidated		
	Current liabilities	**Noncurrent liabilities**	**Total**
Balances as of December 31, 2016	118,740	1,629,727	1,748,467
Inflows	-	23,000	23,000
Interest	117,324	-	117,324
Transfer	93,334	(93,334)	-
Amortization of principal	(33,790)	-	(33,790)
Interest payments	(71,931)	-	(71,931)
Monetary variance	23,544	(7,874)	15,670
Arrangement costs	8	2,337	2,345
Balances as of September 30, 2017	247,229	1,553,856	1,801,085

The installments related to the debentures and their maturities are scheduled as described below:

	09/30/2017		12/31/2016	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	247,229	14%	118,740	7%
2018	66,660	4%	180,442	10%
2019	701,440	39%	697,578	40%
2020	134,760	7%	135,066	8%
2021	359,814	20%	354,751	20%
2021 onwards	303,518	16%	276,564	16%
Noncurrent	1,566,192	87%	1,644,401	94%
Arrangement costs - Noncurrent	(12,336)	(1%)	(14,674)	(1%)
Noncurrent Total	1,553,856	89%	1,629,727	93%
Total	1,801,085	100%	1,748,467	100%

The subsidiaries has seven current issues:

CELPA

First debenture issue

On July 25, 2016 CELPA conducted the First Debenture Issue, which was settled on August 5, 2016. This was a private issue of non-convertible, ordinary debentures secured by collateral and guarantees provided by the parent company, Equatorial Energia, in a single series for a total amount of R$100,000, maturing in May 2020, which was primarily used to increase the Company's working capital. Debentures procured at a rate equal to IPCA + 9.0% p.a. with amortization of 50% on May 30, 2019 and 50% on May 30, 2020.

Second debenture issue

On October 13, 2016 CELPA conducted the Second Debenture Issue, distribution of which finished on December 1, 2016. This was a private issue of non-convertible, ordinary debentures secured by collateral and guarantees provided by the parent company, Equatorial Energia, in two series for a total amount of R$ 60,000, maturing in January 2024, which was primarily used to increase the Company’s working capital. The cost of contracting the first series is IPCA + 8.04% p.a., with amortization in three equal payments from January 15, 2022 onwards.

Third debenture issue

On November 11, 2016 CELPA conducted the Third Debenture Issue, distribution of which finished on December 26, 2016. This was a public issue of non-convertible, ordinary debentures secured by collateral and guarantees provided by the parent company, Equatorial Energia amounting to R$ 300,000, in two series of R$ 199,069 and R$ 100,931, maturing in December 2021 and December 2023 respectively, which was primarily used to implement CELPA's investment program. Contracted at the cost of IPCA + 6.70% p.a. for the 1^{st} and IPCA + 6.87% p.a. for the 2^{nd} series.

Fourth debenture issue

On December 5, 2016 CELPA conducted the Fourth Debenture Issue, which was distributed on December 28, 2016. This was a private issue of non-convertible, ordinary debentures secured by guarantees provided by the parent company, Equatorial Energia, in a single series for a total amount of R$ 500,000, maturing in Debentures 2019, which was primarily used to increase CELPA’s working capital.

CEMAR

Fourth debenture issue

The public distribution of CEMAR’s 4th issue of non-convertible debentures ended on September 22, 2012. The proceeds secured of R$ 280,000, divided into two tranches of R$ 101,380 and R$ 178,620, were used primarily for the implementation of CEMAR's investment program. Debentures contracted with a rate in the 1^{st} series of CDI + 1.08% p.a. and 2^{nd} series with IPCA + 5.90% p.a. with semi-annual amortizations of the 1^{st} series and annual of the 2^{nd} series (first amortization on June 22, 2016) with respective maturities on June 21, 2018 and June 22, 2020.

Sixth debentures issuance

The public distribution of CEMAR’s 6^{th} issue of non-convertible debentures ended on October 27, 2014. The proceeds of R$ 200,000 in a single tranche were intended primarily for a capital increase to service CEMAR's management business. Debentures secured at the rate of 113.2% of CDI, first amortization occurred on October 13, 2017 with maturity on October 14, 2019.

Seventh debentures issuance

The public distribution of CEMAR’s 7^{th} issue of non-convertible debentures ended on November 1, 2016. The proceeds secured of R$ 270,000, divided into two tranches of R$ 155,000 and R$ 115,000, were used primarily for the implementation of CEMAR's investment program. Debentures contracted with a rate in the 1^{st} series of IPCA + 5.48% p.a. and 2^{nd} series with IPCA + 5.54% p.a. with bullet amortization and respective maturities on October 15, 2021 and October 15, 2023.

Covenants

The debentures require that certain debt ratios and interest coverage be maintained. At September 30, 2017 and December 31, 2016, the subsidiaries CEMAR and CELPA were compliant with all applicable covenants.

CEMAR:

Covenants debentures	4th debentures	6th debentures (a)	7th debentures
1st regulatory Net Debt/EBITDA: <=3.25	1.16	1.16	1.16
2nd regulatory EBITDA/Net financial expense: >=1.5	19.3	N/A	19.3

(a) In the 6th issue debentures there is no contractual requirement for the calculation of the 2nd index.

CELPA:

Covenants debentures	1st Debentures	2nd Debentures
1st regulatory Net Debt/EBITDA: <=3.5	2.6	2.6
2nd regulatory EBITDA/Net financial expense: =>2	3.8	3.8
Covenants debentures	**3rd Debentures**	**4th Debentures**
1st regulatory Net Debt /EBITDA: <=3.5	2.5	2.5
2nd regulatory EBITDA/ Net financial expense: >=1.5	3.8	3.8

16 Taxes and contributions payable

16.1 Taxes and contributions payable

	Consolidated	
	09/30/2017	**12/31/2016**
Current		
ICMS	342,296	277,316
ICMS financing	2,854	2,646
Federal PRT financing (a)	3,793	-
PIS and COFINS	53,752	50,897
Payroll charges and others	16,918	15,425
ISS	8,775	10,757
Total	428,388	357,041
Noncurrent		
ICMS financing	36,622	35,946
ISS	1,542	1,370
Total	38,164	37,316

(a) On May 31, 2017, Equatorial Energia and its subsidiaries opted for the settlement of debts under the federal installment program called the Tax Regularization Program - PRT, instituted by Provisional Measure 766/2017 and Normative Instruction RFB No. 1687/2017, at which time it compensated an amount of R$ 10,838 with tax losses.

17 Deferred income and social contributions taxes

Subsidiaries recognize deferred income and social contribution taxes on temporary differences and income tax on tax losses based on projections of taxable income.

Deferred tax credits on tax losses have no expiration date and their financial effects occur upon realization. Income tax is calculated at the rate of 25% plus a surcharge of 10%, and the social contribution calculated at the rate of 9%. The relevant tax credits are recognized in noncurrent assets based on their likelihood of realization, subject to a limit of 30% in annual offsets against taxable income, in accordance with CPC 32.

17.1 Breakdown of deferred income and social contribution tax

(i) Breakdown of deferred taxes

	Consolidated	
	09/30/2017	**12/31/2016**
IRPJ tax losses (a)	129,385	132,544
IRPJ and CSLL on temporary differences	(424,127)	(343,589)
IRPJ and CSLL on revaluation reserve	(69,856)	(76,957)
IRPJ and CSLL, CELPA acquisition	49,721	49,607
Total	(314,877)	(238,395)

(a) Tax loss credits are derived from CEMAR.

