

# Presentation Materials for IR Meeting

May 12, 2009



Hokuriku Electric Power Company

## ***Regarding Forward-Looking Statements (Performance Projections)***

*Certain statements in the following presentation regarding Hokuriku Electric Power Company's business operations may constitute "forward-looking statements". As such, these statements are not historical facts but rather predictions about the future, which inherently involve risks and uncertainties, and these risks and uncertainties could cause the Company's actual results to differ materially from the forward-looking statements (performance projections) herein.*

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1. Circumstances of Shika Nuclear Power Station
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- ◆ Details of Financial Result and Foecast

# 1. Circumstances of Shika Nuclear Power Station

# (1) Circumstances of Shika Nuclear Power Station

## Unit 1

- Commercial operation restarted on May 13, 2009.

## Unit 2

- Continue safe and stable operation after the restart of commercial operation in June 2008.
- Appeal court backed continued operation, overturning a lower court decision. (March 18, 2009)
- Straightening vanes installed at low-pressure turbine blades is going to be exchanged for new blades at the third periodical inspection(in FY2010).

【Rated electrical capacity】

Now 1,206MW → After exchange 1,358MW(its original capacity)



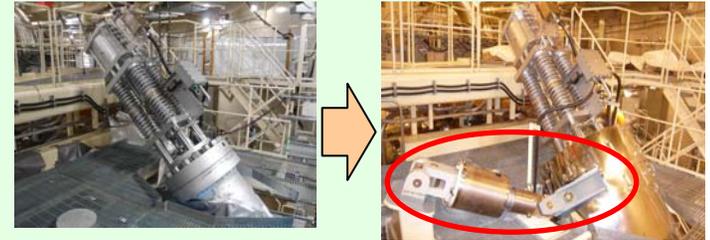
Shika Nuclear Power Station  
(Back: Unit1, Front: Unit2)

## (2) Ensuring Earthquake Resistance Safety

### Completion of construction work for improvement of earthquake resistance margin

- We completed the construction work for improvement of earthquake resistance margin in order to make local people feel safer.

(Unit 1 : Jan, 2009、 Unit 2 : Mar, 2008)



An example of the work (valve support)

### Assesment of earthquake resistance safety

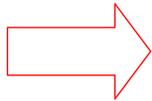
- Unit 1
  - We issued interim report in Mar, 2009 to Nuclear and Industrial Safety Agency.
- Unit 2
  - We issued interim report in Mar, 2008 to Nuclear and Industrial Safety Agency.
  - The report was validated by Nuclear and Industrial Safety Agency on Feb 12, 2009. The validation was also considered appropriate by Nuclear Safety Commission on Feb 18, 2009.

### Earthquake Resistance Safety Follow-Up Commission

- We set up “ Earthquake Resistance Safety Follow-Up Commission” on Apr. 2009 in order to take all possible measures to ensure earthquake resistance safety and improve confidence.

# (3) Raising Nuclear Power Ratio

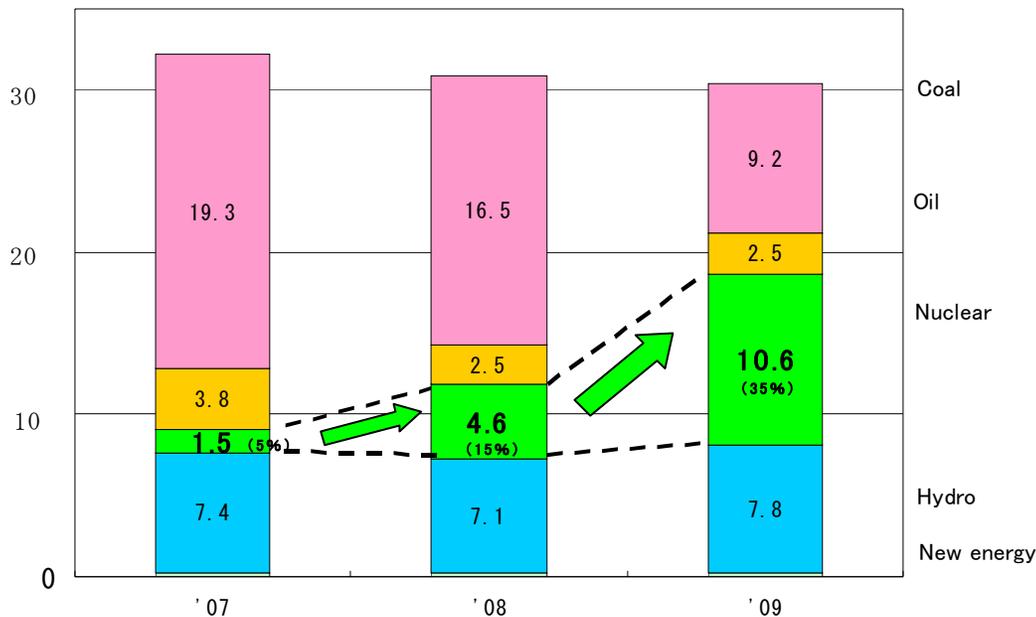
- Nuclear power generation is expected to increase by 6 billion kWh in FY 2009 compared with FY 2008 due to the restart of Unit 1 of Shika Nuclear Power Station and power supplied from other company.



- Decrease in fuel expenses due to decline in thermal power generation
- Reduce CO<sub>2</sub> emissions

(Billion kWh)

Power generating mix



※For demand in our area

**FY 2009**  
(Compared with FY2008)

**【Decrease in thermal power generation】**  
Approx. Δ7.3 billion kWh

**【Emission of carbon dioxide】**  
Approx. Δ6.0 million t

- The restart of Unit 1 of Shika Nuclear Power Station Δ3.2M t
- The restart of other company's nuclear power station Δ1.8M t
- Increase in power generated by hydroelectric, etc. Δ1.0M t

## 2. Summary of FY 2008 Financial Results

# (1) Total Sales of Electric Power

- Fall below the previous year for the first time since 2001 due to the large decrease in the sales to large-scale user (3.9% decrease compared with FY 2007)

(Billion kWh,%)

		FY2008 (A)	FY2007 (B)	Comparison	
				(A)-(B)	(A)/(B)
Regulated (Less than 50kW)	Lighting	7.90	7.91	Δ0.01	99.9
	Power	1.43	1.53	Δ0.10	93.7
	Subtotal	9.34	9.44	Δ0.11	98.9
Liberarized (50kW and more)	Commercial	5.24	5.25	Δ0.01	99.8
	Industrial	13.58	14.61	Δ1.03	92.9
	Subtotal	18.82	19.86	Δ1.04	94.7
Total		28.15	29.30	Δ1.15	96.1
Sales to large-scale user in total sales		10.90	11.70	Δ0.79	93.2

## (2) Overview of FY 2008 Financial Results (Consolidated)

- Increase in operating revenue due to the rise of income from sales to other electric utilities despite decline in sales of electric power
- Increases in expenses due to rise of thermal fuel expenses along with higher fossil fuel prices despite the restart of Unit 2 of Shika Nuclear Power Station and streamlining overall management
- Ordinary income 8.3 billion yen ( $\Delta 4.2$  billion yen compared with FY2007)

(Billion kWh, Billion yen, %)

	FY2008 (A)	FY2007 (B)	Comparison	
			(A)-(B)	(A)/(B)
Total sales of electric power	28.15	29.30	$\Delta 1.15$	96.1
Operating revenues	524.6	477.9	46.6	109.8
Ordinary revenues	527.5	480.8	46.7	109.7
Ordinary expenses	519.2	468.2	50.9	110.9
Operating income	26.1	27.6	$\Delta 1.4$	94.6
Ordinary income	8.3	12.5	$\Delta 4.2$	66.2
Extraordinary income	2.9	0.5	2.4	559.2
Extraordinary loss	-	2.0	$\Delta 2.0$	-
Profit before taxation	14.7	12.6	2.0	116.2
Corporate tax, etc	7.2	5.2	1.9	136.4
Net income	7.4	7.3	0.1	101.7
[EPS]	[35yen/share]	[34yen/share]	[1yen/share]	

- Restart of Unit 2 of Shika Nuclear Power Station  
+ 43.0 billion yen
- Increase in fuel expenses  
 $\Delta 30.0$  billion yen
  - Factor
    - Rise of fossil fuel prices  $\Delta 29.5$
    - Increase in income from fuel cost adjustment +17.5
    - Low operation ratio of thermal stations and other company's nuclear stations  $\Delta 18.0$
- Increase in cost related to periodical inspection  
 $\Delta 11.0$  billion yen
- Decrease in sales of electric power  
 $\Delta 4.0$  billion yen
- Cost-cutting by Emergency Management Task Force  
+ 5.0 billion yen
- Others  
 $\Delta 7.2$  billion yen

