CONTENTS

STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2020 AND DECEMBER 31, 2019
ASSETS
(Thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
CURRENT					
Cash and cash equivalents	5	1,420,751	535,757	24,133	64,356
Marketable securities	6	3,689,369	740,339	123,746	185,211
Customers, traders, concession holders and Transport of energy	7	4,436,196	4,523,540	-	194
Concession financial and sector assets	13	580,989	1,079,743	-	-
Concession contract assets	14	246,677	171,849	-	-
Recoverable taxes	8	2,183,014	98,804	249	248
Income tax and social contribution tax credits	9a	579,082	621,302	23,173	-
Dividends receivables	15	84,253	185,998	1,444,742	1,726,895
Public Lighting Contribution		164,967	164,971	-	-
Reimbursement of tariff subsidies payments	12	86,257	96,776	-	-
Derivative financial instruments	30b	619,119	234,766	-	-
Others		372,766	425,452	7,795	15,876
		14,463,440	**8,879,297**	**1,623,838**	**1,992,780**
Assets classified as held for sale	32	987,844	1,258,111	987,844	1,258,111
TOTAL CURRENT		**15,451,284**	**10,137,408**	**2,611,682**	**3,250,891**
NON-CURRENT					
Marketable securities	6	409,268	13,342	13,330	454
Customers and traders and concession holders – Transport of energy	7	162,794	77,065	-	-
Recoverable taxes	8	3,691,045	6,349,352	496,003	491,487
Income tax and social contribution tax recoverable	9a	195,622	227,913	192,555	224,846
Deferred income tax and social contribution tax	9c	2,505,092	2,429,789	790,318	680,731
Escrow deposits	11	1,088,828	2,540,239	305,982	310,065
Derivative financial instruments	30b	2,665,023	1,456,178	-	-
Accounts receivable from the State of Minas Gerais	10	131,794	115,202	131,794	115,202
Concession financial and sector assets	13	4,470,210	4,850,315	-	-
Concession contract assets	14	2,528,645	1,832,380	-	-
Investments – Equity method	15	5,504,974	5,399,391	14,657,021	12,631,091
Property, plant and equipment	16	2,404,412	2,450,125	1,280	1,546
Intangible assets	17	11,789,311	11,624,471	2,988	4,175
Leasing – rights of use	18a	230,316	276,824	2,203	3,330
Others		97,539	147,058	25,716	38,407
TOTAL NON-CURRENT		**37,874,873**	**39,789,644**	**16,619,190**	**14,501,334**
TOTAL ASSETS		**53,326,157**	**49,927,052**	**19,230,872**	**17,752,225**

The Condensed Explanatory Notes are an integral part of the Interim financial information.

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STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30, 2020 AND DECEMBER 31, 2019
LIABILITIES
(Thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
CURRENT					
Suppliers	19	1,991,051	2,079,891	1,716	2,705
Regulatory charges	22	387,141	456,771	4,624	4,624
Profit sharing		99,644	212,220	12,335	10,235
Taxes payable	20	492,365	358,847	29,181	92,640
Income tax and social contribution tax	9b	100,899	133,868	-	-
Interest on equity and dividends payable	25	854,246	744,591	851,728	742,519
Loans, financing and debentures	21	2,373,644	2,746,249	49,635	-
Payroll and related charges		237,996	200,044	11,924	10,662
Public Lighting Contribution		233,749	251,809	-	-
Post-employment obligations	23	296,686	287,538	24,710	23,747
Sector financial liabilities	13	330,743	-	-	-
PIS/Pasep and Cofins taxes to be reimbursed to customers	20	630,993	-	-	-
Leasing	18b	69,862	85,000	413	1,646
Derivative financial Instruments	30b	515,887	-	-	-
Others		463,853	355,623	3,228	11,496
TOTAL CURRENT		**9,078,759**	**7,912,451**	**989,494**	**900,274**
NON-CURRENT					
Regulatory charges	22	277,068	147,266	-	-
Loans, financing and debentures	21	13,733,097	12,029,782	-	48,252
Deferred income tax and social contribution tax	9c	684,661	661,057	-	-
Provisions	24	1,883,672	1,888,064	227,930	223,427
Post-employment obligations	23	6,513,541	6,421,156	711,883	689,761
Sector financial liabilities	13	633	-	-	-
PIS/Pasep and Cofins taxes to be reimbursed to customers	20	3,535,250	4,193,329	-	-
Derivative financial Instruments	30b	-	482,841	-	-
Leasing	18b	175,158	202,747	1,926	1,833
Other obligations		142,077	97,494	1,971	2,063
TOTAL NON-CURRENT		**26,945,157**	**26,123,736**	**943,710**	**965,336**
TOTAL LIABILITIES		**36,023,916**	**34,036,187**	**1,933,204**	**1,865,610**
EQUITY	25				
Share capital		7,593,763	7,293,763	7,593,763	7,293,763
Capital reserves		2,249,721	2,249,721	2,249,721	2,249,721
Profit reserves		8,450,928	8,750,051	8,450,928	8,750,051
Equity valuation adjustments		(2,420,179)	(2,406,920)	(2,420,179)	(2,406,920)
Retained earnings		1,423,435	-	1,423,435	-
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**17,297,668**	**15,886,615**	**17,297,668**	**15,886,615**
NON-CONTROLLING INTERESTS	25	**4,573**	**4,250**	**-**	**-**
TOTAL EQUITY		**17,302,241**	**15,890,865**	**17,297,668**	**15,886,615**
TOTAL LIABILITIES AND EQUITY		**53,326,157**	**49,927,052**	**19,230,872**	**17,752,225**

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STATEMENTS OF INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(In thousands of Brazilian Reais – except earnings per share)

	Note	Consolidated		Parent Company	
		Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
CONTINUING OPERATIONS					
NET REVENUE	26	**18,363,057**	**19,000,757**	**16**	**186,932**
OPERATING COSTS					
COST OF ENERGY AND GAS	27				
Energy purchased for resale		(8,528,412)	(8,154,308)	-	-
Charges for use of the national grid		(1,157,241)	(1,077,387)	-	-
Gas purchased for resale		(750,664)	(1,100,302)	-	-
		(10,436,317)	**(10,331,997)**	-	-
OTHER COSTS	27				
Personnel		(744,354)	(774,523)	-	-
Materials		(46,331)	(52,397)	-	-
Outsourced services		(796,419)	(761,606)	-	-
Depreciation and amortization		(640,172)	(610,181)	-	-
Operating provisions		(109,747)	(1,130,822)	-	-
Infrastructure construction cost		(1,122,636)	(806,728)	-	-
Others		(64,817)	(58,764)	-	-
		(3,524,476)	**(4,195,021)**	-	-
TOTAL COST		**(13,960,793)**	**(14,527,018)**	-	-
GROSS PROFIT		**4,402,264**	**4,473,739**	**16**	**186,932**
OPERATING EXPENSES	27				
Selling expenses		(58,271)	(228,361)	-	-
General and administrative expenses		(404,629)	(443,395)	(42,709)	(61,718)
Operating provisions		(87,105)	(916,239)	(54,059)	(190,838)
Other operating (expenses) income, net		(588,818)	(611,163)	(52,133)	(46,994)
		(1,138,823)	**(2,199,158)**	**(148,901)**	**(299,550)**
Result of business combinations	15d	51,736	-	51,736	-
Impairment (reversals) of assets held for sale	32	(270,267)	-	(270,267)	-
Share of profit, net, of subsidiaries and joint ventures	15	262,298	161,280	1,777,319	2,333,421
Finance income	28	2,318,181	3,241,963	15,624	313,890
Finance expenses	28	(3,576,863)	(1,668,727)	(3,340)	(23,119)
Income before income tax and social contribution tax		**2,048,526**	**4,009,097**	**1,422,187**	**2,511,574**
Current income tax and social contribution tax	9d	(567,095)	(1,308,654)	(19)	-
Deferred income tax and social contribution tax	9d	51,093	(294,119)	109,587	(105,777)
Net (loss) income for the period from continuing operations		**1,532,524**	**2,406,324**	**1,531,755**	**2.405.797**
DISCONTINUED OPERATIONS					
Net income for the period from discontinued operations		-	224,067	-	224,067
NET INCOME FOR THE PERIOD		**1,532,524**	**2,630,391**	**1,531,755**	**2,629,864**
Total of net income for the period attributed to:					
Equity holders of the parent					
Net income from continuing operations		1,531,755	2,405,797	1,531,755	2,405,797
Net income from discontinued operations		-	224,067	-	224,067
Net income for the period attributed to equity holders of the parent		**1,531,755**	**2,629,864**	**1,531,755**	**2,629,864**
Non-controlling interests	25				
Net income from continuing operations		769	527	-	-
Net income for the period attributed to non-controlling shareholders		769	**527**	-	-
		1,532,524	**2,630,391**	**1,531,755**	**2,629,864**
Earnings per preferred share – R$	25	**1.01**	**1.73**	**1.01**	**1.73**
Earnings per common share – R$	25	**1.01**	**1.73**	**1.01**	**1.73**

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STATEMENTS OF INCOME
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(In thousands of Brazilian Reais – except earnings per share)

	Note	Consolidated		Parent Company	
		Jul to Sep 2020	Jul to Sep 2019	Jul to Sep 2020	Jul to Sep 2019
CONTINUING OPERATIONS					
NET REVENUE	26	**6,369,428**	**6,070,786**	**10**	**-**
OPERATING COSTS					
COST OF ENERGY AND GAS	27				
Energy purchased for resale		(2,958,679)	(3,034,108)	-	-
Charges for use of the national grid		(534,788)	(376,216)	-	-
Gas purchased for resale		(207,361)	(375,140)	-	-
		(3,700,828)	**(3,785,464)**	**-**	**-**
OTHER COSTS	27				
Personnel		(223,575)	(240,250)	-	-
Materials		(18,718)	(18,321)	-	-
Outsourced services		(261,604)	(248,930)	-	-
Depreciation and amortization		(214,691)	(202,444)	-	-
Operating provisions		(39,904)	(1,029,995)	-	-
Infrastructure construction cost		(438,960)	(341,503)	-	-
Others		(19,275)	(26,969)	-	-
		(1,216,727)	**(2,108,412)**	**-**	**-**
TOTAL COST		**(4,917,555)**	**(5,893,876)**	-	-
GROSS PROFIT		**1,451,873**	**176,910**	**10**	**-**
OPERATING EXPENSES	27				
Selling expenses (reversals)		156,829	(101,383)	-	-
General and administrative expenses		(141,539)	(157,357)	(14,153)	(24,832)
Operating provisions		(15,319)	(223,272)	(5,073)	(154,992)
Other operating (expenses) income, net		(234,981)	(110,487)	(16,573)	(14,201)
		(235,010)	**(592,499)**	**(35,799)**	**(194,025)**
Impairment (reversals) of assets held for sale	32	(136,244)	-	(136,244)	-
Share of profits (loss), net, of subsidiaries and joint ventures	15	97,822	57,780	670,912	(339,410)
Finance income	28	165,368	618,975	231	8,776
Finance expenses	28	(661,987)	(852,766)	(1,068)	(4,668)
Income before income tax and social contribution tax		**681,822**	**(591,600)**	**498,042**	**(529,327)**
Current income tax and social contribution tax	9d	(172,776)	(30,508)	-	97,959
Deferred income tax and social contribution tax	9d	36,330	116,207	47,022	(74,685)
Net (loss) income for the period from continuing operations		**545,376**	**(505,901)**	**545,064**	**(506,053)**
DISCONTINUED OPERATIONS					
Net income for the period from discontinued operations		-	**224,067**	-	**224,067**
NET INCOME FOR THE PERIOD		**545,376**	**(281,834)**	**545,064**	**(281,986)**
Total of net income for the period attributed to:					
Equity holders of the parent					
Net income from continuing operations		545,064	(506,053)	545,064	(506,053)
Net income from discontinued operations		-	224,067	-	224,067
Net income for the period attributed to equity holders of the parent		**545,064**	**(281,986)**	**545,064**	**(281,986)**
Non-controlling interests	25				
Net income from continuing operations		312	152	-	-
Net income from discontinued operations		312	152	-	-
		545,376	**(281,834)**	**545,064**	**(281,986)**
Basic earnings per preferred share – R$	25	**0.33**	**(0.27)**	**0.33**	**(0.27)**
Basic earnings per common share – R$	25	**0.33**	**(0.27)**	**0.33**	**(0.27)**

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STATEMENTS OF COMPREHENSIVE INCOME
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(In thousands of Brazilian Reais)

	Consolidated		Parent Company	
	Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
NET INCOME FOR THE PERIOD	**1,532,524**	**2,630,391**	**1,531,755**	**2,629,864**
OTHER COMPREHENSIVE INCOME				
Items not to be reclassified to profit or loss in subsequent periods				
Post retirement liabilities – remesurement of obligations of the defined benefit plans	-	(1,316)	-	-
Income tax and social contribution tax on restatement of defined benefit plans	-	448	-	-
Equity gain (loss) on other comprehensive income in subsidiary and jointly-controlled entity	-	-	-	(1,093)
Others	(702)	(231)	(702)	-
	(702)	**(1,099)**	**(702)**	**(1,093)**
COMPREHENSIVE INCOME FOR THE PERIOD	**1,531,822**	**2,629,292**	**1,531,053**	**2,628,771**
Total of comprehensive income for the period attributed to:				
Equity holders of the parent	1,531,053	2,628,771	1,531,053	2,628,771
Non-controlling interests	769	521	-	-
	1,531,822	**2,629,292**	**1,531,053**	**2,628,771**

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(In thousands of Brazilian Reais)

	Consolidated		Parent Company	
	Jul to Sep 2020	Jul to Sep 2019	Jul to Sep 2020	Jul to Sep 2019
NET (LOSS) INCOME FOR THE PERIOD	**545,376**	**(281,834)**	**545,064**	**(281,986)**
OTHER COMPREHENSIVE INCOME				
Items not to be reclassified to profit or loss in subsequent periods				
Equity gain (loss) on other comprehensive income in subsidiary and jointly-controlled entity	-	-	-	(229)
Others	-	(231)	-	-
	-	**(231)**	-	**(229)**
COMPREHENSIVE INCOME FOR THE PERIOD	**545,376**	**(282,065)**	**545,064**	**(282,215)**
Total of comprehensive income for the period attributed to:				
Equity holders of the parent	545,064	(282,215)	545,064	(282,215)
Non-controlling interests	312	150	-	-
	545,376	**(282,065)**	**545,064**	**(282,215)**

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STATEMENT OF CHANGES IN CONSOLIDATED EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(In thousands of Brazilian Reais– except where otherwise stated)

	Share capital	Capital reserves	Profit reserves	Equity valuation adjustments	Retained earnings	Total	Non-controlling interests	Total Equity
AS OF DECEMBER 31, 2019	**7,293,763**	**2,249,721**	**8,750,051**	**(2,406,920)**	**-**	**15,886,615**	**4,250**	**15,890,865**
Net income for the period	-	-	-	-	1,531,755	1,531,755	769	1,532,524
Capital Increase	300,000	-	(300,000)	-	-	-	-	-
Other Comprehensive Income	-	-	-	(702)	-	(702)	-	(702)
Realization of PP&E deemed cost	-	-	-	(12,557)	12,557	-	-	-
Tax incentives reserve (1)	-	-	877	-	(877)	-	-	-
Interest on equity and dividends payable	-	-	-	-	(120,000)	(120,000)	-	(120,000)
Non-controlling interests	-	-	-	-	-	-	(446)	(446)
AS OF SEPTEMBER 30, 2020	**7,593,763**	**2,249,721**	**8,450,928**	**(2,420,179)**	**1,423,435**	**17,297,668**	**4,573**	**17,302,241**

(1) To be determined in the Annual General Meeting that decide on the allocation of net income for 2020.

	Share capital	Capital reserves	Profit reserves	Equity valuation adjustments	Retained earnings	Total	Non-controlling interests	Total Equity
AS OF DECEMBER 31, 2018	**7,293,763**	**2,249,721**	**6,362,022**	**(1,326,787)**	**-**	**14,578,719**	**1,360,608**	**15,939,327**
Prior period adjustments in jointly-controlled subsidiaries	-	-	-	-	(193)	(193)	-	(193)
Non-controlling interests	-	-	-	-	-	-	(1,356,791)	(1,356,791)
Reversal of reserve for tax incentives, prior periods	-	-	(1,166)	-	1,166	-	-	-
Net income for the period	-	-	-	-	2,629,864	2,629,864	527	2,630,391
Other Comprehensive Income	-	-	-	(1,093)	-	(1,093)	(6)	(1,099)
Realization of PP&E deemed cost	-	-	-	(16,115)	16,115	-	-	-
AS OF SEPTEMBER 30, 2019	**7,293,763**	**2,249,721**	**6,360,856**	**(1,343,995)**	**2,646,952**	**17,207,297**	**4,338**	**17,211,635**

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STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(In thousands of Brazilian Reais)

		Consolidated		Parent Company	
		Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
CASH FLOW FROM OPERATIONS					
Net income for the period - continuing operations		1,531,755	2,405,797	1,531,755	2,405,797
Net income for the period - discontinued operations		-	224,067	-	224,067
Net income for the period attributed non-controlling interests		769	527	-	-
Expenses (revenues) not affecting cash and cash equivalents:					
Deferred income tax and social contribution tax	9d	(51,093)	294,119	(109,587)	105,777
Depreciation and amortization	27	733,538	723,322	2,308	3,668
Loss on write-off of net residual value of unrecoverable concession financial assets, concessional contract asset, PP&E and Intangible assets	13, 14,16 and 17	23,696	22,402	157	573
Result of business combinations	15d	(51,736)	-	(51,736)	-
Impairment (reversals) of assets held for sale	32	270,267	-	270,267	-
Impairment (reversals) for contract assets	14	3,233	(26,016)	-	-
Share of loss, net, of subsidiaries and joint ventures	15	(262,298)	(161,280)	(1,777,319)	(2,333,421)
Adjustment to expectation of contractual and financial cash flow from the concession	13 and 14	(379,389)	(387,298)	-	-
Interest and monetary variation		835,735	881,320	(43,620)	(1,518)
Recovery of PIS/Pasep and Cofins taxes credits over ICMS		-	(2,962,566)	-	(481,069)
Exchange variation on loans	21	2,409,658	429,299	-	-
Periodic Tariff Reset adjustments	13 and 14	(429,840)	-	-	-
Appropriation of transaction costs	21	10,910	34,102	161	126
Provisions for operating losses	27c	255,123	2,275,422	54,059	190,837
Financial component arising from PIS/Pasep and Cofins taxes refunded to customers– realization	13.5	(83,346)	-	-	-
Provision for reimbursement for suspension of energy supply – Renova		-	(62,575)	-	-
Variation in fair value of derivative financial instruments – Swaps	30	(1,803,611)	(1,099,230)	-	-
CVA (Parcel A items Compensation) Account and Other financial components in tariff adjustments	13	(98,844)	(45,119)	-	-
Post-employment obligations	23	368,216	348,415	37,583	35,097
Other		12,100	-	1,531	-
		3,294,843	**2,894,708**	**(84,441)**	**149,934**
(Increase) decrease in assets					
Customers and traders and Concession holders – Transport of energy		(54,932)	(699,907)	194	5,469
CVA and Other financial components in tariff adjustments	13	1,343,115	110,709	-	-
Recoverable taxes		(35,086)	3,443	-	(3,489)
Income tax and social contribution tax credits		5,706	(18,950)	34,053	12,971
Escrow deposits		1,506,112	310	10,580	26,283
Dividends received from investees	15	247,212	187,052	122,419	271,621
Contract assets and concession financial assets	13 and 14	420,892	286,130	-	-
Other		150,521	58,338	20,907	15,069
		3,583,540	**(72,875)**	**188,153**	**327,924**
Increase (decrease) in liabilities					
Suppliers		(88,887)	257,480	(989)	(7,459)
Taxes payable		468,922	(155,462)	(73,966)	(41,092)
Income tax and social contribution tax payable		533,851	1,308,654	19	-
Payroll and related charges		37,952	(31,465)	1,262	(5,242)
Regulatory charges		59,563	(50,043)	-	(11)
Advances from customers		-	(80,862)	-	-
Post-employment obligations	23	(266,683)	(247,720)	(14,498)	(13,783)
Other		(72,203)	(84,472)	(12,110)	(34,336)
		672,515	**916,110**	**(100,282)**	**(101,923)**
Cash generated by operating activities		**7,550,898**	**3,737,943**	**3,430**	**375,935**
Interest paid on loans and financing	21	(669,538)	(845,994)	-	(24,345)
Interest in leasing contracts	18	(3,950)	(27,630)	(76)	(420)
Income tax and social contribution tax paid		(221,502)	(1,525,181)	-	(102,869)
Cash inflows from settlement of derivatives instruments		177,086	34,138	-	-
Cash from (used in) continued operating activities		**6,832,994**	**1,373,276**	**3,354**	**248,301**
Cash from (used in) discontinued operating activities		**-**	**(224,067)**	**-**	**(224,067)**
NET CASH FROM OPERATING ACTIVITIES		**6,832,994**	**1,149,209**	**3,354**	**24,234**
INVESTING ACTIVITIES					
Marketable securities		(3,341,925)	(43,316)	48,589	(107,155)
Restricted cash		(35,810)	75,184	129	-
Investments					
Acquisition of equity investees	15	(64,355)	(29,049)	(64,328)	(16,102)

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		Consolidated		Parent Company	
		Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
Cash arising from business combination		27,110	-	-	-
Settlement received through merger			-	-	22,444
Loans from related parties		(26,500)	-	(26,500)	-
Property, plant and equipment	16	(94,684)	(45,204)	-	(45)
Intangible assets	17	(28,474)	(914,586)	(2)	-
Contract assets – gas and distribution of energy infrastructure	14	(957,164)	(612,028)	-	-
Net cash flow used in continued investment activities		**(4,521,802)**	**(1,568,999)**	**(42,112)**	**(100,858)**
Net cash flow used in discontinued investment activities		**-**	**625,000**	**-**	**625,000**
NET CASH USED IN INVESTING ACTIVITIES		**(4,521,802)**	**(943,999)**	**(42,112)**	**524,142**
FINANCING ACTIVITIES					
Proceeds from Loans, financings and debentures	21	825,375	4,476,722	-	-
Interest on capital and dividends paid	25	(170)	(78,974)	(170)	(78,284)
Payment of loans with related parties		-	-	-	(400,234)
Payment of loans, financing and debentures	21	(2,187,264)	(4,750,192)	-	-
Leasing liabilities paid	18	(64,139)	(48,598)	(1,295)	(1,937)
NET CASH USED IN FINANCING ACTIVITIES		**(1,426,198)**	**(401,042)**	**(1,465)**	**(480,455)**
Net (decrease) increase in cash and cash equivalents for the period		884,994	(195,832)	(40,223)	67,921
Cash and cash equivalents at the beginning of the period	5	535,757	890,804	64,356	54,330
Cash and cash equivalents at the end of the period	**5**	**1,420,751**	**694,972**	**24,133**	**122,251**

The Condensed Explanatory Notes are an integral part of the Interim financial information.

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STATEMENTS OF ADDED VALUE
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019
(In thousands of Brazilian Reais)

	Consolidated				Parent Company			
	Jan to Sep 2020		Jan to Sep 2019		Jan to Sep 2020		Jan to Sep 2019	
REVENUES								
Sales of energy, gas and services	25,214,446		25,583,650		21		4,915	
Distribution construction revenue	1,006,927		656,570		-		-	
Transmission construction revenue	115,709		150,158		-		-	
Gain on financial updating of the Concession Grant Free	228,293		244,069		-		-	
Adjustment to expectation of cash flow from reimbursement of distribution concession financial assets	(1,652)		10,689		-		-	
Transmission assets – reimbursement revenue	357,253		124,057		-		-	
PIS/Pasep and Cofins taxes credits	-		1,438,563					
Investment in PP&E	48,167		17,688		-		-	
Other revenues	6,251		26,249		-		-	
Allowance for doubtful receivables	(58,271)		(228,361)		-		-	
	26,917,123		**28,023,332**		**21**		**4,915**	
INPUTS ACQUIRED FROM THIRD PARTIES								
Energy bought for resale	(9,302,789)		(8,917,030)		-		-	
Charges for use of national grid	(1,292,349)		(1,202,176)		-		-	
Outsourced services	(1,362,901)		(1,183,835)		(22,498)		(30,117)	
Gas bought for resale	(953,224)		(1,397,209)		-		-	
Materials	(617,973)		(463,153)		(167)		(189)	
Other operating costs	(729,428)		(2,300,801)		(329,825)		(194,626)	
	(14,258,664)		**(15,464,204)**		**(352,490)**		**(224,932)**	
GROSS VALUE ADDED	**12,658,459**		**12,559,128**		**(352,469)**		**(220,017)**	
RETENTIONS								
Depreciation and amortization	(733,538)		(723,322)		(2,308)		(3,668)	
NET ADDED VALUE PRODUCED BY THE COMPANY FROM CONTINUING OPERATIONS	**11,924,921**		**11,835,806**		**(354,777)**		**(223,685)**	
NET ADDED VALUE PRODUCED BY THE COMPANY FROM DISCONTINUED OPERATIONS	-		**224,067**		-		**224,067**	
ADDED VALUE RECEIVED BY TRANSFER								
Share of (loss) profit, net, of associates and joint ventures	262,296		161,280		1,777,317		2,333,421	
Result of business combinations	51,736		-		51,736		-	
Financial revenues	2,318,181		3,241,963		15,624		313,890	
ADDED VALUE TO BE DISTRIBUTED	**14,557,134**		**15,463,116**		**1,489,900**		**2,647,693**	
DISTRIBUTION OF ADDED VALUE								
		%		%		%		%
Employees	**1,324,683**	**9.10**	**1,371,794**	**8.87**	**58,911**	**3.96**	**64,408**	**2.43**
Direct remuneration	765,125	5.26	886,157	5.73	16,788	1.13	25,872	0.98
Post-employment obligations and other benefits	456,552	3.14	417,571	2.70	38,962	2.62	36,246	1.37
FGTS fund	44,156	0.30	46,575	0.30	1,244	0.08	1,382	0.05
Voluntary retirement program	58,850	0.40	21,491	0.14	1,917	0.13	908	0.03
Taxes	**8,092,176**	**55.59**	**9,766,555**	**63.16**	**(104,744)**	**(7.03)**	**(71,179)**	**(2.69)**
Federal	3,699,746	25.42	5,227,783	33.81	(105,537)	(7.08)	(73,045)	(2.76)
State	4,382,596	30.10	4,527,054	29.27	428	0.03	1,252	0.05
Municipal	9,834	0.07	11,718	0.08	365	0.02	614	0.02
Remuneration of external capital	**3,607,751**	**24.78**	**1,694,376**	**10.96**	**3,978**	**0.26**	**24,600**	**0.93**
Interest	3,598,337	24.72	1,684,687	10.89	3,340	0.22	23,119	0.87
Rentals	9,414	0.06	9,689	0.07	638	0.04	1,481	0.06
Remuneration of own capital	**1,532,524**	**10.53**	**2,630,391**	**17.01**	**1,531,755**	**102.81**	**2,629,864**	**99.33**
Interest on equity	120,000	0.82	-	-	120,000	8.05	-	-
Retained earnings	1,411,755	9.71	2,629,864	17.01	1,411,755	94,76	2,629,864	99.33
Non-controlling interest in retained earnings	769	-	527	-	-	-	-	-
	14,557,134	**100.00**	**15,463,116**	**100.00**	**1,489,900**	**100.00**	**2,647,693**	**100.00**

The Condensed Explanatory Notes are an integral part of the Interim financial information.

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTH PERIOD ENDED AS OF SEPTEMBER 30, 2020 (In thousands of Brazilian Reais, except where otherwise indicated)

1. OPERATING CONTEXT

a) The Company

Companhia Energética de Minas Gerais (‘Cemig’, ‘Parent company’, or ‘the Company’) is a listed corporation registered in the Brazilian Registry of Corporate Taxpayers (CNPJ) under number 17.155.730/0001-64, with shares traded on the São Paulo stock exchange (‘B3’) at Corporate Governance Level 1; on the New York Stock Exchange (‘NYSE’); and on the stock exchange of Madrid (‘Latibex’). Domiciled in Brazil, with head office in Belo Horizonte, Minas Gerais State, it operates exclusively as a holding company, with interests in subsidiaries or jointly controlled entities, whose objects are: construction and operation of systems for generation, transformation, transmission, distribution and sale of energy, distribution of gas and also activities in the various fields of energy, for the purpose of commercial operation.

Based on the facts and circumstances at this date, management has assessed the Company’s capacity to continue operating normally and believes firmly that its operations have the capacity to generate funds to enable the continuation of its business in the future. In addition, Management is not aware of any material uncertainties that could generate significant doubts about its ability to continue operating. Therefore, this interim financial information has been prepared on a going concern basis.

b) Centroeste control acquisition

On January 13, 2020, the Company concluded acquisition of the equity interest of 49% of the share capital held by Eletrobras in Centroeste, resulting in its now holding 100% of that investee. The acquisition, which resulted in the Company obtaining control, based on the provisions of accounting standard IFRS 10/CPC 36 – Consolidated Financial Standard, is the result of exercise of the right of first refusal for acquisition of the shareholding offered in Eletrobras Auction 01/2018, Lot P, held on September 27, 2018, and confirmed on January 15, 2019.

The effects of business combination in this interim financial information are present in Note 15.

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c) Covid-19

General Context

On March 11, 2020, the World Health Organization characterized Covid-19 as a pandemic, reinforcing the restrictive measures recommendations to prevent the virus dissemination worldwide. These measures are based, mainly, on social distancing, which have been causing major negative impact on entities, affecting their production process, interrupting their supply chains, causing workforce shortages and closing of stores and facilities. The economies around the world are developing measures to handle the economic crisis and reduce any possible effect, especially by their central banks and fiscal authorities.

Government measures aimed at Brazilian energy sector

Several measures were implemented by the Brazilian government, specifically aimed at energy sector, which include:

- The provisional normative act. 950/2020 issued in April 8, 2020, which provides for 100% discount in the calculation of social energy tariff ('Tarifa Social de Energia Elétrica'), from April 1, 2020 to June 30, 2020, applicable to customers included in low-income residential subclass, with energy consumption less than or equal to 220 kWh/month. The act also authorizes the Federal Government to allocate resources to Energy Development Account (CDE), limited to R$900 million, to cover the tariff discounts established.
- Expansion on the limit of total amount of energy that can be declared by energy distributors in the process of the mechanism for the sale of surplus ('Mecanismo de Venda de Excedentes' - MVE), during 2020, from 15% to 30%, for the purpose of facilitating contractual reductions.
- Provision of financial resources available in the reserve fund in April 2020, by CCEE, in accordance with Aneel Dispatch 986/2020, dedicated to reduce future regulatory fees. Cemig D was granted with R$122 million.
- Under Resolution 878/2020, issued on March 24, 2020, the regulator has implemented some measures in an attempt to maintain the public service of energy supply, which include: prohibiting energy supply suspension due to default of certain categories of customers (residential), for 90 days, extended to July 31, 2020, prioritizing emergency assistance and energy supply to services and activities regarded as essential, drawing up specific contingency plans to assist health care units and hospital services, among others. Under Resolution 879/2020, issued in July 21, 2020, the regulator changed the Resolution 878/2020, as of august, 2020, maintaining the prohibition of energy supply suspension only to low income residential subclass, revoking the provisions applied to the other residential subclasses and related to services and activities regarded as essential.

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- On September 2, 2020 the government issued Provisional Measure 998/2020, to reduce the impact of the pandemic on customers' tariffs over the medium and long term. The following are some of the main measures, related to modernization of the sector and customers tariffs reduction:

i. Allocation to the Energy Development Account - CDE of funds destined to research and development and energy efficiency not yet committed to contracted projects and, during the Covid-Account financings payments, the amount compatible with the proportion of funds historically not executed by companies of the sector.

ii. Equalization in the criterion for payment of the CDE charge for agents located in different states of a single region, as from January 1, 2021.

iii. Changes to subsidies currently existing for renewable generation sources – small Hydro Plants (SHPs), biomass, wind and solar). Reduction in the percentage rates of the TUSD (distribution system use fee – Tarifa para Uso do Sistema de Distribuição) will only be applied for those projects that request the grant or change in installed capacity within 12 months from September 1, 2020, and are expected to enter into commercial operation of all the generation units associated with the request within 48 months from the issuance of grant or the act that changed the grant. Also, the discount on the TUSD and TUST (transmission system use fee) will no longer be applied after the end of the grant or if the grant is renewed. Thus, after the transition period – established by law to preserve legal security in the sector – the discounts currently specified in the fees for use of the system will not be granted for new projects. In addition, the plants granted whose sales contracted with distributors is no longer in effect will not be able to pass on the discount to sales contracts in Free market.

iv. Possibility of contracting plants to meet the power needs of the electricity system with correct payment allocation, that is, by customers in the Regulated and Free Markets, since power is a systemic requirement and a possible contracting provides energy security for all customers.

v. Suspension of energy supply to customers in the Free Market (Ambiente de Contratação Livre, or 'ACL') for delinquency, providing greater legal security in the Free Market.

- Authorization to create the 'Covid-Account' under the Decree 10,350/2020 issued on May 18, 2020, as detailed in the following topic.

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“Covid-account” (‘Conta-Covid’)

On May 18, 2020, in order to cope with the public calamity caused by the Covid-19 pandemic, the Decree n. 10,350/20 authorized the creation of “Covid account, to support the energy distribution sector, which is the basis of the energy sector financial flow, aimed to either cover the distribution agents revenue/cash flow deficit or to anticipate their revenues, related to (i) over-contracted purchases due to market retraction, (ii) “CVA” sector assets (iii) maintaining the neutrality of regulatory charges, (iv) compensation for the delay in applying tariff adjustments until June 30, 2020 and (v) anticipation of “parcel B” revenues as determined by Aneel regulation.

On June 23, 2020, the regulator issued the Normative Resolution n. 885/2020, which set out the criteria and procedures to manage the “Covid-account”, as well as regulated the use of the CDE regulatory charge. Under this Resolution, the amount transferred to each distribution agent will be converted as a tariff negative financial component until the tariff processes of 2021 or 2022, updated by Selic rate, ensuring the neutrality.

Cemig D joined the financial compensation mechanism under the Covid-account (‘Conta-Covid’), in order to boost its cash flow enabling it to meet its financial obligations, in spite of the collection reduction resulting of the economic crises. On July 9, 2020, the regulator informed the total amount from the “Covid-Account” to be received by Cemig D, in installments, which is R$1,404,175. In the third quarter of 2020 Cemig D received R$1,280,345: R$1,186,390 on July 31, 2020, R$50,945 on August 12, 2020 and R$43,010 on September 14, 2020. Of the remaining amount, R$33,549 was received on October 13, 2020, and R$66,839 will be paid in three installments from November 2020 to January 2021.

There are some rules applied to distribution agents entitled to the Covid-account resources, such as (i) relinquishing any intention to reduce or end the purchase of energy from generators because of a reduction in the sales caused by the pandemic crises, until December 2020; (ii) in the event of default on payments, limiting their dividend payments to the legal minimum of 25% of net income and (iii) renounce the right to complain in court or arbitral tribunals on the conditions, procedures or obligations determined in legal and regulatory provisions on Covid-account. Notwithstanding, the right to request an extraordinary tariff review is fully preserved.

Due to the statements of renunciations established in the Acceptance Document under the Normative Resolution 885/2020, on July 3, 2020 Cemig D’s Shareholders Extraordinary General Meeting approved alteration to its by-laws, to include §4 on Clause 33 limiting the distribution of mandatory dividend or interest on equity to the legal minimum, exceptionally for the cases and conditions that the regulator may demand, by rule or by contract, in order to mitigate a situation of financial imbalance caused by any fact or event attributable to a third party, or overriding government rulings, or expressly recognized force majeure.

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Company's initiatives

On March 23, 2020, the Company established the Coronavirus Crisis Management Committee ('Comitê Diretor de Gestão da Crise do Coronavírus') to ensure its readiness to making decisions because of the fast-changing situation, which became more widespread, complex and systemic.

Also, in line with recommendations to maintain social-distancing measures, the Company has implemented an operational contingency plan and several precautionary measures to keep its employees healthy and safe, including: security and health technicians contacting operational staff on a daily basis; interacting daily with subcontractors Social Service department to monitor the evolution of suspicious cases; changing the schedule to prevent gatherings; restricting national and international travel; suspending technical visits and events at Company's facilities; using remote means of communication; adopting work-from-home policies for a substantial number of employees, providing face masks for employees in external service or in service into its facilities, and requiring outsourcings providers to put the same procedures in place.

In August the Company began the plan for the gradual return-to-office, which is in compliance with measures for prevention, control and mitigation of risks of Covid-19 transmission in work environments.

In-person service to the general public was suspended temporarily, and resumed, subject to appointment, from August 3, 2020, in the municipalities that subscribed to the plan created by the State of Minas Gerais, called 'Plano Minas Consciente', and which are in the 'Green Wave' phase of the program. The decision to serve the public in person by appointment obeys the rules of the plan, and is in accordance with responsible resumption of the economy in Minas Gerais state, following the Covid-19 pandemic.

The Company maintain the communication with its customers on virtual channels and essential assistance in customers' facilities, ensuring the appropriate energy supply.

The Company also adopted the follow measures in order to contribute with society, which are assessed continuously:

- Providing payment flexibility to low-income residential subclass customers, registered as social tariff, who will be able to pay their debts in up to six installments, without interests or penalties, applied until July 1, 2020;
- Providing payment flexibility to public and philanthropic hospitals as well as to emergency rooms units, without interests or penalties, conditions applied until July 1, 2020;
- Offering the entities regarded as small business by Brazilian law the option for payment in up to six installments, without interests or penalties, conditions applied until July 1, 2020;

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- A negotiation campaign was launched, in effect until October, 31, 2020, enabling customers to pay debt by installments in up to 12 months without interest.

The Company is working diligently to mitigate the crisis impacts on its liquidity, implementing the following measures, among others:

- capital expenditure restraint and expenses reduction;
- payment of minimum mandatory dividends to shareholders, and deferral dividends and interest on equity payments to the end of 2020;
- negotiating with its customers on the free market their contracts;
- deferral payment of taxes and social charges, as authorized by legislation.

Impact of Covid-19 on Financial Statements

Considering the significant restrictions on business and social interaction during the Covid-19 pandemic in combination with the latest movements in exchange and interest rates, the Company estimates that the resulting economic contraction might have a negative effect on its liquidity, but the overall impact of the Covid-19 outbreak on its financial position and performance are concentrated in second quarter and first half of third quarter 2020.

In such a scenario, the significant intervention in the local market policies and the initiatives to reduce the transmission of Covid-19 are likely to cause a reduction in energy consumption and consequently in revenue from sale of energy, as well as an increase in expected credit losses.

As of September 30, 2020, from the observation of the pandemic's immediate economic effects, the Company assessed the assumptions used for calculating fair value and recoverable amount of certain financial and non-financial assets, as follows:

- The subsidiary Cemig GT assessed whether the greater pressure on the exchange rate, combined with a lack of financial market liquidity, will have a negative impact on derivative financial instruments hired to protect its operations against the risks arising from foreign exchange rate changes. At this point, given the current market conditions, the change in derivative instrument's fair value, based on the forecasts of future interest and exchanges rates, cannot offset the Company's total exposure to foreign exchange rate variability, resulting in a net loss of R$611 million in the period of January to September of 2020. The long-term projections carried out for the foreign exchange rate are lower than the current dollar quotation, which may represent a decrease in Company's foreign exchange variation expense, if the projected scenario occurs.

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- As a result of Covid-19 situation, the market conditions have deteriorated, and, under the current circumstances, the fair value of the Company's interest in Light has decreased significantly. The estimated negative impact arising from the remeasurement of the asset at fair value less cost to sell is R$270 million on September 30, 2020, as presented in Note 32.
- The Company is assessing the circumstances arising from Covid-19 pandemic and associated measures aimed at reducing the impact of the economic contraction on customer delinquency when measuring expected credit losses. The Company has intensified measures to mitigate the risks of delinquency, such as a campaign of negotiation with clients in arrears whose energy supply the Company was temporarily prohibited from suspending as well as intensifying the usual collection measures. The return of economic activities after the peak of the coronavirus outbreak, as well as the authorization of the energy supply suspension, as of August, 2020, provided by Normative Resolution n. 891/2020, have contributed to the reestablishment of the collection behavior, which reduced in April 2020. In addition, the negotiations to enable the recovery of past due receivables and the possible regulator's measures to reestablish economic balance, may mitigate the negative effects of the economic crisis on collection.
- The Company estimates that the assumptions applied to determine the recoverable amount of the relevant investments in subsidiaries, joint-controlled entities and associates were not influenced significantly by the Covid-19 situation, since these investees' cash flows are mainly related to long-term rights to commercial operation of the regulated activity. Therefore, except for the effects related to the negative impact arising from the remeasurement of Company's interest in Light, classified as asset held for sale, no additional impairment losses was recognize to its investments in subsidiaries, joint-controlled entities and associates due to the economic crisis.
- The Company has also made an assessment attempting to identify the behavior of the interest rates and discount rates that are the basis for the calculation of post-employment obligations, and believes that at this moment, due to the high volatility of the market, it is not possible to conclude whether the present rates reflect an alteration in the macroeconomic fundamentals that would indicate a need for recalculation of the actuarial liabilities.
- Despite the uncertainties related to the crisis unfolding and its potential long-term effects, the Company does not expect that the negative impact on its projections of likely future taxable profits might compromise the recoverability of its deferred tax assets.
- The Company also reviewed the financial assets and liabilities measured at fair value to reflect the conditions and current rates projected, which impacts are presented in Note 30.

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- The total load on the Brazilian national grid fell in 2020, especially from March to May, and has been recovering gradually since. In the first nine months of 2020, the energy transported and sold to Cemig D customers increased 1.63% compared with the same period of the last year, and was 7.80% higher in the third quarter of 2020 compared with the same period of 2019, reflecting the easing of social distancing rules.
- The Company is starting negotiations and deferrals with its customers and energy and gas suppliers, in order to maintain Cemig GT and Gasmig liquidity during the economic crisis.

The impacts of the Covid-19 pandemic published in this interim financial information are based on the Company’s best estimates. Despite the impact of the pandemic on the Company’s liquidity in 2020, significant long-term effects are not expected.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The interim financial information has been prepared in accordance with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), Technical Pronouncement 21 (R1) (‘CPC21’), which applies to interim financial information, and the rules issued by the Brazilian Securities Commission (Comissão de Valores Mobiliários, or CVM), applicable to preparation of Quarterly Information (Informações Trimestrais, or ITR).

This interim financial information has been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the financial statements on December 31, 2019.

Thus, this interim financial information should be read in conjunction with the said financial statements, approved by the Company’s management on March 19, 2020.

Management certifies that all the material information in the interim financial information is being disclosed herein, and is the same information used by management in its administration of the Company.

The Company's Board of Directors authorized the issuance of this Interim financial information on November 13, 2020.

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2.2 Correlation between the Explanatory Notes published in the Financial Statements and those in the Interim Financial Information

Number of the Note		Title of the Note
Dec. 31, 2019	Sep. 30, 2020	
1	1	Operational context
2	2	Basis of preparation
3	3	Consolidation principles
4	4	Concessions and authorizations
5	31	Operational segments
6	5	Cash and cash equivalents
7	6	Marketable Securities
8	7	Customers and traders; Concession holders (power transport)
9	8	Recoverable taxes
10	-	PIS/Pasep and Cofins taxes credits over ICMS – Final Court Judgment
11	9	Income tax and social contribution tax
12	-	Restricted cash
13	10	Accounts receivable from the State of Minas Gerais
14	11	Escrow deposits
15	12	Reimbursement of tariff subsidies
16	13	Concession financial assets and liabilities
17	14	Contract assets
18	15	Investments
19	16	Property, plant and equipment
20	17	Intangible assets
21	18	Leasing – Right of Use
22	19	Suppliers
23	20	Taxes and social security
24	21	Loans, financings and debentures
25	22	Regulatory charges
26	23	Post-employment obligations
27	24	Provisions
28	25	Equity and remuneration to shareholders
29	26	Revenue
30	27	Operating costs and expenses
31	28	Financial revenue and expenses
32	29	Related party transactions
33	30	Financial instruments and risk management
34	32	Assets and liabilities classified as held for sale; profit (loss) from discontinued operations
37	13.5	The Annual Tariff Adjustment of Cemig D
38	33	Transactions not involving cash
39	34	Subsequent events

The Notes to the 2019 financial statements that have not been included in this consolidated interim financial information because they had no material changes, and/or were not applicable to the interim financial information, are as follows:

Number	Title of the Note
35	Insurance
36	Commitments

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3. PRINCIPLES OF CONSOLIDATION

The dates of Interim financial information of the subsidiaries, used for consolidation, and of the jointly-controlled entities and affiliates, used for calculation of their equity method contribution, coincide with those of the Company. Accounting practices are applied uniformly and are the same as those used by the parent company.

The Company uses the criteria of full consolidation. The direct equity investments of Cemig, included in the consolidation, are the following:

Subsidiary	Sep. 30, 2020			Dec. 31, 2019		
	Form of valuation	Direct interest, %	Indirect interest, %	Form of valuation	Direct interest, %	Indirect interest, %
Cemig Geração e Transmissão	Consolidation	100.00	-	Consolidation	100.00	-
Cemig Distribuição	Consolidation	100.00	-	Consolidation	100.00	-
Gasmig	Consolidation	99.57	-	Consolidation	99.57	-
Cemig Geração Distribuída (Ipatinga Power Plant) (1)	Consolidation	100.00	-	Consolidation	100.00	-
Cemig SIM (Efficientia) (2)	Consolidation	100.00	-	Consolidation	100.00	-
Centroeste (3)	Consolidation	100.00	-	Equity method	51.00	-

(1) On October 19, 2020, an Extraordinary General Meeting of Shareholders approved the merger of this wholly-owned subsidiary, at book value, and as a result the investee ceased to exist and the Company took over of all its rights and liabilities.

(2) On April 14, 2020, the minute of the Annual General Meeting that decided about changes in this subsidiary's By-laws was registered in the commercial registry authority, changing the name of this subsidiary to Cemig Soluções Inteligentes em Energia S.A.-CEMIG SIM.

(3) On January 13, 2020, the Company concluded acquisition of the equity interest of 49% of the share capital held by Eletrobras in Centroeste, resulting in its now holding 100% of that investee. More details see notes 1 and 15.