A The subsidiary CELPA has tax losses and a negative basis of CSLL not recognized in its assets as of September 30, 2017 as it did not meet the requirements established in CPC 32 - Taxes on profit and CVM Resolution 371/2002. IRPJ and CSLL tax credits in the amount of R$ 184,904 (R$ 196,613 as of December 31, 2016) do not expire.

(ii) Breakdown of IRPJ and CSLL on temporary differences

	Consolidated	
	09/30/2017	**12/31/2016**
Provision for contingencies	79,894	83,377
Provision for impairment of accounts receivables	132,600	120,702
Provision for profit-sharing	9,163	10,869
Stayed taxes	7,667	5,848
Accelerated depreciation	(431,814)	(394,704)
Provision for pension fund	13,060	13,060
Funding cost, AVP and restatement of financial asset	(218,182)	(210,719)
SWAP	(12,911)	13,146
Other nondeductible expenses	(3,604)	14,832
Total	(424,127)	(343,589)

(iii) Breakdown of IRPJ and CSLL, CELPA acquisition

	09/30/2017	12/31/2016
Intangible - concession goodwill	(34,191)	(36,799)
Write-off of property, plant and equipment	32,240	34,698
Potential contingencies	42,522	42,558
Other accounts payable - PLPT	9,150	9,150
Total	49,721	49,607

17.2 Prospects of recovery

Based on technical feasibility studies, subsidiary Management estimates that these tax credits of the subsidiary CEMAR can be realized up to 2021, as shown below:

Prospect of realization	2019	2020	2021	Total
Deferred taxes	53,610	58,086	20,848	132,544

The subsidiary CEMAR did not realize R$ 3,158 of deferred income taxes on tax losses in the period ended September 30, 2017 as it has opted to realize the tax benefits of the accelerated depreciation until 2018, research and development incentives and the SUDENE benefit up to 2021.

A technical feasibility study, which includes the recovery of deferred taxes and is revised on an annual basis, was prepared by the Company and reviewed by the Audit Committee and approved by the Board of Directors on February 24, 2017.

17.3 Reconciliation between the income and social contribution tax expense

The reconciliation of expenses, calculated by applying the relevant tax rates and the Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) expense charged to consolidated profit or loss during the period ended September 30, 2017 and, 2016 is shown below:

	09/30/2017		09/30/2016	
	IRPJ	**CSLL**	**IRPJ**	**CSLL**
Profit before income (IRPJ) and social contribution (CSLL) taxes	756,836	756.836	781.357	781.357
Statutory rate	25%	9%	25%	9%
Calculated at the tax rate	189,209	68.115	195.339	70.322
Additions:				
Provision for contingencies	72,859	21.091	62.266	22.416
Allowance for doubtful accounts	168,341	58.591	34.715	12.497
Energy efficiency research and development R&D	-	-	18.948	6.821
Adjustment to present value	10,330	2.858	6.645	2.392
SWAP variance	47,104	7.286	111.441	40.118
IRPJ/CSLL on revaluation reserve	7,387	1.880	6.017	2.166
Profit sharing, fees and license premium	7,820	2.815	7.911	2.848
Provision for pension fund	12,519	3.457	8.099	2.916
Provision for profit-sharing	9,155	2.425	6.716	2.418
Provision for asset recovery	4,253	1.531	4.129	1.486
Funding cost, AVP and restatement of financial asset	7,543	1.833	18.029	6.491
Effect of IR/CSLL on equity accounting	12,177	4.384	-	-
Other provisions	29,231	9.045	28.429	10.235
	388,719	117.196	313.345	112.804
Exclusions:				
Provision for contingencies	(78,669)	(22.012)	(67.555)	(24.320)
Provision for impairment accounts receivable	(184,914)	(55.442)	(108.260)	(38.974)
Research and development and energy efficiency and M.M.M	-	-	(16.194)	(5.830)
SWAP variance	(39,963)	(14.652)	(21.097)	(7.594)
Profit sharing, fees and license premium	(9,725)	(3.501)	(7.603)	(2.737)
Provision for pension fund	(12,908)	(3,457)	(9,179)	(3,305)
Provision for profit-sharing	(10,861)	(2,877)	(7,970)	(2,869)
Provision for asset recovery	(531)	(191)	(3,904)	(1,405)
Funding cost, AVP and restatement of financial asset	(25,127)	(6,666)	(44,054)	(15,859)
Effect of IR/CSLL on equity accounting	(4,307)	(1,550)	(25,459)	(8,378)
Accelerated depreciation	(58,755)	-	(62,376)	-
Other provisions	(28,382)	(9,167)	(23,317)	(8,205)
	(454,142)	(119,515)	(396,968)	(119,476)
IRPJ and CSLL	123,786	65,796	111,716	63,650
Offsetting negative basis of CSLL	-	(6,733)	-	(6,660)
PAT Incentive	(2,332)	-	(2,120)	-
Incentive for extended maternity leave	(99)	-	(80)	-
Previous IRPJ expenses	-	-	1,032	372
IRPJ and CSLL on profit and loss	121,355	59,063	110,548	57,362
Effective rate (excluding income tax/CSLL)	16%	8%	14%	7%
Deferred tax assets	56,218	3,896	69,918	2,715
(-) IRPJ government subsidy	(105,742)	-	(97,298)	-
Tax loss and CSLL negative basis	-	-	7,600	-
IRPJ and CSLL on income for the year	71,831	62,959	90,768	60,077
Effective rate for deferred tax assets	9%	8%	12%	8%

At the subsidiary CEMAR o September 30, 2017, the amount of income tax calculated on the operating profit was R$ 80,020 (R$ 42,384 on September 30, 2016) and at the subsidiary CELPA, the amount of the income tax calculated On the operating profit was R$ 54,684 (R$ 54,314 on September 30, 2016).

18 Payables from judicial reorganization - CELPA

18.1 Debt breakdown

	09/30/2017	12/31/2016
Current		
Operational creditors (a)	46,363	92,398
Sector charges	11,481	36,049
Financial creditors	1,212	
(-) Adjustment to present value (b)	(18,971)	(32,038)
Total	40,085	96,409
Noncurrent		
Operational creditors	45,217	45,217
Sector charges	-	2,658
Intra-group	76,754	73,525
Financial creditors (c)	1,197,073	1,180,924
(-) Adjustment to present value (b)	(371,673)	(389,987)
Total	947,371	912,337
Total	987,456	1,008,746

(a) Amounts owed to CELPA's creditors including service providers, material suppliers, landlords and other creditors scheduled under the Judicial Reorganization Plan;

(b) On September 30, 2017, the balance of the adjustment to present value totals R $ 390,644, of which R $ 345,961 of loans and financing, R $ 18,848 of operating creditors, R $ 25,712 of intragroup, and R $ 123 of sector charges December 31, 2016, the balance of the adjustment to present value totals R $ 422,025, of which R $ 363,140 of loans and financing, R $ 31,552 of operating creditors, R $ 26,847 of intragroup, and R $ 486 of sector charges); and

(c) It is the group of creditors, among which are: (i) public or private financial institutions; (ii) creditors arising from financial or banking transactions, including but not limited to, Bonds and credits arising from derivative transactions, whether or not linked to receivables.