(Note 1)

FY2008 Extraordinary income : Sales of shares in affiliates

FY2007 Extraordinary income : Sales of shares

Extraordinary loss :

: Reserve for past decommissioning cost of nuclear power units

(Note 2) The number of consolidated subsidiaries

: 11 affiliates and

2 equity method affiliates

# 3. Forecast of FY 2009

# (1) Forecast of FY 2009 (Consolidated)

- Revenue is estimated to decrease due to decline in sales of electric power and income from fuel cost adjustment
- However, income is estimated to increase by approx. 26.7 billion yen due to the restart of Unit 1 of Shika Nuclear Power Station and decrease in fuel expenses along with drop of fossil fuel prices

(Billion kWh, Billion yen)

	FY2009[E] (A)	FY2008 (B)	Comparison (A)-(B)
Total sales of electric power	Approx. 27.50 (Approx. 98%)	28.15 (96.1%)	Approx. Δ0.65
Operating revenues	Approx. 485.0 (Approx. 92%)	524.6 (109.8%)	Approx. Δ39.6
Operating income	Approx. 49.0 (Approx. 187%)	26.1 (94.6%)	Approx. 22.9
Ordinary income	Approx. 35.0 (approx. 421%)	8.3 (66.2%)	Approx. 26.7
Net income [EPS]	Approx. 22.0 (Approx. 294%) [103yen/share]	7.4 (101.7%) [35yen/share]	Approx. 14.6

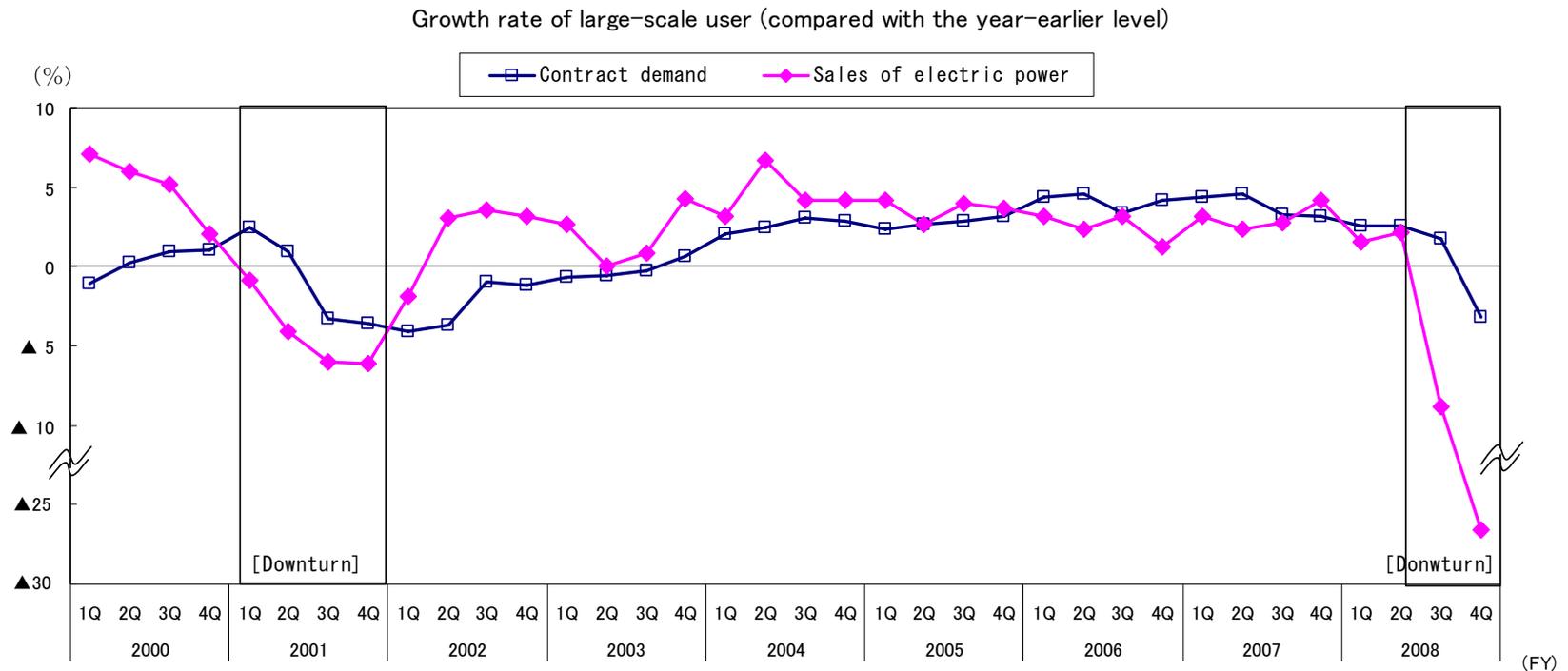
\*Figures in parentheses denote percentage from the previous year.

- Restart of Unit 1 of Shika Nuclear Power Station + 18 billion yen
  - Drop of fossil fuel prices + 29 billion yen
  - Decrease in income from fuel cost adjustment Δ 25 billion yen
  - Increase in power supplied from other company + 11 billion yen
  - Decrease in sales of electric power Δ 6 billion yen
- and others

# 4. Future Demand Trend

# (1) Demand Decrease due to Economic Downturn

- Decrease in operation ratio of industrial large-scale user since the second half of FY2008 due to drastic economic downturn



## (2) FY2009 Demand Forecast

- Approx. 27.5 billion kWh
- Expected to fall below the previous year for the second year in a row although the number of fully electrified houses is expected to increase

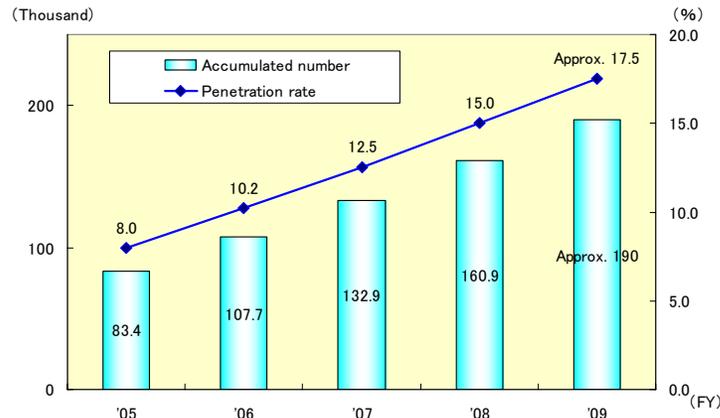
	FY2009[E] (A)	FY2008 (B)	(Billion kWh,%) Comparison	
			(A)-(B)	(A)/(B)
Total sales of electric power	Approx. 27.50	28.15	Approx. Δ0.65	Approx. 98

(Factor)

Commercial and industrial	Approx. 13.80	14.75	Approx. Δ0.95	Approx. 94
Lighting	Approx. 13.70	13.40	Approx. 0.3	Approx. 102