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4. CONCESSIONS AND AUTHORIZATIONS

Cemig and its subsidiaries hold the following concessions or authorizations:

	Company holding concession or authorization	Concession or authorization contract*	Expiration date
POWER GENERATION			
Hydroelectric plants			
Emborcação (1) (2)	Cemig GT	07/1997	07/2025
Nova Ponte (1) (2)	Cemig GT	07/1997	07/2025
Santa Luzia (1)	Cemig GT	07/1997	02/2026
Sá Carvalho (1)	Sá Carvalho	01/2004	12/2024
Rosal (1)	Rosal Energia	01/1997	05/2032
Machado Mineiro (1) Salto Voltão (1) Salto Paraopeba (1) Salto do Passo Velho (1)	Horizontes Energia	Resolution 331/2002	07/2025 10/2030 10/2030 10/2030
PCH Pai Joaquim (1)	Cemig PCH	Authorizing Resolution 377/2005	04/2032
Irapé (1)	Cemig GT	14/2000	02/2035
Queimado (consortium) (1)	Cemig GT	06/1997	01/2033
Rio de Pedras (1)	Cemig GT	02/2013	09/2024
Poço Fundo (1)	Cemig GT	02/2013	08/2025
São Bernardo (1)	Cemig GT	02/2013	08/2025
Três Marias (3)	Cemig Geração Três Marias	08/2016	01/2046
Salto Grande (3)	Cemig Geração Salto Grande	09/2016	01/2046
Itutinga (3)	Cemig Geração Itutinga	10/2016	01/2046
Camargos (3)	Cemig Geração Camargos	11/2016	01/2046
Coronel Domiciano, Joasal, Marmelos, Paciência and Piau (3)	Cemig Geração Sul	12/2016 and 13/2016	01/2046
Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras (3)	Cemig Geração Leste	14/2016 and 15/2016	01/2046
Cajurú, Gafanhoto and Martins (3)	Cemig Geração Oeste	16/2016	01/2046
Thermal plants			
Igarapé (6)	Cemig GT	07/1997	08/2024
Wind power plants			
Central Geradora Eólica Praias de Parajuru (4)	Parajuru	Resolution 526/2002	09/2032
Central Geradora Eólica Volta do Rio (4)	Volta do Rio	Resolution 660/2001	01/2031
POWER TRANSMISSION			
National grid (5)	Cemig GT	006/1997	01/2043
Itajubá Substation (5)	Cemig GT	79/2000	10/2030
Furnas – Pimenta - Transmission line (5)	Centroeste	004/2005	03/2035
ENERGY DISTRIBUTION (7)	Cemig D	002/1997 003/1997 004/1997 005/1997	12/2045
GAS DISTRIBUTION (7)	Gasmig	State Law 11,021/1993	01/2053

(1) Generation concession contracts that are not within the scope of IFRIC 12, whose infrastructure assets are recorded as PP&E since the concession grantor does not have control over whom the service is provided to as the output is being sold mainly in the Free Market ('ACL').

(2) On July 17, 2020, Cemig GT filed a statement of its interest in extending these plants concession, under the independent producer regime, outside the regime of quotas, to ensure its right of option under the legislative changes currently under discussion, relating to the group of measures to modernize the electricity sector. Any actual decision will only be made after publication by the Brazilian Mining and Energy Ministry and by the regulator, Aneel, of the conditions for extension, which will be submitted to decision by Cemig's governance bodies at the due time.

(3) Generation concession contracts within the scope of IFRIC 12, under which Cemig has the right to receive cash and therefore, recognizes a concession financial asset.

(4) This refers to concessions, given by the process of authorization, for generation, as an independent power producer, of wind power, sold under the Proinfa program. The assets tied to the right of commercial operation are recorded in PP&E. The rights of authorization of commercial operation that are classified as an Intangible.

(5) Concession contracts that are within the scope of IFRIC 12 and under which the concession infrastructure assets are recorded under the intangible and financial assets bifurcation model, and in compliance with IFRS 15, the infrastructure under construction has been classified as a contract asset.

(6) On December 6, 2019, Aneel suspended Igarapé Plant commercial operation upon Cemig GT's claim for early termination of its concession contract, and, as a result, the corresponding assets were written-off from Cemig GT's financial statement position. On September 30, 2020, Aneel recommended to the Ministry of Mines and Energy (MME) the extinction formalization of Igarapé thermal plant concession, as claimed by Cemig GT.

(7) Concession contracts that are within the scope of IFRIC 12 and under which the concession infrastructure assets are recorded under the intangible and financial assets bifurcation model, and in compliance with IFRS 15, the infrastructure under construction has been classified as a contract asset.

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The contracts for three Small Hydro Plants (SHPs) – Luiz Dias, Salto Morais and Xicão – with installed capacity of 1,620kW, 2,394kW and 1,808kW, respectively, were extinguished by Aneel at Cemig GT's request, by authorizing resolutions of October 13, 2020, without reversion of assets, for further register as small hydropower plant with intalled capacity lower than 5MW (so-called '*Central Geradora Hidrelétrica* – CGH' under Brazillian law), under the legislation and regulations. Cemig GT continues to operate these plants. The concession for the Salto Morais plant was terminated in July 2020, in accordance with the contract signed with Aneel, but continued to be operated by Cemig GT, since its installed capacity is lower than 5MW, and under the legislation grant of concession or authorization is not necessary in this case.

Cemig generate energy from nine hydroelectric plants that have the capacity of 5MW or less, including those mentioned in the previous paragraph – having a total installed capacity of 11.53MW, and thus under Law 9,074/95, these are dispensed from concession, permission or authorization, and do not have a final concession date.

5. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Company	
	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
Bank accounts	53,389	209,405	4,285	4,437
Cash equivalents				
Bank certificates of deposit (CDBs) (1)	970,366	289,924	6,587	50,854
Overnight (2)	396,996	36,428	13,261	9,065
	1,367,362	326,352	19,848	59,919
	1,420,751	**535,757**	**24,133**	**64,356**

(1) *Bank Certificates of Deposit* (*Certificados de Depósito Bancário*, or CBDs), accrued interest at 65% to 110%, of the CDI Rate (Interbank Rate for Interbank Certificates of Deposit or *Certificados de Depósito Inter-bancário* – CDIs) published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip) on September 30, 2020 (80% to 106% on December 31, 2019). For these CDBs, the Company and its subisidiaries have repo transactions which state, on their trading notes, the bank's commitment to repurchase the security, on demand, on the maturity date of the transaction, or earlier.

(2) *Overnight* transactions are repos available for redemption on the following day. They are usually backed by Treasury Bills, Notes or Bonds and referenced to a pre-fixed rate of 1.89% on September 30, 2020 (4.39%, on December 31, 2019). Their purpose is to settle the short-term obligations of the Company, or to be used in the acquisition of other assets with better return to replenish the portfolio.

Note 30 gives the exposure of the Company and its subsidiaries to interest rate risks and a sensitivity analysis of their effects on financial assets and liabilities.

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6. MARKETABLE SECURITIES

	Consolidated		Parent Company	
	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
Investments				
Current				
Bank certificates of deposit (CDBs) (1)	128,187	-	4,282	-
Financial Notes (LFs) – Banks (2)	2,845,051	645,119	95,033	160,531
Treasury Financial Notes (LFTs) (3)	708,872	94,184	23,678	23,437
Debentures (4)	-	103	-	780
Others	7,259	933	753	463
	3,689,369	**740,339**	**123,746**	**185,211**
Non-current				
Financial Notes (LFs) – Banks (2)	378,508	11,481	12,643	-
Debentures (4)	20,561	1,825	687	454
Others	10,199	36	-	-
	409,268	**13,342**	**13,330**	**454**
	4,098,637	**753,681**	**137,076**	**185,665**

(1) Bank Certificates of Deposit (Certificados de Depósito Bancário, or CDBs), were remunerated, on September 30, 2020, with rates varying between 110% and 120% of the Interbank Rate for Interbank Certificates of Deposit (Certificados de Depósito Inter-bancário – CDIs) published by Cetip.

(2) Bank Financial Notes (*Letras Financeiras*, or LFs) are fixed-rate fixed-income securities, issued by banks and that accrued interest a percentage of the CDI rate published by Cetip. The LFs had remuneration rates varying between 102.25% and 142.90% of the CDI rate on September 30, 2020 (101.95% to 113% on December 31, 2019).

(3) *Treasury Financial Notes (LFTs)* are fixed-rate securities, their yield follows the daily changes in the Selic rate between the date of purchase and the date of maturity.

(4) *Debentures* are medium and long term debt securities, which give their holders a right of credit against the issuing company. The debentures have remuneration varying from 106.75% to 109% of the CDI Rate on September 30, 2020 (108.25% to 113% of CDI on December 31, 2019).

Note 29 and 30 shows the classification of these securities and cash investments in securities of related parties.

7. CUSTOMERS, TRADERS AND POWER TRANSPORT CONCESSION HOLDERS

	CONSOLIDATED					
	Balances not yet due	Up to 90 days past due	More than 91 up to 360 days past due	More than 360 days past due	Sep. 30, 2020	Dec. 31, 2019
Billed supply	1,411,299	678,233	445,712	715,028	3,250,272	3,130,206
Unbilled supply	969,604	-	-	-	969,604	1,203,823
Other concession holders – wholesale supply	8,261	23,479	889	9,667	42,296	47,296
Other concession holders – wholesale supply, unbilled	305,474	-	-	-	305,474	203,386
CCEE (Power Trading Exchange)	35,968	218,780	-	-	254,748	385,558
Concession Holders – power transport	44,780	19,549	19,284	83,232	166,845	186,910
Concession Holders – power transport, unbilled	278,971	-	-	-	278,971	253,151
(–) Provision for doubtful receivables	(158,658)	(12,990)	(17,246)	(480,326)	(669,220)	(809,725)
	2,895,699	**927,051**	**448,639**	**327,601**	**4,598,990**	**4,600,605**
Current assets					**4,436,196**	**4,523,540**
Non-current assets					**162,794**	**77,065**

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	PARENT COMPANY					
	Balances not yet due	Up to 90 days past due	More than 91 up to 360 days past due	More than 360 days past due	Sep. 30, 2020	Dec. 31, 2019
Billed supply	-	-	-	22,284	22,284	22,478
(–) Provision for doubtful receivables	-	-	-	(22,284)	(22,284)	(22,284)
	-	-	-	-	-	**194**
Current assets					-	**194**

The exposure of the Company and its subsidiaries to credit risk related to Customers and traders is given in Note 30.

The provision for doubtful receivables is considered sufficient to cover any potential losses in the realization of accounts receivable, and the breakdown by type of customers is as follows:

Consolidated	Sep. 30, 2020	Dec. 31, 2019
Residential	106,167	131,011
Industrial	211,299	197,229
Commercial, services and others	182,633	161,141
Rural	29,531	31,919
Public authorities	49,599	200,530
Public lighting	2,131	2,045
Public services	33,073	31,063
Charges for use of the network (TUSD)	54,787	54,787
	669,220	**809,725**

On July 31, 2020 Cemig D filed an application to the tax authority of State of Minas Gerais to offset debts for energy consumption and service owed by the direct and indirect administrations of Minas Gerais State, using amounts of ICMS tax payable, under Article 3 of Minas Gerais State Decree 47,908/2020, which regulated State Law 47,891/2020. The debts from the State of Minas Gerais that qualify for offset are those past due at June 30, 2019, estimated at R$240 million, which are still being analized by the tax authority of State of Minas Gerais. The offset will initiate after the tax authority ratification and conclusion of the debt recognition agreement. Due to this offsetting, Cemig D reversed the impairment previously recognized for the debts owed by Minas Gerais state, in the amount of R$231 million.

The changes in the provision for doubtful receivables in the period is as follows:

Consolidated	Sep. 30, 2020	Sep. 30, 2019
Initial balances	**809,725**	**751,168**
Additions, net (note 27 d)	58,271	228,361
Disposals	(198,776)	(139,091)
Final balances	**669,220**	**840,438**

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8. RECOVERABLE TAXES

	Consolidated		Parent Company	
	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
Current				
ICMS (VAT)	93,205	65,139	-	-
PIS/Pasep (a) (b)	371,054	2,937	24	24
Cofins (a) (b)	1,702,804	7,359	121	120
Others	15,951	23,369	104	104
	2,183,014	**98,804**	**249**	**248**
Non-current				
ICMS (VAT) (b)	246,681	276,851	-	-
PIS/Pasep (a)	634,503	1,102,460	108,596	106,946
Cofins (a)	2,807,635	4,967,814	385,611	382,745
Others	2,226	2,227	1,796	1,796
	3,691,045	**6,349,352**	**496,003**	**491,487**
	5,874,059	**6,448,156**	**496,252**	**491,735**

a) Pis/Pasep and Cofins taxes credits over ICMS

On May 8, 2019 the Regional Federal Appeal Court of the First Region gave final judgment – against which there is no appeal – on the Ordinary Action, deciding in favor of Cemig, Cemig D and Cemig GT, and recognizing their right to exclude the ICMS amounts from the calculation basis of PIS/Pasep and Cofins taxes, backdated as from five years prior to the action initial filing– that is, from July 2003.

Thus, the PIS/Pasep and Cofins credits recorded correspond to the amount of these taxes over ICMS paid in the period of July 2003 to May 2019.

Final court judgment has also been given, against which there is no further appeal, in favor of the similar actions filed by Cemig's wholly-owned subsidiaries Sá Carvalho, Cemig Geração Distribuída (former UTE Ipatinga S.A.), Cemig Geração Poço Fundo S.A. (previously denominated UTE Barreiro S.A.) and Horizontes Energia S.A..

The Company has two ways to recover the tax credit: (i) offsetting of the amount receivable against amounts payable of PIS/Pasep and Cofins taxes, monthly, within the five-year period specified by the relevant law of limitation; or (ii) receipt of specific credit instruments '*precatórios*' from the federal government.

In Cemig D and Cemig GT, the credits will be offset, to accelerate recovery. For the Company itself, priority will be given to receipt of the credits through *precatório* letters of credit, since the Company does not make enough monthly payments of PIS/Pasep and Cofins taxes to enable offsetting.

On May 12, 2020, the Brazilian tax authority (*Receita Federal*) granted the Company's request for ratification of the credits of PIS/Pasep and Cofins taxes arising from the legal action on which final judgment, subject to no further appeal, was given in favor of Cemig D and Cemig GT in 2019.

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The Company is recovering Cemig GT and Cemig D tax credits by offsetting the amount receivable against amounts of federal taxes payable on a monthly basis, starting in May, 2020, within the five-year period specified by the relevant law of limitation.

In this context, the Company transferred to current assets the credits for which the expectation of offsetting does not exceed a period of 12 months: R$367,535 for the PIS/Pasep taxes, and R$1,692,890 for the Cofins tax.

Based on the opinion of its legal advisers, the Company believes that a portion of the credits to be received by Cemig D should be reimbursed to its customers, considering a maximum period for calculation of the reimbursement of 10 years. Thus, Cemig D has constituted a liability corresponding to the total amount of the tax credits comprising the period of the last 10 years, from June 2009 to May 2019, net of PIS/Pasep and Cofins taxes over monetary updating, presented in Note 20. Cemig D awaits the regulator'a conclusion about the mechanisms and criteria for the reimbursement to its customers.

The accounting effects relating to the recognition of the PIS/Pasep and Cofins taxes credits, including their monetary updating by the Selic rate, were recognized in the income statement in 2019, at net amount, updated to December 31, 2019, of R$1,965,116. Of this amount, R$1,427,786 and R$1,549,663 were recognized as operational revenue and financial revenue (net of PIS/Pasep and Cofins taxes), respectively. In addition, the amount of R$1,012,333 was recorded as IRPJ and CSLL.

These credits and the reimbursement to customers are updated by the Selic rate until offsetting of the amount receivable against amounts payable or until reimbursement to customers. On September 30, 2020, the net effect in the consolidated and individual finance income is R$34,228 and R$4,517, respectively, more details see note 28.

Until September 30, 2020, credits of PIS/Pasep and Cofins taxes were offset against payable federal taxes in the amount of R$ 661,003.

b) Other recoverable taxes

The ICMS (VAT) credits that are reported in non-current assets arise mainly from acquisitions of property, plant and equipment, and intangible assets, and can be offset against taxes payable in the next 48 months. The transfer to non-current is made in accordance with management's best estimate of the amounts which will likely be realized in 12 months after these interim financial statements reporting date.

Credits of PIS/Pasep and Cofins generated by the acquisition of machinery and equipment can be offset immediately.

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9. INCOME AND SOCIAL CONTRIBUTION TAXES

a) Income tax and social contribution tax recoverable

The balances of income tax and social contribution tax refer to tax credits in the corporate income tax returns of previous years and to advance payments which will be offset against federal taxes eventually payable. Current income tax and social contribution tax assets are offset against current income tax and social contribution tax liabilities when the requirements of CPC 32 are met.

	Consolidated		Parent Company	
	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
Income tax	569,180	607,719	182,723	191,838
Social contribution tax	205,524	241,496	33,005	33,008
	774,704	**849,215**	**215,728**	**224,846**
Current	**579,082**	**621,302**	**23,173**	**-**
Non-current	**195,622**	**227,913**	**192,555**	**224,846**

The balances of income tax and social contribution tax posted in non-current assets arise from advanced payments required by tax law and withholding taxes, which the expectation of offsetting is greater than 12 months.

b) Income tax and social contribution tax payable

The balances of income tax and Social Contribution tax recorded in current liabilities refer mainly to the taxes owed by the subsidiaries which report by the Real Profit method and have opted to make monthly payments based on estimated revenue, and also by the subsidiaries that have opted for the Presumed Profit method, in which payments are made quarterly.

	Consolidated	
	Sep. 30, 2020	Dec. 31, 2019
Current		
Income tax	74,965	98,712
Social contribution tax	25,934	35,156
	100,899	**133,868**

c) Deferred income tax and social contribution tax

The Company and its subsidiaries have deferred taxed assets and liabilities from unused tax loss carryforwards, negative base for the Social Contribution tax, and deductible temporary differences, at the statutory rates applicable to each legal entity in Brazil of 25% (for Income tax) and 9% (for the Social Contribution tax), as follows:

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	Consolidated		Parent Company	
	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
Deferred tax assets				
Tax loss carryforwards	712,340	116,266	121,573	116,266
Provisions for contingencies	537,276	544,015	68,552	67,454
Provisions for losses on investments	747,658	660,204	474,795	382,904
Provision PUT SAAG	175,402	164,166	-	-
Post-employment obligations	2,150,142	2,089,695	242,229	233,090
Estimated provision for doubtful receivables	235,130	283,023	7,578	8,532
Others	131,501	170,247	4,260	3,655
Total	**4,689,449**	**4,027,616**	**918,987**	**811,901**
Deferred tax liabilities				
Funding cost	(12,382)	(15,985)	-	-
Deemed cost	(226,314)	(231,833)	-	-
Acquisition costs of equity interests	(488,429)	(502,503)	(127,771)	(130,282)
Borrowing costs capitalized	(167,578)	(166,478)	-	-
Adjustment to expectation of cash flow – Concession assets	(852,729)	(761,470)	-	-
Adjustment to fair value: Swap/Gains	(1,116,608)	(574,921)	-	-
Others	(4,978)	(5,694)	(898)	(888)
Total	**(2,869,018)**	**(2,258,884)**	**(128,669)**	**(131,170)**
Total, net	**1,820,431**	**1,768,732**	**790,318**	**680,731**
Total assets	**2,505,092**	**2,429,789**	**790,318**	**680,731**
Total liabilities	**(684,661)**	**(661,057)**	**-**	**-**

The changes in deferred income tax and social contribution tax were as follows:

	Consolidated	Parent Company
Balance at December 31, 2018	**1,418,444**	**809,270**
Effects allocated to net profit	(294,119)	(105,777)
Transfer to discontinued operations	(85,077)	(85,077)
Others	(178)	(1)
Balance at September 30, 2019	**1,039,070**	**618,415**
Balance at December 31, 2019	**1,768,732**	**680,731**
Effects allocated to net profit	51,093	109,587
Others	606	-
Balance at September 30, 2020	**1,820,431**	**790,318**

d) Reconciliation of income tax and Social Contribution tax effective rate

This table reconciles the statutory income tax (rate 25%) and social contribution tax (rate 9%) with the current income tax expense in the Statement of income:

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	Consolidated		Parent Company	
	Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
Profit before income tax and social contribution tax	2,048,526	4,009,097	1,422,187	2,511,574
Income tax and Social Contribution tax – nominal expense (34%)	(696,499)	(1,363,093)	(483,544)	(853,935)
Tax effects applicable to:				
Gain (loss) in subsidiaries by equity method (net of effects of Interest on Equity)	76,520	38,775	567,833	785,071
Tax incentives	27,785	30,540	-	-
Difference between Presumed Profit and Real Profit	71,834	65,989	-	-
Non-deductible penalties	(15,662)	(114,305)	(441)	(10,422)
Estimated losses on doubtful accounts receivable from related parties	(12,703)	(233,931)	(12,703)	-
Interest on equity and dividends payable	40,800	-	40,800	-
Others	(8,077)	(26,748)	(2,377)	(26,491)
Income tax and Social Contribution – effective gain (expense)	**(516,002)**	**(1,602,773)**	**109,568**	**(105,777)**
Current tax	**(567,095)**	**(1,308,654)**	**(19)**	**-**
Deferred tax	**51,093**	**(294,119)**	**109,587**	**(105,777)**
	(516,002)	**(1,602,773)**	**109,568**	**(105,777)**
Effective rate	**(25.19)%**	**39.98%**	**7.70%**	**4.21%**

	Consolidated		Parent Company	
	Jul to Sep 2020	Jul to Sep 2019	Jul to Sep 2020	Jul to Sep 2019
Profit before income tax and social contribution tax	681,822	(591,600)	498,042	(529,327)
Income tax and Social Contribution tax – nominal expense (34%)	(231,820)	201,144	(169,335)	179,971
Tax effects applicable to:				
Gain (loss) in subsidiaries by equity method (net of effects of Interest on Equity)	27,657	10,449	176,906	(121,025)
Tax incentives	10,031	(15,644)	-	(84)
Difference between Presumed Profit and Real Profit	26,350	20,280	-	-
Non-deductible penalties	(3,517)	(101,818)	(159)	(10,408)
Interest on equity and dividends payable	40,800	-	40,800	-
Others	(5,947)	(28,712)	(1,190)	(25,180)
Income tax and Social Contribution – effective gain (expense)	**(136,446)**	**85,699**	**47,022**	**23,274**
Current tax	**(172,776)**	**(30,508)**	**-**	**97,959**
Deferred tax	**36,330**	**116,207**	**47,022**	**(74,685)**
	(136,446)	**85,699**	**47,022**	**23,274**
Effective rate	**(20.01)%**	**14.49%**	**9.44%**	**4.40%**

10. ACCOUNTS RECEIVABLE FROM THE STATE OF MINAS GERAIS

The Company has accounts receivable from the State of Minas Gerais, arising from return of an administrative deposit made for a dispute on the rate of inflation and other adjustment to be applied to an advance for future capital increase ('AFAC'), made in prior years, which was the subject of a debt recognition agreement. The agreement provided for payment by the Minas Gerais State in 12 consecutive monthly installments, each updated by the IGP–M index up to the date of actual payment, the first to become due on November 10, 2017. The agreement states that, in the event of arrears or default by the State in payment of the agreed consecutive monthly installments, Cemig is authorized to retain dividends or Interest on Equity distributable to the State in proportion to the State's equity interest, for as long as the arrears and/or default continues.

Considering the provision referred to in the previous paragraph, the Company withheld an amount of R$147,798 in 2019, corresponding to the dividends that would have been payable to Minas Gerais State on that year. The balance receivable on September 30, 2020, R$131,794 (R$115,202 on December, 31, 2019), was classified as Non-current asset, as a result of the delays in installments past due since January 2018.

Due to the guarantees mentioned above, which the Company intends to remain executing in the event of non-receipt of the amount agreed in the debt recognition agreement, there is no expectation of losses in the realization of these receivables.

11. ESCROW DEPOSITS

	Consolidated		Parent Company	
	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
Labor claims	**313,060**	**354,859**	**34,383**	**41,597**
Tax contingencies				
Income tax on Interest on Equity	28,956	28,612	288	281
PIS/Pasep and Cofins taxes (1)	66,183	1,447,839	-	-
Donations and legacy tax (ITCD)	53,867	53,045	53,428	52,606
Urban property tax (IPTU)	82,652	79,055	60,461	58,705
Finsocial tax	40,221	39,718	40,221	39,718
Income tax and Social Contr. Tax on indemnity for employees' 'Anuênio' benefit (2)	285,069	282,071	13,690	13,546
Income tax withheld at source on inflationary profit	8,636	8,574	8,636	8,574
Contribution tax effective rate (3)	18,062	18,062	-	-
ICMS credits on PP&E	-	38,740	-	-
Others (4)	96,367	93,144	66,517	65,887
	680,013	**2,088,860**	**243,241**	**239,317**
Others				
Regulatory	43,138	43,180	19,476	19,760
Third party	10,675	10,515	3,488	3,703
Customer relations	8,205	6,874	1,274	1,466
Court embargo	11,053	12,180	2,730	2,868
Others	22,684	23,771	1,390	1,354
	95,755	**96,520**	**28,358**	**29,151**
	1,088,828	**2,540,239**	**305,982**	**310,065**

(1) This refers to escrow deposits in the action challenging the constitutionality of inclusion of ICMS tax within the amount to which PIS/Pasep and Cofins taxes are applied. More details below.
(2) See more details in Note 24 – Provisions under the section relating to the 'Anuênio indemnity'.
(3) Escrow deposit in the legal action challenging an infringement claim relating to application of Social Contribution tax to amounts of cultural and artistic donations and sponsorship, expenses on punitive fines, and taxes with liability suspended.
(4) Includes escrow deposits from legal actions related to INSS and PIS/Pasep and Cofins taxes.

Release of escrow deposits

On February 13, 2020, the escrow deposits in the action challenging the constitutionality of inclusion of ICMS value added tax within the taxable amount for calculation of PIS/Pasep and Cofins taxes were released for an amount of R$1,382,571, of which R$1,186,402 and R$196,169 were released to Cemig D and Cemig GT, respectively. The escrow deposit of R$5,856 made by the subsidiary Sá Carvalho was released in the third quarter of 2020. The escrow deposits from the others wholly-owned subsidiaries will be claimed in their judicial action challenging the matter as they reach the final judgement.

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12. REIMBURSEMENT OF TARIFF SUBSIDIES

Subsidies on tariffs charged to users of distribution services – TUSD and EUST (Charges for Use of the Transmission System) are reimbursed to distributors through the funds from the Energy Development Account (CDE).

On September 30, 2020, the amount recognized as subsidies revenues was R$803,146 (R$811,279 on September 30, 2019). Of such amounts, the Company has a receivable of R$86,257 (R$96,875 on September 30, 2019) in current assets, being R$82,616 (R$93,673 on September 30, 2019) held by Cemig D and R$3,641 (R$3,202 on September 30, 2019) held by Cemig GT.

13. CONCESSION FINANCIAL AND SECTOR ASSETS AND LIABILITIES

Consolidated	Sep. 30, 2020	Dec. 31, 2019
Concession financial assets		
Distribution concessions (13.1)	497,166	459,711
Gas concessions (13.1)	28,901	23,663
Indemnifiable receivable – Transmission (13.2)	1,211,275	1,280,652
Indemnifiable receivable – Generation (13.3)	816,202	816,202
Concession grant fee – Generation concessions (13.4)	2,497,655	2,468,216
	5,051,199	**5,048,444**
Sector financial assets		
Amounts receivable from Parcel A (CVA) and Other Financial Components (13.5)	-	881,614
Total	**5,051,199**	**5,930,058**
Current assets	**580,989**	**1,079,743**
Non-current assets	**4,470,210**	**4,850,315**

Consolidated	Sep. 30, 2020	Dec. 31, 2019
Sector financial Liabilities		
Amounts receivable from Parcel A (CVA) and Other Financial Components (13.5)	331,376	-
Total	**331,376**	-
Current liabilities	**330,743**	-
Non-current liabilities	**633**	-

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The changes in concession financial assets related to infrastructure are as follows:

	Transmission	Generation	Distribution	Gas	Consolidated
Balances at December 31, 2018	**1,296,314**	**3,225,132**	**395,743**	**-**	**4,917,189**
Amounts received	(134,838)	(193,164)	-	-	(328,002)
Transfers of contract assets	44,082	-	32,126	-	76,208
Transfers to intangible assets	-	-	(1,206)	-	(1,206)
Monetary updating	97,331	244,069	10,689	-	352,089
Disposals	-	-	(854)	-	(854)
Balances at September 30, 2019	**1,302,889**	**3,276,037**	**436,498**	**-**	**5,015,424**
Balances at December 31, 2019	**1,280,652**	**3,284,418**	**459,711**	**23,663**	**5,048,444**
Amounts received	(173,807)	(198,854)	-	-	(372,661)
Transfers of contract assets	-	-	39,716	-	39,716
Transfers to intangible assets	-	-	(485)	21	(464)
Financial updating	94,247	228,293	-	5,217	327,757
Periodic Tariff Reset adjustments	10,183	-	-	-	10,183
Disposals	-	-	(124)	-	(124)
Adjustment to expected contract cash flow from the concession	-	-	(1,652)	-	(1,652)
Balances at September 30, 2020	**1,211,275**	**3,313,857**	**497,166**	**28,901**	**5,051,199**

13.1 Distribution - Financial assets

The energy and gas distribution concession contracts are within the scope of IFRIC 12 / ICPC 01. The financial assets under these contracts refer to the investments made in infrastructure that will paid by grantor at the end of the concession period and they are measured at fair value through profit or loss, in accordance with regulation of the energy segment and concession contracts executed by Cemig and its subsidiaries and the granting authorities.

13.2 Transmission – Indemnifiable receivable

On April 20, 2016, the Mining and Energy Ministry (MME) issued its Ministerial Order 120, which set the amounts ratified by Aneel through its Dispatches, relating to the facilities of the National Grid not yet amortized nor depreciated nor yet reimbursed by the concession-granting power, related to the concession contracts renewed under Law 12,783/2013. These became a component of the Regulatory Remuneration Base of the energy transmission concession holders, as from the 2017 tariff-setting process. These regulations determined the amounts receivable as Permitted Annual Revenue (Receita Anual Permitida - RAP) of the amounts relating to the National Grid.

Based on the regulations of Aneel and the Mining and Energy Ministry, in particular MME Ministerial Order 120/2016 and Aneel Resolution 762/2017, the portion of the Company's receivable rights for which only the passage of time is required before their payment is governed by IFRS 09 / CPC 48 (financial asset).

Thus, the portion not yet paid, since the extension of the concessions, for the period January 1, 2013 to June 30, 2017, to be received over a period of eight years, considered as a Financial Component, is classified as a Financial asset, since it no longer involves the construction of infrastructure assets, and represents exclusively the portions not paid in the period 2013 to 2017, updated by the regulatory cost of capital of the transmission sector.

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The classification of this portion as a financial asset is based on the non-existence of assets linked to the financial component of the National Grid, for which a performance obligation is required for its receipt. In this context, the Company has the unconditional right to the receivable, specified in Article 15 of Law 12,783/2013 and also in the regulations of Aneel, requiring, basically, only the passage of time for receipt of the amounts payable. The financial asset recognized is classified as measured at amortized cost, in the terms of IFRS 09/CPC 48, since its remuneration is based on the regulatory cost of capital, previously set by Aneel through its Resolution 762/2017 and is maintained in a business model whose objective is the receipt of contractual cash flows, constituting payment of principal and interest on the principal yet unpaid.

In relation to the facilities of the National Grid linked to the Company's concession contract, Aneel ratified, through its Dispatch 2,181, on august, 16, 2016, homologated the amount of R$892,050, in December, 2012, for the portion of the residual value of assets to be paid to the Company. This amount was recorded as a financial asset, with specific maturity and interest rate, in accordance with its characteristics.

The amount of the indemnity receivable, updated to September 30, 2020, of R$1,211,275 (R$1,280,652 on December 31, 2019) is classified as a financial asset, at amortized cost, in accordance with IFRS 9, as follows:

Portion of remuneration and depreciation not paid since the extensions of concessions

An amount of R$761,166 (R$832,915 on December 31, 2019), corresponding to remuneration and depreciation not paid since the extension of the concessions, until the tariff adjustment of 2017, which will be inflation adjusted using the IPCA (Expanded National Customer Price) index and remunerated at the weighted average cost of capital of the transmission segment as defined by the regulator for the periodic tariff review, to be paid over a period of eight years through the RAP, since July of 2017.

On June 30, 2020 Aneel approved the periodic reset of Annual Revenue Permitted (ARAP) by Ratification Resolution n. 2,712/2020, resulting in an adjustment of R$10,183 in the financial component of RAP, mainly arising from the retrospective alteration as from July 1, 2018, of the transmission sector Weighted Average Cost of Capital. For more information on the RAP periodic reset, please see Note 14 to the financial statements.

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Residual Value of transmission assets – the regulatory cost of capital updating

On April 10, 2017, a preliminary injunction was granted to the Brazilian Large Free Customers' Association (*Associação Brasileira de Grandes Consumidores Livres*), the Brazilian Auto Glass Industry Technical Association (*Associação Técnica Brasileira das Indústrias Automáticas de Vidro*) and the Brazilian Ferro-alloys and Silicon Metal Producers' Association (*Associação Brasileira dos Produtores de Ferroligas e de Silicio Metálico*) in their legal action against the regulator and the Federal Government requesting suspension of the effects on their tariffs of remuneration at cost of equity of portions of "National Grid" assets not yet paid from 2013 to 2017 owned to the agents that accepted the terms of Law 12,783/13.

The preliminary injunction was partial, with effects related to suspension of the inclusion in the customer tariffs paid by these associations of the portion of the indemnity corresponding to the remuneration at cost of equity included since the date of extension of the concessions – amounting to R$450,109 at September 30, 2020 (R$447,737 at December 31, 2019), adjusted by the IPCA index and by the regulatory weighted average cost of capital (regulatory WACC).

In June 2020, due to revocation of the majority of the injunctions, and in compliance with the Execution Opinions issued by the Federal Public Attorneys' Office to Aneel, the effects caused by the reversal of these injunctions were calculated, for inclusion of the cost of equity in the transmission revenue starting with the 2020-21 cycle, considering all retrospective effects, including those arising from the assumptions adopted in the 2018 RAP periodic reset. At this moment Aneel provisionally ratified only the inclusion of the cost of equity updated by IPCA index of the period between the 2017-18 and 2019-20 tariff cycles, considering the need for deeper examination of the legal conditions for analysis of the Company's appeal, which require the inclusion of the wacc remuneration for the periods in which it was suspended, in the average amount of R$86,042.

Cemig GT believes that the treatment given to this component, which includes updating by the IPCA inflation index, plus the regulatory weighted average cost of capital, of the period from June 2017 to June 2020, appropriately reflects the regulations issued by the grantor authority. Company has no expectation of loss in relation to realization of these amounts.

The difference due the incorporation of the cost of equity remuneration, arising from the amounts actually paid and the amounts due between the 2017-18 and 2019-20 cycles, will be incorporated into the RAP through Adjustment Parcels, over three cycles. The total value for this parameter to be received in the 2020-21 cycle, which includes accrual in the current cycle, in the amount of R$65,945, totals approximately R$131,075. In third quarter 2020 was received R$33,252.

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13.3 Generation – Indemnity receivable

As from August 2013, with the extinction of the concession for various plants operated by Cemig GT under Concession Contract 007/1997, the subsidiary has a right to receive an amount corresponding to the residual value of the infrastructure assets, as specified in the concession contract. These balances are recognized in financial assets, at fair value through profit or loss, and totaled R$816,202 on September 30, 2020 and December 31, 2019.

Generation plant	Concession expiration date	Installed capacity (MW)	Net balance of assets based on historical cost	Net balance of assets based on fair value (replacement cost)
Lot D				
UHE Três Marias	July 2015	396	71,694	413,450
UHE Salto Grande	July 2015	102	10,835	39,379
UHE Itutinga	July 2015	52	3,671	6,589
UHE Camargos	July 2015	46	7,818	23,095
PCH Piau	July 2015	18.01	1,531	9,005
PCH Gafanhoto	July 2015	14	1,232	10,262
PCH Peti	July 2015	9.4	1,346	7,871
PCH Dona Rita	Sep. 2013	2.41	534	534
PCH Tronqueiras	July 2015	8.5	1,908	12,323
PCH Joasal	July 2015	8.4	1,379	7,622
PCH Martins	July 2015	7.7	2,132	4,041
PCH Cajuru	July 2015	7.2	3,576	4,252
PCH Paciência	July 2015	4.08	728	3,936
PCH Marmelos	July 2015	4	616	4,265
Others				
UHE Volta Grande	Feb. 2017	380	25,621	70,118
UHE Miranda	Dec. 2016	408	26,710	22,546
UHE Jaguara	Aug. 2013	424	40,452	174,203
UHE São Simão	Jan. 2015	1,710	1,762	2,711
		3,601.70	**203,545**	**816,202**

As specified by the regulator (Aneel) in Normative Resolution 615/2014, the valuation reports that support the amounts in relation to the residual value of the plants, previously operated by Cemig GT, that were included in Lot D and for the *Volta Grande* plant have been submitted to the regulator. The Company does not expect any losses in the realization of these amounts.

On September, 30 2020, investments made after the Jaguara, São Simão and Miranda plants came into operation, in the amounts of R$174,203, R$2,711 and R$22,546, respectively, are recorded as concession financial assets, and the determination of the final amounts to be paid to the Company is in a process of discussion with Aneel (the regulator). Management of the subsidiary Cemig GT does not expect losses in realization of these amounts.

In 2019, Plubic Hearing 003/2019 was opened to obtain inputs on improvement of the regulation of criteria and procedures for calculation of investments in revertible assets, not yet amortized or not depreciated, of generation concessions (whether extended or not), under Law 12,783/2013. Technical Note 096/2019 was published on September 30, 2019. However the Normative Resolution has not yet been voted on by the Council of Aneel.

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13.4 Concession grant fee – Generation concessions

The concession grant fee paid for a 30-year concession contracts Nº. 08 to 16/2016, related to 18 hydroelectric plants of Auction 12/2015, won by Cemig GT, was an amount of R$2,216,353. The amount of the concession fee was recognized as a financial asset measured at amortized cost, as Cemig GT has an unconditional right to receive the amount paid, updated by the IPCA Index and remuneratory interest (the total amount of which is equal to the internal rate of return on the project), during the period of the concession.

The changes in concession financial assets are as follows:

SPE	Plants	Dec. 31, 2019	Monetary updating	Amounts received	Sep. 30, 2020
Cemig Geração Três Marias S.A.	Três Marias	1,402,425	122,616	(106,844)	1,418,197
Cemig Geração Salto Grande S.A.	Salto Grande	440,158	38,678	(33,695)	445,141
Cemig Geração Itutinga S.A.	Itutinga	164,799	16,486	(14,326)	166,959
Cemig Geração Camargos S.A.	Camargos	123,585	12,273	(10,664)	125,194
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	161,490	17,255	(15,005)	163,740
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	109,757	13,054	(11,394)	111,417
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	66,002	7,931	(6,926)	67,007
Total		**2,468,216**	**228,293**	**(198,854)**	**2,497,655**

SPE	Plants	Dec. 31, 2018	Monetary updating	Amounts received	Sep. 30, 2019
Cemig Geração Três Marias S.A.	Três Marias	1,369,900	131,837	(103,787)	1,397,950
Cemig Geração Salto Grande S.A.	Salto Grande	429,910	41,564	(32,731)	438,743
Cemig Geração Itutinga S.A.	Itutinga	160,601	17,494	(13,916)	164,179
Cemig Geração Camargos S.A.	Camargos	120,452	13,032	(10,359)	123,125
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	157,217	18,203	(14,576)	160,844
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	106,697	13,651	(11,068)	109,280
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	64,153	8,288	(6,727)	65,714
Total		**2,408,930**	**244,069**	**(193,164)**	**2,459,835**

Of the energy produced by these plants, 70% is sold in the Regulated Market (ACR) and 30% in the Free Market (ACL).

Sector assets and liabilities

13.5 Account for compensation of variation of parcel A items (CVA) and *Other financial components*

The Amendment that extended concession period of Cemig D guarantees that, in the event of termination of the concession contract, for any reason, the remaining balances (assets and liabilities) of any shortfall in payment or reimbursement through the tariff must also be paid by the grantor. The balances on (i) the CVA (*Compensation for Variation of Parcel A items*) Account, (ii) the account for Neutrality of Sector Charges, and (iii) *Other financial components* in the tariff calculation, refer to the positive and negative differences between the estimate of the Company's non-manageable costs and the payments actually made. The variations are updated using the Selic rate and considered in the subsequent tariff adjustments.

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The balance of these sector financial assets and liabilities, which are presented at net value, in assets or liabilities, in accordance with the tariff adjustments that have been authorized or are to be ratified, are as follows:

Balance sheet	Sep. 30, 2020			Dec. 31, 2019		
	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total
Assets	**90,802**	**767,536**	**858,338**	**1,286,413**	**2,144,280**	**3,430,693**
Current assets	90,802	247,331	338,133	1,286,413	1,269,049	2,555,462
Non-current assets	-	520,205	520,205	-	875,231	875,231
Liabilities	**(392,498)**	**(797,216)**	**(1,189,714)**	**(882,425)**	**(1,666,654)**	**(2,549,079)**
Current liabilities	(392,498)	(276,378)	(668,876)	(882,425)	(1,032,876)	(1,915,301)
Non-current liabilities	-	(520,838)	(520,838)	-	(633,778)	(633,778)
Total current, net	**(301,696)**	**(29,047)**	**(330,743)**	**403,988**	**236,173**	**640,161**
Total non-current, net	**-**	**(633)**	**(633)**	**-**	**241,453**	**241,453**
Total, net	**(301,696)**	**(29,680)**	**(331,376)**	**403,988**	**477,626**	**881,614**

Financial components	Sep. 30, 2020			Dec. 31, 2019		
	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total	Amounts ratified by Aneel in the last tariff adjustment	Amounts to be ratified by Aneel in the next tariff adjustments	Total
Items of 'Parcel A'						
Energy Development Account (CDE) quota	875	-	875	118,775	29,398	148,173
Tariff for use of transmission facilities of grid participants	843	95,630	96,473	(18,157)	113,801	95,644
Tariff for transport of Itaipu supply	102	8,792	8,894	8,691	16,069	24,760
Alternative power source program (Proinfa)	(137)	-	(137)	10,542	(5,859)	4,683
ESS/EER System Service/Energy Charges	(1,457)	(1,755)	(3,212)	(161,253)	(135,703)	(296,956)
Energy bought for resale	4,052	(35,267)	(31,215)	661,108	631,920	1,293,028
Other financial components						
Over contracting of supply (1)	(89,325)	289,390	200,065	(83,718)	215,508	131,790
Neutrality of Parcel A	(4,329)	117,927	113,598	(29,697)	(11,915)	(41,612)
Other financial items	(174,204)	(478,978)	(653,182)	(70,219)	(206,481)	(276,700)
Tariff Flag balances	-	-	-	-	(102,976)	(102,976)
Excess demand and reactive power	(38,116)	(25,419)	(63,535)	(32,084)	(66,136)	(98,220)
TOTAL	**(301,696)**	**(29,680)**	**(331,376)**	**403,988**	**477,626**	**881,614**

(1) In 2017 and 2018 Cemig D over contracted and the gain arising from the sale of the excess of energy in the spot market was provisionally passed through to customers by Aneel in the tariff adjustments of 2018 and 2019, including the portion in excess of the limit of 105% of the regulatory load – thus reducing the tariff that was determined. To establish whether this is a voluntary over contracting, the Company considers that the portion above the regulatory limit will be recovered in the subsequent tariff adjustment. On August 27, 2020, Aneel published the Dispatch 2,508/2020-SRM-SGT, which set new amounts for distributors' overcontracting for the years 2016 and 2017, based on a new valuation criterion established by Aneel Technical Note 97/2020-SRM-SGT – not contained in the regulatory rules which were currently in force. As a result, Cemig D filed an appeal with the Council of Aneel, for the amounts of distribution agents' overcontracting to be reset in accordance with the calculation criteria based on maximum effort contained in Aneel Normative Resolution 453/2011. The Company's position on this case is reinforced by the fact that the Brazilian Energy Distributors' Association (Abradee) filed a similar appeal, supported by the opinion of contracted legal advisers. The Company has no expectation of loss in relation to realization of these amounts. The Company recognizes this receivable asset, in the amount of R$221,786 on September 30, 2020, as 'Other financial components' to be ratified. At the reporting date for this interim financial information, this matter was pending analysis by Aneel.

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Changes in balances of sector financial assets and liabilities:

Balance at December 31, 2018	**1,080,693**
Additions	456,583
Amortization	(411,464)
Payments from the Flag Tariff Centralizing Account	(110,709)
Updating – Selic rate (Note 28)	84,871
Balance at September 30, 2019	**1,099,974**
Balance at December 31, 2019	**881,614**
Additions	358,519
Amortization	(259,675)
Payments from the Flag Tariff Centralizing Account	(62,771)
Receipt funds of "Covid-account" (1)	(1,280,344)
Updating – Selic rate (Note 28)	31,281
Balance at September 30, 2020	**(331,376)**

Payments from the Flag Tariff Centralizing Account

The 'Flag Account' (*Conta Centralizadora de Recursos de Bandeiras Tarifárias* – CCRBT or '*Conta Bandeira*') manages the funds that are collected from captive customers of distribution concession and permission holders operating in the national grid, and are paid, on behalf of the CDE, directly to the Flag Account. The resulting funds are passed through by the Power Trading Chamber (CCEE) to distribution agents, based on the difference between the realized amounts of costs of thermal generation and the exposure to short term market prices, and the amount covered by the tariff in force.

From January to September 2020, funds passed through by the Flag Account totaled R$62,771 (R$110,709 from January to September 2019), and were recognized as a partial realization of CVA receivables constituted.

Cemig D tariff adjustment

On June 25, 2020, the regulator (Aneel) approved the Annual Adjustment for Cemig D, which would be in effect from May 28, 2020 to May 27, 2020, with an average increase for customers of 4.27%. This result reflected Cemig D's manageable costs (Portion B), of 0.84% and the direct pass-through, within the tariff, of 3.43%, the latter having zero economic effect, not affecting profitability, relating to the following itens: (i) increase of 5.30% in non-manageable ('Parcel A') costs – mainly purchase of energy supply, regulatory charges and transmission charges; (ii)) increase of 6.71% in the financial components of the current process, led by the CVA currently being processed, which had an effect of 5.47%; and (iii) 8.58% was withdrawn from the financial components of the prior process.

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Although the adjustment is effective from May 28, 2020 to May 27 2021, its application was suspended until June 30, 2020, maintaining the previous tariffs during the suspension period. Cemig D also recognized the right to receive a total of R$51,201, based on the energy market, for non-receipt of the additional tariff component in the period. Considering that the amount of R$63,147 was received from Covid Account funds on July, 31, 2020, completing the total amount established for Cemig D to receive in Covid Account funds, under Normative Resolution 885/2020, the Company recognized a net obligation of R$11,868, updated by the Selic rate until September 30, 2020. For more information on the Covid-account, see Note 1(c) to this interim financial statements.

Administrative appeals were filed with Aneel, contesting the ratification of the annual tariff increase of 4.27% to Cemig D, and requesting its annulment, with the restitution to Cemig D's customers of the amounts of the escrow deposits released as a result of the Supreme Court judgment, in the form that creates overall precedent, which determined the exclusion of ICMS tax amounts from the basis for calculation of PIS/ Pasep and Cofins taxes payable.. The current administrative appeals request a creation of a negative financial component in the calculation of Cemig D's annual tariff adjustment.

Aneel has given Cemig D the right of reply, and, based on internal assessments and those of its legal advisers, as well as the exceptional economic scenario caused by the Covid-19 pandemic, Cemig D, on August 5, 2020, has submitted to Aneel a proposal for a the restitution to its customers of a total amount of R$714,339 – corresponding to part of the escrow deposits released by the court due to Cemig's success in the Claim.

On August 18, 2020, Aneel decided to grant the appeal, in part, and through its Ratifying Resolution 2,757/2020 reduced the average effect of Cemig D's 2020 tariff adjustment to zero, due to the inclusion of the negative financial component of R$714,339.

Cemig's decision represents an anticipation of the effects, and treatment in terms of regulations of the Supreme Court's decision that determined the exclusion of ICMS tax amounts from the basis for calculation of PIS/ Pasep and Cofins taxes. These regulations will be applied equally to all energy distribution concessions through an Aneel normative ruling, which will be issued after conclusion of Public Consultation 005/2020 – during which there will be discussion on the merits, and in which Cemig will be able to take part in a wide-ranging discussion on the subject. The portion of the credits that Cemig D proposes to reimburse to its customers is recognized as a liability, as explained in Note 20. Of this amount, R$83,346, had been passed through to customers tariff by September 30, 2020.