The schedule of long-term payments under judicial reorganization relief is as follows:

	09/30/2017		12/31/2016	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	40,085	4.1%	96,409	9.6%
2017	-	0.0%	-	0.0%
2018	45,217	4.6%	23,457	2.3%
2019	-	0.0%	12,016	1.2%
2019 onwards	1,273,827	129.0%	1,266,851	125.6%
Subtotal	1,319,044	134%	1,302,324	129%
(-) Adjustment to present value (Noncurrent)[1]	(371,673)	(38%)	(389,987)	(39%)
Noncurrent	947,371	95.9%	912,337	90.4%
Total	987,456	100%	1,008,746	100%

18.2 Changes in payables under judicial reorganization relief

	Balance at 12/31/2016	Reclassification RJ (a)	Interest and charges	Exchange variation	Amortization	Adjustment to present value	Balance at 09/30/2017
Operational creditors	106,064	10,287	-	-	(56,322)	12,703	72,732
Sector charges	34,065	-	-	1,756	(24,826)	365	11,360
Intra-group	46,678	-	3,229	-	-	1,134	51,041
Financial creditors	821,939	-	43,697	(10,210)	(20,282)	17,179	852,323
Total	1,008,746	10,287	46,926	(8,454)	(101,430)	31,381	987,456

19 Provision for civil, tax, labor and regulatory claims (Consolidated)

The subsidiaries CEMAR and CELPA are parties (as defendants) to judicial and administrative proceedings in courts and government agencies, arising from the normal course of operations, involving tax, labor, civil and other issues.

Management recorded the following provisions in amounts considered sufficient to cover probable estimated losses from the current actions based on information from its legal advisers, an analysis of pending legal proceedings, and previous experience with regards to the amounts claimed:

[1] For better analysis and comparison with the current period, the Company is presenting the amounts from adjustment to present value.

	09/30/2017		12/31/2016	
	Provision	**Judicial deposits**	**Provision**	**Judicial deposits**
Civil (a)	141,106	138,278	134,816	137,128
Tax	47,729	24,787	38,202	16,131
Labor	51,997	48,727	74,154	43,598
Regulatory	16,220	-	15,506	-
PPA CELPA	278,834	-	279,071	-
Total	535,886	211,792	541,749	196,857
Current	73,369	22,042	86,222	31,839
Noncurrent	462,517	189,750	455,527	165,018

(a) Of the civil judicial deposits, R$ 62,712 refer to banknote contracts which are being deposited as part of the judicial reorganization proceedings. These claims have been scheduled in the judicial reorganization plan and have been challenged by the creditor financial institutions. The amounts will remain deposited in court until a final decision of merit on whether or not the claims are subject to the recovery regime is handed down by the courts.

Changes in proceedings in the period (Consolidated)

	12/31/2016	09/30/2017				
	Balance	**Additions**	**Usage**	**Reversal of provision**	**Indexation**	**Balance**
Civil	134,816	50,820	(39,942)	(19,955)	15,367	141,106
Tax	38,202	8,565	-	-	962	47,729
Labor	74,154	13,572	(20,989)	(15,288)	548	51,997
Regulatory	15,506	216	(623)	(167)	1,288	16,220
PPA CELPA (a)	279,071	-	-	(237)	-	278,834
Total	541,749	73,173	(61,554)	(35,647)	18,165	535,886

a) PPA CELPA - derived from the estimated costs of likely settlements based on the assessment of CELPA's legal department.

Civil

The subsidiaries are defendants in 29,991 civil proceedings (25,413 civil proceedings claims in 2016), including 21,975 cases being heard by special courts (18,396 in 2016) and largely relating to claims for property and moral damages as well as reimbursement of amounts paid by consumers.

The most significant civil proceedings involve claims for damages relating to injuries involving the distribution system, power outages, deaths from electric shock or damages arising from the termination of contracts with suppliers.

In addition to the provisioned processes for, other civil contingencies amounting to R$ 425,771 (R$ 434,125 at December 31, 2016) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of CEMAR and CELPA, for which provisions have been recognized.

Tax

CEMAR and CELPA are defendants in 207 tax proceedings (167 in 2016), and 110 processes from the subsidiary CEMAR (72 in 2016), are not assessed as probable loss

On April 30, 2015 came in effect the decree n. 8.426/2015, which restored PIS and COFINS tax rates on financial revenues. The subsidiary CEMAR understands that this decree not only committed a violation to the principle of legality about tax matters, but also the principle of non-cumulative and to stated on article 195, §§ 9 and 12, of the Federal Constitution. In face of this, the Company decided to provision and deposit in court the calculated amounts of R$ 8,565 (R$ 16,555 on December 31, 2016).

In addition to the provisioned processes for, other tax contingencies amounting to R$ 46,132 (R$ 46,268 at December 31, 2016) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of CEMAR and CELPA, for which provisions have been recognized.

Labor

Labor liabilities currently consist of 2,241 claims (2,372 claims in 2016) brought by former employees against the Company and its subsidiaries, with claims ranging from overtime, hazardous work bonuses, salary equality and/or reclassification, occupational diseases/reintegration, CIPA stability and other claims, as well as claims brought by the former employees of service providers (subsidiary liability) largely seeking severance pay.

In addition to the provisioned processes for, other labor contingencies amounting to R$ 86,460 (R$ 91,816 at December 31, 2016) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of CEMAR and CELPA, for which provisions have been recognized.

Regulatory

The amount to be provision for this item relates to the penalties likely to be imposed on CEMAR and CELPA in connection with:

- Violation Notices (AI) issued by the power sector regulator, ANEEL;
- Notices (TN) issued by the Electric Power Trading Chamber (CEEE) for power trading irregularities;
- Penalties applied by the National System Operator (ONS) for violations related to power system operations; and
- Administrative penalties imposed by consumer protection authorities.

20 Other accounts payable (Consolidated)

	09/30/2017	12/31/2016
Current		
Consumer advances (a)	49,482	72,227
ANEEL - assessment notices	3,010	11,406
Collections arrangements (b)	43,881	26,477
Electricity charges	13,920	10,112
Other appropriations - suppliers	10,800	10,846
Regulatory fines	17,950	16,465
Guarantees	10,763	8,478
Acquisition of CELPA (c)	60,000	60,000
Tax issues - CCC (d)	335,418	165,333
Other accounts payable (e)	58,744	38,547
Total current	603,968	419,891
Noncurrent		
ANEEL - assessment notices	26,835	22,274
Tax issues - CCC	-	158,045
Other accounts payable	25,521	35,729
Total noncurrent	52,356	216,048
Total	656,324	635,939

(a) Refers to advance received for the purpose of securing the investments required by the Company and its subsidiaries to attend the consumer;

(b) Refers to remuneration from services rendered by the Company to public sector related to the collection of CIP - Contribution of Public Lighting;

(c) Refers to balance to be reimbursed for the Program “Luz para Todos”. The adjustment amount was calculated by the Company’s Management upon the acquisition of subsidiary CELPA;

(d) Refers to tax inquiries to be returned to the CCC Fund pursuant to Normative Resolution 427/11. The variation occurred during the period ended September 30, 2017 is basically due to the IPCA update and to the inclusion of the new ICMS, PIS and COFINS amounts of the subsidiary CELPA;

(e) The main balances are the operations with subsidiaries: i) R$ 18,347 from PIS/COFINS neutrality of subsidiary CEMAR; ii) 21,179 related to expenses provisions from subsidiary CELPA; iii) 10,600 referring to operating creditors of judicial reorganization from subsidiary CELPA; and iv) R$ 8,617 referring to others various amounts payable.