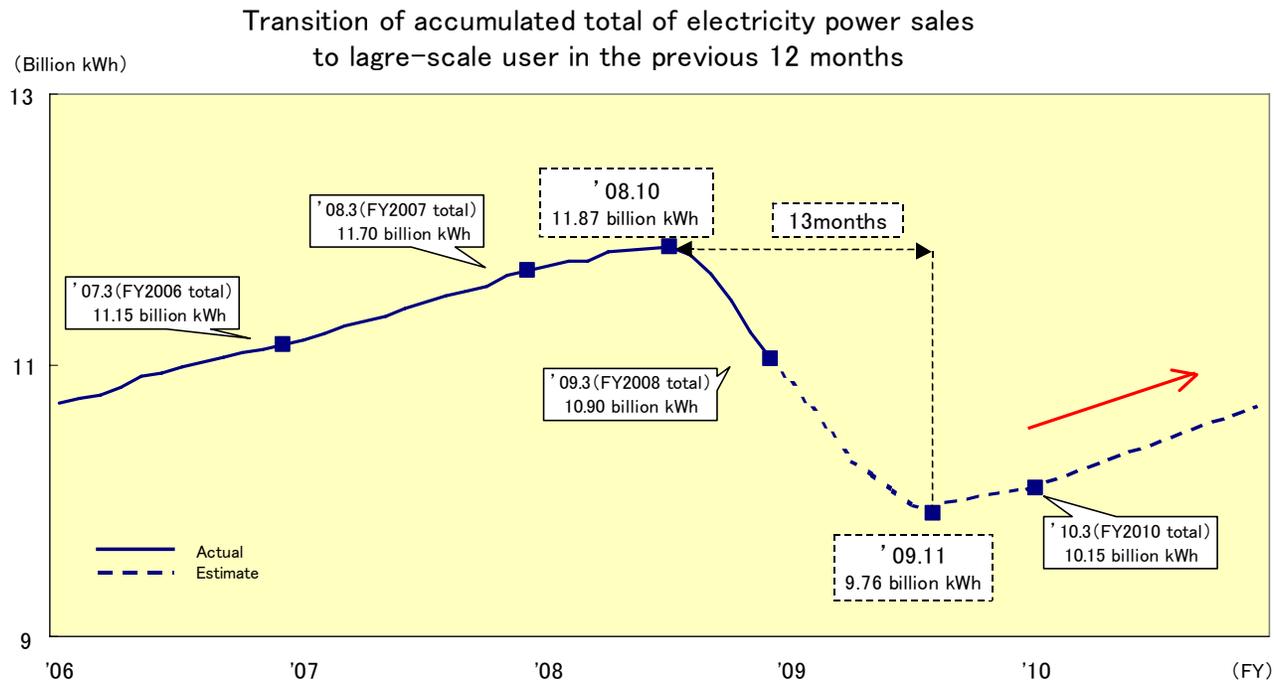
(Reference)

Accumulated number and diffusion rate of fully electrified houses



# (3) Alleviation of Decline of Sales of Electric Power to Industrial Large-Scale User ①

- industrial demand in our area is expected to recover from 4Q of FY2009 while it is decreasing drastically along with economic downturn in FY2009



【Term for alleviation of drop in past recession】

Second oil crisis	37 months (Jul, 1980~Jul, 1983)
The burst of Bubble Economy	27 months (Mar, 1992~May, 1994)
Asian Currency Crisis	18 months (Feb, 1998~Jul, 1999)
The burst of the IT bubble	13 months (Jun, 2001~Jun, 2002)

## (4) Alleviation of Decline of Sales of Electric Power to Industrial Large-Scale User ②

- Demand is expected to recover gradually because signs of alleviation can be recognized mainly among machinery which accounts for major share of industrial demand in our area

### Economic View of Bank of Japan Kanazawa Branch (April)

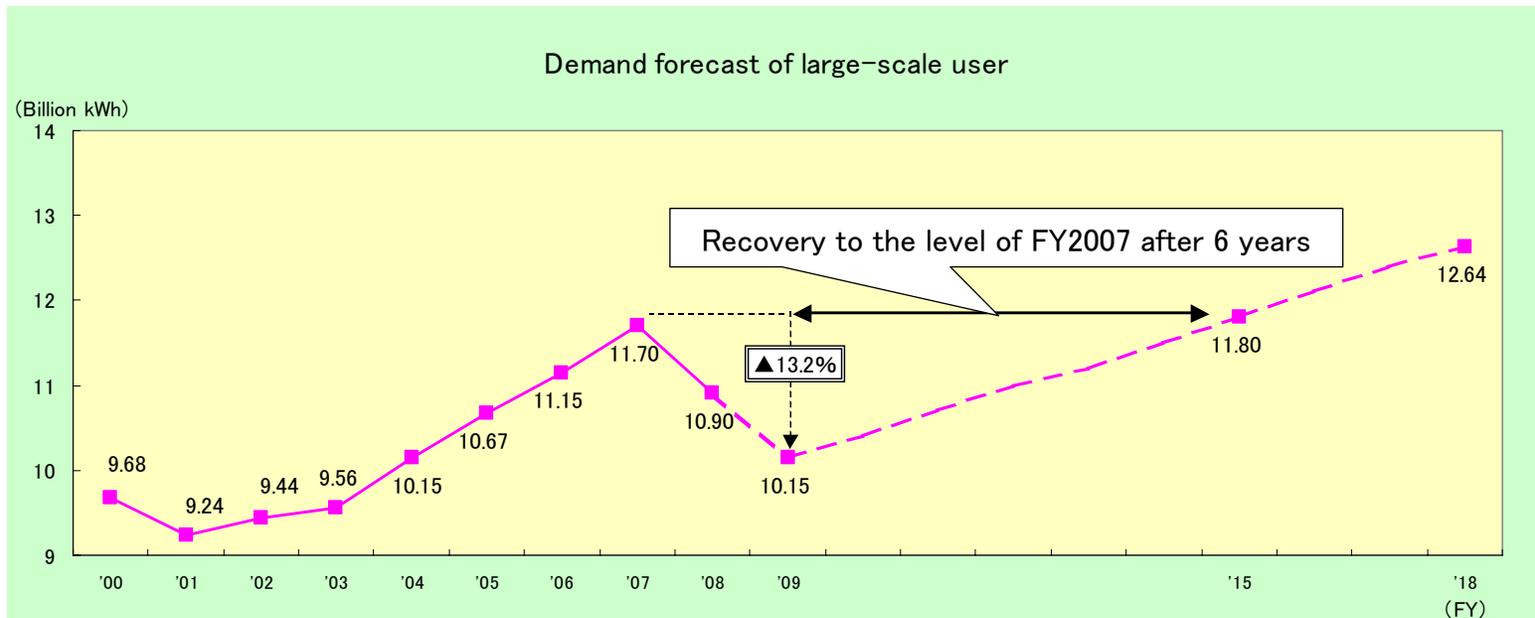
“Output reduction of construction machinery in industrial machinery is narrowing somewhat against the backdrop of advancement of inventory adjustment. In addition to that, expansion of output reduction of electrical parts in electrical machinery is halting.”

### Circumstances of our customers • customers' comment

Machinery	Electrical machinery	<p>“Operation rate is turning up. Worst was behind.”</p> <p>“Inventory adjustment is advancing. Order is increasing gradually.”</p> <p>“Economy is getting better gradually since February.”</p> <ul style="list-style-type: none"> <li>• Factory operation ratio of a company</li> </ul> <table border="1"> <thead> <tr> <th>Jan~Feb</th> <th>Mar</th> <th>Apr</th> </tr> </thead> <tbody> <tr> <td>40%</td> <td>60%</td> <td>75%</td> </tr> </tbody> </table>	Jan~Feb	Mar	Apr	40%	60%	75%
	Jan~Feb	Mar	Apr					
40%	60%	75%						
Others	<p>“We operated our factories only 5 days in a month since December. But since April we have been operating everyday.”</p>							

## (5) Demand Forecast of Industrial Large-Scale User

- Large-scale user which accounts for major share of decrease in demand along with drastic economic downturn is expected to cease to fall in FY2009 and recover to the level of FY2007 after 6 years (It is as long as the term for recovery in second oil crisis [1983~1988])