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14. CONCESSION CONTRACT ASSETS

Under IFRS 15 / CPC 47 – *Revenue from contracts with customers*, the infrastructure construction revenue for which the right to consideration depends on satisfaction of performance obligations related to the completion of its construction, or its future operation and maintenance are classified as contract assets as follows:

	Consolidated	
	Sep. 30, 2020	Dec. 31, 2019
Distribution – Infrastructure assets under construction	961,692	740,044
Gas – Infrastructure assets under construction	91,760	67,951
Transmission – Indemnity assets incorporated into the Assets Remuneration Base	485,455	347,691
Transmission – Assets remunerated by tariff	1,236,415	848,543
	2,775,322	**2,004,229**
Current	**246,677**	**171,849**
Non-current	**2,528,645**	**1,832,380**

Changes in concession contract assets are as follows:

	Transmission	Distribution	Gas	Total
Balance at December 31, 2018	**1,129,310**	**518,162**	**81,475**	**1,728,947**
Additions	150,158	605,141	30,239	785,538
Inflation adjustment	26,726	-	-	26,726
Amounts received	(108,286)	-	-	(108,286)
Adjustment to expected contract cash flow from the concession	8,483	-	-	8,483
Disposals	(3,259)	-	-	(3,259)
Transfers to financial assets	(44,082)	(32,126)	-	(76,208)
Transfers to intangible assets	-	(459,569)	(24,324)	(483,893)
Transfers to PP&E	6	-	-	6
Reversals of impairment losses (1)	-	26,016	-	26,016
Balance at September 30, 2019	**1,159,056**	**657,624**	**87,390**	**1,904,070**
Balance at December 31, 2019	**1,196,234**	**740,044**	**67,951**	**2,004,229**
Additions	115,709	941,498	38,514	1,095,721
Adjustment to expected contract cash flow from the concession	58,501	-	-	58,501
Adjustment to expected contract cash flow from the concession – Periodic Tariff Reset adjustments	419,657	-	-	419,657
Amounts received	(163,940)	-	-	(163,940)
Disposals	(1,048)	-	(1,927)	(2,975)
Impairment (1)	(11,175)	7,942	-	(3,233)
Contract assets of business combination	107,932	-	-	107,932
Transfers to financial assets	-	(39,716)	-	(39,716)
Transfers to intangible assets	-	(688,076)	(12,778)	(700,854)
Balance at September 30, 2020	**1,721,870**	**961,692**	**91,760**	**2,775,322**

(1) As of December, 31, 2018, the subsidiary Cemig D recognized a provision of R$42,029 for impairment of certain long-term assets in progress. The amount of R$26,016 was reversed in the second quarter of 2019. In the second semester of 2020, Cemig D recorded a reversal of impairment amounting to R$7,942. The impairment of transmission contract asset, recorded in others expenses, refers to costs of assets not incorporated into the remuneration base and that are not expected to be recovered, in the amount of R$11,175.

The amount of additions in the period ended September 30, 2020 includes R$23,955 under the heading Capitalized borrowing costs, as presented in Note 22.

The Company has not identified any evidence of impairment of the others contract assets.

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Energy and gas distribution activities

The concession infrastructure assets still under construction are recognized initially as contract assets, measured at amortized cost, including borrowing costs. When the asset start operations, the construction performance obligation is concluded, and the assets are split into financial assets and intangible assets.

The transmission activity

The assets posted in this line are:

Remaining National Grid balance to be received through RAP - The portion of the RAP relating to the facilities of the National Grid arising from the regulatory reintegration quota incorporated into the Remuneration Base, under Mining and Energy Ministry Order 120/2016 and Aneel Resolution 762/2017, is classified as a contractual asset, since satisfaction of the performance obligation linked to their construction occurs during their useful life (availability of the network).

The right to the consideration linked to these assets depends on the availability of the network, since they were reincorporated into the Remuneration Base by the renewal of the concession contract, under Law 12,783/2013, and will be received for the remaining period of their useful life, whilst the services of operation and maintenance are rendered.

Thus, the asset is recognized, under IFRS 15 / CPC 47, as a contract asset, representing the performance concluded prior to the right to receipt of the consideration, which will take place during the utilization of the infrastructure built, for the period of its useful life, in accordance with Aneel Resolution 762/2017, concomitantly with the provision of services of operation and maintenance, which are necessary for availability of the network.

As a result of the Tariff Periodic Reset, as detailed further below on this explanatory note, the economic portion of RAP was remeasured in accordance with the applicable regulatory rules, resulting in an addition of R$220,943 to the Cemig GT’s income for the period ended June 30, 2020.

The remaining balance of the indemnity for transmission, due to acceptance of the terms of Law 12,783/13, and the adjustments arising from periodic reset of RAP (RTP), of R$485,455 at September 30, 2020 (R$347,691 at December 31, 2019) was incorporated into the Assets Remuneration Base and is being recovered through the Annual Permitted Revenue (RAP).

Transmission – Assets remunerated by tariff - For new assets related to improvements and upgrades of facilities constructed by transmission concession holders, the regulator (ANEEL) calculates an additional portion of Permitted Annual Revenue (RAP) from the date that the new facilities enter commercial operation.

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Under the *Proret*, the revenue established in the Resolutions is payable to the transmission concession holders as from the date of start of commercial operation of the facilities. In the periods between tariff reviews, the revenues associated with the improvements and upgrades of facilities are provisional. They are then finally determined in the review immediately subsequent to the start of commercial operation of the facilities; this review then has effect starting on the date when commercial operations begin. At September 30, 2020, the receivable amounts to R$1,236,415 (R$848,543 on December, 31, 2019), which includes the Centroeste contract asset, related to the Furnas – Pimenta transmission line, acquired in business combination detailed in Note 15(c).

The assets arising from reinforcements and improvements related to the period from January 2013 to January 2018 were remeasured using the Aneel Reference Price Bank, in accordance with the regulatory requirement due to the Periodic Reset of RAP ratified by Aneel on June 30, 2020. The remeasurement of this Remuneration Base resulted in an increase of R$198,714 in the Company's income.

The construction of infrastructure grants to the operator a right to receive consideration due to performance obligations represented by the construction, which is not unconditional until the satisfaction of performance obligations related to the operation and maintenance of the transmission lines. The revenue and costs related to construction of these assets are recognized in the statement of income as expenditures incurred.

Periodic Reset of Permitted Annual Revenue – RAP

On September 30, 2020, Aneel ratified the results of the Periodic Tariff Reset through Ratifying Resolution 2,712/2020, setting the revaluation of the Permitted Annual Revenue (RAP) to be applied from July 1, 2018. The result of the RAP Periodic Reset was a net increase of 9.13%, comprising: (i) –10.25%, arising from revaluation of the assets created by reinforcements and improvements (incremental basis); (ii) 0.51% for the assets reincorporated into the Remuneration Base; and (iii) 37.89% for the review of the financial component of RAP and change of the weighted average Regulatory Cost of Capital (WACC).

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15. INVESTMENTS

Investee	Control	Consolidated		Parent Company	
		Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
Cemig Geração e Transmissão	Subsidiary	-	-	5,583,794	5,217,692
Hidrelétrica Cachoeirão	Jointly-controlled	56,803	53,728	-	-
Guanhães Energia	Jointly-controlled	130,587	131,076	-	-
Hidrelétrica Pipoca	Jointly-controlled	34,149	30,730	-	-
Retiro Baixo	Jointly-controlled	192,804	180,043	-	-
Aliança Norte (*Belo Monte* Plant)	Jointly-controlled	645,908	671,166	-	-
Amazônia Energia (*Belo Monte* Plant)	Jointly-controlled	989,249	1,027,860	-	-
Madeira Energia (*Santo Antônio* Plant)	Affiliated	118,736	166,617	-	-
FIP Melbourne (*Santo Antônio* Plant)	Affiliated	346,170	384,809	-	-
Lightger	Jointly-controlled	123,579	127,976	-	-
Baguari Energia	Jointly-controlled	162,858	157,499	-	-
Aliança Geração	Jointly-controlled	1,259,626	1,191,550	-	-
Cemig Distribuição	Subsidiary	-	-	6,021,367	4,708,208
TAESA	Jointly-controlled	1,390,401	1,213,193	1,390,401	1,213,193
Ativas Data Center	Affiliated	16,655	16,114	16,655	16,114
Gasmig	Subsidiary	-	-	1,474,164	1,410,950
Cemig Geração Distribuída (2)	Subsidiary	-	-	11,629	10,798
Cemig Sim (Efficientia) (1)	Subsidiary	-	-	35,733	17,156
UFV Janaúba Geração de Energia Elétrica Distribuída	Jointly-controlled	10,161	10,050	-	-
UFV Manga Geração de Energia Elétrica Distribuída	Jointly-controlled	10,451	-	-	-
UFV Corinto Geração e Energia Elétrica S.A.	Jointly-controlled	9,237	-	-	-
Companhia de Transmissão Centroeste de Minas	Subsidiary	-	23,984	115,678	23,984
Axxiom Soluções Tecnológicas	Jointly-controlled	7,600	12,996	7,600	12,996
Total of investments		**5,504,974**	**5,399,391**	**14,657,021**	**12,631,091**
Itaocara – equity deficit	Jointly-controlled	(21,617)	(21,810)	-	-
Total		**5,483,357**	**5,377,581**	**14,657,021**	**12,631,091**

(1) On April 14, 2020, the minute of the Annual General Meeting that decided about changes in this subsidiary's By-laws was registered in the commercial registry authority, changing the name of this subsidiary to Cemig Soluções Inteligentes em Energia S.A.-CEMIG SIM.

(2) On October 19, 2020, the Cemig Geração Distribuída was merged with the Company, at book value, with consequent extinction of this investee, and the Company becoming its successor in all its assets, rights and obligations.

The Company's investees that are not consolidated are jointly-controlled entities, with the exception of the interests in the Light, classified as assets held for sale, Madeira Energia (*'Santo Antônio'* power plant) and Ativas Data Center.

On December 31, 2019, the investee Usina Hidrelétrica Itaocara had negative shareholders' equity. Thus, after reducing the accounting value of its interest to zero, the Company recognized the loss to the extent that it assumed contractual obligations with the subsidiary and the other shareholders, which on September 30, 2020 is R$21,617 (R$21,810 on December 31, 2019).

For the third quarter of 2020, management considered that there was some indication, due to the economic shock of the Covid-19 pandemic (Note 1C), of potential decline in value of assets, as referred to in IAS 36 / CPC 01 – *Impairments*. Considering, however, the pandemic's effects on the economic context, and the fact that the long-term expectation of realization of the assets underwent no change, management of the Company and its subsidiaries concluded that the reported assets net carrying amount is recoverable, and thus that there was no need to recognize any impairment loss in the Company nor its subsidiaries as a result of the current economic scenario.

Additionally, in relation to the above, the Company's management has assessed the risk threatening all its investments ability to continue as a going concern, taking substantially into consideration: the economic-financial clauses of Cemig D; the guarantee of revenues of the transmission companies; the protection against *force majeure* reduction in regulated generation contracts; and all the legal measures that have been applied by the federal government and by Aneel – and has concluded that the Company and its subsidiaries' ability to continue as going concern is secure.

a) Right to exploitation of the regulated activity

In the process of allocate the purchase price for of the acquisition of the jointly-controlled subsidiaries and affiliates, a valuation was made for the intangible assets relating to the right to operate the infrastructure. This asset is presented together with the acquisition cost of the investments in the previous table. These assets will be amortized over the remaining period of the concessions on a straight-line basis.

The rights of authorization to generate wind energy granted to Parajuru and Volta do Rio, valued at R$55,411 (R$60,072 on December 31, 2019) and R$53,696 (R$66,606 on December 31, 2019), respectively, are included in the financial statements of the subsidiary Cemig GT and of the Company, respectively, and in accordance with Technical Interpretation ICPC 09, the investments and are classified in the consolidated balance sheet under Intangibles. These concession assets are amortized by the straight-line method, during the period of the concession. For further information see note 17.

Changes in these assets are as follows:

PARENT COMPANY						
Investees	**Dec. 31, 2018**	**Amortization**	**Sep. 30, 2019**	**Dec. 31, 2019**	**Amortization**	**Sep. 30, 2020**
Lightger	83,990	(1,876)	82,114	81,489	(1,875)	79,614
TAESA	179,424	(6,990)	172,434	170,103	(6,990)	163,113
Gasmig	442,016	(11,442)	430,574	426,760	(11,443)	415,317
TOTAL	**705,430**	**(20,308)**	**685,122**	**678,352**	**(20,308)**	**658,044**

CONSOLIDATED						
Investees	**Dec. 31, 2018**	**Amortization**	**Sep. 30, 2019**	**Dec. 31, 2019**	**Amortization**	**Sep. 30, 2020**
Cemig Geração e Transmissão						
Retiro Baixo	31,966	(1,042)	30,924	30,576	(1,042)	29,534
Madeira Energia (*Santo Antônio* Plant)	18,000	(552)	17,448	17,263	(552)	16,711
Lightger	83,990	(1,876)	82,114	81,489	(1,875)	79,614
Aliança Geração	377,534	(18,982)	358,552	352,225	(18,983)	333,242
Aliança Norte (*Belo Monte* Plant)	52,575	(1,479)	51,096	50,603	(1,479)	49,124
TAESA	179,424	(6,990)	172,434	170,103	(6,990)	163,113
TOTAL	**743,489**	**(30,921)**	**712,568**	**702,259**	**(30,921)**	**671,338**

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b) Changes in investments in subsidiaries, jointly-controlled entities and affiliates:

PARENT COMPANY							
Investees	**Dec. 31, 2019**	**Gain (loss) by equity method (Income statement)**	**Remeasurement of previously held equity interest in subsidiaries acquired**	**Additions / acquisitions**	**Dividends**	**Others (1)**	**Sep. 30, 2020**
Cemig Geração e Transmissão	5,217,692	366,102	-	-	-	-	5,583,794
Cemig Distribuição (2)	4,708,208	937,763	-	-	375,396	-	6,021,367
Ativas Data Center	16,114	541	-	-	-	-	16,655
Gasmig	1,410,950	167,306	-	-	(103,390)	(702)	1,474,164
Cemig Geração Distribuída	10,798	831	-	-	-	-	11,629
Cemig Sim (Efficientia) (3)	17,156	(746)	-	19,553	(230)	-	35,733
Companhia de Transmissão Centroeste de Minas	23,984	7,386	37,469	44,775	(12,203)	14,267	115,678
Axxiom Soluções Tecnológicas	12,996	(5,396)	-	-	-	-	7,600
Taesa	1,213,193	303,532	-	-	(126,324)	-	1,390,401
	12,631,091	**1,777,319**	**37,469**	**64,328**	**133,249**	**13,565**	**14,657,021**

(1) The amount of R$14,267 refers to the bargain purchase arising from the business combination in which the Company obtained control of Centroeste. For further information, see item c from this Note.

(2) On July 18, 2020, the Board of Directors of Cemig D submitted a new proposal to the Annual General Meeting held on July 31, 2020, for allocation of the net income for 2019, which included payment of dividends and interest on Equity (calculated as part of mandatory minimum dividend), totaling R$390,537, reducing in R$469,896 the amount originally proposed as shown in this subsidiary financial statements for 2019. The dividends declared corresponds to 25% of the net income adjusted by legal reserve constitution and are in accordance with regulations from Aneel, which limit dividends declaration by energy distribution concession holders in certain circumstances of non-compliance with effiency criteria. For more information, please see Note 29.

(3) On April 14, 2020, the minute of the Annual General Meeting that decided about changes in this subsidiary's By-laws was registered in the commercial registry authority, changing the name of this subsidiary to Cemig Soluções Inteligentes em Energia S.A.-CEMIG SIM.

PARENT COMPANY						
Investees	**Dec. 31, 2018**	**Gain (loss) by equity method (Income statement)**	**Dividends**	**Additions / acquisitions**	**Others (1)**	**Sep. 30, 2019**
Cemig Geração e Transmissão	5,064,127	789,886	-	-	-	5,854,013
Cemig Distribuição	4,642,358	1,251,619	-	-	-	5,893,977
Ativas Data Center	16,509	88	-	-	-	16,597
Gasmig	1,439,005	110,879	(113,687)	-	(1,093)	1,435,104
Cemig Geração Distribuída	2,741	(1,210)	(944)	10,337	-	10,924
LEPSA	5,099	9	-	-	(5,108)	-
RME	47,155	6,652	-	-	(53,807)	-
Cemig Sim (Efficientia)	17,532	1,229	(1,456)	-	-	17,305
Companhia de Transmissão Centroeste de Minas	19,690	4,286	-	-	-	23,976
Axxiom Soluções Tecnológicas	8,301	(4,763)	-	5,765	-	9,303
Taesa	1,143,189	174,746	(87,277)	-	(193)	1,230,465
Cemig Overseas	-	-	-	-	37	37
	12,405,706	**2,333,421**	**(203,364)**	**16,102**	**(60,164)**	**14,491,701**

(1) Changes included in the Others column arise from the merger of RME and LEPSA in April 2019.

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CONSOLIDATED								
Investees	**Dec. 31, 2019**	**Gain (loss) by equity method (Income statement)**	**Remeasurement of previously held equity interest in subsidiaries acquired**	**Dividends**	**Additions / acquisitions**	**Others (1)**	**Disposals**	**Sep. 30, 2020**
Companhia de Transmissão Centroeste de Minas (1)	23,984	-	37,469	-	44,775	14,267	(120,495)	-
Hidrelétrica Cachoeirão	53,728	7,888	-	(4,813)	-	-	-	56,803
Guanhães Energia	131,076	(489)	-	-	-	-	-	130,587
Hidrelétrica Pipoca	30,730	6,222	-	(2,803)	-	-	-	34,149
Madeira Energia (*Santo Antônio* Plant)	166,617	(47,881)	-	-	-	-	-	118,736
FIP Melbourne (*Santo Antônio* Plant)	384,809	(38,639)	-	-	-	-	-	346,170
Lightger	127,976	2,516	-	(6,913)	-	-	-	123,579
Baguari Energia	157,499	15,999	-	(10,640)	-	-	-	162,858
Amazônia Energia (*Belo Monte* Plant)	1,027,860	(38,686)	-	-	75	-	-	989,249
Aliança Norte (*Belo Monte* Plant)	671,166	(25,258)	-	-	-	-	-	645,908
Ativas Data Center	16,114	541	-	-	-	-	-	16,655
Taesa	1,213,193	303,532	-	(126,324)	-	-	-	1,390,401
Aliança Geração	1,191,550	68,076	-	-	-	-	-	1,259,626
Retiro Baixo	180,043	12,761	-	-	-	-	-	192,804
UFV Janaúba Geração de Energia Elétrica Distribuída	10,050	736	-	(625)	-	-	-	10,161
UFV Corinto Geração e Energia Elétrica	-	631	-	-	8,606	-	-	9,237
UFV Manga Geração de Energia Elétrica Distribuída	-	208	-	-	10,243	-	-	10,451
Axxiom Soluções Tecnológicas	12,996	(5,396)	-	-	-	-	-	7,600
Total of investments	**5,399,391**	**262,761**	**37,469**	**(152,118)**	**63,699**	**14,267**	**(120,495)**	**5,504,974**
Itaocara – equity deficit	(21,810)	(463)	-	-	656	-	-	(21,617)
Total	**5,377,581**	**262,298**	**37,469**	**(152,118)**	**64,355**	**14,267**	**(120,495)**	**5,483,357**

(1) The amount of R$14,267 refers to the bargain purchase arising from the business combination in which the Company obtained control of Centroeste. For further information, see item c from this Note.

CONSOLIDATED							
Investees	**Dec. 31, 2018**	**Gain (loss) by equity method (Income statement)**	**Dividends**	**Additions / acquisitions**	**Others**	**Remaining equity interest remeasurement after loss of control**	**Sep. 30, 2019**
Companhia de Transmissão Centroeste de Minas	19,690	4,286	-	-	-	-	23,976
Hidrelétrica Cachoeirão	49,213	9,499	(3,421)	-	-	-	55,291
Guanhães Energia (1)	-	(208)	-	-	-	131,260	131,052
Hidrelétrica Pipoca	30,629	2,294	(4,374)	-	-	-	28,549
Madeira Energia (*Santo Antônio* Plant)	270,090	(67,996)	-	-	-	-	202,094
FIP Melbourne (*Santo Antônio* Plant)	470,022	(56,067)	-	-	-	-	413,955
Lightger (1)	-	(549)	-	-	-	127,970	127,421
Baguari Energia	162,224	14,844	(13,563)	-	-	-	163,505
Amazônia Energia (*Belo Monte* Plant)	1,012,635	20,815	-	75	-	-	1,033,525
Ativas Data Center	16,509	88	-	-	-	-	16,597
Taesa	1,143,189	174,746	(87,277)	-	(193)	-	1,230,465
Aliança Geração	1,216,860	61,915	-	-	-	-	1,278,775
Aliança Norte (*Belo Monte* Plant)	663,755	10,575	-	953	-	-	675,283
Usina Hidrelétrica Itaocara S.A. (1)	-	(21,900)	-	22,256	-	4,812	5,168
Retiro Baixo	170,720	9,396	-	-	-	-	180,116
UFV Janaúba Geração de Energia Elétrica Distribuída	9,042	442	-	-	-	-	9,484
Axxiom Soluções Tecnológicas (1)	-	(900)	-	5,765	-	4,438	9,303
Total	**5,234,578**	**161,280**	**(108,635)**	**29,049**	**(193)**	**268,480**	**5,584,559**

(1) With the cessation of control of Light, the remaining equity interest in these investees was recognized as an investment in affiliates or jointly-controlled subsidiaries, and measured by the equity method, in accordance with IFRS 10 / CPC 36.

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Changes in dividends receivable are as follows:

	Consolidated	Parent Company
Balance at December 31, 2018	**119,743**	**945,584**
Investees' dividends proposed	108,635	203,364
Amounts received	(187,052)	(271,621)
Adjustments arising from merger of subsidiaries RME and LUCE	-	2,385
Balance at September 30, 2019	**41,326**	**879,712**
Balance at December 31, 2019	**185,998**	**1,726,895**
Investees' dividends proposed (reversion)	152,118	(133,249)
Elimination of dividends due to business combination	(1,217)	-
Adjustment of dividends proposed by investee classified as held for sale	(1,531)	(1,531)
Amounts received	(247,212)	(122,419)
Withholding income tax on Interest on equity	(3,903)	(24,954)
Balance at September 30, 2020	**84,253**	**1,444,742**

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c) Information This table gives the main information on the subsidiaries and affiliates, not adjusted for the percentage represented by the Company's ownership interest:

Investees	Number of shares	Sep. 30, 2020			Dec. 31, 2019		
		Cemig Stake %	Share capital, R$'000	Equity R$'000	Cemig Stake %	Share capital, R$'000	Equity R$'000
Cemig Geração e Transmissão	2,896,785,358	100.00	4,000,000	5,504,180	100.00	2,600,000	5,136,201
Madeira Energia (Santo Antônio plant)	12,034,025,147	15.51	10,619,786	2,890,230	15.51	10,619,786	3,704,760
Hidrelétrica Cachoeirão	35,000,000	49.00	35,000	114,833	49.00	35,000	109,649
Guanhães Energia	548,626,000	49.00	548,626	266,775	49.00	548,626	267,503
Hidrelétrica Pipoca	41,360,000	49.00	41,360	68,533	49.00	41,360	62,715
Baguari Energia (1)	26,157,300,278	69.39	186,573	234,707	69.39	186,573	226,984
Central Eólica Praias de Parajuru	70,560,000	100.00	70,560	88,952	100.00	71,835	89,188
Central Eólica Volta do Rio	117,230,000	100.00	117,230	47,188	100.00	138,867	57,901
Lightger	79,078,937	49.00	79,232	89,724	49.00	79,232	94,871
Aliança Norte (Belo Monte plant)	41,893,675,837	49.00	1,208,071	1,217,927	49.00	1,208,071	1,266,453
Amazônia Energia (Belo Monte plant) (1)	1,322,697,723	74.50	1,322,698	1,327,851	74.50	1,322,598	1,379,678
Aliança Geração	1,291,582	45.00	1,291,488	2,051,183	45.00	1,291,488	1,857,905
Retiro Baixo	225,350,000	49.90	225,350	327,194	49.90	225,350	299,532
Renova (1) (2)	41,719,724	36.23	2,960,776	(1,351,088)	36.23	2,960,776	(1,130,428)
Usina Hidrelétrica Itaocara S.A.	70,621,514	49.00	70,622	(44,116)	49.00	69,283	(44,510)
Cemig Baguari	306,000	100.00	306	9	100.00	306	19
Cemig Ger. Três Marias S.A.	1,291,423,369	100.00	1,291,423	1,454,406	100.00	1,291,423	1,407,996
Cemig Ger. Salto Grande S.A.	405,267,607	100.00	405,268	460,172	100.00	405,268	446,318
Cemig Ger. Itutinga S.A.	151,309,332	100.00	151,309	179,807	100.00	151,309	183,617
Cemig Geração Camargos S.A.	113,499,102	100.00	113,499	142,373	100.00	113,499	136,140
Cemig Geração Sul S.A.	148,146,505	100.00	148,147	176,353	100.00	148,147	179,275
Cemig Geração Leste S.A.	100,568,929	100.00	100,569	127,959	100.00	100,569	126,802
Cemig Geração Oeste S.A.	60,595,484	100.00	60,595	85,400	100.00	60,595	72,648
Rosal Energia S.A.	46,944,467	100.00	46,944	131,846	100.00	46,944	127,994
Sá Carvalho S.A.	361,200,000	100.00	36,833	111,924	100.00	36,833	123,929
Horizontes Energia S.A.	39,257,563	100.00	39,258	57,496	100.00	39,258	57,397
Cemig PCH S.A.	45,952,000	100.00	45,952	92,693	100.00	45,952	97,731
Cemig Geração Poço Fundo S.A.	1,402,000	100.00	1,402	3,860	100.00	1,402	3,638
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	486,000	100.00	486	42,697	100.00	486	28,263
Cemig Comercializadora de Energia Incentivada S.A. (3)	1,000,000	100.00	1,000	2,529	100.00	1,000	3,359
Cemig Trading S.A.	1,000,000	100.00	1,000	23,076	100.00	1,000	31,027
Cemig Distribuição	2,359,113,452	100.00	5,371,998	6,021,367	100.00	5,371,998	4,708,208
TAESA	1,033,496,721	21.68	3,042,035	5,768,370	21.68	3,042,035	**4,926,923**
Ativas Data Center	456,540,718	19.60	182,063	84,972	19.60	182,063	82,212
Gasmig	409,255,483	99.57	665,429	1,063,420	99.57	665,429	988,441
Cemig Geração Distribuída (4)	174,281	100.00	174	11,629	100.00	174	10,798
Cemig Sim (Efficientia) (5)	24,431,845	100.00	24,432	35,733	100.00	15,122	17,156
Companhia de Transmissão Centroeste de Minas (6)	28,000,000	100.00	28,000	115,678	51.00	28,000	47,026
Axxiom Soluções Tecnológicas	65,165,000	49.00	65,165	15,510	49.00	58,365	26,522
UFV Janaúba Geração de Energia Elétrica Distribuída	18,509,900	49.00	18,510	20,738	49.00	18,510	19,851
UFV Corinto Geração de Energia Elétrica Distribuída	18,000,000	49.00	18,000	18,852	-	-	-
UFV Manga Geração de Energia Elétrica Distribuída	21,235,933	49.00	21,236	21,329	-	-	-

(1) Jointly-control under a Shareholders' Agreement.
(2) In view of Renova's negative net equity, the Company reduced to zero the carrying value of its equity interests in this investee, at December 31, 2018. Renova adjusted its equity interest in the joint-venture Brasil PCH and recognized adjustments in its financial statements related to shares in profits and losses arising from this investee from the period of 2018, which resulted in restatement of its financial statements of December, 31, 2019.
(3) On October 1 , 2020, Cemig GT completed the merger of its subsidiary Cemig Comercializadora de Energia Incentivada S.A., at book value, with consequent extinction of this investee, and the Cemig GT becoming its successor in all its assets, rights and obligations.
(4) On October 19, 2020, the Cemig Geração Distribuída was merged with the Company, at book value, with consequent extinction of this investee, and the Company becoming its successor in all its assets, rights and obligations.
(5) On April 14, 2020, the minute of the Annual General Meeting that decided about changes in this subsidiary's By-laws was registered in the commercial registry authority, changing the name of this subsidiary to Cemig Soluções Inteligentes em Energia S.A.-CEMIG SIM.
(6) On January 13, 2020, the Company concluded acquisition of the equity interest of 49% of the share capital held by Eletrobras in Centroeste.

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The Company has direct and indirect equity interests in the following investees:

Consolidated	Sep. 30, 2020 and Dec. 31, 2019	
	Direct stake, %	Indirect stake, %
Amazônia	74.50%	5.76%
LightGer	49.00%	11.52%
Guanhães	49.00%	11.52%
Axxion	49.00%	11.52%
UHE Itaocara	49.00%	11.52%

Madeira Energia S.A. (“MESA”) and FIP Melbourne

MESA is the parent company of Santo Antônio Energia S.A (‘SAESA’), whose objects are operation and maintenance of the *Santo Antônio* Hydroelectric Plant and its transmission system, on the Madeira River, and all activities necessary for operation of the plant and its transmission system. Between the shareholders include Furnas, Odebrecht Energia, SAAG and the Company.

On September 30, 2020 the investee MESA reported a loss of R$814,530 (R$796,465 on September 30, 2019). On September 30, 2020 MESA reported a current liabilities in excess of current assets by R$18,135 (R$427,060 on December 31, 2019). This positive result is mainly due to the standstill applied to the installments payment of the financing contracts with the FNO, BNDES Direct, and on-lending banks. Other factors contributing to this result were postponements and savings in Capex, Opex, and G&A (general and administrative) expenditure due to the Covid-19 pandemic, which reduced execution of activities – and also due to efficient expenditure management by the investee management.

Historically Mesa has reported current liabilities in excess of current assets, and may do so again in the future, post-pandemic period, when the cash flows of financing and other expenses are normalized. Hydroelectric plants project finances structurally present negative net working capital in the first years of operation, because they are built using high levels of financial leverage.

On the other hand, they have firm long-term contracts for energy supply as support and guarantee of payment of their debts. To balance the situation of negative working capital, in addition to its long-term sale contracts that ensure regularity in its operational cash flow, MESA benefits from its debt reprofiling, which adjusted its debt repayments flow to its cash generation capacity, so that the investee does not depend on additional investment from the shareholders.

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Arbitration proceedings

In 2014, Cemig GT and SAAG Investimentos S.A. (SAAG), a vehicle through which Cemig GT holds an indirect equity interest in MESA, opened arbitration proceedings, in the Market Arbitration Chamber, challenging the following: (a) the adjustment for impairment carried out by the Executive Board of MESA, in the amount of R$678 million, relating to certain credits owed to Mesa by CCSA, based on absence of quantification of the amounts supposedly owed, and absence of prior approval by the Board of Directors, as required by the by laws and Shareholders' Agreement of MESA; and also on the existence of credits owed to MESA by CCSA, for an amount greater than the claims; and (b) against the adjustment for impairment carried out by the Executive Board of MESA, in the amount of R$678,551, relating to certain credits owed to Mesa by CCSA, on the grounds that those credits are owed in their totality by express provision of contract.

The arbitration judgment recognized the right of Cemig GT and SAAG in full and ordered the annulment of the acts being impugned. As a consequence of this decision, MESA reversed the impairment, and posted a provision for receivables in the amount of R$ 678,551 in its financial statements as of December 31, 2017. On September 30, 2020, the investee confirmed its assets recoverability expectation and maintained the provision for receivables in the amount of R$678,551.

To resolve the question of the liability of the CCSA consortium to reimburse the costs of re-establishment of the collateral and use of the contractual limiting factor, the affiliated company opened arbitration proceedings with the International Chamber of Commerce (ICC) against CCSA, which are in progress. This process is confidential under the Arbitration Regulations of the ICC.

Cemig GT and SAAG Investimentos S.A. applied to the judiciary for provisional remedy prior to the arbitration proceeding, to suspend the effects of the capital increase approved by an Extraordinary General Meeting of Shareholders of Mesa held on August 28, 2018. This process is confidential under the Arbitration Regulations of the Market Arbitration Chamber.

Renova Energia S.A. – court-supervised reorganization ('Renova')

The investee Renova, currently in court-supervised reorganization, has been reporting recurring losses of R$222,939 (R$774,829 on September 30, 2019), presenting negative net working capital of R$3,172,047 (R$2,906,643 on December 31, 2019), net equity (uncovered liabilities) on September 30, 2020.

However, in view of the investee's equity deficit, Cemig GT reduced the carrying value of its equity interests in Renova, at December 31, 2018, to zero and no further losses have been recognized, considering the non-existence of any legal or constructive obligations to the investee.

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Additionally, the Cemig GT recorded, in June 30, 2019, an impairment of the receivables with the jointly-controlled entity related to energy purchase and sale agreements and terms of debt recognition for total outstanding balance, in the amount of R$688 million.

Application to the court by Renova for court-supervised reorganization

On October 16, 2019, was granted court-supervised reorganization petition applied by Renova, and by the other companies of the group ('the Renova Group'). On July 7, 2020, Renova filed two new court supervised reorganization plans. The first plan relates exclusively to the companies of Phase A of the Alto Sertão III Project, bound to the loan originally obtained from the BNDES, and the second plan relates to the investee and the other companies in court-supervised reorganization of the Renova Group, both of them are in progress in the second Bankruptcy and Court-supervised reorganization Court of the legal district of São Paulo State. On November 3, 2020, Renova filed new court-supervised reorganization plan within the existing proceedings. The court-supervised reorganization plan is in discussion, which is subjected to enhancements and changes until the General Meeting of Creditors, scheduled to be held in November, 17 2020. Up to the date, the possible effects of this jointly controlled subsidiary court-supervised reorganization plan on its accounting balances have not been measured.

In this context, Renova signed with the Company Debtor in Possession (DIP) loan agreements in the total amount of R$36,500. The funds of these loans were authorized by the second State of São Paulo Bankruptcy and Court-supervised Reorganization Court. They are guaranteed by a fiduciary assignment of shares in a company owning assets of a wind power project owned by Renova, and they also have priority of receipt in the court-supervised reorganization process. Additionally, Cemig GT made an Advance for Future Capital Increase to Renova, of R$5,000, on October 25, 2019.

On May 2, 2020, the Bankruptcy and Court-supervised Reorganization Court issued a decision ordering that the DIP loan, in the total amount of R$36,500 million, with asset guarantee, already constituted and registered, would be subscribed as a capital increase in Renova. Company has filed a Motion for Clarification, which was denied by the judge. A procedural appeal is now in progress against the first instance judge's decision, which was suspended by the Appeal Court on receiving this appeal. The Company's legal advisors have classified the chances of loss as 'possible'. Due to the uncertainties on the financial situation of the investee, the Company recognized impairment loss for the total of its credits against Renova, of R$37,361, in the second semester of 2020.

On September 4, 2020 the Renova Board of Directors approved acceptance of the offer made by 'Quadra Gestão de Recursos Ltda' of Debtor in Possession (DIP) financing of up to R$350,000, to be applied in restarting the works on Phase A of the Alto Sertão III wind complex, with conditions precedent including approval by a General Meeting of Creditors under the Court-Supervised Reorganization proceedings currently under the Second Bankruptcy and Court-Supervised Reorganization of São Paulo. Renova granted a guaranteed period of exclusivity for satisfactory negotiation between the parties.

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On September 21, 2020, Renova approved the proposal made by Cemig GT for suspension of the obligations in the PPA signed between them, as amended from time to time, for incentive-bearing wind power which were linked to phase A of the Alto Sertão III Wind Complex. The suspension will remain in effect until the beginning of the commercial operation of the facilities aimed at the Free Market, planned for December 2022, and is duly aligned with the strategic planning set out for compliance with the Renova reorganization plan.

On October 8, 2020, the Board of Renova approved acceptance of the binding proposal presented by Prisma Capital Ltda. for acquisition of the rights and assets related to Phase B of the *Alto Sertão III* Wind Complex, under first proposer ('Stalking Horse') conditions, with right of preference in the acquisition, subject to the usual conditions precedent, including approval by a General Meeting of Creditors and a competitive tender to be held for disposal of UPI Phase B, within the Court-Supervised Reorganization proceedings currently under the Second Bankruptcy and Court-Supervised Reorganization Court of São Paulo. The Transaction is part of Renova's strategy for its healthy recovery and reduction of its liabilities, with the proceeds obtained being specifically directed to compliance with its obligations under the Court-Supervised Reorganization Plan and restart of the works on Phase A of the *Alto Sertão III* Wind Complex.

On October 23, 2020, the convocation to Renova and its subsidiaries' General Meeting of Creditors was published. The meeting was not opened on the date of its first call, November 10, 2020, due to a lack of quorum, and the second one has been scheduled for November 17, 2020.

Considering the non-existence of any legal or constructive obligations to the investee, the Company has concluded that the granted of court-supervised reorganization filed by Renova does not have any additional impact in its interim financial information.

Amazônia Energia S.A. and Aliança Norte Energia S.A.

Amazônia Energia and Aliança Norte are shareholders of Norte Energia S.A. ('NESA'), which holds the concession to operate the *Belo Monte* Hydroelectric Plant. Through the jointly-controlled entities referred to above, Cemig GT owns an indirect equity interest in NESA of 11.69%.

On September 30, 2020 NESA had negative net working capital of R$175,722 (R$3,309,499 in December 31, 2019) and will spend further amounts on projects specified in its concession contract, even after conclusion of the construction and full operation of the Belo Monte Hydroelectric Plant. According to the estimates and projections, the situation of negative net working capital, and the future demands for investments in the hydroelectric plant, will be supported by revenues from future operations and/or raising of bank financings.

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NESA joined the BNDES Program to Support Maintenance of Productive Capacity, Employment and Income, in the context of the Covid-19 pandemic crisis, obtaining suspension of the FINEM Direct Installment payment from June to November 2020, and the FINEM Indirect Installment payment from July to December 2020, and in consequence, it cannot distribute dividends greater than 25% in 2020. The investee's adherence to this program contributed significantly to reduction of its negative net working capital on September 30, 2020.

On September 21, 2015, NESA was awarded a preliminary injunction ordering the regulator to 'abstain, until hearing of the application for an injunction made in the original case, from applying to Appellant any penalties or sanctions in relation to the Belo Monte Hydroelectric Plant not starting operations on the date established in the original timetable for the project, including those specified in an the regulator (Aneel) Normative Resolution 595/2013 and in the Concession Contract for the Belo Monte Hydroelectric Plant'. The legal advisers of NESA have classified the probability of loss as 'possible' and estimated the potential loss on September 30, 2020 to approximately R$2,239,000 (R$1,962,000 on December 31, 2019).

c) Business combination - Centroeste

On January 13, 2020, Centroeste became a wholly own subsidiary of the Company through the acquisition of the remaining equity interest of 49% held by Eletrobras. The acquisition, which resulted in the Company obtaining control, is the result of exercise of the right of first refusal for acquisition of the shareholding offered in Eletrobras Auction 01/2018, Lot P, held on September 27, 2018, and confirmed on January 15, 2019.

Centroeste operates in construction, operation and maintenance of the transmission facilities of the *Furnas-Pimenta* transmission line – part of the national grid.

The consideration paid for the acquisition is R$44,775, resulting from the price in the Tender Announcement, adjusted by the accumulated variation of the Selic rate up to the date of conclusion of the transaction, less all dividends and/or Interest on Equity paid or declared by Centroeste in favor of Eletrobras in the period.

The Company applied the acquisition method to account for the business combination and measured provisional the identifiable assets and liabilities assumed at their acquisition-date fair value, in accordance with IFRS 3/CPC 15. During the measurement period, the Company might retrospectively adjust the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized as of that date. The measurement period is the one that follows the acquisition date, in which the provisional amounts recognized in a business combination can be adjusted and shall not exceed one year from the acquisition date.

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Assets acquired – Fair value calculation

The preliminary fair value of the net assets acquired and the remeasurement of the previously held interest, which impacts were recognized in 2020, are as follows:

	Centroeste
Fair value on the acquisition date (1)	120,495
Equity interest held by the Company before the acquisition of control	51%
Previously held interest at fair value on the date control was obtained	**61,453**
Carrying value of the investment	(23,984)
Gain on remeasurement of previously held equity interest in subsidiaries acquired to be recognized in 2020	**37,469**

(1) During the measurement period, that shall not exceed one year from the acquisition date, the provisional amounts recognized can be adjusted.

The fair value of interest acquired in relation to cash consideration is as follows:

	Centroeste
Cash consideration paid for 49% of the equity of Centroeste	44,775
Previously held interest, valued at fair value on the acquisition date – 51%	61,453
Bargain purchase	14,267
Total	**120,495**

The preliminary fair value of the assets and liabilities acquired at the acquisition date, is as follows:

Assets	Fair value	Liabilities	Fair value
Current	**28,867**	**Current**	**6,479**
Cash and cash equivalents	27,110	Loans and financings	3,095
Other current assets	1,757	Interest on equity and dividends payable	2,388
Non-current	**108,590**	Other current liabilities	996
Contract assets	107,932	**Non-current**	**10,483**
Escrow deposits	389	Loans and financings	7,352
Other non-current assets	269	Provisions	3,131
		Fair value of net identifiable assets	**120,495**

Effect upon profit or loss in 2020

Regarding the adjustments mentioned above, the total amounts recognized in profit or loss in 2020 arising from the acquisition of Centroeste's equity interest of 49% is as follows:

	Centroeste
Gain on remeasurement of previously held equity interest in the subsidiaries acquired (51%)	37,469
Bargain purchase – gain arising from the acquisition of the additional equity interest of 49%	14,267
Total	**51,736**

The above mentioned effects are presented in the operating segment of transmission.

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d) Risks related to compliance with law and regulations

Jointly controlled entities and affiliates:

Norte Energia S.A. (‘NESA’) - through Amazônia Energia and Aliança Norte

Investigations and other legal measures are in progress since 2015, conducted by the Federal Public Attorneys’ Office, which involve other shareholders of NESA and certain executives of those other shareholders. In this context, the Federal Public Attorneys have started investigations on irregularities involving contractors and suppliers of NESA and of its other shareholders, which are still in progress. At present, it is not possible to determine the outcome of these investigations, and their possible consequences. These might at some time in the future affect the investee. In addition, based on the results of the independent internal investigation conducted by NESA and its other shareholders, an infrastructure write-down of the R$183,000 was already recorded at NESA, and reflected in the Cemig GT consolidated financial statements through the equity pick effect in 2015.

On March 9, 2018 ‘*Operação Fortuna*’ started, as a 49th phase of ‘*Operation Lava Jato*’ (‘Operation Carwash’). According to what has been disclosed by the media this operation investigates payment of bribes by the construction consortium of the *Belo Monte* power plant, comprising the companies Camargo Corrêa, Andrade Gutierrez, Odebrecht, OAS and J. Malucelli. Management of NESA believes that so far there are no new facts that have been disclosed by the 49th phase of ‘Operation Carwash’ that require additional procedures and internal independent investigation in addition to those already carried out.

The company’s management, based on its knowledge of the matters described above and on the independent procedure carried out, believes that the conclusions presented in the report of the independent investigation are adequate and appropriate; as a result no adjustment has been made in the interim financial information. The effects of any future alterations in the existing scenario will be reflected appropriately in the Company’s interim financial information.

Madeira Energia S.A (“MESA”)

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys’ Office, which involve other indirect shareholders of MESA and certain executives of those other indirect shareholders. In this context, the Federal Public Attorneys have started investigations searching for irregularities involving contractors and suppliers of MESA and of its other shareholders. In response to allegations of possible illegal activities, the investee and its other shareholders started an independent internal investigation.

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The independent internal investigation, concluded in February 2019, in the absence of any future developments such as any leniency agreements by third parties that may come to be signed or collaboration undertakings that may be signed by third parties with the Brazilian authorities, found no objective evidence enabling it to be affirmed that there were any supposed undue payments by MESA (SAESA) that should be considered for possible accounting write-off, pass-through or increase of costs to compensate undue advantages and/or linking of MESA with the acts of its suppliers, in the terms of the witness accusations and/or cooperation statements that have been made public.

The company's management, based on its knowledge of the matters described above and on the independent procedures carried out, believes that the conclusions presented in the report of the independent investigation are adequate and appropriate; as a result no adjustment has been made in the interim financial information. The effects of any future alterations in the existing scenario will be reflected appropriately in the Company's interim financial information.

Renova Energia S.A. ("Renova")

Since 2017 Renova is part of a formal investigation by the Civil Police of Minas Gerais State and other public authorities related to certain capital injections made by some of its controlling shareholders, including Cemig GT and capital injections made by Renova in certain projects under development in previous years.

On April 11, 2019, within the 'Operação Descarte' scope, the Brazilian Federal Police commenced the '*Operation E o Vento Levou'* as part of the '*Lava Jato'* Investigation, and executed a search and seizure warrant issued by a Federal Court of São Paulo at Renova's head office in São Paulo, based on allegations and indications of misappropriation of funds harmful to the interests of Cemig. Based on the allegations being investigated, these events are alleged to have taken place before 2015. On July 25, 2019, the second phase of the operation occurred.

The 'Operation E o Vento Levou' and the police investigation of the Minas Gerais State Civil Police have not yet been concluded. Thus, there is a possibility that material information may be revealed in the future. If a criminal action is filed against agents who could have damaged Renova, Renova intends to act as auxiliary to the prosecution in any criminal proceedings, and subsequently sue for civil reparation of the damages suffered.

Due to these third party investigations, the governance bodies of Renova have requested opening of an internal investigation, conducted by an independent company with the support of an external law firm, the scope of which comprises assessment of the existence of irregularities, including noncompliance with: the Brazilian legislation related to acts of corruption and money laundering; Renova's Code of Ethics; and its integrity policies. Additionally, a Monitoring Committee was established in Renova which, jointly with the Audit Committee, accompanied this investigation. The internal investigation was concluded on February 20, 2020, and no concrete evidences of acts of corruption or diversion of funds to political campaigns were identified.

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However, the independent investigators identified irregularities in the conducting of business and agreement of contracts by Renova, including: (i) payments without evidence of the consideration of services, in the total amount of approximately R$40 million; (ii) payments not in accordance with the company's internal policies and best governance practices, in the total amount of approximately R$137 million; and (iii) deficiencies in the internal controls of the investee.

As a result of the analysis of the above mentioned values, Renova concluded that R$35 million relates to effective assets and therefore no impairment is necessary. The remaining amount of R$142 million was already impaired in previous years, producing no impact on the financial statements for the year ended December 31, 2019 and on the interim financial information for the period ended September 30, 2020.

In response to the irregularities found, and based on the recommendations of the Monitoring Committee and legal advisers, the Board of Directors of Renova decided to take all the steps necessary to preserve the rights of the investee, continue with the measures to obtain reimbursement of the losses caused, and strengthen the company's internal controls.

Since the investment at Renova is fully impaired at September 30, 2020, and since no contractual or constructive obligations in relation to the investee have been assumed by the Company, it is not expected that effects resulting from the court-supervised reorganization process, or the investigations, or the operational activities of this investee can significantly impact the Company's interim financial information, even if eventually not yet recorded by Renova.

Other investigations

In addition to the cases above, there are investigations being conducted by the Public Attorneys' Office of the State of Minas Gerais ('MPMG') and by the Civil Police of the State of Minas Gerais ('PCMG'), which aim to investigate possible irregularities in the investments made by Cemig GT in Guanhães Energia and also in MESA. Additionally, on April 11, 2019 agents of the Brazilian Federal Police were in the Company's head office in Belo Horizonte to execute a search and seizure warrant issued by a São Paulo Federal Court in connection with the 'Operation E o Vento Levou', as described above.