21 Equity

21.1 Share capital

The share capital as of September 30, 2017 is R$ 2.227.021 (R$ 1.981.985 as of December 31, 2016) and its composition by class of shares and principal shareholders is as follows:

Shareholders	**Common**	**%**
Squadra Investimentos	29,215,020	14.70%
Opportunity	19,526,839	9.83%
BlackRock	11,459,825	5.77%
GIC	10,022,167	5.04%
Executives	614,753	0.31%
Other noncontrolling	127,904,863	64.36%
Total	198,743,467	100%

The Company is authorized to raise its share capital, for which an amendment to the Bylaws is not required, up to the limit of 300,000 (three hundred million) shares, via the issuance of new common shares. Within the authorized capital limit, the Board of Directors is authorized to resolve the issue of shares, simple convertible debentures or subscription bonuses establishing whether the increase will occur through public or private subscription, the payment conditions and issue price, and may also exclude the pre-emptive rights or shorten the term for the exercise thereof in issues which are placed through a sale on a stock exchange or through public subscription, or in a public share control acquisition offering, in accordance with the law. Within the authorized capital limit and in accordance with the plan approved by the General Meeting, the Board of Directors may award a share purchase option to managers, employees or individuals providing services to the Company or its subsidiaries, providing this does not make a change to the Company's share control possible.

The Company is listed on BM&FBOVESPA's *Novo Mercado* segment, consisting exclusively of common shares providing 100% tagalong rights to minority shareholders in the event of a merger or transfer of control.

On March 8, 2017, the Company's capital increase, without new stock issues, in the amount of R$ 243,734, was proposed by the Board of Directors and approved at a Shareholders' Meeting on May 15, 2017, through capitalization of balance from statutory reserve in the amount of R$ 173,734 and part of investment and expansion reserve in the amount of R$ 70,000. The established increase intends to comply with Company's by-laws, in accordance with Brazilian corporate legislation, which limits the profits reserve, except contingencies reserve, fiscal incentives and realizable profits, of share capital.

22 Stock option plan

Fourth Stock option plan

The Extraordinary General Meeting on July 21, 2014 approved the creation of Equatorial's Fourth Stock Option Plan ("Plan"). The stock options to be offered under the Plan should not exceed 3.0% (three percent) of the Company's total share capital (including shares arising from the exercise of Options under the Plan), provided the total number of shares issued or likely to be issued under the Plan is within the limits of the Company's authorized capital.

When stock options are exercised, the relevant shares are issued through a capital increase. Further details on the Plan can be obtained in the minutes of the relevant Extraordinary General Meeting, available on the Company's website and on the CVM website.

Strike price of the options

The strike price of the Options granted under the Plan will be determined by the Plan Management Committee based on the average share price on BM&FBOVESPA, weighted by trading volume over a period of up to 180 days preceding the Granting Date.
The strike price will be reduced by the amount of any dividends, interest on equity and other benefits distributed by the Company to shareholders or any other amount per share provided by the Company to shareholders, including as a result of any capital reduction without a corresponding cancellation of shares or any other corporate transaction resulting in the allocation of funds to shareholders or reduction in share value, taking account of the period between the Granting Date and the exercise of the Options.

Beneficiaries

Plan beneficiaries may exercise their Options no later than 6 (six) months from the Granting Date. Options vest over a period of 4 (four) years, 25% each year.

Over a period of 1 (one) year from the Option exercise date, beneficiaries are not allowed to sell, assign or otherwise dispose of Company Shares originally acquired or subscribed under the Plan.

On July 21, 2014 the Plan Management Committee granted 4,225,000 (four million, two hundred twenty-five thousand) Options to Plan beneficiaries at a price of R$ 21,76 (twenty-one reais and seventy-six cents) per Option.

Potential dilution

Under the Plan rules, a potential issuance of the remaining options should result in an additional dilution not exceeding 3% for the current shareholders of Equatorial Energia S.A.

23 Operating revenue (Consolidated)

At June 30, 2017 and 2016 electric power supply by class of consumers was as follows:

	09/30/2017		
	No. of consumers (*)	**MWh (*)**	**R$**
Residential	4,356,036	5,072.,552	3,385,886
Industrial	12,160	1,454,679	393,094
Commercial	335,988	2,283,415	1,460,131
Rural	219,242	334,707	162,939
Government	42,600	667,483	511,462
Public lighting	1,604	662,651	278,936
Public utility	8,828	402,092	129,733
Own consumption	532	18,839	-
Availability revenue - Network usage	-	-	111,543
Supply CCEE	-	-	36,938
Low-income	-	-	269,309
CDE subsidy - Other	-	-	180,480
Transfer to special obligations - demand exceedance/excess reactives	-	-	(37,276)
Construction revenue	-	-	927,972
A Component revenue receivable (returnable) and other financial items	-	-	606,442
Financial assets indexation	-	-	56,768
Other	-	-	383,271
Total	4,976,990	10,896,418	8,857,628

	09/30/2016		
	No, of consumers (*)	**MWh (*)**	**R$**
Residential	4,149,136	5,039,976	3,030,801
Industrial	12,552	1,482,994	550,721
Commercial	330,221	2,284,266	1,426,976
Rural	199,590	325,863	138,193
Government	42,546	664,793	479,455
Public lighting	1,543	720,439	263,519
Public utility	8,537	411,703	115,259
Own consumption	586	31,328	-
Availability revenue - Network usage	-	-	15,696
CDE subsidy - Other[2]	-	-	107,877
Supply CCEE	-	-	180,619
Low-income[2]	-	-	245,261
Transfer to special obligations - demand exceedance/excess reactives	-	-	(31,255)
Construction revenue	-	-	1,025,402
A Component revenue receivable (returnable) and other financial items	-	-	36,202
Financial assets indexation[3]	-	-	105,826
Other	-	-	221,984
Total	4,744,711	10,961,362	7,912,536

(*) Informations not examined by the independent auditors.

24 Net operating revenue (Consolidated)

The reconciliation between gross revenue and net revenue is as follows:

	09/30/2017	**09/30/2016**
Electricity sales to consumers	7,341,136	6,363,010
Distribution revenue[4]	6,331,199	6,084,627
WACC financial remuneration	223,015	134,304
A Component revenue receivable (returnable) and other financial items (a)	606,442	36,202
CDE subsidy - Other	180,480	107,877
Electricity sales to distributors (b)	36,938	180,619
Revenue for availability - network usage[4]	111,543	15,696
Construction revenue (c)	927,972	1,025,402
Update of financial assets	56,768	105,826
Other revenue[4]	383,271	221,983
Operating revenue	8,857,628	7,912,536
ICMS on electricity sales	(1,372,128)	(1,250,877)
PIS and COFINS	(665,056)	(570,542)
Consumer charges	(56,931)	(55,781)
ISS	(1,339)	(4,162)
Energy Development Account - CDE (d)	(409,542)	(434,400)
Other	(5,645)	(2,827)
Deductions from operating revenue	(2,510,641)	(2,318,589)
Net operating revenue	6,346,987	5,593,947

[2] For comparative purposes and better analysis of balances to the current period, the Company reclassified the amounts under “Others” and “Low-income” para a rubric “CDE subsidy – Other”.
[3] For 2017 period, the Company reviewed its accounting practices and concluded that the update of financial asset of the concession, originally presented under financial income, is better presented in operating revenue group.
[4] To facilitate a comparative analysis of the balances with the current year, the Company reclassified amounts that were in the "Distribution revenue" caption under “Revenue for availability - Use of the network “and "Other revenues".