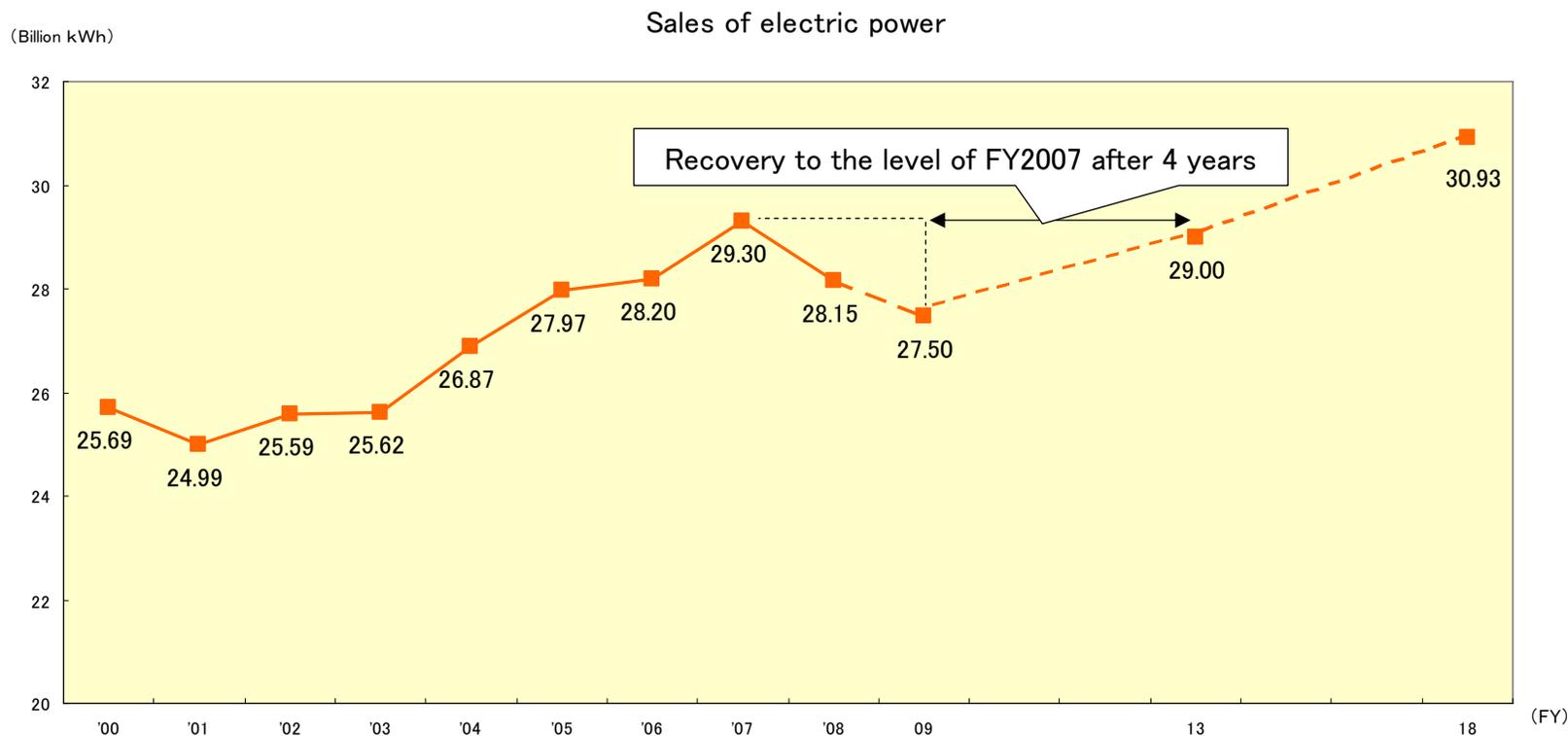


【Term for recovery in past recession】

Recession Event	Term (Years)	Period	Decrease ratio
Second oil crisis	6 years	(1983~1988)	▲10.8%
The burst of Bubble Economy	3 years	(1994~1996)	▲6.2%
Asian Currency Crisis	2 years	(1999~2000)	▲6.6%
The burst of the IT bubble	3 years	(2002~2004)	▲4.5%

## (6) Middle and Long Term Demand Forecast

- Demand is expected to increase steadily due to rise of industrial and residential demand along with economic recovery and stable diffusion and expansion of fully electrified houses



【Term for recovery in past recession】

Second oil crisis	3 years	(1981~1983)
The burst of Bubble Economy	1 year	(1994)
Asian Currency Crisis	1 year	(1999)
The burst of the IT bubble	3 years	(2002~2004)

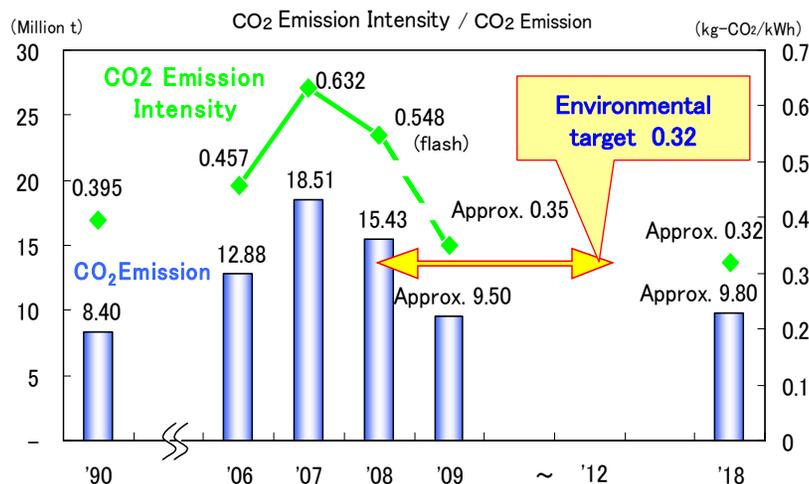
# 5. Actions toward Low-Carbon Societies

# (1) Our Actions toward Low-Carbon Societies

- Consulting on safe and stable operation of nuclear power stations, introduction of renewable energy and supporting our customers to save energy
- Utilizing “Kyoto Mechanisms”

## CO<sub>2</sub> Emissions Intensity / CO<sub>2</sub> Emissions

◆ **Environmental Target [Average in FY2008~2012]**  
**0.32kg-CO<sub>2</sub>/kWh**  
**(20% reduction from FY1990 levels)**



## Actions on Supply Side

- Safe and stable operation of nuclear power stations
- Aggressive introduction of renewable energy

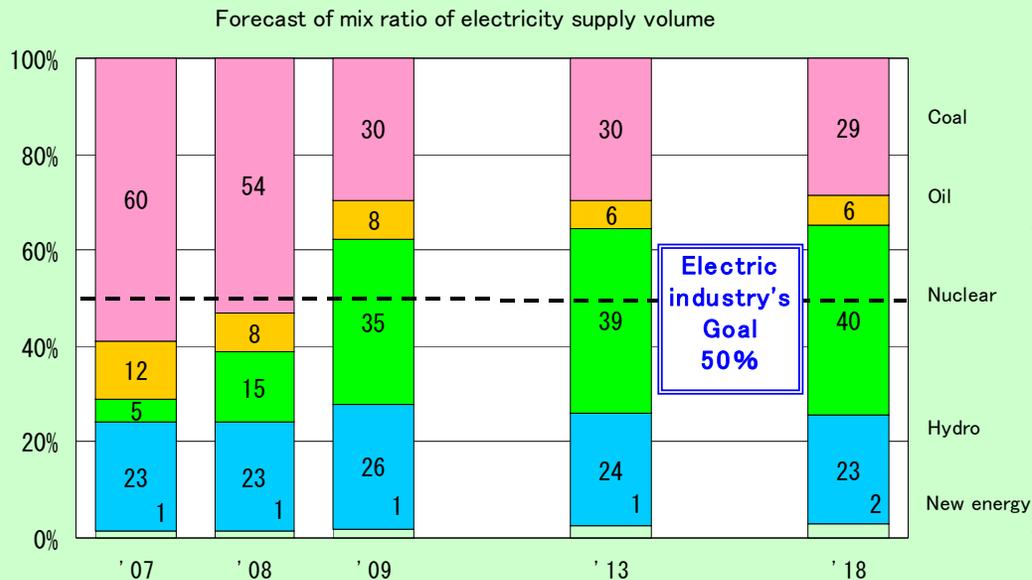
## Actions on Demand Side

- Supporting for saving energy
  - Recommending highly efficient technology which can reduce CO<sub>2</sub> dramatically such as Eco Cute and heat pump water heaters
  - Consulting service for CO<sub>2</sub> reduction

## (2) Raising Ratio of Zero Emission Power Capacity

- Ensuring high ratio of zero emission power capacity by safe and stable operation of nuclear power stations and expansion of renewable energy introduction

■ We are the leading runner among electric industry while electric industry sets a goal which is 50% of zero emission power capacity



Ratio of zero emission power capacity : 65% in FY2018

- Possible to limit CO<sub>2</sub> emission
- Resistant to fluctuation of fossil fuel prices

# (3) Aggressive Introduction of Renewable Energy

## ■ Hydro

○ Effective utilization of plentiful water resource in Hokuriku area

- Utilization of effluent water for river maintenance
- Development of new hydro spots
- Increase in capacity of existing stations by renovation

Development of about **30 points** by FY2020



Current condition of effluent water

## ■ Renewable

### ■ Solar

- Development of 4 mega-solar power stations

	Construction work start	Operation start
First 2 plants	FY2010	FY2011
Other 2 plants	FY2011	FY2012

#### <Overview of Mega-solar>

Capacity	100MW × 4 in total
Generation	Approx. 4 million kWh/year
CO <sub>2</sub> reduction	Approx. 1.3 thousand t-CO <sub>2</sub> /year