These proceedings are being investigated through the analysis of documents demanded by the respective authorities, and by hearing of witnesses.

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Internal procedures for risks related to compliance with law and regulations

Taking into account the investigations that are being conducted at the Company and at certain investees, as described above, the governance bodies of the Company have authorized contracting a specialized company to analyze the internal procedures related to these investments, as well as the factors that led the Company to be assessed by federal tax authority for not paying withholding income tax in the acquisition of Light's interest from Enlighted (see Note 24). This independent investigation was subject to oversight of an independent investigation committee whose creation was approved by our Board of Directors.

On July 29, 2019, Company signed a tooling agreement with the Securities and Exchange Commission (SEC) and US Department of Justice (DOJ). Cemig has complied with the requests and intends to continue contributing to the SEC and the DOJ.
The Company's internal investigation was completed and the corresponding report was issued on May 8, 2020. Considering the results of the internal investigations, no objective evidence was identified to affirm that there were illegal acts on the investments made by Company that were subject to the investigation, therefore, there was no impact in the interim financial information ended September 30, 2020 nor in its prior years financial statements.

Due to the completion of the investigations for which the Special Investigating Committee was constituted, from the delivery of the final report by the specialized company, the governance bodies of the Company decided to extinguish that Committee. If there are any future needs resulting from developments in this matter, the Committee can be reinstated.

The Company will evaluate any changes in the future scenario and eventual impacts that could affect the Financial Statements, when applicable. The Company will collaborate with the relevant authorities and their analysis related to the investigations in progress.

16. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Sep. 30, 2020			Dec. 31, 2019		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
In service						
Land	247,875	(22,039)	225,836	247,535	(19,178)	228,357
Reservoirs, dams and watercourses	3,299,559	(2,259,469)	1,040,090	3,279,784	(2,199,659)	1,080,125
Buildings, works and improvements	1,099,936	(831,348)	268,588	1,091,660	(818,141)	273,519
Machinery and equipment	2,631,157	(1,909,914)	721,243	2,597,685	(1,869,186)	728,499
Vehicles	20,602	(18,637)	1,965	20,616	(17,687)	2,929
Furniture and utensils	13,796	(10,897)	2,899	14,073	(10,939)	3,134
	7,312,925	**(5,052,304)**	**2,260,621**	**7,251,353**	**(4,934,790)**	**2,316,563**
In progress	**143,791**	**-**	**143,791**	**133,562**	**-**	**133,562**
Net property, plant and equipment	**7,456,716**	**(5,052,304)**	**2,404,412**	**7,384,915**	**(4,934,790)**	**2,450,125**

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Parent Company	Sep. 30, 2020			Dec. 31, 2019		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
In service						
Land	82	-	82	82	-	82
Buildings, works and improvements	55	(22)	33	55	(21)	34
Machinery and equipment	5,298	(4,637)	661	5,298	(4,379)	919
Furniture and utensils	748	(704)	44	749	(698)	51
	6,183	**(5,363)**	**820**	**6,184**	**(5,098)**	**1,086**
In progress	**460**	**-**	**460**	**460**	**-**	**460**
Net property, plant and equipment	**6,643**	**(5,363)**	**1,280**	**6,644**	**(5,098)**	**1,546**

Changes in PP&E are as follows:

Consolidated	Dec. 31, 2019	Additions	Disposals	Depreciation	Business combination	Transfers / capitalizations (2)	Sep. 30, 2020
In service							
Land (1)	228,357	340	-	(2,863)	-	2	225,836
Reservoirs, dams and watercourses	1,080,125	-	(54)	(59,821)	-	19,840	1,040,090
Buildings, works and improvements	273,519	-	(56)	(13,600)	-	8,725	268,588
Machinery and equipment	728,499	13,386	(2,174)	(56,062)	-	37,594	721,243
Vehicles	2,929	-	(1)	(963)	-	-	1,965
Furniture and utensils	3,134	-	(5)	(250)	-	20	2,899
	2,316,563	**13,726**	**(2,290)**	**(133,559)**	**-**	**66,181**	**2,260,621**
In progress	**133,562**	**80,958**	**(3,243)**	**-**	**198**	**(67,684)**	**143,791**
Net property, plant and equipment	**2,450,125**	**94,684**	**(5,533)**	**(133,559)**	**198**	**(1,503)**	**2,404,412**

(1) Certain land sites linked to concession contracts and without provision for reimbursement are amortized in accordance with the period of the concession.
(2) Balances of R$1,503 were transferred from PP&E to Intangible assets.

Consolidated	Dec. 31, 2018	Additions	Disposals	Depreciation	Transfers / capitalizations (2)	Sep. 30, 2019
In service						
Land (1)	215,049	-	(10)	(2,252)	16,939	229,726
Reservoirs, dams and watercourses	1,150,495	-	(4,754)	(60,355)	14,303	1,099,689
Buildings, works and improvements	313,799	-	(80)	(14,025)	(15,899)	283,795
Machinery and equipment	854,296	44	-	(66,944)	26,494	813,890
Vehicles	4,525	-	-	(1,157)	(60)	3,308
Furniture and utensils	3,667	-	(304)	(236)	84	3,211
	2,541,831	**44**	**(5,148)**	**(144,969)**	**41,861**	**2,433,619**
In progress	**119,754**	**45,160**	**(6)**	**-**	**(38,122)**	**126,786**
Net property, plant and equipment	**2,661,585**	**45,204**	**(5,154)**	**(144,969)**	**3,739**	**2,560,405**

(1) Certain land sites linked to concession contracts and without provision for reimbursement are amortized in accordance with the period of the concession.
(2) Balances, of R$3,745 and R$6, respectively, were transferred from Intangible assets and concession contract assets to PP&E.

Parent Company	Dec. 31, 2019	Depreciation	Sep. 30, 2020
In service			
Land	82	-	82
Buildings, works and improvements	34	(1)	33
Machinery and equipment	919	(258)	661
Furniture and utensils	51	(7)	44
	1,086	**(266)**	**820**
In progress	**460**	**-**	**460**
Net property, plant and equipment	**1,546**	**(266)**	**1,280**

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Parent Company	Dec. 31, 2018	Additions	Disposals	Transfers	Depreciation	Sep. 30, 2019
In service						
Land	82	-	-	-	-	82
Buildings, works and improvements	111	-	(75)	-	(1)	35
Machinery and equipment	1,213	44	-	25	(277)	1,005
Furniture and utensils	360	-	(301)	-	(6)	53
	1,766	**44**	**(376)**	**25**	**(284)**	**1,175**
In progress	**484**	**1**	**-**	**(25)**	**-**	**460**
Net property, plant and equipment	**2,250**	**45**	**(376)**	**-**	**(284)**	**1,635**

The average annual depreciation rate for the year is 3.34%:

Hydroelectric Generation	Thermoelectric Generation	Wind Power Generation	Administration
3.17	2.78	4.94	6.68

The Company and its subsidiaries have not identified any evidence of impairment of its Property, plant and equipment assets. The generation concession contracts provide that at the end of each concession the grantor must determine the amount to be reimbursed to the Company – with the exception of the concession contracts related to Lot D of Auction 12/2015 and those from the independent energy producers supported by the Decree 1,996/2003. Management believes that the indemnity of these assets will be greater than the amount of their historic cost, after depreciation over their useful lives.

The residual value of the assets is the residual balance of the assets at the end of the concession contract which will be transferred to the grantor at the end of the concession contract and for which Cemig GT is entitled to receive in cash. For contracts under which Cemig does not have a right to receive such amounts or there is uncertainty related to collection of the amounts, such as in the case of thermal generation and hydroelectric generation as an independent power producer, no residual value is recognized, and the depreciation rates are adjusted so that all the assets are depreciated within the concession term.

Consortium

The Company is a partner in an energy generation consortium for the *Queimado* plant, for which no separate company with independent legal existence was formed to manage the object of the concession. The Company's portion in the consortium is recorded and controlled individually in the respective categories of PP&E and Intangible assets.

Parent company and Consolidated	Stake in power output (%)	Average annual depreciation rate (%)	Sep. 30, 2020	Dec. 31, 2019
In service				
Queimado Power Plant	82.50	3.73	218,111	217,210
Depreciation			(115,124)	(109,012)
Total			**102,987**	**108,198**
In progress				
Queimado Power Plant	82.50	-	887	980
Total			**887**	**980**

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17. INTANGIBLE ASSETS

Consolidated	Sep. 30, 2020			Dec. 31, 2019		
	Historical cost	Accumulated amortization	Residual value	Historical cost	Accumulated amortization	Residual value
In service						
Useful life defined						
Temporary easements	13,217	(3,858)	9,359	11,749	(3,292)	8,457
Onerous concession	19,169	(13,118)	6,051	19,169	(12,609)	6,560
Assets of concession (1)	20,712,050	(9,047,091)	11,664,959	20,039,489	(8,522,488)	11,517,001
Others	77,972	(68,746)	9,226	77,159	(66,507)	10,652
	20,822,408	**(9,132,813)**	**11,689,595**	**20,147,566**	**(8,604,896)**	**11,542,670**
In progress	**99,716**	**-**	**99,716**	**81,801**	**-**	**81,801**
Net intangible assets	**20,922,124**	**(9,132,813)**	**11,789,311**	**20,229,367**	**(8,604,896)**	**11,624,471**

(1) The rights of authorization to generate wind energy granted to *Parajuru* and *Volta do Rio*, valued at R$109,107, and of the gas distribution concession, granted to Gasmig, valued at R$415,317, are included in the interim financial information of the subsidiary Cemig GT and of the Company, respectively, and in accordance with Technical Interpretation ICPC 09, the investments and are classified in the consolidated balance sheet under Intangibles. These concession assets are amortized by the straight-line method, during the period of the concession.

Parent Company	Sep. 30, 2020			Dec. 31, 2019		
	Historical cost	Accumulated amortization	Residual value	Historical cost	Accumulated amortization	Residual value
In service						
Useful life defined						
Software use rights	13,564	(10,625)	2,939	13,564	(9,593)	3,971
Brands and patents	8	(8)	-	8	(8)	-
Others	9	(8)	1	231	(73)	158
	13,581	**(10,641)**	**2,940**	**13,803**	**(9,674)**	**4,129**
In progress	**48**	**-**	**48**	**46**	**-**	**46**
Net intangible assets	**13,629**	**(10,641)**	**2,988**	**13,849**	**(9,674)**	**4,175**

Changes in intangible assets are as follow:

Consolidated	Dec. 31, 2019	Additions	Disposals (1)	Amortization	Transfers (2)	Sep. 30, 2020
In service						
Useful life defined						
Temporary easements	8,457	-	-	(566)	1,468	9,359
Onerous concession	6,560	-	-	(509)	-	6,051
Assets of concession	11,517,001	-	(14,907)	(547,109)	709,974	11,664,959
Others	10,652	-	(157)	(3,207)	1,938	9,226
	11,542,670	**-**	**(15,064)**	**(551,391)**	**713,380**	**11,689,595**
In progress	**81,801**	**28,474**	**-**	**-**	**(10,559)**	**99,716**
Net intangible assets	**11,624,471**	**28,474**	**(15,064)**	**(551,391)**	**702,821**	**11,789,311**

(1) This includes the impairment, in the amount of R$8,459 recognized in the Income Statement under "Other expenses", as a result of the test of impairment of intangible assets, relating to the authorization for wind power generation granted to Volta do Rio, on June 30, 2020. There is more information below in this note.

(2) The transfers were made between Intangible assets, concession contract assets and property, plant and equipment as follows: (1) R$700,854 from concession contract assets to intangible assets; (2) R$464 from financial assets to intangible assets; (3) R$1,503 from PP&E. to intangible assets.

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Consolidated	Dec. 31, 2018	Additions	Disposals	Amortization	Transfers (1)	Sep. 30, 2019
In service						
Useful life defined						
Temporary easements	9,085	-	-	(506)	-	8,579
Onerous concession	7,239	-	-	(509)	-	6,730
Assets of concession	10,679,488	891,831	(12,938)	(518,750)	504,515	11,544,146
Others	18,797	-	(197)	(1,325)	(6,013)	11,262
	10,714,609	**891,831**	**(13,135)**	**(521,090)**	**498,502**	**11,570,717**
In progress	**62,582**	**22,755**	**-**	**-**	**(17,148)**	**68,189**
Net intangible assets	**10,777,191**	**914,586**	**(13,135)**	**(521,090)**	**481,354**	**11,638,906**

(1) The transfers were made between Intangible assets, concession contract assets and property, plant and equipment as follows: (1) R$483,893 from concession contract assets to intangible assets; (2) R$3,745 from intangible assets to property, plant and equipment and; and (3) R$1,206 from intangible assets to concession financial assets.

Parent Company	Dec. 31, 2019	Additions	Disposals	Amortization	Sep. 30, 2020
In service					
Useful life defined					
Software use rights	3,971	-	-	(1,032)	2,939
Others	158	-	(157)	-	1
	4,129	**-**	**(157)**	**(1,032)**	**2,940**
In progress	**46**	**2**	**-**	**-**	**48**
Net intangible assets	**4,175**	**2**	**(157)**	**(1,032)**	**2,988**

Parent Company	Dec. 31, 2018	Disposals	Amortization	Sep. 30, 2019
In service				
Useful life defined				
Software use rights	6,886	(197)	(1,317)	5,372
Brands and patents	(794)	-	-	(794)
	6,092	**(197)**	**(1,317)**	**4,578**
In progress	**33**	**-**	**-**	**33**
Net intangible assets	**6,125**	**(197)**	**(1,317)**	**4,611**

Concession assets

The portion of the distribution infrastructure that will be fully used up during the concession is recorded in Intangible assets. Assets linked to the infrastructure of the concession that are still under construction are posted initially as contract assets, as detailed in Note 14.

The intangible asset easements, onerous concessions, assets of concession, and others, are amortized by the straight-line method taking into account the consumption pattern of these rights. The amount of additions on September 30, 2020 includes capitalized borrowing costs, which represents a reversal of R$1,107, as presented in Note 22.

The main amortization rates, which take into account the useful life that management expects for the asset, reflect the expected pattern of their consumption and are revised annually by Management.

The annual average amortization rate is 4.09%:

Hydroelectric Generation	Wind Power Generation	Gas	Distribution	Administration
9.50	10.36	3.48	3.90	15.78

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Under the regulations of the energy segment, property, plant and equipment used in the distribution concession are linked to these services, and cannot be withdrawn, disposed of, assigned or provided in guarantee without the prior express authorization of the Regulator.

The rights of authorization to generate wind power granted to Parajuru and Volta do Rio, valued at R$55,411 (R$60,072 on December 31, 2019) and R$53,696 (R$66,606 on December 31, 2019), respectively, are included in the individual balance sheet of the subsidiary Cemig GT as investment and are classified as intangibles in the consolidated balance sheet of the Company, in accordance with Technical Interpretation ICPC 09. In addition, the rights of authorization of gas distribution granted to Gasmig, in the amount of R$415,317 (R$426,760 on December 31, 2019), are classified as intangible assets in the Company's consolidated balance sheet and are recognized as investments in its individual balance sheet, as Note 15, in accordance with Technical Interpretation ICPC 09. These rights of authorization of wind power generation and gas distribution are amortized by the straight-line method, during the period of the concession.

On December 31, 2019, the Company recognized an impairment loss for the intangible asset related to the right of authorization for wind power generation granted to the subsidiary Volta do Rio, in the amount of R$21,684, recorded in "Other expenses" in the income statement. The test of impairment of intangible assets, relating to the authorization for wind power generation granted to Volta do Rio, arises from non-achievement of the operational performance expected in 2019 for the wind generation assets of the subsidiary.

On June 30, 2020, due to continuing operational performance lower than expectations, an impairment test was carried out on the intangible assets related to the authorization for wind generation of the Volta do Rio plant, resulting in the recognition of an impairment of R$8,459, recognized in 'Other expenses' in the statement of income. On September 30, 2020 there were no indications of impairment of the subsidiary's assets, other than those recognized in the first half of 2020.

The Value in Use of the assets was calculated based on the projection of future expected cash flows for the operation of the assets of the subsidiary, brought to present value by the weighted average cost of capital defined for the company's activity, using the Firm Cash Flow (FCFF) methodology.

18. LEASING TRANSACTIONS

The Company and its subsidiaries recognized a right of use and a lease liability, according the IFRS 16 / CPC 06 (R2) – *Leases,* for the following contracts which contain a lease:

- Leasing of commercial real estate used for serving customers;
- Leasing of buildings used as administrative headquarters;
- Leasing of commercial vehicles used in operations.

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The Company and its subsidiaries have elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Thus, these leasing agreements are recognized as an expense in the income statement on the straight-line basis, over the period of the leasing. Their effects on net income from January to September 2020 were immaterial.

The discount rates were obtained by reference to the Company's incremental borrowing rate, based on the debts contracted by the Company and through quotations with potential financial institutions.

a) Right-of-use assets

The right-of-use assets were valued at cost, corresponding to the amount of the initial measurement of the lease liabilities, and amortized on the straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Changes in the Right-of-use assets are as follows:

Consolidated	Real estate property	Vehicles	Other	Total
Balances on December 31, 2018	**-**	**-**	**-**	**-**
Initial adoption on January 1, 2019	238,482	103,557	411	342,450
Addition/Settled	9,224	3,060	-	12,284
Amortization	(28,078)	(28,954)	(231)	(57,263)
Balances on September 30, 2019	**219,628**	**77,663**	**180**	**297,471**
Balances on December 31, 2019	**206,045**	**70,676**	**103**	**276,824**
Settled (closed contracts)	(717)	-	-	(717)
Amortization (1)	(20,026)	(30,064)	(103)	(50,193)
Addition/Settled	3,366	-	-	3,366
Remeasurement (2)	1,036	-	-	1,036
Balances on September 30, 2020	**189,704**	**40,612**	**-**	**230,316**

(1) Amortization of the Right of Use recognized in the Income Statement is net of use of the credits of PIS/Pasep and Cofins taxes on payments of rentals, a total R$1,606.
(2) The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The leasing liabilities are restated with adjustment to the asset of Right of Use.

Parent company	Real estate property
Balances on December 31, 2018	**-**
Initial adoption on January 1, 2019	19,844
Settled	(12,969)
Amortization	(2,067)
Balances on September 30, 2019	**4,808**
Balances on December 31, 2019	**3,330**
Addition	109
Amortization (1)	(1,115)
Remeasurement (2)	(121)
Balances on September 30, 2020	**2,203**

(1) Amortization of the Right-of-Use assets recognized in the Income Statement is net of use of the credits of PIS/Pasep and Cofins taxes on payments of rentals, a total R$105.
(2) The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The leasing liabilities are restated with adjustment to the asset of Right of Use.

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b) Lease liabilities

The liability for leasing agreements is measured at the present value of lease payments to be made over the lease term, discounted at the Company's and its subsidiaries marginal borrowing interest rate. The carrying amount of lease liabilities is remeasured if there are modifications that shall be accounted for as a remeasurement of the lease liability in accordance with CPC 06 (R2)/IFRS 16.

The changes in the lease liabilities are as follows:

	Consolidated	Parent Company
Balances at December 31, 2018	-	-
First adoption on January 1, 2019 (1)	342,450	19,844
Settled	12,284	(12,969)
Accrued interest	27,630	420
Payment of lease liability	(76,228)	(2,357)
Balances at September 30, 2019	**306,136**	**4,938**
Balances at December 31, 2019	**287,747**	**3,479**
Addition	3,366	109
Settled (closed contracts)	(724)	-
Accrued interest (2)	21,684	243
Payment of principal portion of lease liability	(64,139)	(1,295)
Payment of interest	(3,950)	(76)
Remeasurement (3)	1,036	(121)
Balances at September 30, 2020	**245,020**	**2,339**
Current liabilities	**69,862**	**413**
Non-current liabilities	**175,158**	**1,926**

(1) The Company's marginal borrowing rate applied to lease liability recognized in the statement of financial position on the date of the initial application varied between 7.96% p.a. and 10.64% p.a., depending on the leasing contract period, and 13.17% p.a., respectively, for contracts with maturities of up to two years, two to five years and longer than five years. The rates applied to the contracts entered into during 2019 were 6.87% p.a., 7.33% p.a. and 8.08% p.a., for contracts with maturities, respectively, of up to three years, three to four years, and over four years. To determine the marginal borrowing rate, the Company used as a reference quotation obtained from financial institutions, these being a function of the Company's credit risk, and market conditions on the date of contracting.

(2) Financial revenues recognized in the Income Statement are net of incorporation of the credits for PIS/Pasep and Cofins taxes on payments of rentals, in the amounts of R$1,287 and R$18, for the consolidated and individual financial statements, respectively.

(3) The Company and its subsidiaries have identified events giving rise to revaluation and modifications of their principal contracts. The leasing liabilities are restated with adjustment to the asset of Right of Use.

The potential right to recovery of PIS/Pasep and Cofins taxes embedded in the leasing consideration, according to the periods specified for payment, is as follows:

Cash flow	Consolidated		Parent company	
	Nominal	Adjusted to present value	Nominal	Adjusted to present value
Consideration for the leasing	652,269	245,021	6,960	2,339
Potential PIS/Pasep and Cofins (9.25%)	54,099	16,996	662	212

The Company, in full compliance with CPC 06 (R2) in statement and restatement of its lease liability and for Right of Use, used the technique of discounted cash flow, without considering projected future inflation in the flows to be discounted, as per the prohibition imposed by CPC 06 (R2). This prohibition could generate material distortions in the information to be provided, given the present reality of long-term interest rates in the Brazilian economic environment. The Company has evaluated these effects and concluded that they are immaterial for its interim financial information.

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The cash flows of the contracts containing a lease are, in their majority, updated by the IPCA inflation index on an annual basis. Below is an analysis of maturity of lease contracts:

	Consolidated (nominal)	Parent Company (nominal)
2020	21,184	189
2021	61,140	310
2022	28,946	277
2023	25,989	270
2024	25,897	270
2025 a 2045	489,113	5,644
Undiscounted values	652,269	6,960
Embedded interest	(407,249)	(4,621)
Lease liabilities	**245,020**	**2,339**

19. SUPPLIERS

	Consolidated	
	Sep. 30, 2020	Dec. 31, 2019
Energy on spot market – CCEE	179,446	401,482
Charges for use of energy network	193,730	144,975
Energy purchased for resale	815,968	763,652
Itaipu binacional	360,949	242,766
Gas purchased for resale	82,518	143,358
Materials and services	358,440	383,658
	1,991,051	**2,079,891**

20. TAXES PAYABLE AND AMOUNTS TO BE RESTITUTED TO CUSTOMERS

	Consolidated		Parent Company	
	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
Current				
ICMS	92,074	111,608	-	-
Cofins	240,760	134,580	11,982	45,364
PIS/Pasep	52,099	29,298	2,580	9,827
INSS	51,490	24,819	2,951	1,684
Others (1)	55,942	58,542	11,668	35,765
	492,365	**358,847**	**29,181**	**92,640**
Non-current				
Cofins	59	757	-	79
PIS/Pasep	13	126	-	12
	72	**883**	**-**	**91**
	492,437	**359,730**	**29,181**	**92,731**
Amounts to be restituted to customers				
Current				
PASEP/COFINS	630,993	-	-	-
Non-current				
PASEP/COFINS	3,535,250	4,193,329	-	-
	4,166,243	**4,193,329**	**-**	**-**

(1) This includes the withholding income tax on Interest on equity. This payment, and the deduction, were made in the first month of 2020, in accordance with the tax legislation.

Due to the Covid-19 pandemic the Company joined government programs for deferral of payment of taxes, substantially in relation to the accounting periods of March, April and May. A portion of the taxes whose due date was extended was paid in August 2020, and the rest will be paid by the end of the year, in accordance with the legislation.

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The amounts of PIS/Pasep and Cofins taxes to be reimbursed to customers refer to the credits to be received by Cemig D following the inclusion of the ICMS value added tax within the taxable amount for calculation of those taxes. According note 8 (a), the Company recognized, in 2019, its right to offsetting of amounts unduly paid for the 10 years prior to the action being filed, with monetary updating by the Selic rate, due to the final judgment – against which there is no appeal – on the Ordinary Action, in favor of the Company.

Cemig D has constituted a liability corresponding to the credits to be reimbursed to its customers, which comprises the period of the last 10 years, from June 2009 to May 2019, net of PIS/Pasep and Cofins taxes over monetary updating.

The amounts will be reimbursed to customers as from the date when the tax credits are in fact offset and the mechanisms and criteria for the reimbursement will be discussed with Aneel.

The definitive criteria for reimbursement to customers of PIS/Pasep and Cofins taxes are pending, awaiting conclusion of discussions with Aneel and the mechanisms and criteria for reimbursement, when actual offsetting of the tax credits takes place. To support its decision on the alternatives for making these taxes credits reimbursement works, on March 17, 2020 Aneel opened its Request for Opinions 005/2020, with the period for contributions expiring on May 15, 2020.

On August 18, 2020, Aneel ratified the inclusion into the tariff readjustment for 2020 of a negative financial component of R$714,339, in effect from August 19, 2020 to May 27, 2021 – this corresponds to the release of the escrow funds deposited in court following final judgment in the Company's favor against which there is no further appeal. For more information see Note 13.5.

21. LOANS, FINANCING AND DEBENTURES

Financing source	Principal maturity	Annual financial cost	Currency	Consolidated			
				Sep. 30, 2020			Dec. 31, 2019
				Current	Non-current	Total	Total
FOREIGN CURRENCY							
Banco do Brasil: Various Bonds (1) (4)	2024	Diverse	U\$$	5,247	10,865	16,112	18,051
Eurobonds (2)	2024	9.25%	U\$$	294,132	8,461,051	8,755,183	6,091,742
(-) Transaction costs				-	(16,435)	(16,435)	(18,656)
(±) Interest paid in advance (3)				-	(26,526)	(26,526)	(30,040)
Debt in foreign currency				**299,379**	**8,428,955**	**8,728,334**	**6,061,097**
BRAZILIAN CURRENCY							
Caixa Econômica Federal (5)	2021	TJLP + 2.50%	R$	51,700	-	51,700	60,516
Caixa Econômica Federal (6)	2022	TJLP + 2.50%	R$	105,065	-	105,065	117,710
Eletrobrás (4)	2023	UFIR + 6.00% a 8.00%	R$	4,227	6,485	10,712	20,268
Large customers (4) (12)	2024	IGP-DI + 6.00%	R$	-	-	-	5,582
Pipoca Consortium (2)	2020	IPCA	R$	-	-	-	185

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Financing source	Principal maturity	Annual financial cost	Currency	Consolidated			
				Sep. 30, 2020			Dec. 31, 2019
				Current	Non-current	Total	Total
Sonda (7)	2021	110.00% of CDI	R$	49,751	-	49,751	48,529
Promissory Notes – 1st Issue - Single series (8)	2020	107.00% of CDI	R$	-	-	-	875,247
(-) FIC Pampulha - Marketable securities of subsidiary companies (9)				-	-	-	(3,031)
(-) Transaction costs				(116)	-	(116)	(277)
Debt in Brazilian currency				**210,627**	**6,485**	**217,112**	**1,124,729**
Total of loans and financings				**510,006**	**8,435,440**	**8,945,446**	**7,185,826**
Debentures - 3th Issue – 3rd Series (2)	2022	IPCA + 6.20%	R$	373,025	357,008	730,033	1,087,989
Debentures - 6th Issue – 2nd Series (2)	2020	IPCA + 8.07%	R$	-	-	-	17,292
Debentures - 7th Issue – Single series (2) (11)	2021	140.00% of CDI	R$	288,878	72,169	361,047	578,067
Debentures - 3th Issue – 2nd Series (4)	2021	IPCA + 4.70%	R$	565,652	-	565,652	1,108,945
Debentures - 3th Issue – 3rd Series (4)	2025	IPCA + 5.10%	R$	29,982	965,048	995,030	990,893
Debentures - 7th Issue – 1st Series (4)	2024	CDI + 0.45%	R$	542,066	1,484,999	2,027,065	2,164,083
Debentures - 7th Issue – 2nd Series (4)	2026	IPCA + 4.10%	R$	18,808	1,542,620	1,561,428	1,519,042
Debentures – 4th Issue – 1st Series (8)	2022	TJLP+1.82 %	R$	10,011	12,130	22,141	30,323
Debentures – 4th Issue – 2nd Series (8)	2022	Selic + 1.82%	R$	4,786	5,439	10,225	13,072
Debentures – 4th Issue – 3th Series (8)	2022	TJLP + 1.82%	R$	11,663	13,064	24,727	34,431
Debentures – 4th Issue – 4th Series (8)	2022	Selic + 1.82%	R$	5,579	6,464	12,043	15,564
Debentures – 4th Issue – 7th Series (8)	2020	TJLP + 1.82%	R$	277	-	277	450
Debentures – 7th Issue – Single series (8)	2023	CDI + 1.50%	R$	20,016	40,000	60,016	80,018
Debentures – 8th Issue – Single series (8)	2031	IPCA + 5,27%	R$	2,610	852,588	855,198	-
(-) Discount on the issuance of debentures (10)				-	(19,132)	(19,132)	(21,606)
(-) Transaction costs				(9,715)	(34,740)	(44,455)	(28,358)
Total, debentures				**1,863,638**	**5,297,657**	**7,161,295**	**7,590,205**
Total				**2,373,644**	**13,733,097**	**16,106,741**	**14,776,031**

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Financing source	Principal maturity	Annual financial cost	Currency	Consolidated			
				Sep. 30, 2020			Dec. 31, 2019
				Current	Non-current	Total	Total
BRAZILIAN CURRENCY							
Sonda (7)	2021	110.00% of CDI	R$	49,751	-	49,751	48,529
(-) Transaction costs				(116)	-	(116)	(277)
Total of loans and financings				**49,635**	**-**	**49,635**	**48,252**

(1) Net balance of the Restructured Debt comprising bonds at par and discounted, with balance of R$256,967, less the amounts given as Deposits in guarantee, with balance of R$240,855. Interest rates vary – from 2% to 8% p.a.; six-month Libor plus spread of 0.81% to 0.88% p.a.
(2) Cemig Geração e Transmissão.
(3) Advance of funds to achieve the yield to maturity agreed in the Eurobonds contract.
(4) Cemig Distribuição.
(5) Central Eólica Praias de Parajuru.
(6) Central Eólica Volta do Rio.
(7) Parent Company. Arising from merger of Cemig Telecom.
(8) Gasmig. The proceeds from the 8th debenture issue, concluded by Gasmig on September 10, 2020, in the amount of R$850,000, were used to redeem the Promissory Notes issued on September 26, 2019, with maturity at 12 months, whose proceeds were used in their entirety for payment of the concession grant fee for the gas distribution concession contract.
(9) FIC Pampulha has financial investments in marketable securities issued by subsidiaries of the Company. For more information on this fund, see Note 30.
(10) Discount on the sale price of the 2nd series of the Seventh issue of Cemig Distribuição.
(11) On July 24, 2019 Cemig GT made extraordinary amortization of its Seventh Issue of Non-convertible ventures, in the amount of R$125 million, with final maturity in December 2021.
(12) Financings under the heading of reimbursable injections of funds for execution of works at two companies: CMM (IGP-DI Index + 6%); and Mineradora Serra da Fortaleza (IGP-DI + 6%). In 2020, this funds balance was reclassified to “others credits”.

The debentures issued by the subsidiaries are non-convertible; there are no agreements for renegotiation, nor debentures held in treasury.

There are early maturity clauses for cross-default in the event of non-payment by Cemig GT or by the Company, of any pecuniary obligation with individual or aggregate value greater than R$50 million.

On September 10, 2020 Gasmig concluded its eighth non-convertible debenture issue, for R$850,000, in a single series, with 11-year maturity, monetary updating by the IPCA inflation index, and remuneratory interest of 5.27% per year on the 252 business days basis. The total of the net proceeds was used for the obligatory early redemption of Gasmig’s first Commercial Promissory Note issue, in a single series, totaling R$850,000 on the issue date.

Guarantees

The guarantees of the debt balance on loans and financing, on September 30, 2020, were as follows:

	Sep. 30, 2020
Promissory notes and Sureties	11,002,291
Guarantee and Receivables	3,561,151
Receivables	252,226
Shares	399,521
Unsecured	891,552
TOTAL	**16,106,741**

The composition of loans, financing and debentures, by currency and index, with the respective amortization, is as follows:

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Consolidated	2020	2021	2022	2023	2024	2025	2026	Total
Currency								
US dollar	210,673	88,706	-	-	8,471,916	-	-	8,771,295
Total, currency denominated	**210,673**	**88,706**	**-**	**-**	**8,471,916**	**-**	**-**	**8,771,295**
Index								
IPCA (1)	91,063	896,404	598,270	241,262	241,262	1,012,572	771,310	3,852,143
UFIR/RGR (2)	1,662	3,406	3,265	2,379	-	-	-	10,712
CDI (3)	224,543	898,694	569,521	560,000	360,273	95,289	667,025	3,375,345
URTJ/TJLP (4)	36,167	135,227	32,516	-	-	-	-	203,910
Total by index	**353,435**	**1,933,731**	**1,203,572**	**803,641**	**601,535**	**1,107,861**	**1,438,335**	**7,442,110**
(-) Transaction costs	(2,396)	(9,831)	(803)	(779)	(19,474)	(5,730)	(21,993)	(61,006)
(±)Interest paid in advance	-	-	-	-	(26,526)	-	-	(26,526)
(-) Discount	-	-	-	-	-	(9,566)	(9,566)	(19,132)
Overall total	**561,712**	**2,012,606**	**1,202,769**	**802,862**	**9,027,451**	**1,092,565**	**1,406,776**	**16,106,741**

Parent Company	2020	2021	Total
Indexers			
CDI (3)	12,510	37,241	49,751
Total, governed by indexers	**12,510**	**37,241**	**49,751**
(-) Transaction costs	-	(116)	(116)
Overall total	**12,510**	**37,125**	**49,635**

(1) Expanded National Customer Price (IPCA) Index.
(2) Fiscal Reference Unit (Ufir / RGR).
(3) CDI: Interbank Rate for Certificates of Deposit.
(4) Interest rate reference unit (URTJ) / Long-Term Interest Rate (TJLP)

The principal currencies and index used for monetary updating of loans and financings had the following variations:

Currency	Accumulated change in Sep. 30, 2020, %	Accumulated change in Sep. 30, 2019, %	Indexer	Accumulated change in Sep. 30, 2020, %	Accumulated change in Sep. 30, 2019, %
US dollar	39.94	7.47	IPCA	1.34	2.49
			CDI	2.29	4.67
			TJLP	(11.85)	(14.76)

Currency	Accumulated change in Jul to Sep 30, 2020, %	Accumulated change in Jul to Sep 30, 2019, %	Indexer	Accumulated change in Jul to Sep 30, 2020, %	Accumulated change in Jul to Sep 30, 2019, %
US dollar	3.01	8.67	IPCA	1.24	0.26
			CDI	0.51	1.52
			TJLP	(0.61)	(4.95)

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The changes in loans, financing and debentures are as follows:

	Consolidated	Parent Company
Balances at December 31, 2018	**14,771,828**	**45,081**
Loans and financings obtained	4,510,000	-
Transaction Cost	(10,183)	-
Discount in the issues of securities	(23,095)	-
Monetary variation	99,890	-
Exchange rate variation	429,299	-
Financial charges provisioned	948,312	2,343
Amortization of transaction cost	34,102	126
Financial charges paid	(845,994)	-
Amortization of financing	(4,750,192)	-
Subtotal	**15,163,967**	**47,550**
(-) FIC Pampulha - Marketable securities of subsidiary companies	20,340	-
Balances at September 30, 2019	**15,184,307**	**47,550**
Balances at December 31, 2019	**14,776,031**	**48,252**
Loans and financings arising from business combination (1)	10,447	-
Initial balance for consolidation purposes	**14,786,478**	**48,252**
Loans obtained	850,000	-
Transaction costs	(24,625)	-
Monetary variation	81,620	-
Exchange rate variation	2,409,658	-
Financial charges provisioned	918,559	1,222
Amortization of transaction cost	10,910	161
Financial charges paid (2)	(735,206)	-
Amortization of financing	(2,187,264)	-
Reclassification to “Other obligations” (3)	(6,420)	-
Subtotal	**16,103,710**	**49,635**
(-) FIC Pampulha - Marketable securities of subsidiary companies	3,031	-
Balances at September 30, 2020	**16,106,741**	**49,635**

(1) Loans arising from business combinations due to the acquisition of the remaining equity interest in Companhia Centroeste de Minas, settled in full in August 2020.
(2) Withholding income tax on remittance of interest on Eurobonds, in the amount of R$65,668, was offset against PIS/Pasep and Cofins credits.
(3) Reclassification to Cemig D’s customers (CMM and Serra da Fortaleza).

Borrowing costs, capitalized

Costs of loans directly related to acquisition, construction or production of an asset which necessarily requires a significant time to be concluded for the purpose of use or sale are capitalized as part of the cost of the corresponding asset. All other costs of loans are recorded as finance costs in the period in which they are incurred. Costs of loans include interest and other costs incurred by the Company in relation to the loan.

The subsidiaries Cemig D and Gasmig transferred to intangible assets and to concession contract assets the costs of loans and financing linked to construction in progress, as follows:

	Sep. 30, 2020	Sep. 30, 2019
Costs of loans and financing	918,559	948,312
Financing costs on intangible assets and contract assets (1)	(22,848)	(23,352)
Net effect in Profit or loss	**895,711**	**924,960**

(1) The average capitalization rate p.a. in 2020 was 4.57% (7.54% in 2019).

The amounts of the capitalized borrowing costs have been excluded from the statement of cash flows, in the additions to cash flow of investment activities, as they do not represent an outflow of cash for acquisition of the related asset.

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Restrictive covenants

The Company has contracts with financial covenants as follows:

Title - Security	Covenant	Ratio required – Issuer	Ratio required Cemig (guarantor)	Compliance required
7th Debentures Issue Cemig GT (1)	Net debt / (Ebitda + Dividends received)	The following or less: 3.0 in 2020 2.5 in 2021	The following or less: 3.0 in 2020 2.5 in 2021	Half-yearly and annual
Eurobonds Cemig GT (2)	Net debt / Ebitda adjusted for the Covenant	The following or less: 4.5 on June 30, 2020 3.0 on Dec. 31, 2020 3.0 on June 30, 2021 2.5 on/after Dec. 31, 2021	The following or less: 3.0 on Dec. 31, 2020 3.0 on June 30, 2021 3.0 on/after Dec. 31, 2021	Half-yearly and annual
7th Debentures Issue Cemig D	Net debt / Ebitda adjusted	The following or less: 3.5 on June 30, 2020	The following or less: 3.0 on December 31, 2020	Half-yearly and annual
Debentures GASMIG (3)	Overall indebtedness (Total liabilities/Total assets)	Less than 0.6	-	Annual
	Ebitda / Debt servicing	1.3 or more	-	Annual
	Ebitda / Net finance income (expenses)	2.5 or more	-	Annual
	Net debt / Ebitda	The following or less than 4.0 on Dec, 31.2019 The following or less than 2.5 on Dec, 31.2020	-	Annual
8th Debentures Issue Gasmig Single series (4)	EBITDA/Debt servicing	1.3 or more as of Dec, 31.2020	-	Annual
	Net debt/EBITDA	3.0 or less as of Dec, 31.2020	-	Annual
Financing Caixa Econômica Federal Parajuru and Volta do Rio (5)	Debt servicing coverage index	1.20 or more	-	Annual (during amortization)
	Equity / Total liabilities	20.61% or more (Parajuru) 20.63% or more (Volta do Rio)	-	Always
	Share capital subscribed in investee / Total investments made in the project financed	20.61% or more (Parajuru) 20.63% or more (Volta do Rio)	-	Always

(1) 7th Issue of Debentures by Cemig GT, as of December 31, 2016, of R$2,240 million.

(2) In the event of a possible breach of the financial covenants, interest will automatically be increased by 2% p.a. during the period in which they remain exceeded. There is also an obligation to comply with a 'maintenance' covenants – that the consolidated debt, shall have a guarantee for debt of 1.75x Ebitda (2.0 as of December 31, 2017); and a 'damage' covenant, requiring real guarantee for debt at Cemig GT of 1.5x Ebitda.

(3) If Gasmig does not achieve the required covenants, it must, within 120 days from the date of notice in writing from BNDES or BNDESPar, constitute guarantees acceptable by the debenture holders for the total amount of the debt, subject to the rules of the National Monetary Council (CMN), unless the required ratios are restored within that period. Certain contractually specified situations can cause early maturity of other debts (cross-default).

(4) Non-compliance with the financial covenants results in automatic early maturity. If early maturity is declared by the debenture holders, Gasmig must make the payment after receipt of notification.

(5) The financing contracts with Caixa Econômica Federal for the Praias de Parajuru and Volta do Rio wind power plants have financial covenants with compliance relating to early maturity of the debt remaining balance. Compliance with the debt servicing coverage index is considered to be demandable only annually and during the period of amortization, which begins in July 2020.

The covenants remain in compliance as of September 30, 2020, with the exception non-compliance with the non-financial covenant of the loan contracts with the CEF of the subsidiaries Central Eólica Praias de Parajuru and Central Eólica Volta do Rio. Thus, exclusively to comply with the requirement of item 69 of CPC 26 (R1), the Company reclassified R$34,878 to current liabilities, referring to the loans of those subsidiaries, which were originally classified in non-current liabilities. Additionally, the Company assessed the possible consequences arising from this matter in their other contracts for loans, financings and debentures, and concluded that no further adjustments were necessary.

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The information on the derivative financial instruments (swaps) contracted to hedge the debt servicing of the Eurobonds (principal, in foreign currency, plus interest), and the Company's exposure to interest rate risks, are disclosed in Note 30.

22. REGULATORY CHARGES

	Consolidated	
	Sep. 30, 2020	Dec. 31, 2019
Liabilities		
Global Reversion Reserve (RGR)	27,308	30,494
Energy Development Account (CDE)	96,838	58,327
Regulator inspection fee – ANEEL	3,258	2,620
Energy Efficiency Program	251,132	254,595
Research and development (R&D)	224,306	199,385
Energy System Expansion Research	3,208	3,206
National Scientific and Technological Development Fund	6,422	6,325
Proinfa – Alternative Energy Program	7,154	8,353
Royalties for use of water resources	13,555	9,767
Emergency capacity charge	26,325	26,325
Others	4,703	4,640
	664,209	**604,037**
Current liabilities	**387,141**	**456,771**
Non-current liabilities	**277,068**	**147,266**

23. POST-EMPLOYMENT OBLIGATIONS

Changes in net liabilities were as follows:

Consolidated	Pension plans and retirement supplement plans	Health plan	Dental plan	Life insurance	Total
Net liabilities at December 31, 2018	**2,169,610**	**2,343,799**	**47,552**	**427,383**	**4,988,344**
Expense recognized in Statement of income	147,522	166,758	3,415	30,720	348,415
Contributions paid	(147,938)	(90,112)	(1,981)	(7,689)	(247,720)
Net liabilities at September 30, 2019	**2,169,194**	**2,420,445**	**48,986**	**450,414**	**5,089,039**
Net liabilities at December 31, 2019	**2,972,136**	**3,102,178**	**60,504**	**573,876**	**6,708,694**
Expense recognized in Statement of income	154,338	177,047	3,542	33,289	368,216
Contributions paid	(157,659)	(98,966)	(2,109)	(7,949)	(266,683)
Net liabilities at September 30, 2020	**2,968,815**	**3,180,259**	**61,937**	**599,216**	**6,810,227**
				Sep. 30, 2020	**Dec. 31, 2019**
Current liabilities				**296,686**	**287,538**
Non-current liabilities				**6,513,541**	**6,421,156**

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Parent Company	Pension plans and retirement supplement plans	Health plan	Dental plan	Life insurance	Total
Net liabilities at December 31, 2018	**357,354**	**132,188**	**3,198**	**16,711**	**509,451**
Expense recognized in Statement of income	24,442	9,191	228	1,236	35,097
Contributions paid	(7,278)	(6,082)	(126)	(297)	(13,783)
Net liabilities at September 30, 2019	**374,518**	**135,297**	**3,300**	**17,650**	**530,765**
Net liabilities at December 31, 2019	**503,792**	**183,781**	**4,837**	**21,098**	**713,508**
Expense recognized in Statement of income	26,096	10,032	270	1,185	37,583
Contributions paid	(7,758)	(6,370)	(134)	(236)	(14,498)
Net liabilities at September 30, 2020	**522,130**	**187,443**	**4,973**	**22,047**	**736,593**
				Sep. 30, 2020	**Dec. 31, 2019**
Current liabilities				**24,710**	**23,747**
Non-current liabilities				**711,883**	**689,761**

Amounts recorded as current liabilities refer to contributions to be made by Cemig and its subsidiaries in the next 12 months for the amortization of the actuarial liabilities.

The amounts reported as 'Expense recognized in the Statement of income' refer to the costs of post-employment obligations, totaling R$334,238 (R$304,096 on September 30, 2019), plus the finance expenses and monetary updating on the debt with Forluz, in the amounts of R$33,978 (R$44,319 on September 30, 2019).

Debt with the pension fund (Forluz)

The Company has recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R$490,942 on September 30, 2020 (R$566,381 on December 31, 2018). This amount has been recognized as an obligation payable by Cemig and its subsidiaries, and will be amortized until June of 2024, through monthly installments calculated by the system of constant installments (known as the 'Price' table), and adjusted by the IPCA (Expanded National Customer Price) inflation index (published by the Brazilian Geography and Statistics Institute – IBGE) plus 6% per year. The Company is required to pay this debt even if Forluz has a surplus, thus, the Company maintain recorded the debt in full, and record the effects of monetary updating and interest in finance income (expenses) in the Statement of income.

Agreement to cover the deficit on Forluz Pension Plan 'A'

Forluz and the sponsors Cemig, Cemig GT and Cemig D have signed a Debt Assumption Instrument to cover the deficit of Plan A for the years of 2015, 2016 and 2017. On September 30, 2020 the total amount payable by Cemig as a result of the Plan A deficit is R$534,614 (R$550,151 on December, 31, 2019, as a result of the Plan A deficits of 2015, 2016 and 2017). The contracts were entered into in May 2017, March 2018 and April 2019, for the deficits, respectively, of 2015, 2016 and 2017. The monthly amortizations, calculated by the constant installments system (Price Table), will be paid up to 2031 for the 2015 and 2016 deficits, in the amount R$358,838, and up to 2033 for the 2017 deficit, in the amount R$175,776. Remuneratory interest applicable to the outstanding balance is 6% p.a., plus the effect of the IPCA. If the plan reaches actuarial surplus before the full period of amortization of the debt, also Company will not be required to pay the remaining installments and the contract will be extinguished.

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24. PROVISIONS

Company and its subsidiaries are involved in certain legal and administrative proceedings at various courts and government bodies, arising in the normal course of business, regarding employment-law, civil, tax, environmental and regulatory matters, and other issues.