(a) In the quarter ended September 30, 2017, the variation is mainly due for the financial components received in the readjustment of subsidiaries CEMAR and CELPA in 2016 (5/12), which generated revenues of R$ 58,668 as well as the readjustment in 2017 amount was an expense of R$ 20,246. For the same period in 2016, there was an influence of 2015 adjustment, the amortized amount generated an expense of R$ 152,222 and 2016 adjustment (7/12), which the amortization generated a revenue of R$ 18,633. The constitutions also influenced this variation and are due to variations between the costs received from Adjustments and Tariff Reviews and the amounts actually realized. Another factor was that expenses with energy costs were higher in 2017 compared to the same period on 2016 (see note 7 (a);

(b) The variation shown is due to the sale of energy in the short term market - MCP and the Spot Price - PLD (in Portuguese). In the period ended September 30, 2017, the PLD reached the level of R$ 521,83, increasing the short-term expenses. In addition, the financial exposure generated expenses due to the difference between the PLD of the submarkets in relation to the Northern PLD

(c) Revenue from construction of concession assets decreased compared to the same period of the previous year due to the reduction in investments in constructions and improvements; expansion; maintenance and maintenance of Distribution Networks; Subtransmission Lines and Substations executed in the concession area.

25 Service costs and operating expenses

	09/30/2017			
Operating costs/expenses	**Cost of power supply service**	**Sales expenses**	**Administrative expenses**	**Total**
Personnel	57,760	39,020	161,107	257,887
Material	11,634	3,498	1,042	16,174
Outsourced services	152,948	188,308	150,225	491,481
Electricity purchased for resale	2,810,542	-	-	2,810,542
Charge for using transmission and distribution system	254,013	-	-	254,013
Construction cost	927,972	-	-	927,972
Allowance for doubtful accounts and losses on commercial receivables	-	216,946	-	216,946
Provision for civil, labor and tax litigation	-	-	33,607	33,607
Amortization	195,682	-	90,346	286,028
Leasing and rental	13,278	3,575	3,427	20,280
CCC Subsidy	68,975	-	-	68,975
Other	(878)	(5,979)	6,542	(315)
Total	4,491,926	445,368	446,296	5,383,590

	09/30/2016			
Operating costs/expenses	**Cost of power supply service**	**Sales expenses**	**Administrative Expenses**	**Total**
Personnel	94,107	42,388	104,276	240,771
Material	3,179	2,260	878	6,317
Outsourced services	209,352	153,747	115,485	478,584
Electricity purchased for resale	2,385,863	-	-	2,385,863
Use of the transmission and distribution system fee	181,437	-	-	181,437
Construction cost	1,025,402	-	-	1,025,402
Allowance for doubtful accounts and losses on commercial receivables	-	139,189	-	139,189
Provision for civil, labor and tax litigation	-	-	(36,379)	(36,379)
Amortization	190,854	-	64,016	254,870
Leasing and rental	16,448	3,579	2,824	22,851
CCC Subsidy	9,373	-	-	9,373
Other	6,458	(3,725)	872	3,605
Total	4,122,473	337,438	251,972	4,711,883

26 Electricity purchased for resale

	GWh(*)		R$	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Electricity deriving from auctions (a)	8,665	9,184	1,670,393	1,776,155
Eletronuclear Contracts	363	364	82,320	60,981
Guarantee contracts (b)	4,158	5,026	253,711	256,775
System Service Charges - ESS/ Energy reserve	-	-	(35,153)	85,976
Bilateral electricity	-	166	-	37,607
Short-Term Electricity - CCEE (c)	-	(997)	893,637	233,613
Alternative source incentive program (PROINFA)	250	239	76,364	76,975
Charge for using transmission and distribution system	-	-	254,013	181,437
(-) Recoverable portion of noncumulative PIS/COFINS (c)	-	-	(283,916)	(229,875)
Other costs	-	-	153,186	87,656
Total	13,436	13,982	3,064,555	2,567,300

(*) Information not examined by the independent auditors.

(a) Change resulting from contractual reductions performed through the new energy MCSD, as well as the contractual reduction possible through bilateral agreements. Another factor was the end of contracts from Existing Energy auctions in 2016;

(b) The expense of the agreements of guarantees refers to the energy resulting from the apportionment of the physical guarantee and power of the plants whose concessions were extended under the terms of Law n. 12.783, of 2013. The allocation of the quotas to the concessionaires of energy distribution is established by ANEEL regulation. In the period ended June 30, 2017 at the subsidiary CEMAR, the contracted quantity is less than 2016, resulting in a lower expense, even with the average price of R$ 62.12 per MW, higher than 2016. For the same period presented, there was a reduction in the contracted quantity of quotas for the distributor; In the subsidiary CELPA in the period ended September 30, 2017, the average price of quotas, when compared to the same period of 2016, is priced at an average price of R$ 61.14 per MWh. For the same period analyzed, there was a reduction in the contracted quantity of quotas for the distributor, which results in a reduction of expenses in this item; And

(c) In the period ended September 30, 2017, subsidiaries CEMAR and CELPA's energy purchase revenues in the short term were influenced by the following factors: (i) price used for settlement of energy purchased in the spot market, whose average value for this period Was R$ 203.95 per MWh; ii) 2017 energy contracts traded in the short-term market.

27 Net finance income

	Parent company		**Consolidated**	
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**
Finance revenue				
Financial income	38,869	25,629	217,117	233,839
"A" Component amounts receivable/returnable	-	-	45,009	43,408
Arrears charge on power sales	-	-	139,749	115,508
AVP financial revenue	362	362	-	362
Monetary and exchange variance on debt (a)	-	-	30,039	213,459
Monetary and exchange variance of STN escrow	-	-	4,992	-
PIS/COFINS on financial revenue	(2,261)	(2,729)	(18,669)	(19,884)
Discounts obtained	-	-	787	2,099
Interest earned	-	-	44	6,918
Other financial revenue	8,984	33,081	5,611	29,307
Total financial revenue	45,954	56,343	424,679	625,016
Finance costs				
"A" Component amounts receivable/returnable	-	-	(26,938)	(37,979)
Operations with derivative financial instruments (b)	-	-	(73,485)	(276,598)
Monetary and exchange variance on debt (a)	-	-	(59,722)	(36,723)
Interest on debt	-	-	(283,733)	(242,605)
Efficiency restatement and contingencies	-	-	(33,268)	(28,879)
Regulatory fines	-	-	(3,947)	(1,324)
AVP financial expense	-	-	(31,391)	(26,578)
Interest and fines on electricity transactions	-	-	(2,687)	(636)
Interest expense	-	-	(20,549)	(26,105)
Discounts awarded	-	-	(4,011)	(919)
Other financial expense	(5,909)	(4)	(18,781)	(448)
Total financial expenses	(5,909)	(4)	(558,512)	(678,794)
Net finance income	40,045	56,339	(133,833)	(53,778)

(a) The main effect of exchange rate variation is derived from the 1.5% increase in the dollar, from R$ 3.26 on December 31, 2016 to R$ 3.31 on September 30, 2017, against a fall in the dollar In 2016 of 17.8%, going from R $ 3.90 on December 31, 2015 to R$ 3.21 on September 30, 2016;

(b) Refers mainly to the contracting of Swap operations, which exchange Dollar + spread per CDI + spread. In the period ended September 30, 2017, we had net Swap expense due to the increase in the US dollar in 2017 of 1.5% (active end point, see note a) below the CDI accumulated expense for the year at 5.65% (Passive), against a net Swap expense in 2016, due to the 17.80% (active end) drop in the dollar plus the CDI accumulated expense of 6.72% in the year.

28 Financial instruments

28.1 General

Pursuant to CVM Resolution 604 of November 19, 2009, which approved Technical Pronouncements (CPCs) 38, 39 and 40, the Company and its subsidiaries have performed an analysis of their financial instruments including: cash and cash equivalents, trade accounts receivable, concession financial assets, trade accounts payable, loans and financing, debentures and derivatives, and have not made any required adjustments to their accounting records.

The management of these instruments is done through operating strategies and internal controls aimed at liquidity, profitability and security. The control policy consists of permanent monitoring of contractual terms and conditions in comparison with existing market conditions.