Mega-solar image

### ■ Wind

- 4 stations developed by Nihonkai Power Generating (our affiliate) is going to start operation in FY2009

(Other 5 : Operation start in FY2010)

- Expansion of available capacity for connection to power system [150MW ⇒ 250MW]

※Application start from Apr. 2009



#### <Overview of Fukura Wind Park>

Capacity	21.6MW (2.4MW × 9)
Generation	Approx. 41 million kWh/year
Operation start	FY2009 and 2010
CO <sub>2</sub> reduction	Approx. 13 thousand t-CO <sub>2</sub> /year

### ■ Co-firing of woody biomass and coal

- Unit 2 of Nanao Ohta Thermal Power Station (700MW) is introducing in addition to Unit 2 of Tsuruga Thermal Power Station (700MW)

Construction work start Jul. 2009

Operation start Sep. 2010



#### <Overview of co-firing> (Total of Nanao and Tsuruga)

Generation	Approx. 30 Million kWh/year
CO <sub>2</sub> reduction	25 thousand t-CO <sub>2</sub> /year

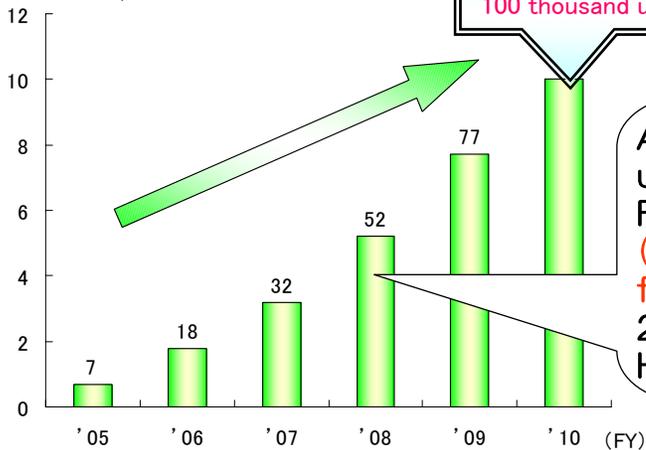
Expand  
by **2.5 times**  
by FY2018

# (4) Supporting Our Customers to save energy and reduce CO<sub>2</sub> emission

Recommending highly efficient technology which can reduce CO<sub>2</sub> dramatically such as Eco Cute and heat pump water heaters

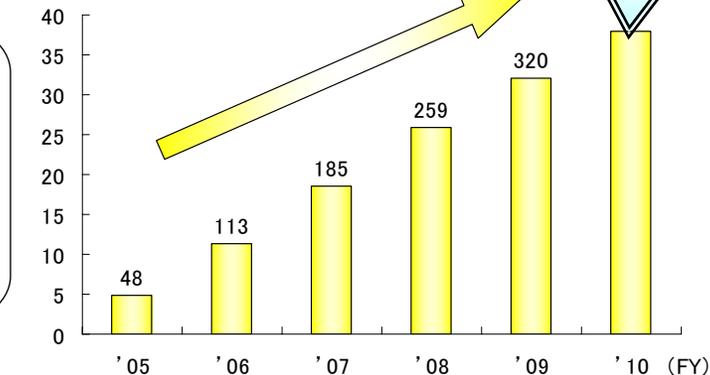
■ Number of Eco Cute units in use  
(total as of the end of FY)

(Thousand Unit)



■ Development of heat pump air conditioning  
(total of as the end of FY)

(MW)



## Enhancement of Consulting Service

**【Number of cases】 Target of FY2009 : 750 cases**

- Consulting service mainly for our customers who have multiple offices and giving information about revised version of the Rationalization in Energy Use Law
- Dispatching consulting service workforce to support for small and medium-sized business to save energy.



## (5) Actions for Environment Conservation together with local community

### Development of electric bus Introduction of electric vehicle

- Development acceleration of “Community Electric Bus” together with Toyama-City since Mar, 2009 by utilizing knowledge from the research about practical use of small electricity bus developed by academic-industrial alliance
- Trial introduction of 10 electric vehicles to our office

※We estimate that the maximum number of electric vehicles and Plug-in Hybrid Car which can be introduced is about 300.

We promote introduction based on the status of use of introduced electric vehicles and trend of electric car makers.

(Reference) Number of Company owned car 1,300 (including 400 light cars)



Small electric bus provided to Toyako Summit



Low-floor community bus underlying development (Diesel engine)



Electric vehicle

### Continuing “Activities for giving back to our forests”

- Promoting “Activities for giving back to our forests” in 5 areas located in 3 prefectures in Hokuriku through participation in afforestation promotion projects organized by local government (700 people including our employees and their family members planted trees and cut bottom weed in FY2008)





Left front : Shika Nuclear Power Station

Right back : Image of Fukura Wind Station

# Financial Results for FY 2008 Detailed Description

May 12, 2009



Hokuriku Electric Power Company

# Total Sales of Electric Power

- Fall below the previous year for the first time since 2001 due to the large decrease in the sales to large-scale user (3.9% decrease compared with FY 2007)

(Billion kWh,%)

		FY2008 (A)	FY2007 (B)	Comparison	
				(A)-(B)	(A)/(B)
Regulated (Less than 50kW)	Lighting	7.90	7.91	Δ0.01	99.9
	Power	1.43	1.53	Δ0.10	93.7
	Subtotal	9.34	9.44	Δ0.11	98.9
Liberarized (50kW and more)	Commercial	5.24	5.25	Δ0.01	99.8
	Industrial	13.58	14.61	Δ1.03	92.9
	Subtotal	18.82	19.86	Δ1.04	94.7
Total		28.15	29.30	Δ1.15	96.1
Sales to large-scale user in total sales		10.90	11.70	Δ0.79	93.2

\* Round off to two decimal place

(Reference Sales to Large-scale user by main industry)

- Sales to all main sectors fall below the previous year with drastic economic downturn from the second half of FY2008 (6.8% decrease compared with FY 2007)

(Billion kWh,%)

		FY2008 (A)	FY2007 (B)	Comparison	
				(A)-(B)	(A)/(B)
Total of large-scale user		10.90	11.70	Δ0.79	93.2
Main industry	Textile	0.83	0.95	Δ0.12	87.7
	Chemical	1.50	1.59	Δ0.10	94.0
	Steel	0.74	0.81	Δ0.06	92.1
	Machinery	3.48	3.77	Δ0.30	92.1
	(Electrical machinery in Machinery sector)	(2.47)	(2.66)	(Δ0.19)	(92.9)
	Fabricated metal	0.74	0.82	Δ0.07	91.0

# Total Power Generated, Purchased and Sold

- Increase in nuclear due to the restart of Unit 2 of Shika Nuclear Power Station
- Decrease in thermal due to the restart of Unit 2 of Shika Nuclear Power Station and decline of sales of electric power

(Billion kWh,%)

	FY2008 (A)	FY2007 (B)	Comparison	
			(A)-(B)	(A)/(B)
[Flow ratio]	[88.5]	[90.5]	[Δ 2.0]	
Hydroelectric	5.20	5.52	Δ0.32	94.3
Thermal	20.57	25.30	Δ4.74	81.3
[Utilization ratio]	[59.6]	[ - ]	[ 59.6]	
Nuclear	9.26	-	9.26	-
Subtotal	35.03	30.82	4.21	113.7
Purchased from other utilities	3.76	4.34	Δ0.58	86.6
Sold to other utilities	Δ7.51	Δ2.76	Δ4.75	271.9
Total	31.25	32.37	Δ 1.12	96.5

# Overview of FY 2008 Financial Results

➤ Decrease in income due to large rise of fuel expenses along with higher fossil fuel prices despite the restart of Unit 2 of Shika Nuclear Power Station

(Billion yen,%)

		FY2008 (A)	FY2007 (B)	Comparison (A)-(B)	(A)/(B)
Consolidated	Operating revenues	524.6	477.9	46.6	109.8
	Operating income	26.1	27.6	Δ 1.4	94.6
	Ordinary income	8.3	12.5	Δ 4.2	66.2
	Extraordinary income	2.9	0.5	2.4	559.2
	Extraordinary loss	-	2.0	Δ 2.0	-
	Net income	7.4	7.3	0.1	101.7
Non-consolidated	Operating revenues	512.9	466.0	46.9	110.1
	Operating income	22.5	24.3	Δ 1.8	92.6
	Ordinary income	8.5	9.3	Δ 0.7	91.8
	Extraordinary income	-	0.5	Δ 0.5	-
	Extraordinary loss	-	2.0	Δ 2.0	-
	Net income	6.9	5.1	1.7	134.2