Actions in which the Company and its subsidiaries are defendant

Company recorded provisions for contingencies in relation to the legal actions in which, based on the assessment of the Company's management and its legal advisors, the chances of loss are assessed as 'probable' (i.e. an outflow of funds to settle the obligation will be necessary), as follows:

	Consolidated					
	Dec. 31, 2019	Additions	Reversals	Settled/ Reversal (1)	Provisions arising from business combination (2)	Sep. 30, 2020
Labor	497,320	76,858	(28,107)	(75,010)	-	471,061
Civil						
Customer relations	18,314	13,105	(44)	(12,610)	-	18,765
Other civil actions	17,767	16,888	-	(4,844)	-	29,811
	36,081	**29,993**	**(44)**	**(17,454)**	**-**	**48,576**
Tax	1,260,441	42,186	-	(40,075)	-	1,262,552
Regulatory	36,789	1,031	(328)	(94)	-	37,398
Others	57,433	10,371	(5,351)	(1,499)	3,131	64,085
Total	**1,888,064**	**160,439**	**(33,830)**	**(134,132)**	**3,131**	**1,883,672**

(1) This includes the amount of R$38,740, corresponding to the reversal of the contingency provisions relating to ICMS credits, recognized as recoverable taxes, due to a final judgment, against which there is no further appeal, in favor of the subsidiary Gasmig, on June 9, 2020.

(2) On January 13, 2020, the Company obtained the Centroeste control, which is consolidated as of this interim financial information. More details see note 15.

	Consolidated				
	Dec. 31, 2018	Additions	Reversals	Settled	Sep. 30, 2019
Labor	456,889	137,639	(36,179)	(59,034)	499,315
Civil					
Customer relations	18,876	14,618	(1,401)	(14,470)	17,623
Other civil actions	29,011	12,292	(12,107)	(12,282)	16,914
	47,887	**26,910**	**(13,508)**	**(26,752)**	**34,537**
Tax	51,894	1,203,623	(8,416)	(21,454)	1,225,647
Regulatory	36,691	1,835	(913)	(1,298)	36,315
Others	47,310	12,902	(2,417)	(1,382)	56,413
Total	**640,671**	**1,382,909**	**(61,433)**	**(109,920)**	**1,852,227**

	Parent Company				
	Dec. 31, 2019	Additions	Reversals	Settled	Sep. 30, 2020
Labor	42,178	**11,706**	**(2,100)**	**(11,727)**	**40,057**
Civil					
Customer relations	547	440	-	(215)	772
Other civil actions	1,256	1,699	-	(212)	2,743
	1,803	**2,139**	**-**	**(427)**	**3,515**
Tax	161,413	4,325	-	(183)	165,555
Regulatory	17,211	499	(84)	(3)	17,623
Others	822	377	-	(19)	1,180
Total	**223,427**	**19,046**	**(2,184)**	**(12,359)**	**227,930**

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	Parent Company				
	Dec. 31, 2018	Additions	Reversals	Settled	Sep. 30, 2019
Labor	32,807	16,717	-	(3,649)	45,875
Civil				-	
Customer relations	931	262	(358)	(261)	574
Other civil actions	759	2	(273)	(3)	485
	1,690	**264**	**(631)**	**(264)**	**1,059**
Tax	11,269	181,202	(6,816)	(21,387)	164,268
Regulatory	17,180	425	(175)	(270)	17,160
Others	1,258	272	(604)	-	926
Total	**64,204**	**198,880**	**(8,226)**	**(25,570)**	**229,288**

The Company and its subsiadiaries' management, in view of the extended period and the Brazilian judiciary, tax and regulatory systems, believes that it is not practical to provide information that would be useful to the users of these interim financial information in relation to the timing of any cash outflows, or any possibility of reimbursements.

The Company and its subsidiaries' believes that any disbursements in excess of the amounts provisioned, when the respective claims are completed, will not significantly affect the Company and its subsidiaries' result of operations or financial position.

The details on the main provisions and contingent liabilities are provided below, with the best estimation of expected future disbursements for these contingencies:

Provisions, made for legal actions in which the chances of loss have been assessed as 'probable' and contingent liabilities, for actions in which the chances of loss are assessed as 'possible'

Labor claims

Company and its subsidiaries are involved in various legal claims filed by its employees and by employees of service providing companies. Most of these claims relate to overtime and additional pay, severance payments, various benefits, salary adjustments and the effects of such items on a supplementary retirement plan. In addition to these actions, there are others relating to outsourcing of labor, complementary additions to or re-calculation of retirement pension payments by Forluz, and salary adjustments.

The aggregate amount of the contingency is approximately R$1,538,069 (R$1,668,684 at December 31, 2019), of which R$461,545 (R$487,101 at December 31, 2019) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

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Alteration of the monetary updating index of employment-law cases

The Higher Employment-Law Appeal Court (*Tribunal Superior do Trabalho*, or TST), considering a position adopted by the Federal Supreme Court (*Supremo Tribunal Federal*, STF) in two actions on constitutionality that dealt with the index for monetary updating of federal debts, decided on August 4, 2015 that employment-law debts in actions not yet decided that discuss debts subsequent to June 30, 2009 should be updated based on the variation of the IPCA-E (Expanded National Customer Price Index), rather than of the TR reference interest rate. On October 16, 2015 the STF gave an interim injunction suspending the effects of the TST decision, on the grounds that general repercussion of constitutional matters should be adjudicated exclusively by the STF.

In a joint judgment published on November 1, 2018, the TST decided that the IPCA-E should be adopted as the index for inflation adjustment of employment-law debts for cases filed from March 25, 2015 to November 10, 2017, and the TR would continue to be used for the other periods. The estimated amount of the contingency is R$92,043 (R$106,484 at December 31, 2019), of which R$9,516 (R$10,219 at December 31, 2019) has been provisioned upon assessment by the Company of the effects of the decision of the Regional Employment-Law Appeal Court of the third region (TRT3) in May 2019, on the subject of the joint judgment published by the TST, in the cases for which the chances of loss have been classified as ‘probable’ and which are at execution phase. No additional provision has been made, since the Company, based on the assessment by its legal advisers, has assessed the chances of loss in the action as ‘possible’, as a result of the decision by the Federal Supreme Court, and of there being no established case law, nor analysis by legal writers, on the subject, after the injunction given by the Federal Supreme Court.

Customers claims

Company and its subsidiaries are involved in various civil actions relating to indemnity for moral injury and for material damages, arising, principally, from allegations of irregularity in measurement of consumption, and claims of undue charging, in the normal course of business, totaling R$135,577 (R$67,771 at December 31, 2019), of which R$18,765 (R$18,314 at December 31, 2019) has been recorded – this being the probable estimate for funds needed to settle these disputes.

Other civil proceedings

Company and its subsidiaries are involved in various civil actions claiming indemnity for moral and material damages, among others, arising from incidents occurred in the normal course of business, in the amount of R$332,815 (R$299,921 at December 31, 2019), of which R$29,811 (R$17,767 at December 31, 2019) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

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Tax

Company and its subsidiaries are involved in numerous administrative and judicial claims actions relating to taxes, including, among other matters, subjects relating to the Urban Property Tax (*Imposto sobre a Propriedade Territorial Urbana*, or IPTU); the Rural Property Tax (ITR); the Tax on Donations and Legacies (ITCD); the Social Integration Program (*Programa de Integração Social*, or PIS); the Contribution to Finance Social Security (*Contribuição para o Financiamento da Seguridade Social*, or Cofins); Corporate Income tax (*Imposto de Renda Pessoa Jurídica*, or IRPJ); the Social Contribution (*Contribuição Social sobre o Lucro Líquido*, or CSLL); and motions to tax enforcement. The aggregate amount of this contingency is approximately R$206,065 (R$203,872 at December 31, 2019), of which R$17,154 (R$42,999 at December 31, 2019) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

In addition to the issues above the Company and its subsidiaries are involved in various proceedings on the applicability of the IPTU Urban Land Tax to real estate properties that are in use for providing public services. The aggregate amount of the contingency is approximately R$81,806 (R$78,883 on December 31, 2019). Of this total, R$3,871 has been recognized (R$4,002 on December 31, 2019) – this being the amount estimated as probably necessary for settlement of these disputes. The company has been successful in its efforts to have its IPTU tax liability suspended, winning judgments in favor in some cases – this being the principal factor in the reduction of the total value of the contingency.

Social Security contributions on profit sharing payments

The Brazilian tax authority (*Receita Federal*) has filed administrative and court proceedings against the Company, relating to social security contributions on the payment of profit shares to its employees over the period 1999 to 2016, alleging that the Company did not comply with the requirements of Law 10,101/2000 on the argument that it did not previously establish clear and objective rules for the distribution of these amounts. In August 2019, the Regional Federal Court of the First Region published a decision against the Company on this issue. As a result the Company, based on the opinion of its legal advisers, reassessed the chances of loss from 'possible' to 'probable' for some portions paid as profit-sharing amounts, maintaining the classification of the chance of loss as 'possible' for the other portions, since it believes that it has arguments on the merit for defense and/or because it believes that the amounts questioned are already within the period of limitation.

The amount of the contingencies is approximately R$1,484,687 (R$1,450,963 on December 31, 2019), of which R$1,241,527 (R$1,213,440 on December 31, 2019) has been provisioned, this being the estimate, on September 30, 2020, of the probable amount of funds to settle these disputes.

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Regulatory

Company and its subsidiaries are involved in numerous administrative and judicial proceedings, challenging, principally: (i) tariff charges in invoices for use of the distribution system by a self-producer; (ii) alleged violation of targets for continuity indicators in retail supply of energy; and (iii) the tariff increase made during the federal government's economic stabilization plan referred to as the 'Cruzado Plan', in 1986. The aggregate amount of the contingency is approximately R$314,000 (R$280,293 at December 31, 2019), of which R$37,398 (R$36,789 at December 31, 2019) has been recorded as provision – the amount estimated as probably necessary for settlement of these disputes.

Other legal actions in the normal course of business

Breach of contract – Power line pathways and accesses cleaning services contract

Company and its subsidiaries are involved in disputes alleging losses suffered as a result of supposed breaches of contract at the time of provision of services of cleaning of power line pathways and firebreaks. The amount recorded is R$44,244 (R$40,762 on December 31, 2019), this being estimated as the likely amount of funds necessary to settle this dispute.

'*Luz Para Todos'* Program

The Company is a party in disputes alleging losses suffered by third parties as a result of supposed breach of contract at the time of implementation of part of the rural electrification program known as the '*Luz Para Todos'*. The estimated amount of the contingency is approximately R$341,361 (R$321,567 on December 31, 2019). Of this total, R$658 has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

Other legal proceedings

Company and its subsidiaries are involved as plaintiff or defendant, in other less significant claims, related to the normal course of their operations including: environmental matters; provision of cleaning service in power line pathways and firebreaks, removal of residents from risk areas; and indemnities for rescission of contracts, on a lesser scale, related to the normal course of its operations, with an estimated total amount of R$518,831 (R$498,852 at December, 31, 2019), of which R$19,183 (R$12,669 at December, 31, 2019), the amount estimated as probably necessary for settlement of these disputes.

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Contingent liabilities – whose loss are assessed as 'possible'

Taxes and contributions

Company and its subsidiaries are involved in numerous administrative and judicial proceedings in relation to taxes. Below are details of the main claims:

Indemnity of employees' future benefit (the 'Anuênio')

In 2006 the Company and its subsidiaries paid an indemnity to its employees, totaling R$177,686, in exchange for rights to future payments (referred to as the *Anuênio*) for time of service, which would otherwise be incorporated, in the future, into salaries. The Company and its subsidiaries did not pay income tax and Social Security contributions on this amount because it considered that those obligations are not applicable to amounts paid as an indemnity. However, to avoid the risk of a future fine, the Company obtained an injection, which permitted to make an escrow deposit of R$121,834, which updated now represents the amount of R$285,069 (R$282,071 at December 31, 2019). The updated amount of the contingency is R$293,740 (R$289,086 on December 31, 2019) and, based on the arguments above, management has classified the chance of loss as 'possible'.

Social Security contributions

The Brazilian federal tax authority (*Secretaria da Receita Federal*) has filed administrative proceedings related to various matters: employee profit sharing; the Workers' Food Program (*Programa de Alimentação do Trabalhador*, or PAT); education benefit; food benefit; Special Additional Retirement payment; overtime payments; hazardous occupation payments; matters related to Sest/Senat (transport workers' support programs); and fines for non-compliance with accessory obligations. The Company have presented defenses and await judgment. The amount of the contingency is approximately R$114,586 (R$112,311 on December 31, 2019). Management has classified the chance of loss as 'possible', also taking into account assessment of the chance of loss in the judicial sphere, (the claims mentioned are in the administrative sphere), based on the evaluation of the claims and the related case law.

Non-homologation of offsetting of tax credit

The federal tax authority did not ratify the Company and its subsidiaries' declared offsetting, in Corporate income tax returns, of carry-forwards and undue or excess payment of federal taxes – IRPJ, CSLL, PIS/Pasep and Cofins – identified by official tax deposit receipts ('DARFs' and 'DCTFs'). The Company and its subsidiaries' are contesting the non-homologation of the amounts offset. The amount of the contingency is R$157,679 (R$160,277 on December 31, 2019), and the chance of loss was classified as 'possible', since the relevant requirements of the National Tax Code (CTN) have been complied with.

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Income tax withheld on capital gain in a shareholding transaction

The federal tax authority issued a tax assessment against Cemig as a jointly responsible party with its jointly-controlled entity Parati S.A. Participações em Ativos de Energia Elétrica (Parati), relating to withholding income tax (*Imposto de Renda Retido na Fonte*, or IRRF) allegedly applicable to returns paid by reason of a capital gain in a shareholding transaction relating to the purchase by Parati, and sale, by Enlighted, at July 7, 2011, of 100.00% of the equity interests in Luce LLC (a company with head office in Delaware, USA), holder of 75.00% of the shares in the Luce Brasil equity investment fund (FIP Luce), which was indirect holder, through Luce Empreendimentos e Participações S.A., of approximately 13.03% of the total and voting shares of Light S.A. (Light). The amount of the contingency is approximately R$233,449 (R$229,906 on December 31, 2019), and the loss has been assessed as 'possible'.

The Social Contribution tax on net income (CSLL)

The federal tax authority issued a tax assessment against the Company for the years of 2012 and 2013, alleging undue non-addition, or deduction, of amounts relating to the following items in calculating the Social Contribution tax on net income: (i) taxes with liability suspended; (ii) donations and sponsorship (Law 8,313/91); and (iii) fines for various alleged infringements. The amount of this contingency is R$419,749 (R$400,075 on December 31, 2019). The Company has classified the chances of loss as 'possible', in accordance with the analysis of the case law on the subject.

ICMS (local state value added tax)

From December 2019 at March 2020, the Tax Authority of Minas Gerais State issued an infringement notice against the subsidiary Gasmig, in the amount of R$55,204, relating to reduction of the calculation base of ICMS tax in the sale of natural gas to its customers over the full month of December 2014, alleging a divergence between the form of calculation used by Gasmig and the opinion of that tax authority.

The claim comprises: principal of R$17,047; penalty payments of R$27,465; and interest of R$10,692. Considering that the State of Minas Gerais, over a period of more than 25 years, has never made any allegations against the methodology of calculation by the Company, the managers, together with their legal advisers, believe that there is a defense under Article 100, III of the National Tax Code, which removes claims for penalties and interest; and that the contingency for loss related to these amounts is 'remote'. In relation to the argument on the difference between the amount of ICMS tax calculated by Gasmig and the new interpretation by the state tax authority, the probability of loss was considered 'possible'. On September 30, 2020 the amount of the contingency for the period relating to the rules on expiry by limitation of time is R$94,188.

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Regulatory matters

Public Lighting Contribution (CIP)

Cemig and Cemig D are defendants in several public civil claims (class actions) requesting nullity of the clause in the Electricity Supply Contracts for public illumination signed between the Company and the various municipalities of its concession area, and restitution by the Company of the difference representing the amounts charged in the last 20 years, in the event that the courts recognize that these amounts were unduly charged. The actions are grounded on a supposed error by Cemig in the estimation of the period of time that was used in calculation of the consumption of energy for public illumination, funded by the Public Lighting Contribution (*Contribuição para Iluminação Pública*, or CIP).

The Company and its subsidiary believe there are arguments of merit for defense in these claims, since the charge at present made is grounded on Aneel Normative Resolution 456/2000. As a result it has not constituted a provision for this action, the amount of which is estimated at R$1,023,457 (R$959,269 at December 31, 2019). The Company has assessed the chances of loss in this action as ‘possible’, due to the Customer Defense Code (*Código de Defesa do Consumidor*, or CDC) not being applicable, because the matter is governed by the specific regulation of the energy sector, and because Cemig complied with Aneel Resolutions 414 and 456, which deal with the subject.

Accounting of energy sale transactions in the Power Trading Chamber (CCEE)

In a claim dating from August 2002, AES Sul Distribuidora challenged in the court the criteria for accounting of energy sale transactions in the wholesale energy market (*Mercado Atacadista de Energia*, or MAE) (predecessor of the present Power Exchange Chamber – *Câmara de Comercialização de Energia Elétrica*, or CCEE), during the period of rationing. It obtained a favorable interim judgment on February 2006, which ordered the regulator (Aneel), working with the CCEE, to comply with the claim by AES Sul and recalculate the settlement of the transactions during the rationing period, not considering the regulator (Aneel) Dispatch 288 of 2002.

This should take effect in the CCEE as from November 2008, resulting in an additional disbursement for Cemig GT, related to the expense on purchase of energy in the spot market on the CCEE, in the approximate amount of R$363,604 (R$343,469 at December 31, 2019). On November 9, 2008 Cemig GT obtained an interim decision in the Regional Federal Appeal Court (*Tribunal Regional Federal*, or TRF) suspending the obligatory nature of the requirement to pay into court the amount that would have been owed under the Special Financial Settlement made by the CCEE. Cemig GT has classified the chance of loss as ‘possible’, since this action deals with the General Agreement for the Energy Sector, in which the Company has the full documentation to support its arguments.

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Tariff increases

Exclusion of customers classified as low-income

The Federal Public Attorneys' Office filed a class action against the Company and the regulator (Aneel), to avoid exclusion of customers from classification in the *Low-income residential tariff* sub-category, requesting an order for Cemig D to pay twice the amount paid in excess by customers. A decision was given in favor of the plaintiffs, but the Company and the regulator (Aneel) have filed an interlocutory appeal and await judgment. The amount of the contingency is approximately R$345,157 (R$326,719 on December 31, 2019). Cemig D has classified the chances of loss as 'possible' due to other favorable decisions on this matter.

Environmental claims

Impact arising from construction of power plants

The Public Attorneys of Minas Gerais State, together with an association and individuals, have brought class actions requiring Cemig GT to invest, since 1997, at least 0.5% of the annual gross operating revenue of the *Emborcação, Pissarrão, Funil, Volta Grande, Poquim, Paraúna, Miranda, Nova Ponte, Rio de Pedras* and *Peti* plants in environmental protection and preservation of the water tables of the counties where these power plants are located, and proportional indemnity for allegedly irrecoverable environmental damage caused, arising from omission to comply with Minas Gerais State Law 12,503/1997. In May, 2020, the Federal Supreme Court (STF) declared unconstitutional the rule from the state that requires the investment of a portion of the revenue from the distribution agent's in the protection and preservation of water resources, since it characterizes undue State intervention in the concession contract for the exploitation of the energy use of watercourse, which is compentence of the Union. As a result, the Company reassessed the probability of loss to remote, in the amount of R$178,021 on September 30, 2020.

The Public Attorneys' Office of Minas Gerais State has filed class actions requiring the formation of a Permanent Preservation Area (APP) around the reservoir of the *Capim Branco* hydroelectric plant, suspension of the effects of the environmental licenses, and recovery of alleged environmental damage. Based on the opinion of its legal advisers in relation to the changes that have been made in the new Forest Code and in the case law on this subject, Cemig GT has classified the chance of loss in this dispute as 'possible'. The estimated value of the contingency is R$101,432 (R$95,215 on December 31, 2019).

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Other contingent liabilities

Early settlement of the CRC (Earnings Compensation) Account

The Company is involved in an administrative proceeding at the Audit Court of the State of Minas Gerais which challenges: (i) a difference of amounts relating to the discount offered by Cemig for early repayment of the credit owed to Cemig by the State under the Receivables Assignment Contract in relation to the CRC Account (*Conta de Resultados a Compensar*, or Earnings Compensation Account) – this payment was completed in the first quarter of 2013; and also (ii) possible undue financial burden on the State after the signature of the Amendments that aimed to re-establish the economic and financial balance of the Contract. The amount of the contingency is approximately R$436,140 (R$425,927 at December 31, 2019), and, based on the Opinion of the Public Attorneys' Office of the Audit Board of the State of Minas Gerais (Tribunal de Contas), the Company believes that it has met the legal requirements. Thus, it has assessed the chances of loss as 'possible', since it believes that the adjustment was made in faithful obedience to the legislation applicable to the case.

Contractual imbalance

Cemig D is party in other disputes arising from alleged non-compliance with contracts in the normal course of business, for an estimated total of R$159,943 (R$148,904 on December 31, 2019). Cemig D has classified the chance of loss as 'possible', after analysis of the case law on this subject.

25. EQUITY AND REMUNERATION TO SHAREHOLDERS

a) Share capital

As of September 30, 2020, the Company's issued and share capital is R$7,593,763 (R$7,293,763 on December 31, 2019), represented by 507,670,289 common shares and 1,011,082,312 preferred shares (487,614,213 and 971,138,388 on December 31, 2019, respectively), both of them with nominal value of R$5.00 (five Reais).

Capital increase

The Annual General Meeting held on July, 31, 2020 approved Management's proposal for allocation of the profits for 2019, published in the 2019 financial statements, and a capital increase from R$ 7,293,763 to R$ 7,593,763, as per Article 199 of the Brazilian Corporate Law (Law 6404/76), since the profit reserves at December 31, 2019 (excluding tax-incentive amounts) exceeded the share capital, by R$536,646.

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The capital increase was made through the issuance of 60 million new shares, of which 20,056,076 were common shares and 39,943,924 preferred shares, by capitalization of R$ 300,000 from profit reserves, and as a result, a stock bonus of 4.11% in new shares was issued to shareholders, of the same type as those held, and with nominal unit value of R$5.00.

b) Earnings per share

As a result of the capital increase, in 2020, with the issuance of 60,000,000 new shares, without a corresponding entry of resources into the Company, the profit per share is adjusted retrospectively, considering the new number of shares in the Company's capital.

The number of shares used in the calculation of basic and diluted profit per share, including the effect of the new shares for the business year 2020, is as follows:

	Number of shares	
	Sep. 30, 2020	Sep. 30, 2019
Common shares already paid up	507,670,289	507,670,289
Shares in treasury	(71)	(71)
	507,670,218	507,670,218
Preferred shares already paid up	1,011,082,312	1,011,082,312
Shares in treasury	(583,709)	(583,709)
	1,010,498,603	1,010,498,603
Total	**1,518,168,821**	**1,518,168,821**

Basic and diluted earnings per share

	Jan to Sep 2020	Jan to Sep 2019	Jul to Sep 2020	Jul to Sep 2019
Net income for the period (A)	**1,531,755**	**2,630,391**	**545,064**	**(281,834)**
Net (loss) income from continuing operations	1,531,755	2,406,324	545,064	(505,901)
Net income from discontinued operations	-	224,067	-	224,067
Total number of shares (B)	**1,518,168,821**	**1,518,168,821**	**1,518,168,821**	**1,518,168,821**
Basic and diluted earnings (loss) per share - continuing operations (R$)	1.01	1.59	0.33	(0.42)
Basic and diluted earnings per share - discontinued operations (R$)	-	0.15	-	0.15
Basic and diluted earnings (loss) per share (A/B) (R$)	**1.01**	**1.73**	**0.33**	**(0.27)**

Considering that each class of share participates equally in the profit reported, the profit per share in the business years 2020 and 2019 was, respectively, R$1.01 and R$1.73. These figures are calculated based on the Company's number of shares on September 30, 2020, adjusting the profit per share of the prior period, 2019.

The purchase and sale options of investments described in Note 30 could potentially dilute basic profit (loss) per share in the future; however, they have not caused dilution of earnings per share in the periods presented here.

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c) Remuneration to shareholders

On June 18, 2020, in the view of the uncertainty and volatility caused by the Covid-19 pandemic, the Board of Directors approved the postponement of payment to shareholders of the first installment of interest on equity, which were approved on December 18, 2019, in the amount of R$200,000, from until June 30, 2020 to until December 30, 2020, maintaining unchanged all other conditions of this distribution of interest on equity. The Management has concluded that it would be prudent to postpone the date of this payment, as a preventive measure, to provide the Company with an additional reserve of cash to meet any needs that might arise in this period.

Under the Company's by-laws, the Board of Directors may, at the discretion of management, declare interim dividends, in the form of Interest on Equity, from retained earnings, profit reserves or profits ascertained in six-monthly or interim financial statements. The amounts paid or credited as Interest on Equity, in accordance with the relevant legislation, shall be imputed as on account of the amounts of mandatory dividend or of the dividend payable under the by-laws to the preferred shares, being for all purposes of law a part of the amount of the dividends distributed by the Company.

On September 22, 2020 management decided to declare Interest on Equity in the amount of R$120,000, corresponding to R$0.0790 per share, on account of the minimum obligatory dividend for the 2020 business year: income tax at 15% being deducted at source, unless the shareholder is exempt under the current legislation. For shares traded on the São Paulo stock exchange (B3 – Brasil, Bolsa, Balcão), this benefit to be paid to shareholders of record on September 25, 2020, in two equal installments, by June 30, 2021 and December 30, 2021.

This table provides the changes on dividends and interest on capital payable:

	Consolidated	Parent Company
Balance at December 31, 2018	**863,703**	**861,420**
Interest on equity and dividends proposed	764,181	764,181
Proposed dividends – Non-controlling interests	727	-
Withholding income tax on Interest on equity	(35,085)	(35,085)
Dividends retained – Minas Gerais state government (Note 13)	(147,798)	(147,798)
Dividends paid	(701,137)	(700,199)
Balance at December 31, 2019	**744,591**	**742,519**
Interest on equity and dividends proposed	120,000	120,000
Proposed dividends – Non-controlling interests	446	-
Withholding income tax on Interest on equity	(10,621)	(10,621)
Dividends paid	(170)	(170)
Balance at September 30, 2020	**854,246**	**851,728**

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26. REVENUE

Revenues are measured at the fair value of the consideration received or to be received and are recognized on a monthly basis as and when: (i) Rights and obligations of the contract with the customer are identified; (ii) the performance obligation of the contract is identified; (iii) the price for each transaction has been determined; (iv) the transaction price has been allocated to the performance obligations defined in the contract; and (v) the performance obligations have been complied.

	Consolidated	
	Jan to Sep 2020	Jan to Sep 2019
Revenue from supply of energy(a)	19,380,363	19,804,233
Revenue from use of the electricity distribution systems (TUSD) (b)	2,192,806	1,976,904
CVA, and Other financial components (c)	98,844	45,119
Financial component arising from PIS/Pasep and Cofins taxes refunded to customers– realization	83,346	-
Transmission revenue		
Transmission concession revenue (d)	557,429	374,877
Transmission construction revenue (e)	115,709	150,158
Transmission indemnity revenue (f)	357,253	124,057
Distribution construction revenue (e)	1,006,927	656,570
Adjustment to expectation of cash flow from indemnifiable financial assets of distribution concession (g)	(1,652)	10,689
Revenue on financial updating of the Concession Grant Fee (h)	228,293	244,069
Sale transaction in CCEE (i)	90,701	407,248
Mechanism for the sale of surplus (i)	152,504	-
Supply of gas	1,390,827	1,713,102
Fine for violation of service continuity indicator	(33,447)	(43,330)
Recovery of PIS/Pasep and Cofins taxes credits over ICMS (note 8)	-	1,438,563
Other operating revenues (k)	1,301,073	1,305,497
Deductions on revenue (l)	(8,557,919)	(9,206,999)
Net operating revenue	**18,363,057**	**19,000,757**

	Consolidated	
	Jul to Sep 2020	Jul to Sep 2019
Revenue from supply of energy(a)	6,692,911	6,875,079
Revenue from use of the electricity distribution systems (TUSD) (b)	793,698	711,185
CVA, and Other financial components (c)	17,192	(35,122)
Financial component arising from PIS/Pasep and Cofins taxes refunded to customers– realization	83,346	-
Transmission revenue		
Transmission concession revenue (d)	134,328	132,134
Transmission construction revenue (e)	41,665	67,169
Transmission indemnity revenue (f)	41,035	33,637
Distribution construction revenue (e)	397,295	274,334
Adjustment to expectation of cash flow from indemnifiable financial assets of distribution concession (g)	(697)	1,722
Revenue on financial updating of the Concession Grant Fee (h)	81,881	67,918
Sale transaction in CCEE (i)	59,103	9,811
Mechanism for the sale of surplus (i)	47,690	-
Supply of gas	427,940	581,869
Fine for violation of service continuity indicator	(4,330)	(7,820)
Other operating revenues (k)	414,461	467,913
Deductions on revenue (l)	(2,858,090)	(3,109,043)
Net operating revenue	**6,369,428**	**6,070,786**

a) Revenue from energy supply

These items are recognized upon delivery of supply, and the revenue is recorded as and when billed, based on the tariff approved by the regulator for each class of customer or in effect in the market. Unbilled supply of energy, from the period between the last billing and the end of each month, is estimated based on the supply contracted. For the distribution concession contract, the unbilled supply is estimated based on the volume of energy delivered but not yet billed.

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This table shows energy supply by type of customer:

	MWh (1)		R$	
	Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
Residential	8,095,031	7,849,611	7,275,465	7,123,899
Industrial	9,609,659	11,473,245	3,044,259	3,534,740
Commercial, services and others	6,410,602	6,834,786	3,703,102	3,956,788
Rural	2,810,932	2,830,415	1,616,856	1,511,446
Public authorities	535,169	660,766	392,207	470,080
Public lighting	991,695	1,034,410	441,318	458,995
Public services	1,022,593	994,653	543,341	528,871
Subtotal	**29,475,681**	**31,677,886**	**17,016,548**	**17,584,819**
Own consumption	24,935	28,242	-	-
Unbilled revenue	-	-	(147,888)	52,504
	29,500,616	**31,706,128**	**16,868,660**	**17,637,323**
Wholesale supply to other concession holders (2)	9,776,846	8,703,195	2,406,532	2,214,263
Wholesale supply unbilled, net	-	-	105,171	(47,353)
Total	**39,277,462**	**40,409,323**	**19,380,363**	**19,804,233**

	MWh (1)		R$	
	Jul to Sep 2020	Jul to Sep 2019	Jul to Sep 2020	Jul to Sep 2019
Residential	2,652,121	2,557,935	2,408,833	2,458,671
Industrial	3,282,736	3,972,454	1,062,910	1,239,412
Commercial, services and others	1,938,028	2,290,720	1,125,855	1,336,909
Rural	1,139,551	1,054,770	632,227	593,821
Public authorities	149,154	205,123	112,958	158,343
Public lighting	327,039	348,476	145,863	167,642
Public services	347,469	315,588	186,818	195,474
Subtotal	**9,836,098**	**10,745,066**	**5,675,464**	**6,150,272**
Own consumption	7,559	11,012	-	-
Unbilled revenue	-	-	109,738	(2,403)
	9,843,657	**10,756,078**	**5,785,202**	**6,147,869**
Wholesale supply to other concession holders (2)	3,150,749	3,099,633	818,168	755,593
Wholesale supply unbilled, net	-	-	89,541	(28,383)
Total	**12,994,406**	**13,855,711**	**6,692,911**	**6,875,079**

(1) Data not reviewed by external auditors.
(2) Includes a CCEAR (Regulated Market Sales Contract), 'bilateral contracts' with other agents, and the revenues from management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.

b) Revenue from Use of the Distribution System (the TUSD charge)

These are recognized upon the distribution infrastructure become available to customers, and the fair value of the consideration is calculated according to the TUSD tariff of those customers, set by the regulator. The total amount of energy transported, in MWh, is as follows:

	MWh (1)	
	Jan to Sep 2020	Jan to Sep 2019
Industrial	13,629,894	13,332,213
Commercial	907,221	959,139
Rural	21,941	10,334
Concessionaires	236,110	256,431
Total	**14,795,166**	**14,558,117**

(1) Data not reviewed by external auditors

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	MWh (1)	
	Jul to Sep 2020	Jul to Sep 2019
Industrial	4,879,603	4,487,375
Commercial	299,125	312,848
Rural	7,667	4,652
Concessionaires	91,645	91,201
Total	**5,278,040**	**4,896,076**

(1) Data not reviewed by external auditors.

c) The CVA account and Other financial components

The results from variations in (i) the CVA account (*Parcel A Costs Variation Compensation Account*), and in (ii) *Other financial components* in calculation of tariffs, refer to the positive and negative differences between the estimated non-manageable costs of the subsidiary Cemig D and the cost actually incurred. The amounts recognized arise from balances recorded in the current year, homologated or to be homologated in tariff adjustment processes. For more information please see Note 13.

d) Transmission concession revenue

Transmission revenue comprises the amount received from agents of the energy sector for operation and maintenance of transmission lines of the national grid, in the form of the Permitted Annual Revenue (*Receita Anual Permitida*, or RAP), plus an adjustment for expectation of cash flow arising from the variation in the fair value of the Remuneration Assets Base, in the amout of R$26,621 in the period of January at September 2020 (R$8,483 in the period of January at September 2019).

In addition, as a consequence of the Tariff Periodic Reset, the Remuneration Base was remeasured resulting in an increase of R$198,714 in the Company's income. For more information, see note 14.

The Company is subject to the pecuniary penalty named Variable Portion (Parcela Variável, or PV) which is applied by the Concession-granting Power as a result of any unavailabilities or operational restrictions on facilities that are part of the National Grid. This penalty is recognized as a reduction of revenue from operation and maintenance of the transmission network in the period in which it occurs. The effects of the Variable Portion in transmission revenue were R$8,455 on September 30, 2020 (R$7,775 on September 30, 2019).

e) Construction revenue

Construction revenue corresponds to the performance obligation to build the transmission and distribution infrastructure during the construction phase. Considering that constructions and improvements are substantially executed through outsourced parties; and that all construction revenues is related to the construction of the infrastructure of the energy distribution and transmission services, Company's management concluded that construction contract revenue has zero profit margin.

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f) Transmission indemnity revenue

Corresponded to updating, by the IPCA index, of the balance of transmission indemnity receivable. For further information, please see Note 13 and 14.

As a result of the Tariff Periodic Reset, the Company recognized a positive adjustment of R$231,126 in its income statemtent, of which R$10,183 corresponds to the portion classified as a financial asset, and R$220,943 corresponds to the assets reincorporated into the assets remuneration base. For further information, please see Note 13 and 14.

g) Adjustment to expected cash flow from financial assets on residual value of infrastructure asses of distribution concessions

Income from the Regulatory Remuneration Asset Base.

h) Revenue on financial updating of the Concession Grant Fee

Represents the inflation adjustment using the IPCA inflation index, plus interest, on the Concession Grant Fee for the concession awarded as Lot D of Auction 12/2015. See Note 13.

i) Energy transactions on the CCEE (Power Trading Chamber)

The revenue from transactions made through the Power Trading Chamber (*Câmara de Comercialização de Energia Elétrica*, or CCEE) is the monthly positive net balance of settlements of transactions for purchase and sale of energy in the Spot Market, through the CCEE, for which the consideration corresponds to the product of energy sold at the Spot Price.

j) Mechanism for the sale of energy surplus

The revenue from the surplus sale mechanism (‘*Mecanismo de Venda de Excedentes* – MVE’) refers to the sale of power surpluses by distributor agents. This mechanism is an instrument regulated by Aneel enabling distributors to sell overcontracted supply – the energy amount that exceeds the quantity required to supply captive customers.

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k) Other operating revenues

	Consolidated	
	Jan to Sep 2020	Jan to Sep 2019
Charged service	6,994	13,025
Services rendered	109,865	137,247
Subsidies (1)	1,062,166	936,929
Rental and leasing	121,648	151,569
Reimbursement for decontracted supply	-	64,640
Other	400	2,087
	1,301,073	**1,305,497**

	Consolidated	
	Jul to Sep 2020	Jul to Sep 2019
Charged service	1,773	4,643
Services rendered	39,748	47,421
Subsidies (1)	331,517	330,009
Rental and leasing	41,085	86,373
Other	338	(533)
	414,461	**467,913**

(1) Revenue recognized for the tariff subsidies applied to users of transmission and distribution services, including Low-income subsidy, reimbursed by Eletrobras.

l) Deductions on revenue

	Consolidated	
	Jan to Sep 2020	Jan to Sep 2019
Taxes on revenue		
ICMS	4,495,433	4,691,894
COFINS	1,590,685	1,821,515
PIS/Pasep	345,567	396,616
Others	4,912	5,996
	6,436,597	**6,916,021**
Charges to the customer		
Global Reversion Reserve (RGR)	12,066	12,600
Energy Efficiency Program (PEE)	51,589	49,814
Energy Development Account (CDE)	1,826,713	1,970,285
Research and Development (R&D)	30,622	30,225
National Scientific and Technological Development Fund (FNDCT)	30,622	30,225
Energy System Expansion Research (EPE of MME)	15,311	15,113
Customer charges – Proinfa alternative sources program	27,861	39,369
Energy services inspection fee	25,018	21,863
Royalties for use of water resources	41,848	28,105
Customer charges – the 'Flag Tariff' system	59,672	93,342
Others	-	37
	2,121,322	**2,290,978**
	8,557,919	**9,206,999**

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	Consolidated	
	Jul to Sep 2020	Jul to Sep 2019
Taxes on revenue		
ICMS	1,484,749	1,639,149
COFINS	555,238	557,256
PIS/Pasep	120,541	120,981
Others	1,549	1,865
	2,162,077	**2,319,251**
Charges to the customer		
Global Reversion Reserve (RGR)	4,115	3,863
Energy Efficiency Program (PEE)	18,145	17,224
Energy Development Account (CDE)	608,848	638,919
Research and Development (R&D)	10,346	9,586
National Scientific and Technological Development Fund (FNDCT)	10,346	9,586
Energy System Expansion Research (EPE of MME)	5,173	4,794
Customer charges – Proinfa alternative sources program	10,122	13,040
Energy services inspection fee	9,605	7,691
Royalties for use of water resources	19,297	11,593
Customer charges – the 'Flag Tariff' system	16	73,474
Others	-	22
	696,013	**789,792**
	2,858,090	**3,109,043**

27. OPERATING COSTS AND EXPENSES

	Consolidated		Parent Company	
	Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
Personnel (a)	940,884	981,422	14,328	23,094
Employees' and managers' profit sharing	108,882	159,943	12,605	12,323
Post-employment benefits – *Note 23*	334,239	304,096	35,911	32,916
Materials	57,480	60,706	167	189
Outsourced services (b)	904,465	893,945	22,497	30,099
Energy bought for resale (c)	8,528,412	8,154,308	-	-
Depreciation and amortization (1)	733,538	723,322	2,308	3,668
Operating provisions (reversals) and adjustments for operating losses (d)	255,123	2,275,422	54,059	190,837
Charges for use of the national grid	1,157,241	1,077,387	-	-
Gas bought for resale	750,664	1,100,302	-	-
Construction costs (e)	1,122,636	806,728	-	-
Other operating expenses, net (f)	206,052	188,595	7,026	6,424
	15,099,616	**16,726,176**	**148,901**	**299,550**

	Consolidated		Parent Company	
	Jul to Sep 2020	Jul to Sep 2019	Jul to Sep 2020	Jul to Sep 2019
Personnel (a)	290,095	304,350	3,216	4,725
Employees' and managers' profit sharing	75,602	(14,572)	6,573	1,116
Post-employment benefits	110,512	105,397	11,926	11,170
Materials	22,714	20,450	67	95
Outsourced services (b)	302,775	307,976	6,704	18,740
Energy bought for resale (c)	2,958,679	3,034,108	-	-
Depreciation and amortization (1)	245,089	244,023	756	1,270
Operating provisions (reversals) and adjustments for operating losses (d)	(101,606)	1,297,043	5,073	154,992
Charges for use of the national grid	534,788	376,216	-	-
Gas bought for resale	207,361	375,140	-	-
Construction costs (e)	438,960	341,503	-	-
Other operating expenses, net (f)	67,596	94,741	1,484	1,917
	5,152,565	**6,486,375**	**35,799**	**194,025**

(1) Net of PIS/Pasep and Cofins taxes applicable to amortization of the Right of Use, in the amount of R$1,606 in the consolidated statements and R$105 in the Parent company statements.

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a) Personnel

2020 Programmed Voluntary Retirement Plan ('PDVP')

On April 2020, the Company approved the Programmed Voluntary Retirement Plan for 2020 ('the 2020 PDVP'). Those eligible – any employees who had worked with the Company for 25 years or more by December 31, 2020 – are able to join from May 4 to 22, 2020. The program will pay the standard legal payments for severance, 50% of the period of notice, an amount equal to 20% of the Base Value of the employee's FGTS fund, an additional premium equal to 50% of the period of notice plus 20% of the Base Value of the employee's FGTS fund, as well as the other payments under the legislation. The total of R$58,850 has been recorded as expense related to this program, corresponding to acceptance by 396 employees. In March, 2019, has been appropriated as expense, including severance payments, a total of R$21,491 (155 employees).

b) Outsourced services

	Consolidated		Parent Company	
	Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
Meter reading and bill delivery	95,354	95,928	-	-
Communication	49,714	48,554	345	1,906
Maintenance and conservation of electrical facilities and equipment	324,850	289,102	13	25
Building conservation and cleaning	78,486	81,331	106	210
Contracted labor	13,703	7,814	25	8
Freight and airfares	1,471	4,886	292	913
Accommodation and meals	6,618	9,773	74	135
Security services	13,700	12,700	-	-
Consultant	29,218	15,217	16,619	4,744
Maintenance and conservation of furniture and utensils	3,911	3,388	19	2
Information technology	36,664	38,325	771	869
Disconnection and reconnection	21,514	52,732	-	-
Environmental services	6,671	8,933	-	-
Legal services	14,473	17,846	881	1,208
Tree pruning	39,740	34,273	-	-
Cleaning of power line pathways	56,421	44,604	-	-
Copying and legal publications	14,547	16,212	271	413
Inspection of customer units	23,772	9,744	-	-
Other expenses	73,638	102,583	3,081	19,666
	904,465	**893,945**	**22,497**	**30,099**

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	Consolidated		Parent Company	
	Jul to Sep 2020	Jul to Sep 2019	Jul to Sep 2020	Jul to Sep 2019
Meter reading and bill delivery	30,186	31,594	-	-
Communication	16,671	14,096	106	210
Maintenance and conservation of electrical facilities and equipment	94,854	90,689	4	19
Building conservation and cleaning	26,257	27,471	29	44
Contracted labor	8,617	1,574	7	8
Freight and airfares	51	1,597	17	279
Accommodation and meals	2,004	3,245	2	58
Security services	4,947	4,498	-	-
Consultant	11,130	5,707	4,819	525
Maintenance and conservation of furniture and utensils	1,195	1,078	4	2
Information technology	11,732	14,426	185	263
Disconnection and reconnection	6,236	18,190	-	-
Environmental services	2,142	2,643	-	-
Legal services	4,616	6,356	290	481
Tree pruning	15,404	12,942	-	-
Cleaning of power line pathways	22,488	15,802	-	-
Copying and legal publications	4,388	6,499	24	289
Inspection of customer units	11,154	4,521	-	
Other expenses	28,703	45,048	1,217	16,562
	302,775	**307,976**	**6,704**	**18,740**

c) Energy purchased for resale

	Consolidated	
	Jan to Sep 2020	Jan to Sep 2020
Supply from Itaipu Binacional	1,483,596	1,066,473
Physical guarantee quota contracts	576,970	527,410
Quotas for Angra I and II nuclear plants	227,226	201,879
Spot market	826,871	1,248,444
Proinfa Program	233,799	285,925
‘Bilateral’ contracts	248,534	231,229
Energy acquired in Regulated Market auctions	2,334,514	2,211,759
Energy acquired in the Free Market	2,885,932	3,006,561
Distributed generation (‘Geração distribuída’)	485,347	137,349
PIS/Pasep and Cofins credits	(774,377)	(762,721)
	8,528,412	**8,154,308**

	Consolidated	
	Jul to Sep 2020	Jul to Sep 2019
Supply from Itaipu Binacional	531,183	372,296
Physical guarantee quota contracts	197,520	163,052
Quotas for Angra I and II nuclear plants	75,742	67,293
Spot market	193,868	486,177
Proinfa Program	77,933	95,308
‘Bilateral’ contracts	85,142	79,750
Energy acquired in Regulated Market auctions	766,561	816,193
Energy acquired in the Free Market	1,142,123	1,168,392
Distributed generation (‘Geração distribuída’)	157,551	54,491
PIS/Pasep and Cofins credits	(268,944)	(268,844)
	2,958,679	**3,034,108**

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d) Operating provision (reversals)

	Consolidated		Parent Company	
	Jan to Sep 2020	Jan to Sep 2020	Jan to Sep 2020	Jan to Sep 2019
Estimated losses on doubtful accounts receivables (Note 7) (1)	58,271	228,361	-	-
Estimated losses on other accounts receivables (2)	(164)	4,935	(164)	183
Estimated losses on doubtful accounts receivable from related (3) (note 29)	37,361	688,031	37,361	-
Contingency provisions (reversals) (Note 24) (4)				
Labor claims	48,751	101,460	9,606	16,717
Civil	29,949	13,402	2,139	(367)
Tax	42,186	1,195,207	4,325	174,386
Other	5,723	11,407	792	(82)
	126,609	**1,321,476**	**16,862**	**190,654**
	222,077	**2,242,803**	**54,059**	**190,837**
Adjustment for losses				
Put option – SAAG (Note 30)	33,046	32,619	-	-
	33,046	**32,619**	**-**	**-**
	255,123	**2,275,422**	**54,059**	**190,837**

(1) The expected losses on receivables are presented as selling expenses in the Statement of Income.
(2) The estimated losses on other accounts receivable are presented in the consolidated Statement of income as operating expenses.
(3) Estimated losses on amounts receivable from Renova, as a result of the assessment of credit risk.
(4) The provisions for contingencies of the Parent company are presented in the consolidated profit and loss account for the year as operating expenses.

	Consolidated		Parent Company	
	Jul to Sep 2020	Jul to Sep 2019	Jul to Sep 2020	Jul to Sep 2019
Estimated losses on doubtful accounts receivables (Note 7) (3)	(156,829)	101,383	-	-
Estimated losses on other accounts receivables (1)	(164)	-	(164)	-
Contingency provisions (reversals) (Note 24) (2)				
Labor claims	18,063	(5,098)	3,466	865
Civil	7,259	12,326	137	143
Tax	17,747	1,175,896	815	154,118
Other	2,072	1,863	819	(134)
	45,141	**1,184,987**	**5,237**	**154,992**
	(111,852)	**1,286,370**	**5,073**	**154,992**
Adjustment for losses				
Put option – SAAG (Note 30)	10,246	10,673	-	-
	10,246	**10,673**	**-**	**-**
	(101,606)	**1,297,043**	**5,073**	**154,992**

(1) The estimated losses on other accounts receivable are presented in the consolidated Statement of income as operating expenses.
(2) The provisions for contingencies of the Parent company are presented in the consolidated profit and loss account for the year as operating expenses.
(3) The expected losses on receivables are presented as selling expenses in the Statement of Income.

e) Construction costs

	Consolidated	
	Jan to Sep 2020	Jan to Sep 2019
Personnel and managers	62,108	53,817
Materials	554,783	400,309
Outsourced services	417,176	281,310
Others	88,569	71,292
	1,122,636	**806,728**

	Consolidated	
	Jul to Sep 2020	Jul to Sep 2019
Personnel and managers	21,663	23,419
Materials	217,485	171,546
Outsourced services	177,216	125,945
Others	22,596	20,593
	438,960	**341,503**

f) Other operating expenses (revenues), net

	Consolidated		Parent Company	
	Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
Advertising	4,031	5,030	92	234
Own consumption of energy	15,902	14,030	-	-
Subsidies and donations	10,073	9,114	-	-
Onerous concession	2,094	2,127	-	-
Insurance	17,943	6,968	2,118	1,238
CCEE annual charge	4,419	4,653	1	1
Net loss (gain) on deactivation and disposal of assets	26,876	27,993	157	529
Forluz – Administrative running cost	22,404	22,782	1,102	1,100
Collection agents	64,021	64,480	-	-
Taxes and charges	6,673	8,712	793	656
Obligations deriving from investment contracts (1)	10,569	-	-	-
Other expenses (revenues)	21,047	22,706	2,763	2,666
	206,052	**188,595**	**7,026**	**6,424**

(1) This refers to the contractual obligations to the investee Aliança Geração, corresponding to contingencies resulting from events before the closing of the transaction which resulted in contribution of assets by Cemig and Vale S.A. to this investee in exchange for a equity interest. The total value of the contingencies is R$125 million (R$98 million at December 31, 2019, of which Cemig GT's portion is R$43 million (R$32 million on December, 31, 2019).