Management uses financial instruments to obtain optimum returns on available cash, to maintain the liquidity of assets and to hedge against foreign exchange or interest rate variation.

28.2 Derivatives policy

The Company uses derivatives only to hedge against fluctuations in macroeconomic indicators and foreign exchange rates. These operations are not conducted on a speculative basis.
The subsidiaries CELPA and CEMAR use swap transactions to hedge against foreign exchange risk.

28.3 Category and fair value of financial instruments (Consolidated)

The fair values of the Company’s financial assets were estimated through information available in the market and appropriate valuation methodologies. However, considerable judgment was required in the interpretation of market data to estimate the most adequate realization value. As a result, the estimates below do not necessarily indicate the values that could be realized in the current exchange market. The use of different market methodologies may have a material effect on the estimated realizable values.

In compliance with CVM Instruction 475, the accounting balances and the market values of the financial instruments included in the balance sheet at September 30, 2017 and December 31, 2016 are shown below:

		09/30/2017		**12/31/2016**	
Assets	**Category of financial instruments**	**Carrying**	**Market**	**Carrying**	**Market**
Cash and cash equivalents	Financial assets at fair value	928,321	928,321	920,784	920,784
Short-term investments	Financial assets at fair value	1,732,997	1,732.997	2,137,135	2,137,135
Trade receivables	Loans and receivables	2,836,162	2,836,162	2,664,108	2,664,108
Judicial deposits	Loans and receivables	211,792	211,792	196,857	196,857
Derivative financial instruments	Financial assets at fair value	46,600	46,600	1,242	1,242
Sub-rogation to Fuel Consumption	Loans and receivables	23,809	23,809	65,284	65,284
Financial concession assets	Loans and receivables	3,029,911	3,029,911	2,602,224	2,602,224
Total assets		8,809,592	8,809,592	8,587,634	8,587,634

		09/30/2017		12/31/2016	
Liabilities	**Category of financial instruments**	**Carrying**	**Market**	**Carrying**	**Market**
Payable	Loans and receivables	1.045,631	1,045,631	943,283	943,283
Loans and financing	Loans and receivables	3,101,803	3,097,710	3,085,864	3,085,864
Derivative financial instruments	Financial liabilities at fair value	-	-	31,278	31,278
Amounts payable from judicial reorganization[6]		987,456	987,456	1,008,746	1,008,746
Debentures	Loans and receivables	1,801,085	1,865,368	1,748,467	1,474,409
Total liabilities		6,935,975	6,996,165	6,817,638	6,543,580

- **Cash and cash equivalents -** classified as fair value through profit or loss. Tier 1 for fair value hierarchy.

- **Short-term investments -** measured at fair value through profit or loss. The fair value hierarchy for short-term investments is tier 2.

- **Trade accounts receivable -** directly derived from the subsidiaries' operations and are classified as loans and receivables and are recorded at their original values, subject to the provision for losses and present value adjustment, when applicable. Tier 2 of the fair value hierarchy.

- **Judicial deposits -** classified as “loans and receivables” and are recorded at their original values. Tier 2 of the fair value hierarchy.

- **Financial concession assets -** classified as “loans and receivables”, subject to the provision for losses and present value adjustment, when applicable.

- **Trade payables -** derive directly from the Company and its subsidiaries’ operations and are classified as loans and receivables. Tier 2 of the fair value hierarchy.

- **Loans and financing -** provide funding for the subsidiaries' investment programs and may be used to manage short-term requirements. classified as loans and receivables, and recorded at their amortized values. Tier 2 of the fair value hierarchy.

- **Amounts payable from judicial reorganization -** resulting from judicial reorganization plan of subsidiary CELPA, which are classified as loans and receivables. Tier 2 of the fair value hierarchy.

- **Debentures -** classified as loans and receivables, and recorded at their amortized values. For reporting purposes the debentures’ market values are calculated based on secondary market rates of the actual debt or equivalent debt, as disclosed by ANBIMA. Tier 2 of the fair value hierarchy.

- **Derivative financial Instruments** are measured at fair value through profit or loss and are used as a hedge against foreign exchange and interest rate fluctuations. For swap transactions, market

[6] For comparability purposes and better analysis of balances with the current period, for 2016 the Company opened the account “Amounts payable from judicial reorganization”.

value has been determined using information from active markets. Tier 2 of the fair value hierarchy.

The different fair value tiers have been defined as follows:

- **Level 1**: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2 -** Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3**: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

28.4 Derivative financial instruments

The subsidiaries CEMAR and CELPA have swaps with the banks Itaú, Citibank and Santander for their foreign-currency transactions.

As of September 30, 2017 CELPA has debit balances of foreign currency loans and financing with the bank Citibank of R$ 561,305, with Itau's balance being settled in the first quarter of 2017 (Itau and Citibank respectively of R$ 114,169 and R$ 369,142 as of December 31, 2016).

As of September 30, 2017 CEMAR has debit balances of foreign currency loans and financing with the banks Itaú and Santander respectively of R$ 131,468 and R$ 130,653 (R$ 133,312 and R$ 133,225 as of December 31, 2016).

In accordance with CPC 40, the values of the Company's derivative instruments as of September 30, 2017 and December 31, 2016 are summarized below:

CEMAR

Short position		**Fair value**	
Market risk hedge	**Indexes**	**09/30/2017**	**12/31/2016**
Santander			
Long position	US$	130,683	134,158
Short Position	CDI	(105,204)	(104,110)
Total		25,479	30,048
Itaú			
Long position	US$	130,518	133,785
Short Position	CDI	(104,894)	(103,771)
Total		25,624	30,014
Total		51,103	60,062

CELPA

Short position		**Fair value**	
Market risk hedge	**Indexes**	**09/30/2017**	**12/31/2016**
Itaú - 200 MM			
Long position	US$	-	113,773
Short Position	CDI	-	(105,549)
Total		-	8,224
Citibank - 455 MM			
Long position	US$	-	377,224
Short Position	CDI	-	(475,546)
Total		-	(98,322)
Citibank - 542 MM			
Long position	US$	570,252	-
Short Position	CDI	(574,755)	-
Total		(4,503)	-
Long position [7]	US$	570,252	-
Short position [7]	CDI	(574,755)	(90,098)
Total		(4,503)	(90,098)

Specific appraisal methods used for derivative financial instruments: Market prices of the financial institutions. The fair value of interest rate swaps is calculated based on the present value of the future cash flows estimated based on the yield curves adopted by the market.

We emphasize that as the accounting rules addressing the issue require the swap be recorded at market value, however perfect the hedge is from a cash perspective, oscillations can occur in results.

28.5 Financial risk management - CVM Directive 475

The Board of Directors of the subsidiaries CEMAR and CELPA has overall responsibility for the establishment and oversight of the risk management framework.

The risks described below are a compilation of the findings by the various departments, according to their respective specialties. Management defines the type of treatment and the owners for monitoring each of the risks ascertained, in order to prevent and control them.