(Note 1)

FY2008 Extraordinary income : Sales of shares in affiliates

FY2007 Extraordinary income : Sales of shares

Extraordinary loss :

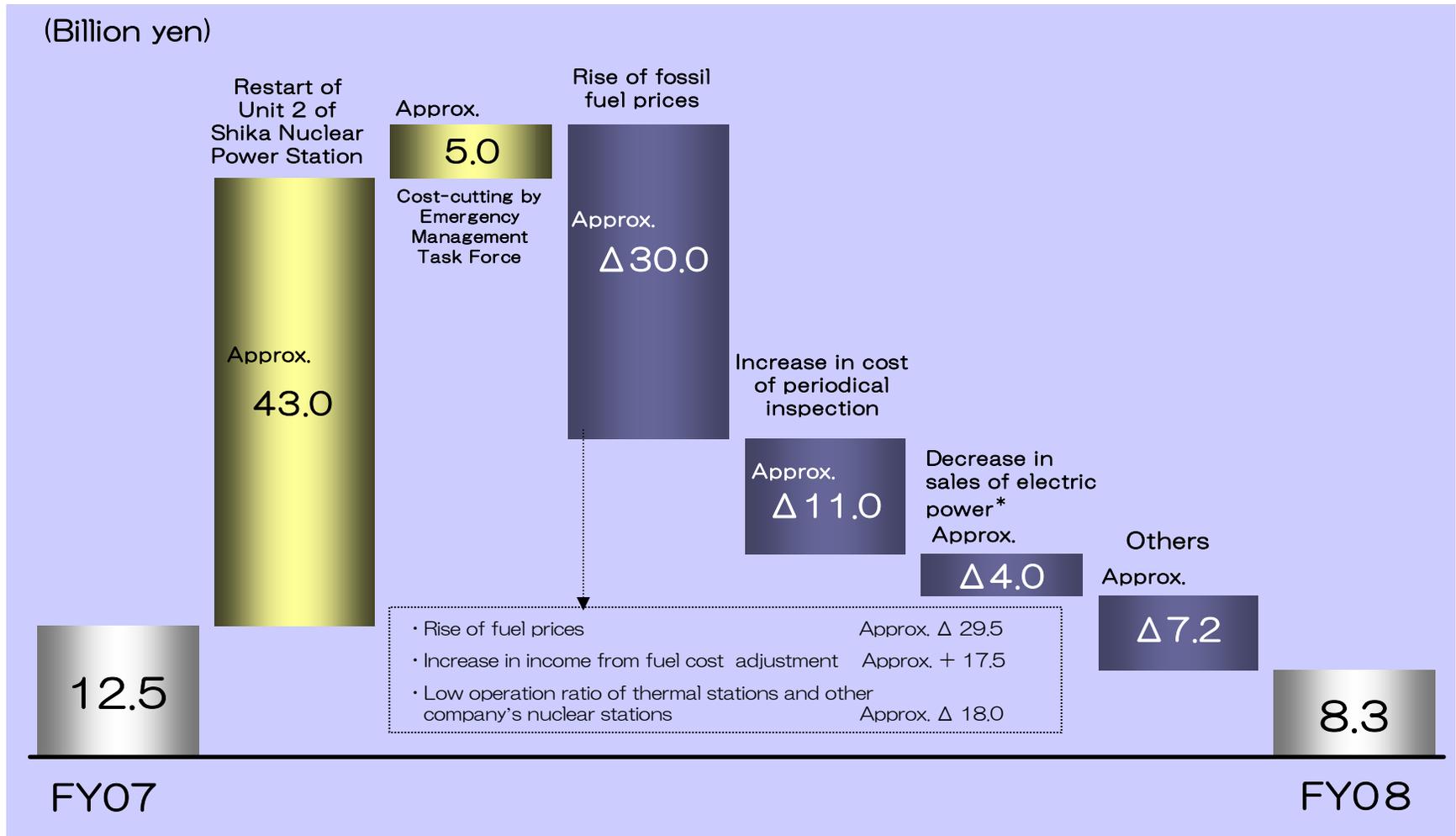
:Reserve for past decommissioning cost of nuclear power units

(Note2) The number of consolidated subsidiaries

: 11 affiliates and

2 equity method affiliates

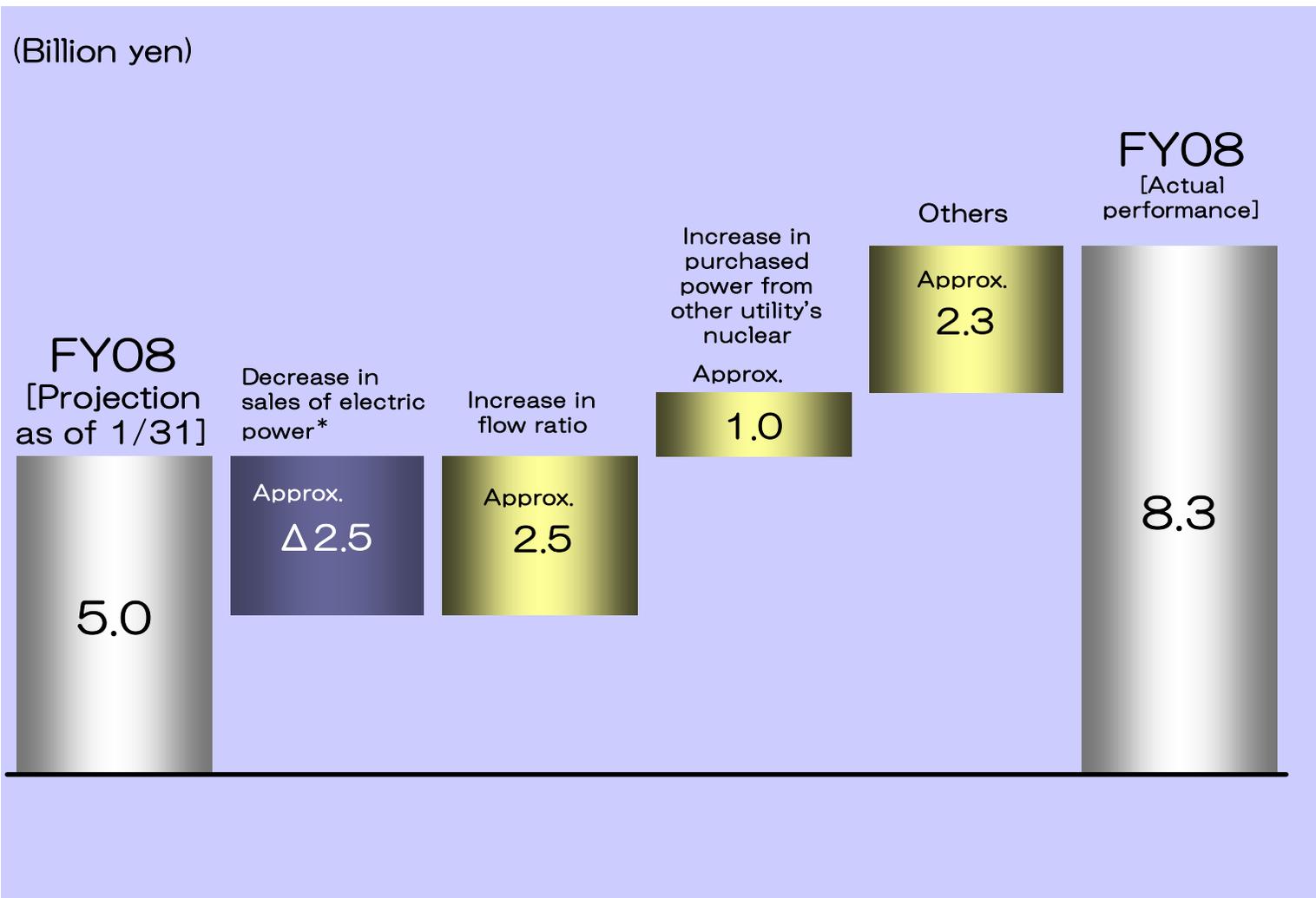
# Changing Factor of Consolidated Ordinary Income(Comparison with FY 2007)



\* After subtraction of fuel expenses

# Changing Factor of Consolidated Ordinary

## Income (Comparison with earnings forecast announced on Jan 31,2009)



\* After subtraction of fuel expenses

# FY 2009 Forecast (Key Factor)

## 【Sales of Electric Power】

- Electric sales in FY2009 is estimated to fall below the previous year due to low level production activity along with drastic economic downturn

(Billion kWh)

	FY2009[E] (A)	F Y 2008 (B)	Comparison (A)-(B)
Total sales of Electric power	Approx. 27.50 (Approx. 98%)	28.15 (96.1%)	Approx. Δ 0.65

\* Figures in parentheses denote percentage from the previous year.