	Consolidated		Parent Company	
	Jul to Sep 2020	Jul to Sep 2019	Jul to Sep 2020	Jul to Sep 2019
Advertising	1,154	3,069	61	168
Own consumption of energy	5,152	5,925	-	-
Subsidies and donations	6,756	4,530	-	-
Onerous concession	707	840	-	-
Insurance	5,939	2,427	707	414
CCEE annual charge	1,445	1,575	-	-
Net loss (gain) on deactivation and disposal of assets	14,907	15,607	-	529
Forluz – Administrative running cost	7,548	8,758	371	412
Collection agents	21,628	22,124	-	-
Taxes and charges	450	1,144	64	145
Obligations deriving from investment contracts (1)	10,569	-	-	-
Other expenses (revenues)	(8,659)	28,742	281	249
	67,596	**94,741**	**1,484**	**1,917**

(1) This refers to the contractual obligations to the investee Aliança Geração, corresponding to contingencies resulting from events before the closing of the transaction which resulted in contribution of assets by Cemig and Vale S.A. to this investee in exchange for a equity interest. The total value of the contingencies is R$125 million (R$98 million at December 31, 2019, of which Cemig GT's portion is R$43 million (R$32 million on December, 31, 2019).

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28. FINANCE INCOME AND EXPENSES

	Consolidated		Parent Company	
	Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
FINANCE INCOME				
Income from financial investments	61,991	82,432	2,825	7,857
Interest on sale of energy	282,568	272,597	-	-
Monetary variations	14,678	19,698	1	2
Monetary variations – CVA (Note 13)	31,281	84,871	-	-
Monetary updating of escrow deposits	54,312	32,872	6,497	7,962
PIS/Pasep and Cofins charged on finance income (1)	(38,286)	(63,796)	(16,896)	(7,219)
Gains on financial instruments –swap (Note 30)	1,803,611	1,099,230	-	-
Borrowing costs paid by related parties	20,234	47,596	17,395	-
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS (note 8)	34,288	1,575,281	4,517	303,658
Others	53,504	91,182	1,285	1,630
	2,318,181	**3,241,963**	**15,624**	**313,890**
FINANCE EXPENSES				
Charges on loans and financings (Note 21)	(895,711)	(924,960)	(1,222)	(2,343)
Cost of debt – amortization of transaction cost (Note 21)	(10,910)	(34,102)	(161)	(126)
Foreign exchange variations - loans and financing (Note 21)	(2,409,658)	(429,299)	-	-
Foreign exchange variations – Itaipu	(72,138)	(11,674)	-	-
Monetary updating – loans and financings (Note 21)	(81,620)	(99,890)	-	-
Monetary updating – onerous concessions	(5,752)	(1,662)	-	-
Charges and monetary updating on post-employment obligations (Note 23)	(33,977)	(44,319)	(1,672)	(2,181)
Leasing – Inflation adjustment (Note 18)	(20,401)	(27,630)	(225)	(420)
Others	(46,696)	(95,191)	(60)	(18,049)
	(3,576,863)	**(1,668,727)**	**(3,340)**	**(23,119)**
NET FINANCE INCOME (EXPENSES)	**(1,258,682)**	**1,573,236**	**12,284**	**290,771**

	Consolidated		Parent Company	
	Jul to Sep 2020	Jul to Sep 2019	Jul to Sep 2020	Jul to Sep 2019
FINANCE INCOME				
Income from financial investments	22,401	31,564	703	5,969
Interest on sale of energy	105,745	90,146	-	-
Foreign exchange variations – loans and financings (note 21)	-	(70,470)	-	-
Monetary variations	5,949	6,825	-	1
Monetary variations – CVA	5,593	31,825	-	-
Monetary updating of escrow deposits	270	12,966	(3,675)	1,488
PIS/Pasep and Cofins charged on finance income (1)	(22,474)	(13,044)	(14,860)	(1,876)
Gains on financial instruments –swap	2,651	485,836	-	-
Borrowing costs paid by related parties	16,751	1,617	16,592	-
Monetary updating on PIS/Pasep and Cofins taxes credits over ICMS (note 8)	7,196	22,169	1,028	2,827
Others	21,286	19,541	443	367
	165,368	**618,975**	**231**	**8,776**
FINANCE EXPENSES				
Charges on loans and financings	(312,605)	(319,008)	(280)	(801)
Cost of debt – amortization of transaction cost	(3,809)	(20,154)	(57)	(45)
Foreign exchange variations - loans and financing	(247,294)	(429,299)	-	-
Foreign exchange variations – Itaipu	(5,672)	(8,542)	-	-
Monetary updating – loans and financings	(45,642)	(17,179)	-	-
Monetary updating – onerous concessions	(3,970)	114	-	-
Charges and monetary updating on post-employment obligations	(12,228)	(10,741)	(602)	(529)
Leasing – Inflation adjustment	(6,664)	(9,298)	(72)	(134)
Others	(24,103)	(38,659)	(57)	(3,159)
	(661,987)	**(852,766)**	**(1,068)**	**(4,668)**
NET FINANCE INCOME (EXPENSES)	**(496,619)**	**(233,791)**	**(837)**	**4,108**

(1) The PIS/Pasep and Cofins expenses apply to Interest on Equity.

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29. RELATED PARTY TRANSACTIONS

Cemig's main balances and transactions with related parties and its jointly-controlled entities are as follows:

COMPANY	ASSETS		LIABILITIES		REVENUE		EXPENSES	
	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019	Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
Shareholder								
Minas Gerais State Government								
Current								
Customers and traders (1)	367,362	345,929	-	-	96,829	118,684	-	-
Non-current								
Accounts Receivable – AFAC (2)	131,794	115,202	-	-	16,592	10,091	-	-
Jointly-controlled entity								
Aliança Geração								
Current								
Transactions with energy (3)	-	-	16,150	13,622	31,133	29,607	(130,266)	(123,415)
Provision of services (4)	324	626	-	-	3,617	6,350	-	-
Interest on Equity, and dividends	-	103,033	-	-	-	-	-	-
Contingency (5)	-	-	42,657	32,088	-	-	(10,569)	-
Baguari Energia								
Current								
Transactions with energy (3)	-	-	961	924	-	-	(6,255)	(5,800)
Provision of services (4)	211	-	-	-	716	762	-	-
Interest on Equity, and dividends	10,640	-	-	-	-	-	-	-
Madeira Energia								
Current								
Transactions with energy (3)	2,239	5,745	96,184	57,860	19,760	50,484	(872,741)	(537,575)
Norte Energia								
Current								
Transactions with energy (3)	2,518	-	26,229	24,459	21,049	14,977	(197,161)	(169,423)
Advance for future power supply (6)	10,075	40,081	-	-	-	-	-	-
Lightger								
Current								
Transactions with energy (3)	-	-	1,593	1,541	-	-	(17,636)	(15,366)
Hidrelétrica Pipoca								
Current								
Transactions with energy (3)	-	-	2,640	1,387	-	-	(17,670)	(13,618)
Retiro Baixo								
Current								
Transactions with energy (3)	-	-	152	567	3,945	-	3,421	(3,434)
Interest on Equity, and dividends	-	6,474	-	-	-	-	-	-
Hidrelétrica Cachoeirão								
Current								
Transactions with energy (3)	-	-	-	-	1,360	-	-	-
Interest on Equity, and dividends	2,407	2,536	-	-	-	-	-	-
Renova								
Non-current								
Transactions with energy (3)	-	-	-	-	-	-	(7,070)	-
Accounts Receivable (7)	-	-	-	-	-	93,708	-	(688,031)
Loans from related parties (8)	-	16,559	-	6,418	803	-	(37,361)	-
Light								
Current								
Transactions with energy (3)	280	312	584	1,311	48,634	79,302	(1,718)	(6,425)
Interest on Equity, and dividends	71,206	72,737	-	-	-	-	-	-
TAESA								
Current								
Transactions with energy (3)	-	-	8,549	8,523	104	35	(75,079)	(72,224)
Provision of services (4)	333	170	-	-	669	446	-	-
Hidrelétrica Itaocara								
Current								
Adjustment for losses (9)	-	-	21,617	21,809	-	-	-	-

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COMPANY	ASSETS		LIABILITIES		REVENUE		EXPENSES	
	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019	Jan to Sep 2020	Jan to Sep 2019	Jan to Sep 2020	Jan to Sep 2019
Axxiom								
Current								
Provision of services (10)	-	-	4,553	3,306	-	139	-	-
Other related parties								
FIC Pampulha								
Current								
Cash and cash equivalents	396,995	36,434	-	-	-	-	-	-
Marketable securities	3,688,019	742,561	-	-	10,100	9,221	-	-
(-) Marketable securities issued by subsidiary companies (note 21)	-	(3,031)	-	-	-	-	-	-
Non-current								
Marketable securities	399,069	1,825	-	-	-	-	-	-
FORLUZ								
Current								
Post-employment obligations (11)	-	-	151,794	144,828	-	-	(154,338)	(147,522)
Supplementary pension contributions – Defined contribution plan (12)	-	-	-	-	-	-	(54,843)	(55,808)
Administrative running costs (13)	-	-	-	-	-	-	(22,403)	(22,781)
Operating leasing (14)	165,074	178,504	22,406	35,458	-	-	(2,579)	(42,312)
Non-current								
Post-employment obligations (11)	-	-	2,817,021	2,827,308	-	-	-	-
Operating leasing (14)	-	-	152,431	149,415	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (15)	-	-	150,693	140,830	-	-	(180,589)	(170,173)
Non-current								
Health Plan and Dental Plan (15)	-	-	3,091,503	3,021,852	-	-	-	-

The main conditions and characteristics of interest with reference to the related party transactions are:

(1) Refers to sale of energy supply to the Minas Gerais State government. The price of the supply is set by the regulator (Aneel) through a Resolution relating to the annual tariff adjustment of Cemig D. In 2017 the government of Minas Gerais State signed a debt recognition agreement with Cemig D for payment of debits relating to the supply of power due and unpaid, in the amount of R$113,032, up to November 2019. Twenty installments were unpaid at September 30, 2020. These receivables have guarantee in the form of Cemig's right to retain dividends and Interest on Equity otherwise payable to the State (in proportion to the State's equity interest in the Company), for as long as any payments are overdue or in default. Cemig Distribuição filed an application with the tax authority of Minas Gerais state to accept the terms of State Law 23,510/2020, to enable part of the ICMS tax payable to be offset against the debt owed by the government of Minas Gerais state to the Company. At present, the state tax authority is validating the invoices presented, to authorize the compensation of credits. As a result, the Company has reversed the amount of R$230,935 previously recognized as expected losses for doubtful receivables.

(2) This refers to the recalculation of the inflation adjustment of amounts relating to the Advance against Future Capital Increase (AFAC), which were returned to the State of Minas Gerais. These receivables have guarantee in the form of Cemig's right to retain dividends and Interest on Equity otherwise payable to the State (in proportion to the State's equity interest in the Company), for as long as any payments are overdue or in default. For further information, see Note 10.

(3) The transactions in sale and purchase of energy between generators and distributors take place through auctions in the Regulated Market, and are organized by the federal government. In the Free Market, transactions are made through auctions or through direct contracting, under the applicable legislation. Transactions for transport of energy, on the other hand, are carried out by transmission companies and arise from the centralized operation of the National Grid, executed by the National System Operator (ONS).

(4) Refers to a contract to provide plant operation and maintenance services.

(5) This refers to the aggregate amounts of legal actions realized and legal actions provisioned arising from the agreement made between Aliança Geração, Vale S.A. and Cemig. The action is provisioned in the amount of R$125 million (R$98 million at December 31, 2019), of which Cemig's portion is R$43 million (R$32 million on December, 31, 2019).

(6) Refers to advance payments for energy supply made in 2019 to Norte Energia, established by auction and by contract registered with the CCEE (Wholesale Trading Exchange). Norte Energia will deliver contracted supply until December 31, 2020, starting on January 01, 2020. Until September 30, 2020, the amount corresponding to energy supplied is R$30,006 and the remaining amount of the advanced payments is R$10,075. There is no financial updating of the contract.

(7) As mentioned in Note 15(b), in June 2019, due to the uncertainties related to continuity of Renova, an estimated loss on realization of the receivables was recorded for the full value of the balance, R$688 million.

(8) On November 25, 2019, December 27, 2019 and January 27, 2020 DIP loan contracts under court-supervised reorganization proceedings, referred to as 'DIP', 'DIP 2' and 'DIP 3', were entered into between the Company and the investee Renova Energia S.A., which is in court-supervised reorganization, in the amounts of R$10 million, R$6.5 million and R$20 million, respectively. The contracts specify interest equal to 100% of the accumulated variation in the DI rate, plus an annual spread, applied pro rata die (on 252-business-days basis), of 1.083% for the DIP contract, 2.5% for the DIP2 contract and 1.5% for the DIP3, up to the date of respective full payment. The Company recognized an impairment loss for the receivables from Renova, of its total carrying amount of R$37,361, in the second semester of 2020. For further information, see note 15 (c).

(9) A liability was recognized corresponding to the Company's interest in the share capital of Hidrelétrica Itaocara, due to its negative equity (see Note 15).

(10) This refers to a contract for development of management software between Cemig D and Axxiom Soluções Tecnológicas S.A., instituted in Aneel Dispatch 2657/2017;

(11) The contracts of Forluz are updated by the Expanded Customer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*, or IPCA) calculated by the Brazilian Geography and Statistics Institute (IBGE) plus interest of 6% p.a. and will be amortized up to the business year of 2031 (see Note 23).

(12) The Company's contributions to the pension fund for the employees participating in the Mixed Plan, and calculated on the monthly remuneration, in accordance with the regulations of the Fund.

(13) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's payroll.

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(14) Rental of the Company's administrative head offices, in effect up to November 2020 (able to be extended every five years, up to 2035) and August 2024 (able to be extended every five years, up to 2034), with annual inflation adjustment by the IPCA index and price reviewed every 60 months. Aiming at costs reduction, in November 2019, Cemig returned the Aureliano Chaves building to Forluz. Cemig is still negotiating with Forluz the returning of the remaining leased floors of Aureliano Chaves building, aiming at balancing the headquarters leasing costs to Cemig's budgeting.
(15) Post-employment obligations relating to the employees' health and dental plan (see Note 23).

Dividends receivable

Dividends receivable	Consolidated		Parent Company	
	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
Cemig GT	-	-	781,769	781,769
Cemig D	-	-	432,612	822,183
Gasmig	-	-	143,094	46,578
Centroeste	-	-	13,420	-
Light	71,206	72,737	71,206	72,737
Aliança Geração	-	103,033	-	-
Others (1)	13,047	10,228	2,641	3,628
	84,253	**185,998**	**1,444,742**	**1,726,895**

(1) The subsidiaries grouped in 'Others' are identified in the table above under "Interest on Equity, and Dividends".

Guarantees on loans, financing and debentures

Cemig has provided guarantees on loans, financing and debentures of the following related parties – not consolidated in the interim financial information because they relate to jointly-controlled entities or affiliated companies:

Related party	Relationship	Type	Objective	Sep. 30, 2020	Maturity
Norte Energia (NESA) (1)	Affiliated	Surety	Financing	2,573,634	2042
Light (2)	Affiliated	Counter-guarantee	Financing	683,615	2042
Santo Antônio Energia S.A.	Jointly-controlled entity	Surety	Debentures	445,149	2037
Santo Antônio Energia S.A.	Jointly-controlled entity	Guarantee	Financing	984,865	2034
				4,687,263	

(1) Related to execution of guarantees of the Norte Energia financing.
(2) Corporate guarantee given by Cemig to Saesa.

At September 30, 2020, Management believes that there is no need to recognize any provisions in the Company's interim financial information for the purpose of meeting any obligations arising under these sureties and guarantees.

Cash investments in FIC Pampulha – the investment fund of Cemig and its subsidiaries and affiliates

Cemig and its subsidiaries and affiliates invest part of their financial resources in an investment fund which has the characteristics of fixed income and obeys the Company's cash investment policy. The amounts invested by the fund at September 30, 2020 are reported in Marketable securities in current or non-current assets, or presented after deduction of the account line Debentures in Current or Non-current liabilities.

The funds applied are allocated only in public and private fixed income securities, subject only to credit risk, with various maturity periods, obeying the unit holders' cash flow needs.

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Remuneration of key management personnel

The total costs of key personnel, comprising the Executive Board, the Fiscal Council, the Audit Committee and the Board of Directors, are within the limits approved at a General Shareholders' Meeting, and the effects on the income statements of the in period ended September 30, 2020 and 2019, are as follows:

	Sep. 30, 2020	Sep. 30, 2019
Remuneration	20,067	19,053
Profit sharing (reversal)	7,419	4,914
Assistance benefits	1,269	1,229
Total	**28,755**	**25,196**

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30. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Financial instruments classification and fair value

The main financial instruments, classified in accordance with the accounting principles adopted by the Company, are as follows:

	Level	Sep. 30, 2020		Dec. 31, 2019	
		Balance	Fair value	Balance	Fair value
Financial assets					
Amortized cost (1)					
Marketable securities – Cash investments	2	1,219,371	1,219,371	102,109	102,109
Customers and Traders; Concession holders (transmission service)	2	4,598,990	4,598,990	4,600,605	4,600,605
Restricted cash	2	48,147	48,147	12,337	12,337
Accounts receivable from the State of Minas Gerais (AFAC)	2	131,794	131,794	115,202	115,202
Concession financial assets – *CVA* (Parcel 'A' Costs Variation Compensation) Account and *Other financial components*	3	-	-	881,614	881,614
Reimbursement of tariff subsidies	2	86,257	86,257	96,776	96,776
Low-income subsidy	2	42,228	42,228	29,582	29,582
Escrow deposits	2	1,088,828	1,088,828	2,540,239	2,540,239
Concession grant fee – Generation concessions	3	2,497,655	2,497,655	2,468,216	2,468,216
Reimbursements receivable – Transmission		1,211,275	1,211,275	1,280,652	1,280,652
		10,924,545	**10,924,545**	**12,127,332**	**12,127,332**
Fair value through profit or loss					
Cash equivalents – Cash investments		1,367,362	1,367,362	326,352	326,352
Marketable securities					
Bank certificates of deposit	2	128,187	128,187	267	267
Treasury Financial Notes (LFTs)	1	708,872	708,872	94,184	94,184
Financial Notes – Banks	2	2,042,207	2,042,207	557,018	557,018
Debentures	2	-	-	103	103
		4,246,628	**4,246,628**	**977,924**	**977,924**
Derivative financial instruments (Swaps)	3	3,284,142	3,284,142	1,690,944	1,690,944
Derivative financial instruments (Ativas and Sonda Put options)	3	2,642	2,642	2,614	2,614
Concession financial assets – Distribution infrastructure	3	526,067	526,067	483,374	483,374
Reimbursements receivable – Generation	3	816,202	816,202	816,202	816,202
		8,875,681	**8,875,681**	**3,971,058**	**3,971,058**
		19,800,226	**19,800,226**	**16,098,390**	**16,098,390**
Financial liabilities					
Amortized cost (1)					
Loans, financing and debentures	2	(16,106,741)	(16,106,741)	(14,776,031)	(14,776,031)
Debt with pension fund (Forluz)	2	(490,942)	(490,942)	(566,381)	(566,381)
Deficit of pension fund (Forluz)	2	(534,614)	(534,614)	(550,151)	(550,151)
Concessions payable	3	(21,856)	(21,856)	(19,692)	(19,692)
Suppliers	2	(1,991,051)	(1,991,051)	(2,079,891)	(2,079,891)
Sector financial liabilities	3	(331,376)	(331,376)	-	-
Leasing transactions	2	(245,020)	(245,020)	(287,747)	(287,747)
		(19,721,600)	**(19,721,600)**	**(18,279,893)**	**(18,279,893)**
Fair value through profit or loss					
Derivative financial instruments (SAAG put options)	3	(515,887)	(515,887)	(482,841)	(482,841)
		(515,887)	(515,887)	**(482,841)**	**(482,841)**
		(20,237,487)	**(20,237,487)**	**(18,762,734)**	**(18,762,734)**

(1) On September 30, 2020 and December 31, 2019, the book values of financial instruments reflect their fair values.

At initial recognition the Company measures its financial assets and liabilities at fair value and classifies them according to the accounting standards currently in effect. *Fair value* is a measurement based on assumptions that market participants would use in pricing an asset or liability. The Company uses the following classification to its financial instruments:

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- Level 1 – Active market – Quoted prices: A financial instrument is considered to be quoted in an active market if the prices quoted are promptly and regularly made available by an exchange or organized over-the-counter market, by operators, by brokers or by a market association, by entities whose purpose is to publish prices, or by regulatory agencies, and if those prices represent regular arm's length market transactions made without any preference.
- Level 2 – No active market – Valuation technique: For an instrument that does not have an active market, fair value should be found by using a method of valuation/pricing. Criteria such as data on the current fair value of another instrument that is substantially similar, or discounted cash flow analysis or option pricing models, may be used provided that all the material variables are based on observable market data. The objective of the valuation technique is to establish what would be the transaction price on the measurement date in an arm's-length transaction motivated by business model.
- Level 3 – No active market – No observable inputs: The fair value of investments in securities for which there are no prices quoted on an active market, and/or of derivatives linked to them which are to be settled by delivery of unquoted securities. Fair value is determined based on generally accepted valuation techniques, such as on discounted cash flow analysis or other valuation techniques such as, for example, New Replacement Value (*Valor novo de reposição*, or VNR).

For assets and liabilities that are recognized at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization.

Fair value calculation of financial positions

<u>Distribution infrastructure concession financial assets</u>: These are measured at New Replacement Value (*Valor novo de reposição*, or VNR), according to criteria established by the Concession-granting power ('Grantor'), based on fair value of the concession assets in service and which will be revertible at the end of the concession, and on the weighted average cost of capital (WACC) defined by the Grantor, which reflects the concession holder's return on the operations of the concession. The VNR and the WACC are public information disclosed by the Grantor and by Cemig respectively. Changes in concession financial assets are disclosed in Note 13.

<u>Indemnifiable receivable – generation</u>: measured at New Replacement Value (VNR), as per criteria set by regulations of the grantor power, based on the fair value of the assets to be indemnify at the end of the concession.

<u>Marketable securities</u>: Fair value of marketable securities is determined taking into consideration the market prices of the investment, or market information that makes such calculation possible, considering future interest rates and exchange of investments to similar securities. The market value of the security is deemed to be its maturity value discounted to present value by the discount rate obtained from the market yield curve.

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Put options: The Company adopted the Black-Scholes-Merton method for measuring fair value of the SAAG and Sonda options. The fair value of these options was calculated on the basis of the estimated exercise price on the day of exercise of the option, less the fair value of the underlying shares, also estimated for the date of exercise, brought to present value at the reporting date.

Swaps: Fair value was calculated based on the market value of the security at its maturity adjusted to present value by the discount rate from the market yield curve.

Other financial liabilities: Fair value of its loans, financing and debentures were determined using 133.82% of the CDI rate – based on its most recent funding. For the loans, financing, debentures and debt renegotiated with Forluz, with annual rates between IPCA + 4.10% to 8.07% and CDI + 0.16% to 0.97%, Company believes that their carrying amount is approximated to their fair value.

b) Derivative financial instruments

Put options

Company holds options to sell certain securities (put options) for which it has calculated the fair value based on the *Black and Scholes Merton* (BSM) model, considering the following assumptions: exercise price of the option; closing price of the underlying asset as of September 30, 2020; risk-free interest rate; volatility of the price of the underlying asset; and the time to maturity of the option.

Analytically, calculation of the exercise price of the options, the risk-free interest rate and the time to maturity is primarily deterministic, so that the main divergence in the put options takes place in the measurement of the closing price and the volatility of the underlying asset.

On September 30, 2020 and December 31, 2019, the options values were as follows:

Consolidated	Sep. 30, 2020	Dec. 31, 2019
Put option – SAAG	515,887	482,841
Put / call options – Ativas and Sonda	(2,642)	(2,614)
	513,245	**480,227**

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Put option – SAAG

Option contracts were signed between Cemig GT and the private pension entities that participate in the investment structure of SAAG (comprising FIP Melbourne, Parma Participações S.A. and FIP Malbec, jointly, ‘the Investment Structure’), giving those entities the right to sell units in the Funds that comprise the Investment Structure, at the option of the Funds, in the 84th (eighty-fourth) month from June 2014. The provision of exercise price of the Put Options will correspond to the amount invested by each private pension plan in the Investment Structure, updated *pro rata temporis* by the Expanded National Customer Price (IPCA) index published by the IBGE, plus interest at 7% per year, less such dividends and Interest on Equity as shall have been paid by SAAG to the pension plan entities. This option was considered to be a derivative instrument, accounted at fair value through profit and loss.

For measurement of the fair value of SAAG put options Cemig GT uses the Black-Scholes-Merton (‘BCM’) model. The assumption was made that the future expenditures of FIP Malbec and FIP Melbourne are insignificant, so that the options are valued as if they hold direct equity interests at Mesa. However, neither SAAG nor Mesa have its share traded on a securities exchange, so that some assumptions are necessary for calculation of the price of the asset and its volatility for application of the BSM model. The closing price of the share of Mesa on September 30, 2020 is ascertained based on free cash flow (FCFE), expressed by equity pick-up of the indirect interests held by the FIP. Volatility, in turn, is measured as an average of historic volatility (based on the hypothesis that the series of the difference of continuously capitalized returns follows a normal distribution) of comparable companies in the energy generation sector that are traded at Bovespa.

Based on the analysis performed, a liability of R$515,887 was recorded in the Company’s interim financial information (R$482,841 on December 31, 2019), for the difference between the exercise price and the estimated fair value of the assets. Since the option is due to be settled within twelve months after September 30, 2020, this amount was classified as current liabilities.

The changes in the value of the options are as follows:

	Consolidated
Balance at December 31, 2018	**419,148**
Adjustment to fair value	32,619
Balance at September 30, 2019	**451,767**
Balance at December 31, 2019	**482,841**
Adjustment to fair value	33,046
Balance at September 30, 2020	**515,887**

Cemig GT performed the sensitivity analysis of the exercise price of the option, varying the risk-free interest rate and the volatility, keeping the other variables of the model unchanged. In this context, scenarios for the risk-free interest rate at 0.45% to 4,45% p.a., and for volatility between 0.09 and 0.69 p.a., were used, resulting in estimates of minimum and maximum price for the put option of R$507,795 and R$524,101, respectively.

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This option can potentially dilute basic earnings per share in the future; however, they have not caused dilution of earnings per share in the years presented.

Early liquidation of Funds, and early maturity of put option

On September 9, 2020, the administrator of the FIP funds, Banco Modal S.A., notified its unit holders of the beginning of the early liquidation process of the funds Melbourne, Parma Participações S.A. and FIP Malbec, due to expiration of the period of 180 days from its resignation, and the resignation of the manager of the Fund, from their respective positions, without there having been any indication of new service providers, as specified in the Fund's Regulations.

As established by contract, funds liquidation is one of the events that would result in expiration date of the option, which the private pension plan entities stated interest in exercising in the period from September 9 to October 2, 2020, to be settled within 15 days from the statement of interest.

However, the Company's management believes that the premises and conditions that were the grounds for the investment in Santo Antônio Energia and the legal structure of the various contracts signed for this purpose underwent substantial changes which resulted in the options imbalance.

Thus, using the contractual prerogative contained in the option instruments, the Company invoked the contractual mechanism of Amicable Resolution for the contractual terms negotiation with the private pension plan entities, which, if not successful, will allow the arbitration clause invocation for resolution of conflict between the parties.

Notwithstanding the negotiation in progress between the Company and the Funds, on September 30, 2020, the financial instruments were measured and recorded in accordance with the contracts original terms.

Sonda options

As part of the shareholding restructuring, CemigTelecom and Sonda signed a Purchase Option Agreement (issued by Cemig Telecom) and a Sale Option Agreement (issued by Sonda). With the merger of Cemig Telecom into Cemig, on March 31, 2018, the option contract became an agreement between Cemig and Sonda.

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This resulted in Cemig simultaneously having a right (put option) and an obligation (call option). The exercise price of the put option will be equivalent to fifteen times the adjusted net income of Ativas in the year prior to the exercise date, multiplied by the percentage of equity interest held. The exercise price of the call option will be equivalent to seventeen times the adjusted net income of Ativas in the business year prior to the exercise date, multiplied by the percentage of equity interest held. Both options, if exercised, result in the sale of the shares in Ativas currently owned by the Company, and the exercise of one of the options results in nullity of the other. The options may be exercised as from January 1, 2021. The put and call options in Ativas ('the Ativas Options') were measured at fair value and posted at their net value, i.e. the difference between the fair values of the two options on the reporting date of the interim financial information for September 30, 2020. The net value of the Ativas Options may be an asset or a liability of the Company.

The measurement has been made using the Black-Scholes-Merton (BSM) model. In the calculation of the fair value of the Ativas Options based on the BSM model, the following variables are taken into account: closing price of the underlying asset on September 30, 2020; the risk-free interest rate; the volatility of the price of the underlying asset; the time to maturity of the option; and the exercise prices on the exercise date.

The valuation base date is September 30, 2020, the same date as the closing of the Company's interim financial information, and the methodology used to calculate the fair value of the company is discounted cash flow (DCF) based on the value of the shares transaction of Ativas by Sonda, occurred on October 19, 2016. The calculation of the risk-free interest rate was based on yields of National Treasury Bills. Maturity was calculated assuming exercise date of March 31, 2021.

Considering that the exercise prices of the options are contingent upon the future financial results of Ativas, the estimated exercise prices on the maturity date was based on statistical analyses and information of comparable listed companies.

Swap transactions

Considering that part of the loans and financings of the Company's subsidiaries is denominated in foreign currency, the companies use derivative financial instruments (swaps) to protect the servicing associated with these debts (principal plus interest).

The derivative financial instruments contracted have the purpose of protecting the operations against the risks arising from foreign exchange variation and are not used for speculative purposes.

The notional amount of derivative transactions are not presented in the statement of financial position, since they refer to transactions that do not require cash as only the gains or losses actually incurred are recorded. The net result of those transactions on September 30, 2020 was a positive adjustment of R$1,803,611 (positive adjustment of R$1,099,230 on September 30, 2019), which was posted in finance income (expenses).

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The counterparties of the derivative transactions are the banks Bradesco, Itaú, Goldman Sachs and BTG Pactual and Cemig is guarantor of the derivative financial instruments contracted by Cemig GT.

This table presents the derivative instruments contracted by Cemig GT as of September 30, 2020 and December 31, 2019.

Assets (1)	Liability (1)	Maturity period	Trade market	Notional amount (2)	Unrealized gain / loss		Unrealized gain / loss	
					Carrying amount Sep. 30, 2020	Fair value Sep. 30, 2020	Carrying amount Dec. 31, 2019	Fair value Dec. 31, 2019
US$ exchange variation + Rate (9.25% p.y.)	Local currency + R$ 150.49% of CDI	Interest: Half-yearly Principal: Dec, 2024	Over the counter	US$1,000,000	1,878,749	2,330,534	813,535	1,235,102
US$ exchange variation + Rate (9.25% p.y.)	Local currency + R$125.52% of CDI	Interest: Half-yearly Principal: Dec, 2024	Over the counter	US$500,000	641,269	953,608	108,532	455,842
					2,520,018	**3,284,142**	**922,067**	**1,690,944**
Current Assets						**619,119**		**234,766**
Non-current Assets						**2,665,023**		**1,456,178**

1) For the US$1 billion Eurobond issued on December 2017: (i) for the principal, a call spread was contracted, with floor at R$3.25/US$ and ceiling at R$5.00/US$; and (ii) a swap was contracted for the total interest, for a coupon of 9.25% p.a. at an average rate equivalent to 150.49% of the CDI. For the additional US$500 million issuance of the same Eurobond issued on July 2018: (1) a call spread was contracted for the principal, with floor at R$3.85/US$ and ceiling at R$5.00/US$; and (2) a swap was contracted for the interest, resulting in a coupon of 9.25% p.a., with an average rate equivalent to 125.52% of the CDI rate.
2) In millions of US$.

In accordance with market practice, Cemig GT uses a mark-to-market method to measure its derivatives financial instruments for its Eurobonds. The principal indicators for measuring the fair value of the swap are the B3 future market curves for the DI rate and the dollar. The Black & Scholes model is used to price the call spread, and one of parameters of which is the volatility of the dollar, measured on the basis of its historic record over 2 years.

The fair value at September 30, 2020 was R$3,284,142 (R$1,690,944 on December 31, 2019), which would be the reference if Cemig GT would liquidate the financial instrument on that date, but the swap contracts protect the Company’s cash flow up to the maturity of the bonds in 2024 and they have carrying value of R$2,520,018 at September 30, 2020 (R$922,067 on December 31, 2019).

Cemig GT is exposed to market risk due to having contracted this hedge, the principal potential impact being a change in future interest rates and/or the future exchange rates. Based on the futures curves for interest rates and dollar, Cemig GT prepare a sensitivity analyses and estimates that in a probable scenario its results would be affected by the swap and call spread, in September 30, 2021, in the amount of R$1,771,047 for the option (call spread), partially compensated by R$1,367,581 for the swap – comprising a total of R$3,138,628.

Cemig GT has measured the effects on its net income of reduction of the estimated fair value for the ‘probable’ scenario, analyzing sensitivity for the risks of interest rates, exchange rates and volatility changes, by 25% and 50%, as follows:

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Parent company and Consolidated	Base scenario Sep. 30, 2020	'Probable' scenario:	'Possible' scenario exchange rate depreciation and interest rate increase 25%	'Remote' scenario: exchange rate depreciation and interest rate increase 50%
Swap (asset)	7,406,363	7,010,276	6,075,986	5,184,936
Swap (liability)	(5,728,877)	(5,642,695)	(5,746,469)	(5,845,958)
Option / Call spread	1,606,656	1,771,047	1,186,872	460,055
Derivative hedge instrument	**3,284,142**	**3,138,628**	**1,516,389**	**(200,967)**

The same methods of measuring marked to market of the derivative financial instruments described above were applied to the estimation of fair value.

c) Financial risk management

Corporate risk management is a management tool that is part of the Company's corporate governance practices, and is aligned with the process of planning, which sets the Company's strategic business objectives.

The Company monitor the financial risk of transactions that could negatively affect the Company's liquidity or profitability, recommending hedge protection strategies to minimize the Company's exposure to foreign exchange rate risk, interest rate risk, and inflation risks, which are effective, in alignment with the Company's business strategy.

The main risks to which the Company is exposed are as follows:

Exchange rate risk

Cemig and its subsidiaries are exposed to the risk of appreciation in exchange rates, with effect on loans and financing, suppliers, and cash flow. The net exposure to exchange rates is as follows:

Exposure to exchange rates	Sep. 30, 2020		Dec. 31, 2019	
	Foreign currency	R$	Foreign currency	R$
US dollar				
Loans and financing (Note 21)	(1,555,001)	(8,771,295)	(1,515,814)	(6,109,793)
Suppliers (Itaipu Binacional)	(63,990)	(360,949)	(60,229)	(242,766)
	(1,618,991)	**(9,132,244)**	**(1,576,043)**	**(6,352,559)**
Net liabilities exposed		**(9,132,244)**		**(6,352,559)**

<u>Sensitivity analysis</u>

Based on information from its financial consultants, the Company estimates that in a probable scenario the variation of the exchange rates of foreign currencies in relation to the Real at September 30, 2021 will be an depreciation of the dollar by 13.13% to R$4.90. The Company has prepared a sensitivity analysis of the effects on the Company's net income arising from depreciation of the Real exchange rate by 25%, and by 50%, in relation to this 'probable' scenario.

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Risk: foreign exchange rate exposure	Base Scenario	'Probable' scenario US$=R$4.90	'Possible' scenario US$= R$6.13	'Remote' scenario US$=R$7.35
US dollar				
Loans and financings	(8,771,295)	(7,619,506)	(9,532,157)	(11,429,258)
Suppliers (Itaipu Binacional)	(360,949)	(313,552)	(392,259)	(470,327)
	(9,132,244)	**(7,933,058)**	**(9,924,416)**	**(11,899,585)**
Net liabilities exposed	**(9,132,244)**	**(7,933,058)**	**(9,924,416)**	**(11,899,585)**
Net effect of exchange rate fluctuation		**1,199,186**	**(792,172)**	**(2,767,341)**

Company has entered into swap operations to replace the exposure to the US dollar fluctuation with exposure to fluctuation in the CDI Rate, as described in more detail in the item 'Swap Transactions' in this note.

Interest rate risk

The Company is exposed to the risk of decrease in Brazilian domestic interest rates. This exposure occurs as a result of net assets indexed to variation in interest rates, as follows:

Risk: Exposure to domestic interest rate changes	Consolidated	
	Sep. 30, 2020	Dec. 31, 2019
Assets		
Cash equivalents – Cash investments (Note 5) – CDI	1,367,362	326,352
Marketable securities (Note 6) – CDI / SELIC	4,098,637	753,681
Restricted cash – CDI	48,147	12,337
CVA and in tariffs (Note 13) – SELIC	-	881,614
	5,514,146	**1,973,984**
Liabilities		
Loans, financing and debentures (Note 21) – CDI	(3,375,345)	(3,771,549)
Loans, financing and debentures (Note 21) – TJLP	(203,910)	(243,430)
Sector financial liabilities (note 13)	(331,376)	-
	(3,910,631)	**(4,014,979)**
Net liabilities exposed	**1,603,515**	**(2,040,995)**

<u>Sensitivity analysis</u>

In relation to the most significant interest rate risk, Company estimates that, in a probable scenario, at September 30, 2021 Selic and TJLP rates will be 2.00% and 4.56%, respectively. The Company has made a sensitivity analysis of the effects on its net income arising from increases in rates of 25% and 50% in relation to the 'probable' scenario. Fluctuation in the CDI rate accompanies the fluctuation of Selic rate.

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Risk: Decrease in Brazilian interest rates	Sep. 30, 2020	Sep. 30, 2021		
	Book value	'Probable' scenario Selic 2.00% TJLP 4.56%	'Possible' scenario Selic 1.50% TJLP 3.42%	'Remote' scenario Selic 1.00% TJLP 2.28%
Assets				
Cash equivalents (Note 5)	1,367,362	1,394,709	1,387,872	1,381,036
Marketable securities (Note 6)	4,098,637	4,180,610	4,160,117	4,139,623
Restricted cash	48,147	49,110	48,869	48,628
	5,514,146	**5,624,429**	**5,596,858**	**5,569,287**
Liabilities				
Loans and financing (Note 21) – CDI	(3,375,345)	(3,442,852)	(3,425,975)	(3,409,098)
Loans and financing (Note 21) – TJLP	(203,910)	(213,208)	(210,884)	(208,559)
Sector financial liabilities (note 13)	(331,376)	(346,487)	(342,709)	(338,931)
	(3,910,631)	**(4,002,547)**	**(3,979,568)**	**(3,956,588)**
Net assets exposed	**1,603,515**	**1,621,882**	**1,617,290**	**1,612,699**
Net effect of fluctuation in interest rates		**18,367**	**13,775**	**9,184**

Increase in inflation risk

The Company and its subsidiaries are exposed to risk of increase in inflation, due to their having more liabilities than assets indexed to the variation of inflation indicators, as follows:

Exposure to increase in inflation	Sep. 30, 2020	Dec. 31, 2019
Assets		
Concession financial assets related to Distribution infrastructure - IPCA (1)	497,166	459.711
Concession financial assets related to Gas distribution infrastructure – IGP-M (1)	28,901	23.663
Receivable from Minas Gerais state government (AFAC) – IGPM (Note 10 and 29)	131,794	115,202
Receivable for residual value – Transmission – IPCA (Note 13)	1,211,275	1,280,652
Concession Grant Fee – IPCA (Note 13)	2,497,655	2,468,216
	4,366,791	**4,347,444**
Liabilities		
Loans, financing and debentures – IPCA and IGP-DI (Note 21)	(3,852,143)	(4,729,928)
Debt with pension fund (Forluz) – IPCA	(490,942)	(566,381)
Deficit of pension plan (Forluz) – IPCA	(534,614)	(550,151)
	(4,877,699)	**(5,846,460)**
Net assets (liabilities) exposed	**(510,908)**	**(1,499,016)**

(1) Portion of the concession financial assets relating to the Regulatory Remuneration Base of Assets ratified by the regulator (Aneel) after the 4rd tariff review cycle.

Sensitivity analysis

In relation to the most significant risk of reduction in inflation index, reflecting the consideration that the Company has more assets than liabilities indexed to inflation indices, the Company estimates that, in a probable scenario, at September 30, 2021 the IPCA inflation index will be 3.83% and the IGPM inflation index will be 7.83%. The Company has prepared a sensitivity analysis of the effects on its net income arising from a reduction in inflation of 25% and 50% in relation to the 'probable' scenario.

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Risk: increase in inflation	Sep. 30, 2020	Sep. 30, 2021		
	Amount Book value	'Probable' scenario IPCA 3.83% IGPM 7.83%	'Possible' scenario (25%) IPCA 4.79% IGPM 9.79%	'Remote' scenario (50%) IPCA 5.75% IGPM 11.75%
Assets				
Concession financial assets related to Distribution infrastructure – IPCA (1)	497,166	516,207	520,980	525,753
Concession financial assets related to Gas distribution infrastructure – IGP-M	28,901	31,164	31,730	32,297
Accounts receivable from Minas Gerais state government (AFAC) – IGPM index (Note 29)	131,794	142,113	144,697	147,280
Receivable for residual value – Transmission – IPCA (Note 13)	1,211,275	1,257,667	1,269,295	1,280,923
Concession Grant Fee – IPCA (Note 13)	2,497,655	2,593,315	2,617,293	2,641,270
	4,366,791	**4,540,466**	**4,583,995**	**4,627,523**
Liabilities				
Loans, financing and debentures – IPCA and IGP-DI	(3,852,143)	(3,999,680)	(4,036,661)	(4,073,641)
Debt agreed with pension fund (Forluz) – IPCA	(490,942)	(509,745)	(514,458)	(519,171)
Deficit of pension plan (Forluz)	(534,614)	(555,090)	(560,222)	(565,354)
	(4,877,699)	**(5,064,515)**	**(5,111,341)**	**(5,158,166)**
Net liability exposed	**(510,908)**	**(524,049)**	**(527,346)**	**(530,643)**
Net effect of fluctuation in IPCA and IGP–M indices		**(13,141)**	**(16,438)**	**(19,735)**

(1) Portion of the Concession financial assets relating to the Regulatory Remuneration Base of Assets ratified by the regulator (Aneel) after the 4rd tariff review cycle.

Liquidity risk

Cemig has sufficient cash flow to cover the cash needs related to its operating activities.

The Company manages liquidity risk with a group of methods, procedures and instruments that are coherent with the complexity of the business, and applied in permanent control of the financial processes, to guarantee appropriate risk management.

Cemig manages liquidity risk by permanently monitoring its cash flow in a budget-oriented manner. Balances are projected monthly, for each one of the companies, over a period of 12 months, and daily liquidity is projected over 180 days.

Short-term investments must comply with investing principles established in the Company's Cash Investment Policy. These include applying its resources in private credit investment funds, without market risk, and investment of the remainder directly in bank CDs or repo contracts which earn interest at the CDI rate.

In managing cash investments, the Company seeks to obtain profitability through a rigid analysis of financial institutions' credit risk, applying operational limits for each bank, based on assessments that take into account their ratings, exposures and balance sheet. It also seeks greater returns on investments by strategically investing in securities with longer investment maturities, while bearing in mind the Company's minimum liquidity control requirements.

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Any reduction in the Company's ratings could result in a reduction of its ability to obtain new financing and could also make refinancing of debts not yet due more difficult or more costly. In this situation, any financing or refinancing of the Company's debt could have higher interest rates or might require compliance with more onerous covenants, which could additionally cause restrictions to the operations of the business.

The flow of payments of the Company's obligation to suppliers, debts with the pension fund, loans, financing and debentures, at floating and fixed rates, including future interest up to contractual maturity dates, is as follows:

Consolidated	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at (interest rates):						
- loating rates						
Loans, financing and debentures	93,816	631,509	2,371,436	13,376,318	1,838,476	18,311,555
Onerous concessions	234	462	2,215	10,036	13,598	26,545
Debt with pension plan (Forluz) (Note 23)	12,131	24,335	111,294	430,756	-	578,516
Deficit of the pension plan (FORLUZ) (Note 23)	5,400	10,843	49,671	287,751	551,387	905,052
	111,581	**667,149**	**2,534,616**	**14,104,861**	**2,403,461**	**19,821,668**
- Fixed rate						
Suppliers	1,726,303	263,290	1,458	-	-	1,991,051
	1,837,884	**930,439**	**2,536,074**	**14,104,861**	**2,403,461**	**21,812,719**

Parent Company	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at (interest rates):						
- Floating rates						
Loans, financing and debentures	-	-	50,286	-	-	50,286
Debt with pension plan (Forluz) (Note 23)	597	1,197	5,476	21,193	-	28,463
Deficit of the pension plan (FORLUZ) (Note 23)	266	533	2,445	14,157	27,128	44,529
	863	**1,730**	**58,207**	**35,350**	**27,128**	**123,278**
- Fixed rate						
Suppliers	1,653	54	9	-	-	1,716
	2,516	**1,784**	**58,216**	**35,350**	**27,128**	**124,994**

Credit risk

The distribution concession contract requires levels of service on a very wide basis within the concession area, and disconnection of supply of defaulting customers is permitted. Additionally, the Company uses numerous tools of communication and collection to avoid increase in default. These include: telephone contact, emails, text messages, collection letters, posting of customers with credit protection companies, and collection through the courts.

The risk arising from the possibility of Cemig and its subsidiaries incurring losses as a result of difficulty in receiving amounts billed to its customers is considered to be low. The credit risk is also reduced by the extremely wide customers' base.

The allowance for doubtful accounts receivable recorded on September 30, 2020, considered to be adequate in relation to the credits in arrears receivable by the Company, was R$669,220.

Cemig and its subsidiaries manage the counterparty risk of losses resulting from insolvency of financial institutions based on an internal policy, has been in effect since 2004.

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This Policy assesses and scales the credit risks of the institutions, the liquidity risk, systemic risk related to macroeconomic and regulatory conditions, the market risk of the investment portfolio and the Treasury operational risk.

All investments are made in financial securities that have fixed-income characteristics, always indexed to the CDI rate. The Company does not carry out any transactions that would bring volatility risk into its financial statements.

As a management instrument, Cemig and its subsidiaries divide the investment of its funds into direct purchases of securities (own portfolio) and investment funds. The investment funds invest the funds exclusively in fixed income products, having companies of the Group as the only unit holders. They obey the same policy adopted in the investments for the Company's directly-held own portfolio.

The minimum requirements for concession of credit to financial institutions are centered on three items:

1. Rating by three risk rating agencies.
2. Equity greater than R$400 million.
3. Basel ratio one percentage point above the minimum set by the Brazilian Central Bank.