The Company’s risk management procedures are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities The subsidiaries CEMAR and CELPA, through their training and management standards and procedures, aims to maintain a

[7] For comparability and better analysis, the Company changed the presentation of the balances as of 12/31/2016 by adding a totalizer amount of the asset and liability side.

disciplined and constructive control environment in which all employees understand their roles and obligations.
The Company's audit committee oversees how management monitors compliance with the subsidiaries'

risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by them. The Audit Committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Company's trade accounts receivable and financial instruments. The significant amounts combined with the aging of trade accounts receivable constitute a risk to the liquidity and the capital structure of the Company. Management monitors situations in progress and to mitigate the risk of default every year it holds a workshop to identify the main groups of defaulters and to take strategic decisions to combat them. The collections committee periodically monitors the implementation and efficiency of all decisions taken in the workshop. The Company uses all means of collection permitted by the regulatory agency, such as power cuts due to delinquency, blacklisting and follow-up and permanent negotiation of overdue bills. To mitigate risks related to depositary financial institutions for financial investments, the Company selects only those institutions which offer low risk as assessed by risk rating agencies. The Company maintains its concession assets in accordance with applicable regulations and monitors any developments in concession reversal rules.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. To determine the Company's financial capacity to adequately honor commitments undertaken, the maturity flows of borrowed funds and other obligations are reported. For further information about loans taken out by the Company see notes 14 and 15.

The Company has obtained funds through its commercial activities, the financial markets, mainly allocating them to its investment program and managing its cash for the purpose of working capital and honoring financial commitments.

For short-term financial investments, priority is given to short-term investments, in order to obtain maximum liquidity and cover disbursements.

The Company's cash generation and excellent stability in receipts and payment obligations in the course of the year enable the Company to obtain stable cash flows, thereby reducing its liquidity risk.

(iii) Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and stock prices - will affect the Company's earnings or the value of its financial instruments, and also includes any covenants which, if breached, could result in accelerated maturity as described further in this note. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(iv) Exchange rate risk

This arises from the possibility of the Company incurring losses due to exchange rate fluctuations. Part of the Company's financial liabilities are subject to foreign exchange variations due to the volatility of the exchange rate on balances denominated in foreign currencies, especially the US dollar. Foreign-exchange exposure is currently 11.6% for CEMAR's and 24.58% for CELPA's debt. Subsidiaries continuously monitor market foreign exchange and interest rates in order to assess any requirement to use derivatives to hedge against the risk of variation in these rates.

CEMAR has three foreign currency debts, two of which, representing 95.5% of the foreign exchange exposure, have SWAPs to hedge exchange rate fluctuations, and another debt has a dollar deposit to protect against exchange rate fluctuations. Low in the global indebtedness of this subsidiary and is derived from its contract with the National Treasury Secretariat - STN.

CELPA has four foreign currency debts, two of which account for 70.4% of its foreign exchange exposure and are subject to swaps to hedge against exchange rate variance. Another debt is to the IDB - Inter-American Development Bank which accounts for 26.6% of the foreign debt, but because it comprises the PRJ is entirely recorded under noncurrent liabilities, maturing on June 30, 2026; And lastly there is a fourth loan, which is secured to hedge against foreign exchange variance, accounts for a negligible portion of this subsidiary’s overall debt and arises from its contract with the National Treasury Department - STN.

The sensitivity of the Company's debt has been assessed in five scenarios in accordance with CVM Instruction 475. One scenario with the actual rates identified at September 30, 2017 (the Likely Scenario); another two scenarios with 25% (Scenario II) and 50% (Scenario III) strengthening of the relevant currencies.

We have also included two scenarios with the opposite effect to that required in the above Instruction to demonstrate the effects of a weakening of 25% (Scenario IV) and 50% (Scenario V).

The currency used in the sensitivity analysis and the respective scenarios is as follows:

		Cash flow risk or fair value associated with exchange variation (R$ thousand)				
Transaction	**Risk**	**Probable Scenario**	**Scenario II +25%**	**Scenario III+50%**	**Scenario IV (25%)**	**Scenario V (50%)**
Financial liabilities						
Loans, financing, and debentures	USD	(330)	(198,005)	(395,681)	197,346	395,022

Reference for financial liabilities	**Projected rate at 09/30/2017**	**+25%**	**+50%**	**(25%)**	**(50%)**
Dollar USD/R$	3.82	3.96	4.75	2.38	1.58

(v) Risk of early maturity

Our subsidiaries have loan, financing and debenture agreements containing covenants which in general require the maintenance of economic and financial indexes at certain levels. Failure to adhere to these covenants could result in early maturity of this debt. Management monitors its positions and projects future indebtedness in order to act preventively with respect to the indebtedness limits as mentioned in notes 14 (Loans and financing) and 15 (Debentures).

(vi) Interest rate risk

Changes in interest rates affect both the Company's financial assets and liabilities. The impact of these changes on interest earned on financial investments and interest paid on debt is described below.

The sensitivity of subsidiaries' financial assets and liabilities has been assessed in five scenarios.

In accordance with CVM Instruction 475, we present a scenario with the actual rates determined at September 30, 2017 and another two scenarios with 25% (Scenario II) and 50% (Scenario III) appreciation of the relevant indicators.

We have also included two scenarios with the opposite effect to that required in the above Instruction to demonstrate the effects of a decrease of 25% (Scenario IV) and 50% (Scenario V) in these indicators.

		Cash flow or fair value risk associated with interest rates (R$ thousand)				
Transaction	**Risk**	**Probable Scenario**	**Scenario II +25%**	**Scenario III +50%**	**Scenario IV (25%)**	**Scenario V (50%)**
Financial Assets						
Call deposits	CDI	119,006	148,759	178,510	89,255	59,504
Financial Liabilities						
Loans, borrowings and debentures	CDI	(115,129)	(141,653)	(168,177)	(88,605)	(62,081)
	SELIC	(45,461)	(55,964)	(66,468)	(34,957)	(24,454)
	TJLP	(51,219)	(63,150)	(75,081)	(39,288)	(27,356)
	IGP-M	(17,463)	(21,622)	(25,781)	(13,304)	(9,145)
	IPCA	(52,969)	(65,618)	(78,268)	(40,319)	(27,669)

Reference for financial assets and financial liabilities	**Rate at 09/30/2017**	**25%**	**50%**	**(25%)**	**(25%)**
CDI (%12 months)	9.01	11.26	13.51	6.75	4.50
SELIC (% 12 months)	9.03	11.28	13.54	6.77	4.51
TJLP (% 12 months)	7.50	9.37	11.25	5.62	3.75
IGP-M (% 12 months)	4.01	5.02	6.02	3.01	2.01
IPCA (% 12 months)	4.65	5.81	6.98	3.49	2.33

The impact of sensitivity on CEMAR's income is shown as follows:

Scenarios	**Impact on net income**
Probable Scenario	-
Scenario II	(8,206)
Scenario III	(16,412)
Scenario IV	8,206
Scenario V	16,413

The impact of sensitivity on CELPA's income is shown as follows:

Scenarios	**Impact on net income**
Probable Scenario	-
Scenario II	(204,451)
Scenario III	(408,905)
Scenario IV	204,454
Scenario V	408,908

(vii) Risk of energy shortages

The Brazilian Electric System is predominantly supplied by hydroelectric energy generation. A lengthy drought during the wet season will reduce water volumes in reservoirs, resulting in higher energy acquisition costs in the short term and higher system charges due to need to procure energy from thermoelectric power plants. In the worst-case scenario a rationing program could be introduced, which would result in lower revenue. However, based on current reservoir levels and the latest simulations conducted, the National Electric System Operator - ONS is not expecting another rationing program in the years ahead.

(viii) Risk of electricity rate adjustments

Tariff review processes are a requirement under concession contracts and use previously defined methodologies. Any changes to current methodologies are required to be extensively discussed with inputs provided by the Company, concession holders and other players in the industry. Where any unforeseeable event affects the economic and financial balance of the concession, the subsidiaries CEMAR and CELPA are entitled to request that the regulator initiate an Extraordinary Rate Review to be conducted at the regulator's discretion. ANEEL may also conduct Extraordinary Tariff Reviews where any charges and/or taxes are created, modified or abolished to ensure they are properly reflected in electricity rates.