## 【Key Factor】

(Yen/\$, \$/b, %)

	FY2009[E] (A)	F Y 2008 (B)	Comparison (A)-(B)
Currency Rate	Approx. 100	101	Approx. Δ 1
C I F oil prices(All Japan)	Approx. 50	91	Approx. Δ 41
Flow ratio	Approx. 97	88.5	Approx. 8
Nuclear utilization ratio	Approx. 81	59.6	Approx. 21

# FY 2009 Revenues and Income Forecast

- Decrease in revenues and increase in income due to decline in fuel expenses in addition to the improvement of earning and expenses because of the restart of Unit 1 of Shika Nuclear Power Station despite the decrease in operating revenues along with decline of sales of electric power

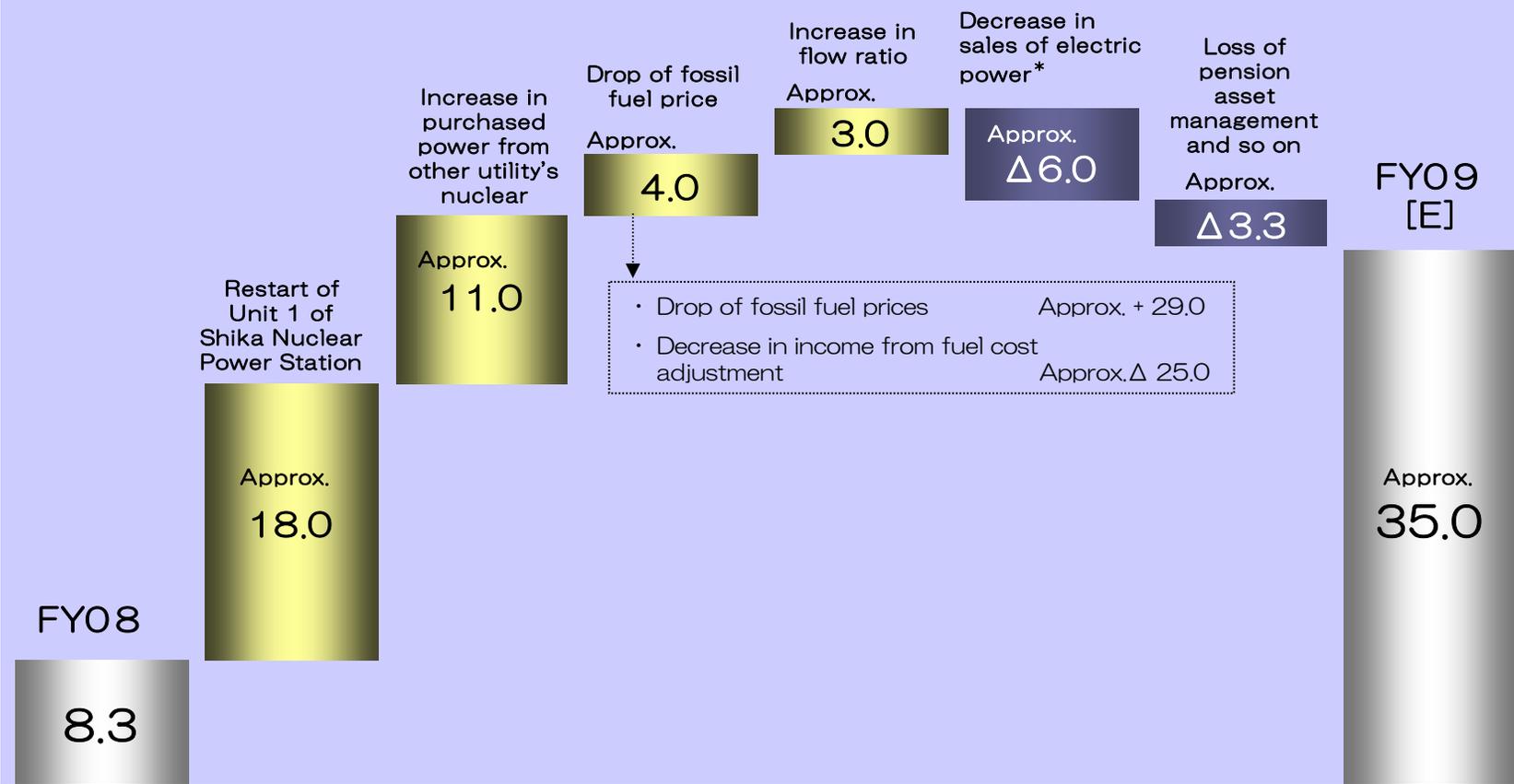
(Billion yen)

		FY2009[E] (A)	FY2008 (B)	Comparison (A)-(B)
Consolidated	Operating revenues	Approx. 485.0 (Approx. 92%)	524.6 (109.8%)	Approx. Δ39.6
	(Operating income)	Approx. 49.0 (Approx. 187%)	26.1 (94.6%)	Approx. 22.9
	Ordinary income	Approx. 35.0 (Approx. 421%)	8.3 (66.2%)	Approx. 26.7
	Net income	Approx. 22.0 (Approx. 294%)	7.4 (101.7%)	Approx. 14.6
Non- Consolidated	Operating revenues	Approx. 475.0 (Approx. 93%)	512.9 (110.1%)	Approx. Δ37.9
	(Operating income)	Approx. 47.0 (Approx. 208%)	22.5 (92.6%)	Approx. 24.5
	Ordinary income	Approx. 33.0 (Approx. 387%)	8.5 (91.8%)	Approx. 24.5
	Net income	Approx. 21.0 (Approx. 302%)	6.9 (134.2%)	Approx. 14.1

\*Figures in parentheses denote percentage from the previous year.

# Changing Factor of FY 2009 Consolidated Ordinary Income (Comparison with FY 2008)

(Billion yen)



\* After subtraction of fuel expenses

# Consolidated Balance Sheet (Summary)

➤ Total Assets 1,453.9 billion yen

(62.7 billion yen decrease compared with the end of FY2007)

(Billion yen)

	End of FY 2008 (A)	End of FY 2007 (B)	Comparison (A)-(B)	Factor (related to only Hokuriku Electric Power Company)
Fixed assets	1,268.2	1,327.3	Δ59.0	
Electricity business	1,005.9	1,053.6	Δ47.7	Depreciation Δ91.2, Completion of construction 48.8
Others	262.3	273.7	Δ11.3	Long-Term investment Δ8.1
Current assets	185.6	189.3	Δ3.7	
<b>Total assets</b>	<b>1,453.9</b>	<b>1,516.7</b>	<b>Δ62.7</b>	
Debt with interest	942.7	979.5	Δ36.8	Loan Δ33.3
Other debt	154.3	168.1	Δ13.7	Accounts payable-trade Δ8.8
Revenue for fluctuation in water level	5.5	8.9	Δ3.3	
<b>Total liabilities</b>	<b>1,102.7</b>	<b>1,156.7</b>	<b>Δ53.9</b>	
<b>Total net assets</b>	<b>351.1</b>	<b>359.9</b>	<b>Δ8.7</b>	
[Equity ratio]	[24.2%]	[23.7%]	[0.5%]	
<b>Total of liabilities and net assets</b>	<b>1,453.9</b>	<b>1,516.7</b>	<b>Δ62.7</b>	