Banks that exceed these thresholds are classified in three groups, in accordance with its equity amount, plus a specific segment comprising those whose credit risk is associated only with federal government. The credit limits are determined based on this classification, as follows:

Group	Equity	Limit per bank (% of equity)[1]
Federal Risk (FR)	-	10%
A1	Over R$ 3.5 billion	Between 6% and 9%
A2	Between R$1.0 billion and R$3.5 billion	Between 5% and 8%
A3	Between R$400 million and R$1.0 billion	Between 0% and 7%

[1]The percentage assigned to each bank depends on individual assessment of indicators, e.g. liquidity, and quality of the credit portfolio.

Cemig also sets two concentration limits:

1. No bank may have more than 30% of the Group's portfolio.
2. "Federal Risk" and "A1" banks may have more than 50% of the portfolio of any individual company.

COVID-19 Pandemic – Risks and uncertainties related to Cemig's business

The Company's assessment concerning the risks and potential impacts of Covid-19 are disclosed in Note 1.1..

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Risk of over-contracting and under-contracting of energy supply

Sale or purchase of energy supply in the spot market to cover a positive or negative exposure of supply contracted, to serve the captive market of Cemig D, is an inherent risk to the energy distribution business. The regulatory agent limits for 100% pass-through to customers the exposure to the spot market, valued at the difference between the distributor's average purchase price and the spot price (PLD) is 105% of the distributor's contracted supply. Any exposure that can be proved to have arisen from factors outside the distributor's control ('involuntary exposure') may also be passed through in full to customers. Company's management is continually monitories its contracts for purchase of energy supply to mitigate the risk of exposure to the spot market.

On April 07, 2020, Aneel expanded the limit of total amount of energy that can be declared by energy distributors in the process of the mechanism for the sale of surplus ('Mecanismo de Venda de Excedentes' - MVE), during 2020, from 15% to 30%, for the purpose of facilitating contractual reductions, considering the scenario caused by Covid-19 pandemic.

On May 18, 2020, the Decree 10,350/2020 authorized the creation and management of the *Covid Account* by the CCEE (Power Trading Exchange), whose purposes includes the coverage of the financial effects of overcontracting caused by the pandemic. The amount estimated for this coverage was R$212,473. The Decree also added a sub-item to Article 3 of the Decree 5,163/2004, reducing the charge arising from the effects of the Covid-19 pandemic, calculated in accordance with an Aneel regulation, as one of the possible items to be treated as involuntary overcontracting, and as a result passed through to customers.

Risk of continuity of the concession

The risk to continuity of the distribution concession arises from the new terms included in the extension of Cemig D's concession for 30 years from January 1, 2016, as specified by Law 12,783/13. The extension introduced changes to the present contract, conditional upon compliance by the distributor with new criteria for quality, and for economic and financial sustainability.

The extension is conditional on compliance with indicators contained in the contract itself, which aim to guarantee quality of the service provided and economic and financial sustainability of the company. These are determinant for actual continuation of the concession in the first five years of the contract, since non-compliance with them in two consecutive years, or in the fifth year, results in cancellation of the concession.

Additionally, as from 2021, non-compliance with the quality criteria for three consecutive years, or the minimum parameters for economic/financial sustainability for two consecutive years, results in opening of proceedings for termination of the concession.

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Due to the inspection carried out by Aneel, the indicators of efficiency criteria regarding service continuity were recalculated for the period from January 2016 to May 2019, resulting in a non-compliance of the annual global limit for the indicator DEC (Customer Unit Average Outage Duration) for the periods of 2016 and 2017. Once the DEC calculated for the period of 2019 also exceeded the regulatory global limit, the prohibition on declaration of dividends and interest on equity, provided in Article 2º of Aneel Normative Resolution 747/2016, was applied, limiting the amount of dividend and interest on equity, isolated or jointly, to 25% of net income, less the amounts allocated to the legal reserve and the Contingency Reserve. It is important to note that the internal indicators (DECi and FECi) for maintaining the distribution concession were complied with in all periods.

The efficiency criteria for continuity of supply and for economic and for financial management, required to maintain the distribution concession, were met in the period ended September 30, 2020.

Hydrological risk

The greater part of the energy sold by the Company's subsidiaries is generated by hydroelectric plants. A prolonged period of drought can result in lower water volumes in the reservoirs of these plants, which can lead to an increase in the cost of acquisition of energy, due to replacement by thermoelectric generation, or reduction of revenues due to reduction in consumption caused by implementation of wide-ranging programs for saving of energy. Prolongation of the generation of energy using the thermal plants could pressure costs of acquisition of supply for the distributors, causing a greater need for cash, and could result in future increases in tariffs.

Risk of debt early maturity

The Company's subsidiaries have loan contracts with restrictive covenants normally applicable to this type of transaction, related to compliance with a financial index. Non-compliance with these covenants could result in earlier maturity of debts.

On September, 30, 2020, the Company was compliant with all the covenants for financial index requiring half-yearly and annual compliance, except for non-compliance with the non-financial covenant of the loan contracts with the CEF of the subsidiaries Central Eólica Praias de Parajuru and Central Eólica Volta do Rio. More details in Note 21.

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Capital management

This table shows comparisons of the Company's net liabilities and its equity:

	Consolidated		Parent company	
	Sep. 30, 2020	Dec. 31, 2019	Sep. 30, 2020	Dec. 31, 2019
Total liabilities	36,023,916	34,036,187	1,933,204	1,865,610
(–) Cash and cash equivalents	(1,420,751)	(535,757)	(24,133)	(64,356)
(–) Marketable securities	(3,689,369)	(740,339)	(123,746)	(185,211)
Net liabilities	**30,913,796**	**32,760,091**	**1,785,325**	**1,616,043**
Total equity	**17,302,241**	**15,890,865**	**17,297,668**	**15,886,615**
Net liabilities / equity	**1.79**	**2.06**	**0.10**	**0.10**

31. OPERATING SEGMENTS

The operating segments of the Company reflect their management and their organizational structure, used to monitoring its results. They are aligned with the regulatory framework of the Brazilian energy industry.

The Company also operates in the gas market, through its subsidiary Gasmig, and in other businesses with less impact on the results of its operations. These segments are reflected in the Company's management, organizational structure, and monitoring of results.

The tables below show segment information for September 30, 2020 and 2019:

INFORMATION BY SEGMENT FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2020							
DESCRIPTION	ENERGY			Gas	Other	Eliminations	TOTAL
	Generation and sale	Transmission	Distribution				
SEGMENT ASSETS	**17,000,666**	**4,895,454**	**26,140,558**	**2,688,829**	**3,671,239**	**(1,070,589)**	**53,326,157**
INVESTMENTS IN SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES	**4,090,318**	**1,390,401**	**-**	**-**	**24,255**	**-**	**5,504,974**
INVESTMENTS IN AFFILIATES CLASSIFIED AS HELD FOR SALE	**-**	**-**	**987,844**	**-**	**-**	**-**	**987,844**
ADDITIONS TO THE SEGMENT	**142,321**	**160,484**	**968,413**	**38,514**	**2**	**-**	**1,309,734**
CONTINUING OPERATIONS							
NET REVENUE	**4,717,661**	**937,146**	**11,723,189**	**1,151,006**	**77,540**	**(243,485)**	**18,363,057**
COST OF ENERGY AND GAS							
Energy bought for resale	(2,853,191)	-	(5,731,631)	-	-	56,410	(8,528,412)
Charges for use of the national grid	(148,489)	(134)	(1,191,308)	-	-	182,690	(1,157,241)
Gas bought for resale	-	-	-	(750,664)	-	-	(750,664)
Total	**(3,001,680)**	**(134)**	**(6,922,939)**	**(750,664)**	**-**	**239,100**	**(10,436,317)**
OPERATING COSTS AND EXPENSES							
Personnel	(140,229)	(85,490)	(651,632)	(42,918)	(20,615)	-	(940,884)
Employees' and managers' profit sharing	(18,299)	(8,931)	(69,047)	-	(12,605)	-	(108,882)
Post-employment obligations	(39,651)	(32,012)	(226,664)	-	(35,912)	-	(334,239)
Materials	(9,421)	(2,701)	(44,263)	(900)	(201)	6	(57,480)
Outsourced services	(80,663)	(30,671)	(755,196)	(16,852)	(25,462)	4,379	(904,465)
Depreciation and amortization	(151,351)	(3,701)	(496,350)	(79,770)	(2,366)	-	(733,538)
Operating provisions (reversals)	(47,286)	(19,307)	(133,341)	(1,130)	(54,059)	-	(255,123)
Construction costs	-	(115,709)	(968,413)	(38,514)	-	-	(1,122,636)
Other operating expenses, net	(53,468)	(9,520)	(123,486)	(7,284)	(12,294)	-	(206,052)
Total cost of operation	**(540,368)**	**(308,042)**	**(3,468,392)**	**(187,368)**	**(163,514)**	**4,385**	**(4,663,299)**
OPERATING COSTS AND EXPENSES	**(3,542,048)**	**(308,176)**	**(10,391,331)**	**(938,032)**	**(163,514)**	**243,485**	**(15,099,616)**

INFORMATION BY SEGMENT FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2020							
DESCRIPTION	ENERGY			Gas	Other	Eliminations	TOTAL
	Generation and sale	Transmission	Distribution				
Fair value of business combination	-	51,736	-	-	-	-	51,736
Impairment (reversals) of assets held for sale	-	-	(270,267)	-	-	-	(270,267)
Equity in earnings of unconsolidated investees, net	(36,379)	303,532	-	-	(4,855)	-	262,298
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	**1,139,234**	**984,238**	**1,061,591**	**212,974**	**(90,829)**	**-**	**3,307,208**
Finance income	1,706,469	177,528	374,546	40,710	18,928	-	2,318,181
Finance expenses	(2,891,012)	(314,965)	(346,543)	(20,944)	(3,399)	-	(3,576,863)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAXES	**(45,309)**	**846,801**	**1,089,594**	**232,740**	**(75,300)**	**-**	**2,048,526**
Income tax and social contribution tax	2,643	(138,881)	(513,989)	(58,808)	193,033	-	(516,002)
NET INCOME (LOSS) FOR THE PERIOD	**(42,666)**	**707,920**	**575,605**	**173,932**	**117,733**	**-**	**1,532,524**
Equity holders of the parent	(42,666)	707,920	575,605	173,163	117,733	-	1,531,755
Non-controlling interests	-	-	-	769	-	-	769
	(42,666)	**707,920**	**575,605**	**173,932**	**117,733**	**-**	**1,532,524**

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INFORMATION BY SEGMENT FOR THE PERIOD OF NINE MONTHS ENDED SEPTEMBER 30, 2019							
DESCRIPTION	ENERGY			Gas	Other	Eliminations	TOTAL
	Generation and sale	Transmission	Distribution				
SEGMENT ASSETS (1)	15,467,907	4,142,829	24,924,804	2,786,918	3,202,639	(462,425)	50,062,672
INVESTMENTS IN SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES (1)	4,304,218	1,254,441	-	-	25,900	-	5,584,559
INVESTMENTS IN AFFILIATES CLASSIFIED AS HELD FOR SALE (1)	-	-	1,258,111	-	-	-	1,258,111
ADDITIONS TO THE SEGMENT	70,006	150,158	626,331	922,072	5,810	-	1,774,377
CONTINUING OPERATIONS							
NET REVENUE	5,347,651	520,203	11,694,909	1,375,996	289,486	(227,488)	19,000,757
COST OF ENERGY AND GAS							
Energy bought for resale	(2,825,618)	-	(5,381,699)	-	(6)	53,015	(8,154,308)
Charges for use of the national grid	(142,377)	-	(1,098,492)	-	-	163,482	(1,077,387)
Gas bought for resale	-	-	-	(1,100,302)	-	-	(1,100,302)
Total	(2,967,995)	-	(6,480,191)	(1,100,302)	(6)	216,497	(10,331,997)
OPERATING COSTS AND EXPENSES							
Personnel	(158,424)	(88,190)	(673,710)	(33,336)	(27,762)	-	(981,422)
Employees' and managers' profit sharing	(22,484)	(15,656)	(109,480)	-	(12,323)	-	(159,943)
Post-employment obligations	(37,011)	(28,303)	(205,866)	-	(32,916)	-	(304,096)
Materials	(11,297)	(3,763)	(43,788)	(1,668)	(210)	20	(60,706)
Outsourced services	(87,137)	(31,990)	(733,969)	(13,951)	(32,846)	5,948	(893,945)
Depreciation and amortization	(166,688)	(4,543)	(489,012)	(59,370)	(3,709)	-	(723,322)
Operating provisions (reversals)	(920,261)	(114,596)	(1,048,610)	(1,117)	(190,838)	-	(2,275,422)
Construction costs	-	(150,159)	(626,330)	(30,239)	-	-	(806,728)
Other operating expenses, net	303	(11,937)	(175,211)	(6,776)	3	5,023	(188,595)
Total cost of operation	(1,402,999)	(449,137)	(4,105,976)	(146,457)	(300,601)	10,991	(6,394,179)
OPERATING COSTS AND EXPENSES	(4,370,994)	(449,137)	(10,586,167)	(1,246,759)	(300,607)	227,488	(16,726,176)
Equity in earnings of unconsolidated investees, net	(16,940)	179,032	-	-	(812)	-	161,280
OPERATING INCOME BEFORE FINANCE INCOME (EXPENSES)	959,717	250,098	1,108,742	129,237	(11,933)	-	2,435,861
Finance income	1,361,418	106,995	1,401,937	57,378	314,235	-	3,241,963
Finance expenses	(1,013,462)	(111,769)	(506,395)	(18,928)	(18,173)	-	(1,668,727)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION TAXES	1,307,673	245,324	2,004,284	167,687	284,129	-	4,009,097
Income tax and social contribution tax	(642,708)	(32,163)	(752,665)	(56,642)	(118,595)	-	(1,602,773)
Net income for the period from continuing operations	664,965	213,161	1,251,619	111,045	165,534	-	2,406,324
DISCONTINUED OPERATIONS							
Net income for the period from discontinued operations	-	-	224,067	-	-	-	224,067
NET INCOME (LOSS) FOR THE PERIOD	664,965	213,161	1,475,686	111,045	165,534	-	2,630,391
Equity holders of the parent	664,965	213,161	1,475,686	110,518	165,534	-	2,629,864
Non-controlling interests (note 25)	-	-	-	527	-	-	527
	664,965	213,161	1,475,686	111,045	165,534	-	2,630,391

(1) Balance at December 31, 2019.

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The following is a breakdown of the revenue of the Company by activity:

Jan to Sep 2020	ENERGY			Gas	Other	Eliminations	TOTAL
	Generation and sale	Transmission	Distribution				
Revenue from supply of energy	5,367,636	-	14,071,713	-	-	(58,986)	19,380,363
Revenue from Use of Distribution Systems (the TUSD charge)	-	-	2,210,678	-	-	(17,872)	2,192,806
CVA and *Other financial components* in tariff adjustment	-	-	98,844	-	-	-	98,844
Financial component arising from PIS/Pasep and Cofins taxes refunded to customers– realization	-	-	83,346	-	-	-	83,346
Transmission concession revenue	-	722,236	-	-	-	(164,807)	557,429
Transmission construction revenue	-	115,709	-	-	-	-	115,709
Reimbursement revenue – Transmission	-	357,253	-	-	-	-	357,253
Distribution construction revenue	-	-	968,413	38,514	-	-	1,006,927
Adjustment to expectation of cash flow from Financial assets of distribution concession to be indemnified	-	-	(1,652)	-	-	-	(1,652)
Gain on inflation updating of Concession Grant Fee	228,293	-	-	-	-	-	228,293
Sale transaction in CCEE (i)	90,701	-	-	-	-	-	90,701
Mechanism for the sale of surplus	-	-	152,504	-	-	-	152,504
Supply of gas	-	-	-	1,390,833	-	(6)	1,390,827
Fine for violation of continuity indicator	-	-	(33,447)	-	-	-	(33,447)
Other operating revenues	9,357	24,696	1,185,014	262	83,558	(1,814)	1,301,073
Sector / Regulatory charges reported as Deductions from revenue	(978,326)	(282,748)	(7,012,224)	(278,603)	(6,018)	-	(8,557,919)
Net operating revenue	**4,717,661**	**937,146**	**11,723,189**	**1,151,006**	**77,540**	**(243,485)**	**18,363,057**

Jan to Sep 2019	ENERGY			Gas	Other	Eliminations	TOTAL
	Generation and sale	Transmission	Distribution				
Revenue from supply of energy	5,247,834	-	14,613,263	-	-	(56,864)	19,804,233
Revenue from Use of Distribution Systems (the TUSD charge)	-	-	1,995,013	-	-	(18,109)	1,976,904
CVA and *Other financial components* in tariff adjustment	-	-	45,119	-	-	-	45,119
Transmission concession revenue	-	520,238	-	-	-	(145,361)	374,877
Transmission construction revenue	-	150,158	-	-	-	-	150,158
Reimbursement revenue – Transmission	-	124,057	-	-	-	-	124,057
Distribution construction revenue	-	-	626,331	30,239	-	-	656,570
Adjustment to expectation of cash flow from Financial assets of distribution concession to be indemnified	-	-	10,689	-	-	-	10,689
Gain on inflation updating of Concession Grant Fee	244,069	-	-	-	-	-	244,069
Transactions in energy on the CCEE	413,848	-	(6,602)	-	2	-	407,248
Supply of gas	-	-	-	1,713,122	-	(20)	1,713,102
Fine for violation of continuity indicator	-	-	(43,330)	-	-	-	(43,330)
PIS/Pasep and Cofins taxes credits over ICMS	424,403	-	830,333	-	183,827	-	1,438,563
Other operating revenues	79,493	20,041	1,097,893	40	115,164	(7,134)	1,305,497
Sector / Regulatory charges reported as Deductions from revenue	(1,061,996)	(294,291)	(7,473,800)	(367,405)	(9,507)	-	(9,206,999)
Net operating revenue	**5,347,651**	**520,203**	**11,694,909**	**1,375,996**	**289,486**	**(227,488)**	**19,000,757**

For further details of operating revenue, see Note 26.

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32. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATIONS

On September 30, 2020 and December 31, 2019 assets and liabilities classified as held for sale, and the results of discontinued operations, were as follows:

Consolidated and Parent company – Statements of financial position	Sep. 30, 2020	Dec. 31, 2019
Assets held for sale – investment in an affiliate	987,844	1,258,111

Consolidated and Parent company – Statements of income	Sep. 30, 2020	Jun. 30, 2019
Loss for write-down of non-current assets held for sale arising from continuing operations, before taxes	(270,267)	-
Deferred taxes arising from non-current assets held for sale, recognized in continuing operations	91,891	-
Loss after taxes – continuing operations	**(178,376)**	-
Profit for write-down of non-current assets held for sale arising from continuing operations, before taxes	-	309,144
Deferred taxes arising from non-current assets held for sale, recognized in continuing operations	-	(85,077)
Net income after taxes - discontinued operations	-	**224,067**

Disposal of interest in and control of Light

On November 27, 2018, the Board of Directors of the Company decided, in the context of Cemig's disinvestment program, to maintain as a priority for 2019 the firm commitment to sale of the shares in Light S.A. owned by Cemig, on conditions that are compatible with the market and also in accordance with the interests of shareholders.

Additionally, the Company has concluded that its investment in Light now meets the criteria of CPC 31 – *Non-current assets held for sale and discontinued operations*; and that its sale in the near future is highly probable. The Company has also evaluated the effects on the investments held in the companies LightGer, Axxiom, Guanhães and UHE Itaocara, which are jointly controlled by the Company and by Light.

On July 17, 2019, together with the public offering of shares by Light, the Company sold 33,333,333 shares that it held in that investee, at the price per share of R$18.75, in the total amount of R$625,000.

Additionally, with completion of the public offering of shares by Light, the Company's equity interest in the total capital of this investee was reduced from 49.99% to 22.58%, corresponding to 68,621,263 shares of a total of 303,934,060, this limited its right of voting in meetings of shareholders, and consequently its ability to direct material activities of the investee.

Thus, as from that date, with the alteration of the equity interest in Light, the Company ceased to have the power ensuring it control over that investee. In these circumstances, the Company wrote down the values of assets and liabilities of its former subsidiary, and recognized, at fair value, its remaining equity interest as an investment in an affiliate or jointly-controlled entity, in accordance with IFRS 10 / CPC 36 (R3) – *Consolidated financial statements.*

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Since the Company maintains its firm commitment to dispose of the remaining equity interest in Light, the investment in that company continues to be classified in Assets held for sale, in accordance with CPC 31 / IFRS 5 – *Non-current assets held for sale*, *and discontinued operations*, at its fair value, subtracting the cost of sale. The restatement of the remaining equity interest in Light at fair value used the sale price of the shares on the date of the loss of control (Level 1 in the fair value hierarchy), of R$18.75 per share, less the estimated costs for the sale estimated at R$28,538. The difference between the book value of the remaining equity interest and its fair value was recognized in the net income for the period from discontinuing operations.

The Company also wrote down, on the date of the sale of the control, the assets and liabilities of the former subsidiaries *Itaocara, Guanhães, LightGer* and *Axxiom*, and recognized its remaining equity interest in these investees at fair value as investments in jointly-controlled subsidiaries, valued by the equity method. These investments, which are jointly controlled with Light, were not classified under Held for sale and Discontinued operations, since the company does not have the intention of selling these interests. For more information, see Note 15.

Maintenance of the interest in Light as an asset held for sale

In 2019, Management has not completed the process of disinvestment of the entire investment in Light due to external factors, beyond its control and to unfavorable market conditions.

Company's management continues to have a firm commitment to dispose of the remaining equity interest in Light and estimates that conclusion of the process in 2020 is highly probable. Considering that it is an investment in an affiliate, it was classified as an asset held for sale, but no longer as a discontinued operation, in accordance with the provisions established in CPC 31/IFRS 5 – *Non-current assets held for sale*, *and discontinued operations*.

On March 31, 2020, the market conditions have deteriorated as a result of Covid-19 situation and the Company reduced the carrying amount of the asset to its market value less estimated costs to sell, resulted in the recognition of an impairment loss of R$609 million in profit or loss from continuing operations. On June 30, 2020, with partial recovery in the shares price, the Company reversed part of the impairment recognized, in the amount of R$475 million. The accumulated negative impact of the Light investment re-measuring at market value, net of selling expenses at June 30, 2020, was R$134 million, which was reported in continuing operations.

On September 30, 2020, the Company remeasured the fair value of the shares held, using the closing price on that date, of R$14.50, less estimated cost to sell, based on the most likely disposal process in the current scenario, resulting in the recognition of an impairment loss of R$136 million. The impairment of the asset held for sale, accumulated until September 30, 2020, recognized in the net income from continuing operations, totals R$270 million, corresponding to the difference between the fair values of Light interest, as valued at December 31, 2019 and September 30, 2020, less cost to sell.

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Until the present moment the sale of the shares has not been concluded due to circumstances beyond the Company's control, which led to momentary deterioration in the stock market as from the end of March, 2020, due to the systemic crisis caused by the Covid 19 pandemic. The market volatility in this period created obstacles to implementation of the best sale strategy. However, the Company continues to be committed to the sale of the shares and there is expectation that the sale will be concluded within one year from this reporting date.

The equity value of the interest held by Cemig in Light is R$1,537,690 (R$1,406,857 on December 31, 2019), corresponding to the Company's shareholding of 22.58% in Light total equity of R$6,809,963 (R$6,230,544 on December 31, 2019).

33. NON-CASH TRANSACTIONS

On the period ended September 30, 2020 and 2019, the Company had the following transactions not involving cash, which are not reflected in the Cash flow statement:

- Capitalized financial costs of R$22,848 on September 30, 2020 (R$23,352 on September 30, 2019);
- Except for the cash arising from the business combination, in the amount of R$27,110, and the payment of R$44,775, the acquisition of the Centroeste's remaining equity interest did not generate effects in the Company's cash flow;
- Except for the cash arising from the merger of the subsidiaries RME and LUCE, in April 24, 2019, amounting R$22,444, this transaction did not generate effects in the Company's cash flow.
- Offsetting of PIS/Pasep and Cofins taxes credits of R$661,003 against federal taxes payable.

34. SUBSEQUENT EVENTS

Merger of the wholly-owned subsidiary Cemig Geração Distribuída S.A.

On October 19, 2020 an Extraordinary General Meeting of Shareholders approved the merger of Cemig Geração Distribuída, at book value, with consequent extinction of this investee from that date and the Company becoming its successor in all its assets, rights and obligations.

Since this is a merger of a wholly-owned subsidiary, there was no capital increase nor need for issue of new shares by Cemig.

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CONSOLIDATED RESULTS

(Figures in R$ ’000 unless otherwise indicated)

Net income for the period

From January to September 2020, Cemig reports profit of R$1,532,524, compared to a profit of R$2,630,391 in the same period in 2019. The main variations in revenues, costs, expenses and financial items are described in the following pages.

From January to September 2020, we highlight the recognition of (i) the positive adjustments of Periodic Reset of Permitted Annual Revenue in the amount of R$283,694 (net of taxes), (ii) an impairment loss of R$178,376 (net of taxes) related to the Light equity interest classified as asset held for sale, and (iii) the negative result arising from the debt in foreign currency (Eurobonds) and its corresponding hedge instrument, which was R$403,517 (net of taxes).

In the same period of 2019, we highlight he recognition of PIS/Pasep and Cofins taxes credits over ICMS, in the amount of R$1,984,069 (see note n. 8), which was partially offset by the recognition of an impairment loss for receivables from Renova and provisions for tax contingencies, in the amount of R$688,031 and R$1,195,207, respectively (see note n. 27). In addition, the sale of Light shares resulted in a gain of R$224,067, reported in discontinued operations.

Ebitda (Earnings before interest, tax, depreciation and amortization)

Cemig’s consolidated adjusted Ebitda, with the removal of non-recurrent items, higher in 2.71% from January to September 2020 compared to the same period of 2019, whereas the adjusted Ebitda margin higher from 20.45% to 20.57%. Consolidated Ebitda, measured according to CVM Instruction 527, higher 16.50% from January to September 2020 compared to the same period of 2019, whereas the Ebitda margin was 18.25% from January to September 2020 and 22.53% in the same period of 2019.

Ebitda – R$ ’000	Jan to Sep 2020	Jan to Sep 2019	Var %
Net income for the period	1,532,524	2,630,391	(41.74)
+ Income tax and Social Contribution tax	516,002	1,687,850	(69.43)
+ Net financial revenue (expenses)	1,258,682	(1,573,236)	-
+ Depreciation and amortization	733,538	723,322	1.41
= Ebitda according to “CVM Instruction 527” (1)	**4,040,746**	**3,468,327**	**16.50**
Non-recurrent items			
+ Loss from discontinuing operations	-	(309,144)	-
+ Non-controlling interests	(769)	(527)	45.92
+ PIS/Pasep and Cofins over ICMS	-	(1,438,563)	-
+ Impairment loss – Receivables from Renova	37,361	688,031	(94.57)
+ Impairment (reversals) of assets held for sale (note 32)	270,267	-	-
+ Result of business combination (note 15)	(51,736)	-	-
+ RTP adjustments	(429,840)	-	-
+ Reversal of losses expected on receivables from Minas Gerais State (net of provisions made)	(178,028)	-	-
+ Tax provisions – Social Security contributions on profit sharing payments	-	1,182,613	-
Ebitda Adjusted (2)	**3,688,001**	**3,590,737**	**2.71**

* The expense on income tax and social contribution tax of 2019 includes R$85,077, presented at its net value in the figure for net income from discontinued operations.

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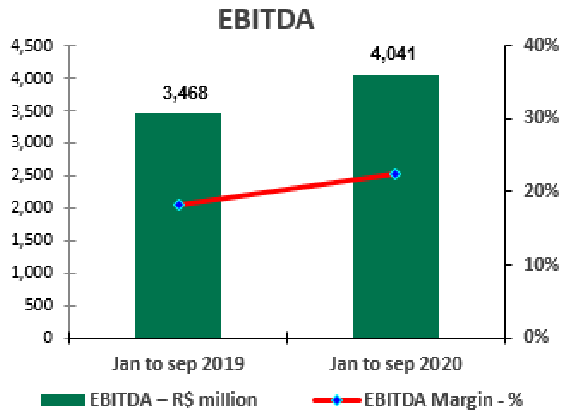
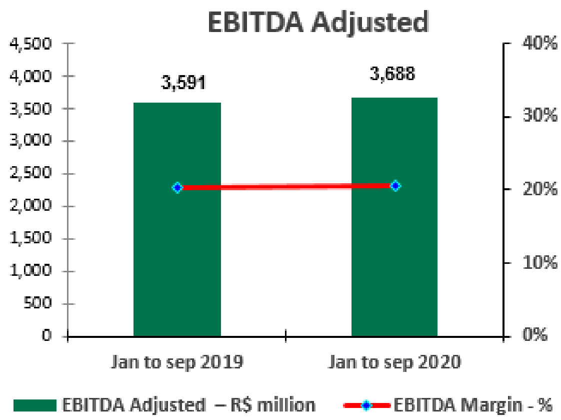
(1) Ebitda is a non-accounting measure prepared by the Company, reconciled with the consolidated Interim financial information in accordance with CVM Circular SNC/SEP 1/2007 and CVM Instruction 527 of October 4, 2012. It comprises Net income adjusted by the effects of net financial revenue (expenses), Depreciation and amortization, and Income tax and social contribution tax. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Cemig publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net income or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

(2) The Company adjusts the EBITDA measured according to CVM Instruction 527 removing non-current items, which, because of their nature, do not contribute towards information on the potential of future cash generation, since they are extraordinary items.





The higher adjusted Ebitda from January to September 2020 than the same period of 2019 mainly reflects the increase of 2.11% in the adjusted operational revenue and of 62.64% in revenue of equity method valuation. The increase in Consolidated Ebitda, measured according to CVM Instruction 527, mostly reflects the negative effect of operational provisions from January to September 2019, which was partially offset by the recognition of PIS/Pasep and Cofins taxes credits in the same period. Additionally, revenues of R$429,840 resulting from the Periodic Reset of Permitted Annual Revenue - RAP increased operational revenues from January to Setempber 2020, with positive effect on Ebitda.

The main items in revenue in the period:

<u>Revenue from supply of energy</u>

Revenue from sales of energy from January to September 2020 were R$19,380,363 and R$19,804,233 in the same period of 2019, a decrease of 2.14%.

Final customers

Total revenue from energy sold to final customers from January to September 2020 was R$16,868,660 – or 4.36% lower compared to the same period of 2019 (R$17,637,323).

The main factors in this revenue were:

- The annual tariff adjustment for Cemig D, effective May 28, 2019 (full effect by June 30, 2020) resulting in an average increase in customer tariffs of 8.73%;

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- 16.22% decline in sales to the industrial sector as well as 5.92% decline in sales to the commercial and services sector, mainly due to the measures to contain the Covid-19 pandemic; and
- The annual tariff adjustment for Cemig D, effective July 1, 2020, with average upward effect on customer tariffs of 4.27%. As from August 19, 2020, the adjustment was recalculated, resulting in the adjustment having a null effect on customer tariffs, due to reimbursement to customers of R$714,339, corresponding to the escrow deposits released after the success of Cemig's legal action (against which there is no further appeal), which recognized the right to exclude the ICMS amounts from the calculation basis of PIS/Pasep and Cofins taxes.

Cemig's energy market

The total for sales in Cemig's consolidated energy market comprises sales to: (i) Captive customers in Cemig's concession area in the State of Minas Gerais; (ii) Free Customers in both the State of Minas Gerais and other States of Brazil, in the Free Market (*Ambiente de Contratação Livre*, or ACL); (iii) other agents of the energy sector – traders, generators and independent power producers, also in the Free Market; (iv) Distributors, in the Regulated Market (*Ambiente de Contratação Regulada*, or ACR); and (v) the Power Trading Exchange (*Câmara de Comercialização de Energia Elétrica* – CCEE), eliminating transactions between companies of the Cemig Group.

This table details Cemig's market and the changes in sales of energy by customer category, comparing the period from January to September 2020 to January to September 2019:

Revenue from supply of energy

	Jan to Sep 2020			Jan to Sep 2019			Charge %	
	MWh (2)	R$	Average price billed (R$/MWh) (1)	MWh (2)	R$	Average price billed (R$/MWh) (1)	MWh	R$
Residential	8,095,031	7,275,465	898.76	7,849,611	7,123,899	907.55	3.13	2.13
Industrial	9,609,659	3,044,259	316.79	11,473,245	3,534,740	308.09	(16.24)	(13.88)
Commercial, services and others	6,410,602	3,703,102	577.65	6,834,786	3,956,788	578.92	(6.21)	(6.41)
Rural	2,810,932	1,616,856	575.20	2,830,415	1,511,446	534.00	(0.69)	6.97
Public authorities	535,169	392,207	732.87	660,766	470,080	711.42	(19.01)	(16.57)
Public lighting	991,695	441,318	445.01	1,034,410	458,995	443.73	(4.13)	(3.85)
Public services	1,022,593	543,341	531.34	994,653	528,871	531.71	2.81	2.74
Subtotal	**29,475,681**	**17,016,548**	**577.31**	**31,677,886**	**17,584,819**	**555.11**	**(6.95)**	**(3.23)**
Own consumption	24,935	-	-	28,242	-	-	(11.71)	-
Unbilled retail supply, net	-	(147,888)	-	-	52,504	-	-	(381.67)
	29,500,616	**16,868,660**	**571.81**	**31,706,128**	**17,637,323**	**556.27**	**(6.96)**	**(4.36)**
Wholesale supply to other concession holders (3)	9,776,846	2,406,532	246.15	8,703,195	2,214,263	254.42	12.34	8.68
Wholesale supply not yet invoiced, net	-	105,171	-	-	(47,353)	-	-	(322.10)
Total	**39,277,462**	**19,380,363**	**495.76**	**40,409,323**	**19,804,233**	**490.09**	**(2.80)**	**(2.14)**

(1) The calculation of the average price does not include revenue from supply not yet billed.
(2) Data not audited by external auditors. .
(3) Includes Regulated Market Energy Sale Contracts (CCEARs) and 'bilateral contracts' with other agents.

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The volume of energy sold to the industrial sector decreased 16.24% compared to the same period of 2019, due, mainly, to the Covid-19 pandemic restrictive measures. The following factors also contributed significantly:

- Residential consumption 3.13% higher YoY, mainly reflecting the effects of the Covid-19 pandemic restrictions, which may have led people to spend more time at home.
- 6.21% decline in sales of energy to the commercial and services sector, reflecting volume of energy billed to captive customer of Cemig D 15% lower, and volume of energy billed to Free Clients by Cemig GT and its subsidiaries 0.4% lower, mainly due to the Covid-19 pandemic containment measures. Migration of customers to distributed microgeneration ('geração distribuída'), and to the Free Market, contributed significantly to reduce the volume of energy sold in the captive market.
- Supply to other concession holders 12.34% higher YoY, due to the higher volume of sales to traders in 2020, mainly to minimize the losses by consuption reduction, partially offset by sales in the Regulated Market 0.8% lower YoY, due to differences in the seasonalization profile of the distributors.

Revenue from Use of Distribution Systems (the TUSD charge)

This is revenue from charging Free Customers the Tariff for Use of the Distribution System (TUSD), on the volume of energy distributed. From January to September 2020, this was R$2,192,806, compared to R$1,976,904 in the same period of 2019 - an increase of 10.92%. This difference mainly arises from the Company's annual tariff adjustment, in effect from May 28, 2019 (full effect by June 30, 2020), which was an increase of 15.47% for free clients, plus the effects of the Company's annual tariff adjustment in force from June 1, 2020, and its subsequent recalculation on August 19, 2020, which respectively affected Free Clients with increases of approximately 10.16% and 5.71%. Additionally, the volume of energy transported from January to September 2020 was 1.63% higher than the same period of 2019.

	MWh		
	Jan to Sep 2020	Jan to Sep 2019	Var %
Industrial	13,629,894	13,332,213	2.23
Commercial	907,221	959,139	(5.41)
Rural	21,941	10,334	112.32
Concessionaires	236,110	256,431	(7.92)
Total	**14,795,166**	**14,558,117**	**1.63**

CVA and Other financial components in tariff adjustments

These items are the recognition of the difference between actual non-controllable costs (in which the contribution to the CDE – the Energy Development Account and energy bought for resale, are significant components) and the costs that were used in calculating rates charged to customers. The amount of this difference is passed through to customers in the next tariff adjustment of Cemig D (the distribution company), represented a gain of R$98,844 from January to September 2020, whereas in the same period of 2019 it produced a revenue gain of R$45,119.

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Gains recorded as CVA from January to September 2020 were higher than in the same period of 2019, mainly reflecting:

- Higher cost of energy from Itaipu, due to the higher US dollar exchange rate;
- effects of overcontracting, resulting from lower energy consumption due to the Covid-19 pandemic;
- higher expenses on the National Grid after adjustment in July 2020 – an average increase of approximately 21.86% compared to the prior year;
- recognition of a positive financial component, due to the postponement of the annual tariff adjustment for 2020 by 34 days;
- recognition of the neutrality effect resulting from energy injected into the distribution network by customers.

These effects on revenue were partially offset by: (i) repayment to customers of the incoming funds from excess payments to the Energy Reserve Account (Coner), (ii) lower expenses on the CDE charge due to the closing of the Regulated Market Account in August 2019; (iii) lower hydrology risk expenses due to the lower spot price; and (iv) the 2019 tariff adjustment, which was approved at a significantly higher level than in the previous year.

For further details, see Note 13.

Transmission concession revenue

Cemig GT's transmission revenue comprises the sum of the revenues of all the transmission assets. The concession contracts establish the Permitted Annual Revenue (Receita Anual Permitida, or RAP) for the assets of the existing system, updated annually based on the variation in the IPCA inflation index. Whenever there is an upgrade or adaptation to an existing asset, made under specific authorization from Aneel, an addition is made to the RAP.

This revenue was 48.70% higher from January to September 2020 compared to the same period of 2019, being R$557,429 and R$374,877 respectively. The higher figure arises, mainly, from the periodic reset of RAP, ratified by Aneel in June 30, 2020, resulting in an adjustment of R$198,714. More details see note 14.

Additionally, these revenues were impacted by the increase in annual RAP, in July 2019, this includes the effects of inflation and also new revenues resulting from investments authorized. They also include an adjustment to expectation of cash flow from financial assets, arising from change in the fair value of the Regulatory Remuneration Base of Assets (BRR).

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Transmission reimbursement revenue

As specified in the sector regulations, the Company reports in each period the amount of the inflation/monetary adjustment applicable to the amount of indemnity receivable, based on the IPCA inflation index, which has a two-month delay, and the average regulatory cost of capital.

The revenue from reimbursements of transmission assets from January to September 2020 was R$357,253 – or 187.97% higher than in the same period of 2019 (R$124,057). This higher figure mainly reflects the upward adjustment of the indemnity base, as a result of the Periodic Reset of RAP, which was remeasured in accordance with the applicable regulatory rules, resulting in an increase of R$231,126 in the Company's income at June 30, 2020. More details see note 13 and 14.

Additionally, these revenues were impacted by the IPCA inflation index in both periods, and by the higher average cost of capital as from the Periodic Reset of RAP. At the beginning of the tariff cycle, which occurs in July of each year, the amounts received, plus the adjustment made for the cycle, corresponding to the amortization of the debtor balance up to the end of the period, are excluded from the remuneration base, reducing the amounts of the monetary updating and the remuneration on the remaining balance. The amounts of the reimbursements are being received through RAP, since July 2017, over a period of 8 years.

For more details see Notes 13 and 14.

Revenue from transactions in the Power Trading Exchange (CCEE)

Revenue from transactions in energy on the CCEE from January to September 2020 was R$90,701, or 77.73% lower than in the same period of 2019, which was R$407,248. This reduction is primarily due to the deficit position on the CCEE assumed by Cemig GT in 1H20, compared to 1H19, due to: (i) lower allocation of its own generation; (ii) lower GSFs; and (iii) higher sales through spot-market bilateral contracts. Additionally, there was a reduction of 44.14% in the average spot price (PLD), which was R$118.35/MWh from January to September 2020, compared to R$211.86/MWh in the same period of 2019.

Revenue from the mechanism for the sale of energy surplus

The revenue from the mechanism for the sale of energy surplus (MVE) were R$152,504 from January to September 2020, relating to offers of supply made at the end of 2019 by Cemig D. This mechanism is an instrument regulated by Aneel enabling distributors to sell overcontracted supply – the energy amount that exceeds the quantity required to supply captive customers.

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Revenue from supply of gas

Cemig reports revenue from supply of gas totaling R$1,390,827 from January to September 2020, compared to R$1,713,102 in the same period of 2019 – a decrease of 18.81%. This basically reflects the reduction in the price of gas, which was passed through to customers – since the volume of gas sold was in fact 23.11% lower (at 631,353m³ from January to September 2020, vs. 821,070m³ in same period of 2019), – under the influence, mainly, of the thermoelectric power generation and industrial sector, in which consumption was 69.87% and 9.84% lower, respectively. The effect of lower volume of gas sold was partially offset by the increase from application of the IGP-M inflation index to distribution costs, which occurs annually in February: the resulting increases were: 6.74% in 2019, and 7.81% in 2020, beyond Tariff Adjustment.

Construction revenue

Infrastructure construction revenue from January to September 2020 was R$1,122,636, or 39.16% higher compared to the same period of 2019 (R$806,728). This variation is mainly due to the execution of a larger proportion of the Investment Plan budget in assets related to distribution concession infrastructure, especially those related to the medium- and low-voltage and sub-transmission networks. For the assets related to transmission infrastructure the difference arises mainly arises from the suspension of three implementation contracts, halting their financial realization – they will be re-tendered – and also the reductions resulting from the Covid-19 pandemic.

This revenue is fully offset by Construction costs, of the same amount, and corresponds to the Company's investments in assets of the concession in the period.

PIS/Pasep and Cofins taxes credits over ICMS

The credits of PIS/Pasep and Cofins taxes (previously erroneously charged to include the amounts of ICMS taxes paid or due), totaling R$1,438,563, resulted from the success in the Company's legal action questioning the inclusion of ICMS tax in these amounts, and is backdated to July 2003. For more information please see Note 8.

Other operating revenues

The other operating revenues line for the Company and its subsidiaries from January to September 2020 totaled R$1,301,073, compared to R$1,305,497 in the same period of 2019 – 0.34% lower YoY. See Note 26 for a breakdown of other operating revenues.

Taxes and regulatory charges reported as Deductions from revenue

The taxes and charges that are recorded as deductions from operating revenue totaled R$8,557,919 from January to September 2020, or 7.05% less than the same period in 2019 (R$9,206,999).

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The Energy Development Account – CDE

The amounts of payments to the Energy Development Account (CDE) are decided by an Aneel Resolution. The purpose of the CDE is to cover costs of concession indemnities (reimbursements of costs of assets), tariff subsidies, and the subsidy for balanced tariff reduction, the low-income-customer subsidy, the coal consumption subsidy, and the Fuels Consumption Account (CCC). Charges for the CDE from January to September 2020 were R$1,826,713, compared to R$1,970,285 in the same period of 2019 – 7.29% lower YoY, due, primarily, to the Regulated Market Account (ACR), in August, 2019.

The ACR account was created by the federal government by its Decree 8,221/2014, regulated by Aneel Normative Resolution 612/2014, in order to totally or partially covering distributors' energy expenses due to involuntary exposure to the spot market, and the dispatching of thermal plants, linked to CCEARs (Regulated Market Sales Contract) for Availability.

This is a non-manageable cost: the difference between the amounts used as a reference for setting of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

Customer charges – the 'Flag' Tariff system

The 'Flag' Tariff bands are activated as a result of low levels of water in the system's reservoirs – tariffs are temporarily increased due to scarcity of rain. The 'Red' band has two levels – Level 1 and Level 2. Level 2 comes into effect when scarcity is more intense. Activation of the flag tariffs generates an impact on billing in the subsequent month.

Customer charges were, from January to September 2020, at R$59,672, than the same period in 2019 (R$93,342) – or 36.07% lower year-on-year.

The difference reflects the application of the 'yellow' tariff flag in December 2019 (affecting the billing of January 2020), and January 2020. For comparison, in 2019 the yellow flag was activated in May and July (influencing billing in June and August 2019, respectively) and red flag in August 2019, resulting in increase on charges for the year.

Aneel Dispatch 1,511 of May 26, 2020 exceptionally ruled a temporary suspension of the systematic application of the flag tariff system, and set the 'green' flag until December, 31, 2020, corresponding to the period determined by Decree 10,350/2020 for coverage of the energy sector's costs with funds from the Covid Account.

Other taxes and charges on revenue

The deductions and charges with the most significant impact on revenue are mainly taxes, calculated as a percentage of sales revenue. Thus their variations are, substantially, in proportion to the variations in revenue.

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Operating costs and expenses (excluding financial income/expenses)

Operating costs and expenses from January to September 2020 totaled R$15,099,616, or 9.72% less than the same period in 2019 (R$16,726,176). For more on the components of Operating costs and expenses see Note 27.

The following paragraphs comment on the main variations:

Employee profit sharing

The expense on employees' and managers' profit sharing was R$940,884 from January to September 2020, compared to R$981,442 in the same period of 2019, 4.13% lower YoY. This arises mainly from the following factors:

- The average number of employees was 6.23% lower from January to September 2020, at 5,329, compared to 5,683 in the same period of 2019, parcially offset by the events described bellow.
- Recognition, in 1H20, of a cost of R$58,850 on voluntary retirement plans, compared to R$21,495 in 1H19.
- Salary increase of 2.55% under the Collective Work Agreement, as from November 2019.

Energy purchased for resale

This expense was R$8,528,412 from January to September 2020, or 4.59% higher year-on-year, compared to R$8,154,308 in the same period of 2019. This arises mainly from the following items:

- Expense on supply from Itaipu was 39.11% higher, at R$1,483,596 from January to September 2020, compared to R$1,066,473 in the same period of 2019. The difference is mainly due to the increase of 31.53% in the average dollar quotation from January to September 2020 compared to the same period of 2019 (R$5.16 and R$3.92, respectively), which has contributed to the rise in dollar energy price per KW (US$28.41/KW in 2020 and US$27.71/KW in 2019);
- Expenses on supply acquired through physical guarantee quota contracts 9.40% higher, at R$576,970 from January to September 2020, compared to R$527,410 in the same period of 2019. This is mainly due to the average price per MWh being 6.96% higher year-on-year from January to September 2020 (at R$108.82, compared to R$101.73 in the same period of 2019).
- Expenses on supply acquired at auction 5.55% higher: R$2,334,514 from January to September 2020, compared to R$2,211,759 in the same period of 2019. This increase reflects volume of energy acquired.

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- Higher expenses on distributed generation ('geração distribuída'): R$485,347 from January to September 2020, compared to R$137,349 in the same period of 2019. This reflects the higher number of generation units installed (56,856 in September 2020, compared to 23,621 in September 2019); and the higher volume of energy injected into the grid (700,793 MWh from January to September 2020, compared to 279,586 MWh in the same period of 2019).

- The expense on purchase of supply at the spot price was lower from January to September 2020, at R$826,871, than the same period of 2019 (R$1,248,444). The result expressed for spot-price supply is the net balance between revenues and expenses of transactions on the Power Trading Chamber (CCEE). The lower figure is mainly due to the average spot price (PLD) being 44.13% lower, at R$118.34/MWh from January to September 2020, compared to R$211.86/MWh in the same period of 2019, and also the position assumed by Cemig D in 2020, which was a creditor due to the lower consumption caused by the pandemic, contrasting with the position assumed in 2019.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment. For more details please see Note 27.