28.7 Capital management

Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. Management monitors the return on capital, as well as the level of dividends to shareholders.

Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position, and establishes and monitors indebtedness and liquidity levels as well as financing maturities and costs accordingly.

Capital management is based on three financial indicators, for which maximum limits are established in order not to compromise the Company's operations:

- Net Debt/EBITDA
- Net Debt/Net Debt + Equity)
- Short-Term Debt to Total Debt

In the period ended September 30, 2017, the Company achieved the required levels for the ratios described above.

29 Segment reporting

The Company reviews the performance of its segments and allocates resources based on a range of factors, of which revenue and operating income are the primary financial factors. The Company classifies its operating segments as follows: Distribution, Transmission, Services, Trading, Central Administration and other.

	Distribution		Transmission		Services / Trading		Shared Services and other		Eliminations and adjustments		Consolidated	
	09/30/2017	**12/31/2016**	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31/2016**	**09/30/2017**	**12/31/2016**
Operating assets	14,084,806	13,433,960	112,843	-	146,188	109,356	1,035,914	970,350	(306,778)	(294,146)	15,072,973	14,219,520
Operating liabilities	9,630,036	9,415,438	40,787	-	68,487	47,448	195,192	179,093	(306,778)	(294,146)	9,627,724	9,347,833
	09/30/2017	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**	**09/30/2017**	**09/30/2016**
Net revenue	6,078,377	5,446,074	9,923	-	258,687	147,873	-	-	-	-	6,346,987	5,593,947
Costs of services	(4,308,889)	(3,988,703)	(9,710)	-	(172,242)	(133,770)	(993)	-	-	-	(4,491,834)	(4,122,473)
Gross profit	1,769,488	1,457,371	213	-	86,445	14,103	(993)	-	-	-	1,855,153	1,471,474
Sales expenses	(444,025)	(337,438)	-	-	(325)	-	-	-	-	-	(444,350)	(337,438)
General and administrative expenses	(448,956)	(285,872)	-	-	(51,711)	(458)	(32,328)	(28,057)	-	-	(532,995)	(314,387)
Equity in income of subsidiaries	-	-	-	-	-	-	17,303	20,266	-	-	17,303	20,266
Amortization of concession rights	-	-	-	-	-	-	(4,442)	(4,780)	-	-	(4,442)	(4,780)
	876,507	834,061	213	-	34,409	13,645	(20,460)	(12,571)	-	-	890,669	835,135
Financial revenue	383,448	597,385	(2)	-	4,621	4,715	45,958	56,343	(9,346)	(33,427)	424,679	625,016
Financial expense	(561,619)	(710,897)	(169)	-	(158)	(1,320)	(5,912)	(4)	9,346	33,427	(558,512)	(678,794)
Income before tax on net income	698,336	720,549	42	-	38,872	17,040	19,586	43,768	-	-	756,836	781,357
Income tax and social contribution taxes	(116,620)	(131,861)	(11)	-	(14,466)	(4,145)	(3,693)	(14,839)	-	-	(134,790)	(150,845)
Profit before non-controlling interests	581,716	588,688	31	-	24,406	12,895	15,893	28,929	-	-	622,046	630,512
Attributable to non-controlling shareholders	-	-	-	-	8,357	5,232	-	-	125,437	118,970	133,794	124,202
Attributable to the shareholders of the parent company	581,716	588,688	31	-	16,050	7,663	15,893	28,929	(125,437)	(118,970)	488,252	506,310
Net income for the period	581,716	588,688	31	-	24,407	12,895	15,893	28,929	-	-	622,046	630,512

30 Insurance

The main insurance policies obtained and maintained by Equatorial and subsidiaries CEMAR and CELPA are shown by type of risk and effective date below:

Equatorial

Risks	**Expiration**	**Insured amount**
D&O General	12/30/2017	30,000
transmission auctions guarantee Insurance	10/21/2017	28,021

CEMAR

Risks	**Expiration**	**Insured amount**
Operating risks	31/12/2017	257,527
General civil liability - Operations	31/12/2017	7,000
All risks	31/12/2017	1,095
Judicial surety bond	(a)	61,556
Power auction surety bond	(b)	79
Vehicle insurance	31/12/2017	(c)

(a) Policies in force through August 2020.

(b) Policies in force through December 2018.

(c) 128 own vehicles insured under policies, according to FIPE price list.

CELPA

Risks	**Expiration**	**Insured amount**
Operating risks	31/12/2017	327,359
General civil liability - Operations	31/12/2017	7,000
Judicial surety bond	(a)	96,952
Power auction surety bond	(b)	47
Vehicle insurance	31/12/2017	(c)

(a) Policies in force through November 2021.

(b) Policies in force through April 2018.

(c) 78 own vehicles insured under policies, according to FIPE price list.

CEMAR and CELPA has the policy of taking out insurance coverage for the assets subject to risk at amounts considered sufficient to cover any incidents, considering the nature of its activity. CEMAR’s and CELPA’s insurance contracts are made in accordance with the risk management and insurance fundamentals generally employed by electricity distribution companies. The risk assumptions adopted, given their nature, are not part of an audit of quarterly financial information and, accordingly, were not reviewed by our independent auditors.

31 Subsequent events

CEMAR

Eighth issue of debentures

On September 15, 2017, the Company carried out the eighth issue of debentures, with settlement performed on October 13, 2017, being a private issuance of simple, non-convertible debentures of unsecured kind, in a series, total amount of R$ 500,000 and maturing in September 15, 2024, the offer was registered at CVM on October 11, 2017.

Transmitters

The Superintendency of Economic and Financial Oversight of the National Electric Energy Agency ("ANEEL"), through order No. 3,592, dated October 26, 2017, approved the transfer of equity control from the companies Equatorial Transmissora 1 SPE S.A., Equatorial Transmissora 2 SPE S.A., Equatorial Transmissora 3 SPE S.A., Equatorial Transmissora 4 SPE S.A., Equatorial Transmissora 5 SPE S.A., Equatorial Transmissora 6 SPE S.A., Equatorial Transmissora 7 SPE S.A., e Equatorial Transmissora 8 SPE S.A., which will be directly controlled by the company Equatorial Transmissão S.A., whole subsidiary of Equatorial Energia S.A., which term for implementation of this operation is 120 days, from the date of publication of said order.

INTESA

On August 30, 2017, Equatorial Energia announced the acquisition of 51% from the total capital of Intesa (Integração Transmissora de Energia S.A.), responsible for the operation and maintenance of a transmission line between Tocantins and Goiás. The completion of its operation is subject to compliance with certain precedents conditions. Among them, the approval of terms and conditions for the operation by ANEEL. The approval from CADE was obtained on October 16, 2017.

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Board of Directors

Carlos Augusto Leone Piani

Eduardo Saggioro

Firmino Ferreira Sampaio Neto

Guilherme Aché

José Jorge de Vasconcelos Lima

Luís Henrique de Moura Gonçalves

Marcelo de Souza Monteiro

Audit Committee

Paulo Roberto Franceschi

Saulo de Tarso Alves de Lara

Vanderlei Dominguez da Rosa

Executive Board

Augusto Miranda da Paz Júnior
Chief Executive Officer

Carla Ferreira Medrado
Officer

Eduardo Haiama
CFO and Investor Relations Officer

Humberto Luis Queiroz Nogueira
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Officer

Sérvio Túlio dos Santos
Officer

Tinn Freire Amado
Officer

Geovane Ximenes de Lira
Accounting and Taxes Manager
Accountant
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