<u>Charges for use of the transmission network</u>

Charges for use of the transmission network from January to September 2020 totaled R$1,157,241, a higher of 7.41% compared to the same period of 2019 (R$1,077,387).

These charges are payable by energy distribution and generation agents for use of the facilities that are components of the national grid. The amounts to be paid are set by a Resolution from the Regulator (Aneel).

The lower figure is mainly due to the annual adjustment in charges for use of the National Grid, which usually takes place in July, and had an effect of approximately 41% in 2020. This effect was partially offset by the discounts advanced in April, May and June 2020, which would be further included in the adjustment in order to provide financial help to the distributors agents in the Covid-19 pandemic peak – generating a negative effect of approximately 29% in the second quarter of 2020.

This is a non-manageable cost in the distribution activity: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

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Operating provisions

Operating provisions from January to September 2020 totaled R$255,123, or 88.79% less than the same period of 2019 (R$2,275,422). This arises mainly from the following factors:

- The main effect was higher tax contingency provisions, at R$1,195,207 from January to September 2019, compared to provisions of R$42,186 made in the same period of 2020. This higher figure last year mainly reflects the Company reassessment, based on the opinion of its legal advisers, of the chances of loss in legal actions disputing social security contributions on the payments of profit-sharing to its employees, without previous agreement on targets for productivity indicators. The resulting provisions made in 2019 totaled R$1,182,613.
- Recognition, in 1H19, of an estimated loss on realization of the receivables from Renova, in the amount of R$688,031, compared to R$37,361 in the same period of 2020.
- Net additional provisions for third-party liability legal actions were higher – at R$29,949, from January to September 2020, compared to the same period of 2019, of R$13,402. The difference mainly arises from provisions made for legal actions for third party liability, claiming payment of indemnity for pain and suffering, and material and aesthetic damage, caused by accidents involving the electricity network.
- Expected losses on doubtful receivables from clients 74.48% lower, at R$58,271 from January to September 2020, compared to R$228,361 in the same period of 2019. This difference mainly reflects reversal of expected losses for debts for energy consumption and services owed by the direct and indirect administration of Minas Gerais State that will be able to be offset against ICMS tax owed to the state, under State Decree 47,908/2020. For more information, see Note 8. Also, default in 2020 declined due to clients' acceptance of the negotiation rules approved by the Company for dealing with the impacts of the Covid-19 pandemic.
- provisions for employment-law legal actions amounting R$48,751 from January to September 2020, a reduction of 51.91%, compared to provisions of R$101,460 in the same period of 2019. The difference was recognized for application of the IPCA-E inflation index instead of the TR reference rate in monetary adjustment for employment-law legal actions dealing with debts arising from March 25, 2015 to November 10, 2017. These are at the advanced execution phase and now have chances of loss assessed as 'probable'. For further information, see Note 24.

Construction cost

Infrastructure construction costs from January to September 2020 totaled R$1,122,636, or 39.16% more than the same period of 2019 (R$806,728). This line records the Company's investment in assets of the concession in the period, and is fully offset by the line Construction revenue, in the same amount.

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Gas bought for resale

From January to September 2020, the Company recorded an expense of R$750,664 on acquisition of gas, 31.78% less than its comparable expense of R$1,100,302 in the same period of 2019. This is basically due to volume of gas sold 23.11% lower (at 613,353m³ from January to September 2020, compared to 821,070m³ in the same period of 2019), – under the influence, mainly, of the thermoelectric power generation and industrial sector, in which consumption was 69.87% and 9.84% lower, respectively. The effect of lower volume of gas sold was partially offset by the increase from application of the IGP-M inflation index to distribution costs, which occurs annually in February: the resulting increases were: 6.74% in 2019, and 7.81% in 2020, beyond Tariff Adjustment.

Post-employment obligations

The Company's post-retirement obligations from January to September 2020 is R$334,239 and R$304,096 in the same period of 2019. This is mainly the result of higher in the discount rate used in the actuarial calculation – which increased the amount of the actuarial liabilities, and consequently the scale of the expense reported.

Asset held for sale impairment

The Company recognized an impairment loss related to its equity interest in Light, classified as asset held for sale, in the amount of R$270,267. The market conditions have deteriorated as a result of Covid-19 situation and, in such circumstances, the fair value of equity interest in Light decreased significantly. For further information, see Note 32.

Share of profit (loss) of associates and joint ventures, net

The result of equity method valuation of interests in non-consolidated investees was a gain of R$262,298 from January to September 2020, an increase of 62.64% compared to the same period of 2019, as a result, mainly, of the increase of 73.70% in the investee TAESA's result, which was R$174,746 from January to September 2019 and R$303,532 in the same period of 2020. In Addition, the loss of the associate Madeira decreased 30.26%, R$124,063 from January to September 2019 to R$86,520 in the same period of 2020.

The breakdown of the results from the investees recognized under this line is given in detail in Note 15.

Net financial revenue (expenses)

Cemig reports net financial expenses from January to September, 2020 of R$1,258,682, compared to the same period in 2019 (R$1,573,236). The main factors are:

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- Recognition of financial updating of PIS/Pasep and Cofins taxes credits from January to September 2019, in the amount of R$1,575,281, compared to R$34,288 in the same period of 2020.
- Net negative effect of R$611,389 from January to September 2020 in the Eurobonds transaction and its corresponding hedge instrument – compared to a net gain of R$664,834 in the same period of 2019. From January to September 2020 the variation in the fair value of the hedge instrument resulted in a gain 64% higher than the same period of 2019 (R$1,803,611 and R$1,099,230, respectively). The higher figure was the result of the dollar future curve moving upward, resulting in both the call spread and the asset becoming more valuable; and also due to the curve for the future DI interest rate (the liability side of the transaction) moving downward, and contributing to an increase in fair value. However, this positive effect was not enough to offset the negative variation of the principal of debt in foreign currency, mainly reflecting the increase in the US dollar exchange rate in the first half of 2020, which caused an accumulated FX effect of 39.94%, compared to 7.47% in the same period of 2019. The negative effect on the principal of the debt in foreign currency (Eurobonds) was R$2,415,000 in 2020, and R$434,396 in 2019.

For a breakdown of financial revenues and expenses please see Note 28.

Income tax and social contribution tax

From January to September 2020, the expense on income and the Social Contribution taxes totaled R$516,002, on pre-tax profit of R$2,048,526, an effective rate of 25.19%. In the same period of 2019, the expense on income and the Social Contribution taxes was R$1,602,773, on pre-tax profit of R$4,009,097 an effective rate of 39.98%.

These effective rates are reconciled with the nominal tax rates in Note 9(c).

Results for the quarter

In 3Q20, Cemig reports profit of R$545,376, compared to a loss of R$281,834 in 3Q19. The higher profit mainly reflects recognition in 3Q19 of a tax contingency provision, of R$862,313 for legal actions arguing that social security contribution payments were due on profit-sharing amounts – partly offset by the positive effect of R$224,067, from disposal of shares in Light.

A significant component in 3Q20 net profit was the reversal of expected losses for potential default on debt owed by the state of Minas Gerais, in the amount of R$230,935. An impairment of R$89,921 (net of tax effects) on the investment in Light was also recognized. Light is classified as an asset held for sale.

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Also, net financial revenue (expenses) suffered a negative impact from the net effect of FX variation on the debt in foreign currency (Eurobonds) and the corresponding hedge instrument, which represented an expense of R$244,399, compared to an expense of R$12,464 in the same period of 2019. See more information in Notes 21 and 30.

The following items describe the main variations between the two periods in revenues, costs, expenses and financial items.

Ebitda (Earnings before interest, tax, depreciation and amortization)

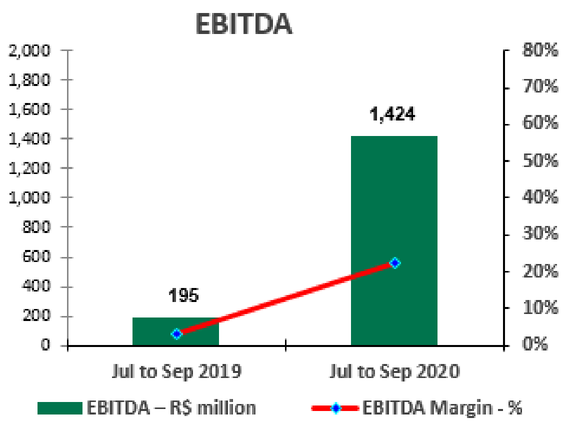
Cemig's consolidated adjusted EBITDA, with the removal of non-recurrent items increase 24.32% in 3Q20 compared to 3Q19, whereas the adjusted Ebitda margin higher from 17.60% to 20.86%. Consolidated Ebitda, measured according to CVM Instruction 527, increase 628.68% in 3Q20 compared to the same period last year, whereas the Ebitda margin was 3.22% in 3Q19 and 22.35% in 3Q20.

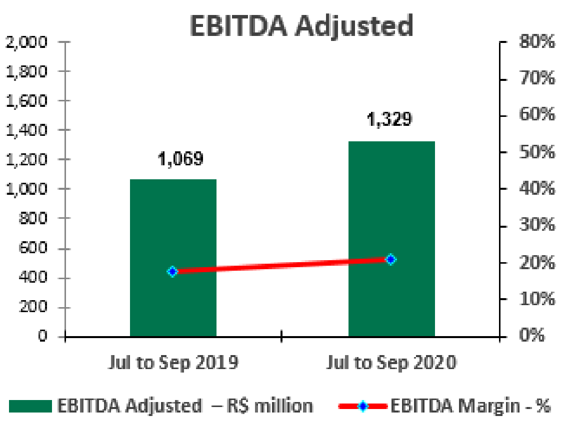
Ebitda – R$ '000	Jul to Sep 2020	Jul to Sep 2019	Var %
Net (loss) income for the period	545,376	(281,834)	-
+ Income tax and Social Contribution tax	136,446	(622)	-
+ Net financial revenue (expenses)	496,619	233,791	112.42
+ Depreciation and amortization	245,089	244,023	0.44
= Ebitda according to "CVM Instruction 527" (1)	**1,423,530**	**195,358**	**628.68**
Non-recurrent items			
+ Loss from discontinuing operations	-	(309,144)	-
+ Non-controlling interests	(312)	(152)	105.26
+ Reversal of losses expected on receivables from Minas Gerais State (net of provisions made)	(230,935)	-	-
+ Impairment (reversals) of assets held for sale (note 32)	136,244	-	-
+ Tax provisions – Social Security contributions on profit sharing payments	-	1,182,613	-
Ebitda Adjusted (2)	**1,328,527**	**1,068,675**	**24.32**

* The expense on income tax and the social contribution tax 2019 includes R$85,077, presented at its net value in the figure for profit/loss of discontinued activities.

(1) Ebitda is a non-accounting measure prepared by the Company, reconciled with the consolidated Interim financial information in accordance with CVM Circular SNC/SEP 1/2007 and CVM Instruction 527 of October 4, 2012. It comprises Net income adjusted by the effects of net financial revenue (expenses), Depreciation and amortization, and Income tax and social contribution tax. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Cemig publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net income or operational profit, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

(2) The Company adjusts the EBITDA measured according to CVM Instruction 527 removing non-current items, which, because of their nature, do not contribute towards information on the potential of future cash generation, since they are extraordinary items.





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The higher adjusted Ebitda in 3Q20, 2020 than 3Q19 mainly adjusted net revenue 4.92% higher, and adjusted operational costs 3.55% lower. Ebitda was impacted by higher gains in interests in joint ventures and affiliates investees (equity method), which was 69.30% higher in 3Q20 than 3Q19. The consolidated Ebitda increase mostly because of the recognition in 3Q19 and provisions for tax contingencies corresponding to legal actions disputing social security contributions on the payments of profit-sharing to its employees, in the amount of R$1,182,613,and (ii) the reversal of impairment of Light, classified as held for sale, in the amount of R$309,144.

The main items in revenue in the period:

Revenue from supply of energy

Revenue from sales of energy in 3Q20 were R$6,692.911, compared to R$6,875,079 in 3Q19 – a decrease of 2.65%.

Final customers

Total revenue from energy sold to final customers in 3Q20 was R$5,785,202 – or 5.90% lower than 3Q19 (R$6,147,869).

Cemig's energy market

The total for sales in Cemig's consolidated energy market comprises sales to: (i) Captive customers in Cemig's concession area in the State of Minas Gerais; (ii) Free Customers in both the State of Minas Gerais and other States of Brazil, in the Free Market (*Ambiente de Contratação Livre*, or ACL); (iii) other agents of the energy sector – traders, generators and independent power producers, also in the Free Market; (iv) Distributors, in the Regulated Market (*Ambiente de Contratação Regulada*, or ACR); and (v) the Power Trading Exchange (*Câmara de Comercialização de Energia Elétrica* – CCEE), eliminating transactions between companies of the Cemig Group.

This table details Cemig's market and the changes in sales of energy by customer category, comparing 3Q20 to 3Q19:

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Revenue from supply of energy

	Jul to Sep 2020			Jul to Sep 2019			Charge %	
	MWh (2)	R$	Average price billed (R$/MWh) (1)	MWh (2)	R$	Average price billed (R$/MWh) (1)	MWh	R$
Residential	2,652,121	2,408,833	908.27	2,557,935	2,458,671	961.19	3.68	(2.03)
Industrial	3,282,736	1,062,910	323.79	3,972,454	1,239,412	312.00	(17.36)	(14.24)
Commercial, services and others	1,938,028	1,125,855	580.93	2,290,720	1,336,909	583.62	(15.40)	(15.79)
Rural	1,139,551	632,227	554.80	1,054,770	593,821	562.99	8.04	6.47
Public authorities	149,154	112,958	757.32	205,123	158,343	771.94	(27.29)	(28.66)
Public lighting	327,039	145,863	446.01	348,476	167,642	481.07	(6.15)	(12.99)
Public services	347,469	186,818	537.65	315,588	195,474	619.40	10.10	(4.43)
Subtotal	**9,836,098**	**5,675,464**	**577.00**	**10,745,066**	**6,150,272**	**572.38**	**(8.46)**	**(7.72)**
Own consumption	7,559	-	-	11,012	-	-	(31.36)	-
Unbilled retail supply, net	-	109,738	-	-	(2,403)	-	-	(4.666.71)
	9,843,657	**5,785,202**	**587.71**	**10,756,078**	**6,147,869**	**571.57**	**(8.48)**	**(5.90)**
Wholesale supply to other concession holders (3)	3,150,749	818,168	259.67	3,099,633	755,593	243.77	1.65	8.28
Wholesale supply not yet invoiced, net	-	89,541	-	-	(28,383)	-	-	(415.47)
Total	**12,994,406**	**6,692,911**	**499.73**	**13,855,711**	**6,875,079**	**498.41**	**(6.22)**	**(2.65)**

(1) The calculation of the average price does not include revenue from supply not yet billed.
(2) Data not audited by external auditors. .
(3) Includes Regulated Market Energy Sale Contracts (CCEARs) and 'bilateral contracts' with other agents.

The variations are primarily due to the following events:

- Volume of energy sold to industrial clients 17.36% lower, and to commercial clients 15.40% lower, mainly due to the Covid-19 restrictive measures.
- Increase of 3.68% in the volume of energy sold to the residential category, as a result of the addition in the number of customers and, possibly, of the Covid-19 pandemic restrictions, which may have led people to spend more time at home.
- Volume of energy sold to the rural customer category increased 8.04%, mainly due to lower rainfall in 3Q20 than in 3Q19 (irrigation).

Revenue from Use of Distribution Systems (the TUSD charge)

This is revenue from charging Free Customers the Tariff for Use of the Distribution System (TUSD), on the volume of energy distributed. In 3Q20, this was R$793,698, compared to R$711,185 in the same period 2019 - increase of 11.60%. This difference mainly arises from the Company's annual tariff adjustment, in effect from June 01, 2020, which was an increase of 10.16% for free clients (in effect by August 18,2020). This impact was 5.71% for Free Clients as from August 19, 2020, when the tariff adjustment was recalculated to include the return of R$714,339 to customers. Additionally, the volume of energy transported in 3Q20 7.80% higher than in 3Q19.

	MWh		
	Jul to Sep 2020	Jul to Sep 2019	Var %
Industrial	4,879,603	4,487,375	8.74
Commercial	299,125	312,848	(4.39)
Rural	7,667	4,652	64.81
Concessionaires	91,645	91,201	0.49
Total	**5,278,040**	**4,896,076**	**7.80**

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CVA and Other financial components in tariff adjustments

These items are the recognition of the difference between actual non-controllable costs (in which the contribution to the CDE – the Energy Development Account and energy bought for resale, are significant components) and the costs that were used in calculating rates charged to customers. The amount of this difference is passed through to customers in the next tariff adjustment of Cemig D (the distribution company), represented a gain of R$17,192 in 3Q20, whereas in the same period in 2019 it produced a reduction of R$35,122.

This variation is due, primarily, to the high amount of revenue recognized in 3Q20 mainly because of the increase in the Itaipu energy cost, caused by the rise in the dollar exchange rate compared to 3Q19, and (ii) expenses on the National Grid 43.60% higher than in 3Q19 after the adjustment in July 2020. These effects were partially offset by lower CDE charges, due to finalization of the Regulated Market Account in August 2019, and the result of the 2019 tariff adjustment, which was approved at a significantly higher level than in the previous year.

For further details, see Note 13.

Transmission concession revenue

Cemig GT's transmission revenue comprises the sum of the revenues of all the transmission assets. The concession contracts establish the Permitted Annual Revenue (Receita Anual Permitida, or RAP) for the assets of the existing system, updated annually based on the variation in the IPCA inflation index. Whenever there is an upgrade or adaptation to an existing asset, made under specific authorization from Aneel, an addition is made to the RAP.

This revenue was R$134,328 in 3Q20, compared to 3Q19 (R$132,134) – or 1.66% higher year-on-year. The higher figure arises from the reameasurement of the base of remuneration arising from the periodic reset of RAP, ratified by Aneel in June 30, 2020, of 3.69%, this includes the effects of inflation and also new revenues resulting from investments authorized. They also include an adjustment to expectation of cash flow from financial assets, arising from change in the fair value of the Regulatory Remuneration Base of Assets (BRR).

Transmission reimbursement revenue

As specified in the sector regulations, the Company reports in each period the amount of the inflation/monetary adjustment applicable to the amount of indemnity receivable, based on the IPCA inflation index, which has a two-month delay, and the average regulatory cost of capital.

The revenue from reimbursements of transmission assets in 3Q20 was R$41,035 – or 21.99% higher than the same period in 2019 (R$33,637).

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These revenues were mainly affected by the increase of remuneration at average cost of capital, which, increased from 6.64% in 3Q19 to 7.71% in 3Q20, and, as from June 30, 2020, began to be calculated on the re-measured Regulatory Remuneration Base (BRR), as a result of the periodic review of RAP.

At the beginning of the tariff cycle, which occurs in July of each year, the amounts received, plus the adjustment made for the cycle, corresponding to the amortization of the debtor balance up to the end of the period, are excluded from the remuneration base, reducing the amounts of the monetary updating and the remuneration on the remaining balance. The amounts of the reimbursements are being received through RAP, since July 2017, over a period of 8 years.

For more details see Notes 13 and 14.

Revenue from transactions in the Power Trading Exchange (CCEE)

Revenue from transactions in energy on the CCEE in 3Q20 was R$59,103, or 502.42% higher than the same period in 2019, which was R$9,811. This increase is principally due to: (i) lower allocation of its own generation; and (ii) higher GSFs. Also, clients' consumption was lower due to the coronavirus crisis, resulting in a net surplus supply in the CCCE in 3Q20.

Revenue from the mechanism for the sale of energy surplus

The revenue from the mechanism for the sale of energy surplus (MVE) were R$47,690 in 3Q20, relating to offers of supply made at the end of 2019 by Cemig D. This mechanism is an instrument regulated by Aneel enabling distributors to sell overcontracted supply – the energy amount that exceeds the quantity required to supply captive customers.

Revenue from supply of gas

Cemig reports revenue from supply of gas totaling R$427,940 in 3Q20, compared to R$581,869 in the same period in 2019 – 26.45% lower YoY. This basically reflects the reduction in the price of gas, which was passed through to customers – since the volume of gas sold was in fact 30.19% lower (at 198,080m³ in 3Q20, vs. 283,724m³ in same period of 2019), – under the influence, mainly, of the thermal and industrial sector, in which consumption was 99.70% and 23.78% lower in 3Q20, respectively. The effect of lower volume of gas sold was partially offset by the increase from application of the IGP-M inflation index to distribution costs, which occurs annually in February: the resulting increases were: 6.74% in 2019, and 7.81% in 2020, beyond Tariff Adjustment.

Construction revenue

Infrastructure construction revenue in 3Q20 was R$438,960, or 28.54% more than the same period in 2019 (R$341,503). This variation is mainly due to the major capital expenditure in 3Q20.

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This revenue is fully offset by Construction costs, of the same amount, and corresponds to the Company's investments in assets of the concession in the period.

Other operating revenues

The other operating revenues line for the Company and its subsidiaries in 3Q20 totaled R$414,461, compared to R$467,913 in the same period of 2019 – 11.42% lower YoY. See Note 26 for a breakdown of other operating revenues.

Taxes and regulatory charges reported as Deductions from revenue

The taxes and charges that are recorded as deductions from operating revenue totaled R$2,858,090 in 3Q20, or 8.07% less than the same period in 2019 (R$3,109,043).

The Energy Development Account – CDE

The amounts of payments to the Energy Development Account (CDE) are decided by an Aneel Resolution. The purpose of the CDE is to cover costs of concession indemnities (reimbursements of costs of assets), tariff subsidies, and the subsidy for balanced tariff reduction, the low-income-customer subsidy, the coal consumption subsidy, and the Fuels Consumption Account (CCC). Charges for the CDE in 3Q20 were R$608,848, compared to R$638,919 in the same period in 2019 – 4.71% lower YoY, primarily, due to the Regulated Market Account (ACR), in August, 2019.

This is a non-manageable cost: the difference between the amounts used as a reference for setting of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

Customer charges – the 'Flag' Tariff system

The 'Flag' Tariff bands are activated as a result of low levels of water in the system's reservoirs – tariffs are temporarily increased due to scarcity of rain. The 'Red' band has two levels – Level 1 and Level 2. Level 2 comes into effect when scarcity is more intense. Activation of the flag tariffs generates an impact on billing in the subsequent month.

Customer charges were, in 3Q20, at R$16, than the same period in 2019 (R$73,474) – or 99.98% lower year-on-year.

The variation is mostly because there were no flag tariffs activated in the 3Q20, due to the exceptional temporary suspension of its systematic application, with the 'flag' set at 'green' until December, 31, 2020, by Aneel dispatch 1,511 of May 26, 2020. In comparison, in the 3Q19, the yellow flag (influencing billing in July 2019) and red flag (influencing billing in August and September 2019).

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Other taxes and charges on revenue

The deductions and charges with the most significant impact on revenue are mainly taxes, calculated as a percentage of sales revenue. Thus their variations are, substantially, in proportion to the variations in revenue.

Operating costs and expenses (excluding financial income/expenses)

Operating costs and expenses in 3Q20 totaled R$5,152,565, or 20.56% less than the same period in 2019 (R$6,486,375). For more on the components of Operating costs and expenses see Note 27.

The following paragraphs comment on the main variations:

Employee profit sharing

The expense on employees' and managers' profit sharing was R$290,095 in 3Q20, compared to R$304,350 in the same period in 2019, 4.68% lower YoY.

This arises mainly from the following items:

- The average number of employees was 6.90% lower in 3Q20, at 5,363, compared to 5,733 in 3Q19;
- Salary increase of 2.55% under the Collective Work Agreement, as from November 2019.

Energy purchased for resale

This expense in 3Q20 was R$2,958,679, or 2.49% lower year-on-year, compared to R$3,034,108 in the same period in 2019. This arises mainly from the following items:

- Expense on supply from Itaipu was 42.68% higher, at R$531,183 in the third quarter of 2020, compared to R$372,296 in the same period of 2019. The difference is mainly due to the increase of 34.44% in the average dollar quotation in the third quarter of 2020 compared to the same period last year (R$4.04 and R$5.43, respectively), which has contributed to the rise in dollar energy price per KW (US$28.41/KW in the year of 2020 and US$27.71/KW in 2019);
- Expenses on supply acquired at auction 6.08% lower: R$766,561 in 3Q20, compared to R$816,193 in the same period of 2019, mainly reflecting the lower average price of power contracts in the auctions.
- Higher expenses on distributed generation ('geração distribuída'): R$157,551 in 3Q20, compared to R$54,491 in 3Q19. This reflects the higher number of generation units installed and the higher volume of energy injected into the grid (273,184 MWh in 3Q20, compared to 99,749 MWh in 3Q19).

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- Lower expense on purchase of supply in the spot market, R$193,868 in 3Q20 compared to R$486,177 in the same period of 2019. The result expressed for spot-price supply is the net balance between revenues and expenses of transactions on the Power Trading Chamber (CCEE). The lower figure is mainly due to the average spot price (PLD) being 61.83% lower, at R$91.67/MWh in 3Q20 compared to R$214.12/MWh in 3Q19, and also the position assumed by Cemig D in 3Q20, which was a creditor due to the lower consumption caused by the Covid-19 pandemic, contrasting with the position assumed in 3Q19.

This is a non-manageable cost: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment. For more details please see Note 27.

Charges for use of the transmission network

Charges for use of the transmission network in 3Q20 totaled R$534,788, a higher of 42.15% compared with the same period in 2019 (R$376,216).

These charges are payable by energy distribution and generation agents for use of the facilities that are components of the national grid. The amounts to be paid are set by a Resolution from the Regulator (Aneel).

The higher figure reflects the annual adjustment in charges for the National Grid, normally applied in July, which had an effect of approximately 41% in 3Q20.

This is a non-manageable cost in the distribution activity: the difference between the amounts used as a reference for calculation of tariffs and the costs actually incurred is compensated for in the subsequent tariff adjustment.

Operating provisions

Operating provisions in 3Q20 totaled R$101,606, compared to the same period in 2019, R$1,297,043. This arises mainly from the following factors:

- The main effect was the recognition of new provisions of only R$42,186 in 3Q20, compared to R$1,175,896 in 3Q19. This difference arises mainly from the reassessment by the Company, based on the opinion of its legal advisors, of the chance of loss in the legal actions disputing the social security contributions on profit-sharing (‘PLR’), without previous agreement on targets for productivity indicators. The effect in 3Q19 was of R$1,182,613.

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- Expected losses on doubtful receivables from customers 254.69% lower, at R$156,829 in 3Q20, compared to R$101,383 in 3Q19. . This difference mainly reflects reversal of expected losses for debts for energy consumption and services owed by the direct and indirect administration of Minas Gerais State that will be able to be offset against ICMS tax owed to the state, under State Decree 47,908/2020. For more information, see Note 8. Also, default in 2020 declined due to clients' acceptance of the negotiation rules approved by the Company for dealing with the impacts of the Covid-19 pandemic.

Construction cost

Infrastructure construction costs in 3Q20 totaled R$438,960, or 28.54% higher than 3Q19 (R$341,503). This line records the Company's investment in assets of the concession in the period, and is fully offset by the line Construction revenue, in the same amount.

Gas bought for resale

In 3Q20, the Company recorded an expense of R$207,361 on acquisition of gas, 44.72% less than its comparable expense of R$375,140 in the same period in 2019. This is basically due to volume of gas sold 30.93% lower (at 197,315m³ in the third quarter of 2020, compared to 285,686m³ in the same period of 2019).

Post-employment obligations

The Company's post-retirement obligations in 3Q20 is R$110,512 and R$105,397 in 2019. This is mainly the result of higher in the discount rate used in the actuarial calculation – which increased the amount of the actuarial liabilities, and consequently the scale of the expense reported.

Asset held for sale impairment

The market conditions have deteriorated as a result of Covid-19 situation and, in such circumstances, the fair value of equity interest in Light decreased significantly. The Company recognized an impairment loss related to its equity interest in Light, classified as asset held for sale, in the amount of R$609,160 in 1Q20, which was reversed in 2Q20 due to the shares price recovery, resulting in a positive effect of R$475,137 on net income for 2Q20. The market price of the shares fell in 3Q20, resulting in recognition of an additional loss of R$136,244.

For further information, see Note 32.

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Share of profit (loss) of associates and joint ventures, net

The result of equity method valuation of interests in non-consolidated investees was a gain of R$97,822 in 3Q20, an increase of 69.30% compared to the same period of 2019, as a result, mainly, of the increase of 76.53% in the investee TAESA's result, which was R$77,027 in 3Q19 and R$135,976 in same period of 2020.

The breakdown of the results from the investees recognized under this line is given in detail in Note 15.

Net financial revenue (expenses)

Cemig reports net financial expenses in 3Q20 of R$496,619, compared to net financial income of R$233,791 in the same period in 2019. The main factors are:

- Lower variation in the fair value of the hedge instrument in 3Q20, totaling R$2,651, compared to a negative FX effect on the principal of the debt in foreign currency (Eurobonds), of R$247,050 – generating a net negative variation of R$244,399.
- In 3Q19, there were positive variations in (a) the fair value of the hedge instrument – of R$485,836, and (b) the expense from FX variation of the debt in foreign currency, of R$498,300, generating a net negative variation of R$12,464.
- The gain generated by the hedge instrument in 3Q20 declined due to the future dollar price having risen above R$5.00, the limit of the coverage margin of the call spread.

For a breakdown of financial revenues and expenses please see Note 28.

Income tax and social contribution tax

In 3Q20, the expense on income and the Social Contribution taxes totaled R$136,446, on pre-tax profit of R$681,822, an effective rate of 20.01%. In the same period in 2019, the expense on income and the Social Contribution taxes was R$85,699, on pre-tax loss of R$591,600 an effective rate of 14.49%.

These effective rates are reconciled with the nominal tax rates in Note 9(c).

OTHER INFORMATION THAT THE COMPANY BELIEVES TO BE MATERIAL

Board of Directors

Meetings

The Board of Directors met 19 times up to September 30, 2020, to discuss strategic planning, projects, acquisition of new assets, various investments, and other subjects.

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Membership, election and period of office

The present period of office began with the EGM on June 11, 2018, with election by the multiple voting system.

The periods of office of the present members of the Board of Directors expire at the Annual General Meeting of Shareholders to be held in 2020.

Principal responsibilities and duties:

Under the by-laws, the Board of Directors has the following responsibilities and duties, as well as those conferred on it by law:

- Decision on any sale of assets, loans or financings, charge on the company's property, plant or equipment, guarantees to third parties, or other legal acts or transactions, with value equal to 1% or more of the Company's total Shareholders' equity.
- Authorization for issuance of securities in the domestic or external market to raise funds;
- Approval of the Long-term Strategy and the Multi-year Business Plan, and alterations and revisions to them, and the Annual Budget.

Qualification and remuneration

The Board of Directors of the Company comprises 9 (nine) sitting members and the same number of substitute members. One is the Chair, and another Deputy Chair. The members of the Board of Directors are elected for concurrent periods of office of 2 (two) years, and may be dismissed at any time, by the General Meeting of Shareholders. Re-election for a maximum of 3 (three) consecutive periods of office is permitted, subject to any requirements and prohibitions in applicable legislation and regulations.

A list with the names of the members of the Board of Directors and their résumés is on our website at: http://ri.cemig.com.br.

The Audit Committee

The Audit Committee is an independent, consultative body, permanently established, with its own budget allocation. Its objective is to provide advice and assistance to the Board of Directors, to which it reports. It also has the responsibility for such other activities as are attributed to it by legislation.

The Audit Committee has four members, the majority of them independent, nominated and elected by the Board of Directors in the first meeting after the Annual General Meeting for periods of office of three years, not to run concurrently. One re-election is permitted.

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Under the by-laws, the Audit Committee of Cemig has the following duties, among others:

- to supervise the activities of the external auditors, evaluating their independence, the quality of the services provided and the appropriateness of such services to the Company's needs;
- to supervise activities in the areas of internal control, internal audit and preparation of the financial statements;
- to evaluate and monitor, jointly with the management and the Internal Audit Unit, the appropriateness of the transactions with related parties.

Executive Board

The Executive Board has 7 (seven) members, whose individual functions are set by the Company's bylaws. They are elected by the Board of Directors, for a period of office of two years, subject to the applicable requirements of law and regulation, and may be re-elected up to three times.

Members are allowed simultaneously also to hold non-remunerated positions in the management of wholly-owned subsidiaries, subsidiaries or affiliates of Cemig, upon decision by the Board of Directors. They are also, obligatorily under the by-laws, members, with the same positions, of the Boards of Directors of Cemig GT (Generation and Transmission) and Cemig D (Distribution). The period of office of the present Chief Officers expires at the first meeting of the Board of Directors held after the Annual General Meeting of 2020.
The members of the Executive Board and their résumés are on our website: http://ri.cemig.com.br.

The members of the Executive Board (the Company's Chief Officers) have individual responsibilities set by the Board of Directors and the by-laws. These include:

- Current management of the Company's business, subject to compliance with the Long-term Strategy, the Multi-year Business Plan, and the Annual Budget, prepared and approved in accordance with these by-laws.
- Authorization of the Company's capital expenditure projects, signing of agreements or other legal transactions, contracting of loans and financings, and creation of any obligation in the name of the Company, based on an approved Annual Budget, which individually or in aggregate have values less than 1% (one per cent) of the Company's Shareholders' equity, including injection of capital into wholly-owned or other subsidiaries, affiliated companies, and the consortia in which the Company participates.

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- The Executive Board meets, ordinarily, at least two times per month; and, extraordinarily, whenever called by the Chief Executive Officer or by two Executive Officers with at least two days' prior notice in writing or by email or other digital medium, such notice not being required if all the Executive Officers are present. The decisions of the Executive Board are taken by vote of the majority of its members, and in the event of a tie the Chief Executive Officer shall have a casting vote.

Audit Board

<u>Meetings</u>

- The Audit Board held thirteen meetings through the third quarter 2020.

<u>Membership, election and period of office</u>

- We have a permanent Audit Board, made up of five sitting members and their respective substitute members. They are elected by the Annual General Meeting of Shareholders, for periods of office of two years.
- Nominations to the Audit Board must obey the following:

  a) The following two groups of shareholders each have the right to elect one member, in separate votes, in accordance with the applicable legislation: (i) the minority holders of common shares; and (ii) the holders of preferred shares.

  b) The majority of the members must be elected by the Company's controlling shareholder; at least one must be a public employee, with a permanent employment link to the Public Administration.
- The members of the Audit Board are listed on our website: http://ri.cemig.com.br.

Under the by-laws, the Audit Board has the duties and competencies set by the applicable legislation and, to the extent that they do not conflict with Brazilian legislation, those required by the laws of the countries in which the Company's shares are listed and traded.

Qualification and remuneration

The global or individual compensation of the members of the Audit Board is set by the General Meeting of Shareholders which elects it, in accordance with the applicable legislation.

Résumé information on its members is on our website: http://ri.cemig.com.br.

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Corporate risk management and internal controls

As a part of Cemig's corporate governance practices, corporate risk management overall objective is to build and maintain a structure capable of providing material information to senior management to support making of decisions, creating and protecting the company's value. The process of risk management enables the risk of the business's objectives to be managed effectively, making it possible to influence and align strategy and performance in all the areas of the company.

Since 2016 Cemig's corporate risk management activity is subordinated to the office of the CEO. In 2019, a separate senior management unit, Compliance, Corporate Risks and Internal Controls, was created, bringing the processes of risk management and internal controls together under a single administration. This change underlines the intention to increase the synergy between these processes, and the independence from other processes – so as to supply senior management with independent information for decision-making, preserving the value of the company.

Thus, in 2019, the Executive Board and the Board of Directors approved the 'Top Risks' corporate risk matrix, for the years 2019/2020, which comprehends business such as Generation, Transmission, Distribution, Trading, Distributed Generation ('Geração Distribuída'), Holding as well as ordinary business risks.

These risks, related to execution of strategy and scenarios, and also risks of conflicts of interest, fraud and corruption are under responsibility of the Chief Officers and they are monitored and reported periodically to the Management.
Each Chief Officer's Department has responsibility for monitoring and managing the Company's exposure to these risks as they relate to execution of strategy and scenarios, and also risks of conflicts of interest, fraud and corruption. The Chief Officers report on this monitoring periodically to senior management.

In 2019, the Company hired an expert consulting firm to support the review of internal control and risk matrix as well as to monitor periodically the execution and sufficiency of controls, analysis of failure/weakness and to support the remediation plans development and execution.

The matrix of internal controls is also revised and approved annually. The Risk Management and Internal Controls Unit tests and monitors the controls design. The internal audit, in its turn, monitors independently the internal control practices by testing control effectiveness. The conclusion of this assessment is reported periodically to the Board of Directors, the Audit Board, and the Audit Committee.

The internal controls provide reasonable assurance that errors and frauds that might cause an impact on the performance are detected and prevented, aimed at:

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- Operational effectiveness and efficiency
- Reliable financial reporting
- Compliance with laws, regulations and policies.

The controls linked to mitigation of risks associated with preparation and publication of the financial statements are a part of Cemig's Risks and Internal Controls Matrix. The financial statements are issued in accordance with Section 404 of the Sarbanes-Oxley Law and the rules of the US Public Company Accounting Oversight Board (PCAOB), included as part of the annual 20-F Report filed with the US Securities and Exchange Commission (SEC). Cemig obtained the first certification of its internal controls for the business year of 2006, filed with the US Securities and Exchange Commission (SEC) on July 23, 2007.

Statement of Ethical Principles and Code of Professional Conduct

On May 11, 2004 Cemig's Board of Directors approved the Statement of Ethical Principles and Code of Professional Conduct, which aims to orient and discipline everyone acting in the name of, or interacting with, Cemig, to ensure ethical behavior at all times, and always in accordance with the law and regulations. The code can be seen at http://ri.cemig.com.br. It was updated in 2018 and in 2019 to comply with the laws n. 12,486/2013 and n. 13,303/2016. Annually, the Company provide training on Statement of Ethical Principles and Code of Professional Conduct for all its employees.

The Ethics Committee

This was created on August 12, 2004, and is responsible for coordinating action in relation to management (interpretation, publicizing, application and updating) of the Statement of Ethical Principles and Code of Professional Conduct, including assessment of and decision on any possible non-compliances with Cemig's Code of Ethics.

The Committee has eight sitting members. It may be contacted through our Ethics Channel – the anonymous reporting channel on the corporate Intranet, or by email, internal or external letter or by an exclusive phone line – these means of communication are widely publicized internally to all staff. These channels enable both reports of adverse activity and also consultations. Reports may result in opening of proceedings to assess any non-compliances with Cemig's Statement of Ethical Principles and Code of Professional Conduct.

The Ethics Channel

Cemig installed this means of communication, available on the internal corporate Intranet, in December 2006.

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Through it the Ethics Committee can receive anonymous reports or accusations that can enable Cemig to detect irregular practices that are contrary to its interest, such as: financial fraud, including adulteration, falsification or suppression of financial, tax or accounting documents; misappropriation of goods or funds; receipt of undue advantages by managers or employees; irregular contracting; and other practices considered to be illegal.

It is one more step in improving Cemig's transparency, compliance with legislation, and alignment with best corporate governance practices. It improves the management of internal controls and dissemination of the ethical culture to Cemig's employees in the cause of optimum compliance by our business.

Anti-fraud Policy

In its business and activities, Cemig does not accept the practice and concealment of acts of fraud or corruption in all its forms. Suspicions and allegations of such acts are rigorously assessed and where proven, apply disciplinary procedures set out in the internal rules of the Company, as well as lawsuits and criminal charges, when applicable.

Thus, in 2012, Cemig consolidated its Anti-Fraud Policy is applicable to all members of the Board of Directors and Fiscal Officers, employees and contractors. The policy underscores the Company's commitment to the Global Compact principles on the subject, particularly the principle of number ten, which deals with combating corruption in all its forms, including extortion and bribery.

SHAREHOLDING POSITION OF HOLDERS OF MORE THAN 5% OF THE VOTING STOCK ON SEPTEMBER 30, 2020

	COMMON SHARES	%	PREFERRED SHARES	%	TOTAL SHARES	%
Estado de Minas Gerais	258,738,711	50.97	11,788	-	258,750,499	17.04
FIA Dinâmica Energia S/A	91,149,577	17.95	51,967,372	5.14	143,116,949	9.42
BNDESPAR	56,578,175	11.14	27,299,432	2.70	83,877,607	5.52
BlackRock	-	-	153,689,970	15.20	153,689,970	10.12

CONSOLIDATED SHAREHOLDING POSITION OF THE CONTROLLING SHAREHOLDERS AND MANAGERS, AND FREE FLOAT, ON SEPTEMBER 30, 2020

	January to September 2020	
	ON	PN
Controlling shareholder	258,738,711	11,788
Board of Directors	-	18,323
Executive Board	10,313	31,760
Shares in Treasury	71	583,709
Free float	248,921,194	1,010,436,732
TOTAL	**507,670,289**	**1,011,082,312**

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Investor Relations

In 2019 we expanded Cemig's exposure to the Brazilian and global capital markets, through strategic actions intended to enable investors and shareholders to make a correct valuation of our businesses and our prospects for growth and addition of value.

We maintain a constant and proactive flow of communication with Cemig's investor market, continually reinforcing our credibility, seeking to increase investors' interest in the Company's shares, and to ensure their satisfaction with our shares as an investment.
Our results are published through presentations transmitted via video webcast and telephone conference calls, with simultaneous translation in English, always with members of the Executive Board present, developing a relationship that is increasingly transparent and in keeping with best corporate government practices.

To serve our shareholders – who are spread over more than 40 countries – and to facilitate optimum coverage of investors, Cemig has been present in and outside Brazil at a very large number of events, including seminars, conferences, investor meetings, congresses, roadshows, and events such as Money Shows; as well as holding phone and video conference calls with analysts, investors and others interested in the capital markets.

At the end of May 2019, we held our 24rd Annual Meeting with the Capital Markets, in Belo Horizonte, Minas Gerais – where market professionals had the opportunity to interact with the Company's directors and principal executives.

Corporate governance

Our corporate governance model is based on principles of transparency, equity and accountability, focusing on clear definition of the roles and responsibilities of the Board of Directors and the Executive Board in the formulation, approval and execution of policies and guidelines for managing the Company's business.

We seek sustainable development of the Company through balance between the economic, financial, environmental and social aspects of our enterprises, aiming always to improve the relationship with shareholders, customers, and employees, the public at large and other stakeholders.

Cemig's preferred and common shares (tickers: CMIG4 and CMIG3 respectively) have been listed at Corporate Governance Level 1 on the São Paulo Stock Exchange since 2001. This classification represents a guarantee to our shareholders of optimum reporting of information, and also that shareholdings are relatively widely dispersed. Because Cemig has ADRs (American Depositary Receipts) listed on the New York Stock Exchange, representing its preferred (PN) shares (ticker CIG) and common (ON) shares (ticker CIG.C), it is also subject to the regulations of the US Securities and Exchange Commission (SEC) and the New York Stock Exchange Listed Company Manual. Our preferred shares have also been listed on the Latibex of the Madrid stock exchange (with ticker XCMIG) since 2002.

In June 11, 2018 an Extraordinary Meeting of Shareholders approved alterations to the Company's bylaws, to maintain best corporate governance practices, and adapt to Law 13,303/2016 (also known as the State Companies Law).

The improvements now formally incorporated in the by-laws include:

- Reduction of the number of members of the Board of Directors from 15 to 9, in line with the IBGC Best Corporate Governance Practices Code, and the Corporate Sustainability Evaluation Manual of the Dow Jones Sustainability Index.
- Creation of the Audit Committee (*Comitê de Auditoria*). The Audit Board (*Conselho Fiscal*) remains in existence.
- The Policy on Eligibility and Evaluation for nomination of a member of the Board of Directors and/or the Executive Board in subsidiary and affiliated companies.
- The Related Party Transactions Policy.
- Formal designation for the Board of Directors to ensure implementation of and supervision of the Company's systems of risks and internal controls.
- Optional power for the Executive Board to expand the technical committees (on which members are career employees), with autonomy to make decisions in specific subjects.
- The CEO now to be responsible for directing compliance and corporate risk management activities.
- Greater emphasis on the Company's control functions: internal audit, compliance, and corporate risk management.
- Adoption of an arbitration chamber for resolution of any disputes between the Company, its shareholders, managers, and/or members of the Audit Board.

* * * * * * * * * * * *

(The original is signed by the following signatories)

Reynaldo Passanezi Filho
Chief Executive Officer

Dimas Costa
Chief Trading Officer

Leonardo George de Magalhães
Chief Finance and Investor Relations Officer
CRC-MG 53,140

Ronaldo Gomes de Abreu
Chief Distribution Officer

Rafael Falcão Noda
Chief Officer Cemigpar

Paulo Mota Henriques
Chief Generation and Transmission Officer

Eduardo Soares
Chief Regulation and Legal

Mário Lúcio Braga
Controller
CRC-MG-47,822

Carolina Luiza F. A. C. de Senna
Financial Accounting and Equity Interests Manager
Accountant – CRC-MG 77,839

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A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Independent Auditor's Review Report on Quarterly Information - ITR

To the Shareholders and Management of
Companhia Energética de Minas Gerais – CEMIG

Belo Horizonte - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Companhia Energética de Minas Gerais - CEMIG (the "Company"), for the quarter ended September 30, 2020, comprising the statements of financial position as at September 30, 2020, and the related statements of profit or loss, of comprehensive income for the three and nine month periods then ended, and of changes in equity and cash flows for the nine-month period then ended, including the explanatory notes.

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

Scope of review

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

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Conclusion on the individual and consolidated interim financial information

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

Emphasis of matters

Risks related to compliance with laws and regulations

As mentioned in Note 15 to the individual and consolidated interim financial information, currently investigations and other legal measures are being conducted by public authorities in connection with the Company and certain investees regarding certain expenditures and their allocations, which involve and also include other shareholders of these investees and certain executives of the Company and of these other shareholders. The governance bodies of the Company have authorized engaging a specialized company to analyze the internal procedures related to these certain investments and to ascertain such claims. The internal and independent investigation was completed, and the corresponding report was delivered on May 8, 2020, with the conclusion that no evidence has been identified to support the preliminarily investigated allegations. Thus far, it is not possible to predict developments arising from investigations conducted by public authorities, or their possible impact on the interim financial information of the Company and its subsidiaries. Our conclusion is not modified in respect of this matter.

Risk regarding the ability of jointly-controlled entity Renova Energia S.A. to continue as a going concern

As disclosed in Note 15 to the individual and consolidated interim financial information, on November 03, 2020, the jointly-controlled entity Renova Energia S.A. and some of its subsidiaries filed its court-supervised reorganization plans. The reorganization plan of the jointly-controlled entity and some of its subsidiaries is still in progress on the second State of São Paulo Bankruptcy and Court-Supervised Reorganization Court and the jointly-controlled entity shall submit the court-supervised reorganization plans to the General Meeting of Creditors approval in accordance with the terms and conditions established by the referred Law. The jointly-controlled entity up to the present date has not measured the possible effects of the court-supervised reorganization plans on its accounting balances. In addition, the jointly-controlled entity has incurred recurring losses and, as at September 30, 2020, has negative net working capital, equity deficit and negative gross margin. These events or conditions indicate the existence of relevant uncertainty that may raise significant doubt about the ability of this jointly-controlled entity to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other matters

Statements of value added

The above mentioned quarterly information include the individual and consolidated statements of value added (SVA) for the nine-month period ended September 30, 2020, prepared under Company's Management responsibility and presented as supplementary information by IAS 34. These statements have been subjected to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Belo Horizonte (MG), November 13, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Shirley Nara S. Silva
Accountant CRC-1BA022650/O-0