# Consolidated Statement of Cash Flows

	(Billion yen)		
	FY 2008 (A)	FY 2007 (B)	Comparison (A)-(B)
<b>I. Operating activities<sup>①</sup></b>	<b>110.3</b>	67.3	<b>42.9</b>
Income before income taxes and minority interests	14.7	12.6	2.0
Depreciation and amortization	95.7	102.4	Δ6.7
Others	Δ0.1	Δ47.7	47.6
<b>II. Investing activities<sup>②</sup></b>	<b>Δ59.5</b>	Δ40.7	<b>Δ18.8</b>
Capital expenditure	Δ62.3	Δ41.1	Δ21.1
Long-term investment and others	2.7	0.3	2.3
<b>III. Financing activities</b>	<b>Δ47.8</b>	21.7	<b>Δ69.6</b>
Loan, bond, etc	Δ36.8	32.6	Δ69.4
Purchases and sales of own stock	Δ0.3	Δ0.1	Δ0.1
Cash dividends paid <sup>③</sup>	Δ10.6	Δ10.6	0.0
<b>IV. Net increase in cash and cash equivalents ( I + II + III )</b>	<b>2.8</b>	48.3	<b>Δ45.4</b>
<b>○ Free cash flow (①+②+③)</b>	<b>40.0</b>	15.8	<b>24.1</b>
(reference : non-consolidated free cash flow)	(35.8)	(13.1)	(22.7)

# Non-Consolidated Statement of Income

(Billion yen,%)

		FY2008 (A)	FY2007 (B)	Comparison	
				(A)-(B)	(A)/(B)
Ordinary income	Lighting	156.8	151.4	5.3	103.5
	Commercial and industrial ( Subtotal )	277.6 (434.4)	265.9 (417.3)	11.7 (17.0)	104.4 (104.1)
	Sales to other utilities (Operating revenues)	72.5 (512.9)	42.5 (466.0)	30.0 (46.9)	170.6 (110.1)
	Total	515.7	468.4	47.2	110.1
Ordinary expenses	Personnel expenses	48.5	42.6	5.9	113.9
	Fuel expenses	150.1	129.4	20.7	116.0
	Maintenance expenses	49.6	38.8	10.7	127.7
	Depreciation expenses	91.2	97.2	Δ 6.0	93.8
	Purchased power expenses	53.6	46.6	6.9	115.0
	Interest paid	16.0	16.6	Δ 0.5	96.5
	Taxes other than income taxes	33.4	34.2	Δ 0.7	97.7
	Nuclear power back-end expenses	9.4	2.7	6.7	347.3
Other expenses	55.0	50.7	4.3	108.5	
Total	507.2	459.1	48.0	110.5	
(Operarting income)		(22.5)	(24.3)	(Δ1.8)	(92.6)
Ordinary income		8.5	9.3	Δ 0.7	91.8
Extraordinary income		—	0.5	Δ 0.5	—
Extraordinary loss		—	2.0	Δ 2.0	—
Net income		6.9	5.1	1.7	134.2
[ E P S ]		[32yen/share]	[24yen/share]	[8yen/share]	—
ROA		1.0	1.1	—	—
ROE		2.0	1.5	—	—
Equity ratio		23.7	23.4	—	—

# Revenues statement

- Increase in revenues due to rise of income from fuel cost adjustment and growth of electricity supply volume to other electric utilities despite decrease in sales of electric power

(Billion yen,%)

		FY2008 (A)	FY2007 (B)	Comparison	
				(A)-(B)	(A)/(B)
Ordinary revenues	Lighting	156.8	151.4	5.3	103.5
	Commercial and industrial	277.6	265.9	11.7	104.4
	( Subtotal )	(434.4)	(417.3)	(17.0)	(104.1)
	Sales to other utilities	72.5	42.5	30.0	170.6
	(Operating revenue)	(512.9)	(466.0)	(46.9)	(110.1)
	Total	515.7	468.4	47.2	110.1

# Revenues from Lighting, Commercial and Industrial

- Increase in revenues due to rise of income from fuel cost adjustment despite decrease in sales of electric power along with drastic economic downturn

(Billion kWh)

	FY2008 (A)	FY'2007 (B)	Comparison (A)-(B)
Sales of electric power	28.15	29.30	Δ 1.15

(Billion yen)

Revenue from lighting, commercial and industrial	434.4	(417.3)	17.0
( Lighting )	(156.8)	(151.4)	53.0
(Commercial and industrial)	(277.6)	(265.9)	11.7

(Key factor)

- Decrease in sales of electric power    Approx. Δ 16 billion yen
- Rise of unit price                            Approx. + 33 billion yen

# Revenues from sales to other utilities

- Increase in revenue due to rise of revenues from sales to other electric utilities

(Billion yen)

	FY2008 (A)	FY2007 (B)	Comparison (A) - (B)
Revenues from sales to other utilities	72.5	42.5	30.0

(Key factor)

Revenues from sales to other electric utilities	71.9	42.2	29.6
Revenues from sales to other utilities	0.6	0.2	0.3

(Supply volume)

(Billion kWh)

To other electric utilities	7.79	3.05	4.74
To other utilities	0.08	0.03	0.05

# Expenses Statement

- Increases in expenses by 48 billion yen due to rise of thermal fuel expenses along with higher fossil fuel prices despite the restart of Unit 2 of Shika Nuclear Power Station and streamlining overall management

(Billion yen,%)

		FY2008 (A)	FY2007 (B)	Comparison	
				(A)-(B)	(A)/(B)
Ordinary expenses	Personnel expenses	48.5	42.6	5.9	113.9
	Fuel expenses	150.1	129.4	20.7	116.0
	Maintenance expenses	49.6	38.8	10.7	127.7
	Depreciation expenses	91.2	97.2	Δ 6.0	93.8
	Purchased power expenses	53.6	46.6	6.9	115.0
	Interest paid	16.0	16.6	Δ 0.5	96.5
	Taxes other than income taxes	33.4	34.2	Δ 0.7	97.7
	Nuclear power back-end expenses	9.4	2.7	6.7	347.3
	Other expenses	55.0	50.7	4.3	108.5
	<b>Total</b>	<b>507.2</b>	<b>459.1</b>	<b>48.0</b>	<b>110.5</b>

# Personnel Expenses

- Increase due to rise of expenses related to retirement benefit along with decline in market value of pension fund

(Billion yen)

	FY2008 (A)	FY2007 (B)	Comparison (A) - (B)
Personnel expenses	48.5	42.6	5.9

(Key factor)

Retirement benefit	4.2	Δ0.6	4.9
(Amortization of actuarial difference in retirement benefit)	(0.9)	(Δ4.0)	(5.0)
Salary, etc	44.3	43.3	1.0

(Reference)

(People)

Number of employees at the end of FY	4,630	4,611	19
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# Fuel Expenses

- Increase due to rise of fossil fuel prices despite the restart of Unit 2 of Shika Nuclear Power Station

(Billion yen)

	FY2008 (A)	FY2007 (B)	Comparison (A) - (B)
Fuel expenses	150.1	129.4	20.7

(内訳)

Fossil fuel	144.0	129.4	14.6
(Oil)	(47.0)	(53.7)	(Δ 6.7)
(Coal)	(97.0)	(75.6)	(21.3)
Nuclear fuel	6.0	0.0	6.0

(Factor of 20.7billion yen defference)

- Decrease in sales of electric sales Approx. Δ 6.0
- Restart of Unit 2 of Shika Nuclear Power Station Approx. Δ31.0
- Rise of fossil fuel price Approx. + 34.5
- Low operation ratio of coal power station and other company's nuclear power station Approx. +19.0
- Others Approx. + 4.2

# Maintenance Expenses

- Increase due to rise of periodical inspection cost for Unit 2 of Shika Nuclear Power Station and thermal power stations

(Billion yen)

	FY2008 (A)	FY2007 (B)	Comparison (A)-(B)
Maintenance expenses	49.6	38.8	10.7

(Key factor)

Thermal facilities	15.1	10.7	4.3
Nuclear facilities	9.5	4.2	5.3

# Depreciation Expenses

- Decrease due to progress in depreciation

(Billion yen)

	FY2008 (A)	FY2007 (B)	Comparison (A)-(B)
Depreciation expenses	91.2	97.2	Δ 6.0

(Key factor)

Thermal facilities	15.4	17.4	Δ 1.9
Nuclear facilities	37.4	41.7	Δ 4.3
Other facilities	38.3	38.1	0.2

# Purchased Power Expenses

- Increase due to increment in purchase from wholesale market and rise of cost related to other company's nuclear facilities

(Billion yen)

	FY2008 (A)	FY2007 (B)	Comparison (A)-(B)
Purchased power expenses	53.6	46.6	6.9

(Key factor)

Expenses to other electric utilities	2.9	3.5	Δ 0.6
Expenses to public and wholesale utilities	50.6	43.0	7.6

(Supplied volume)

(Billion kWh)

From other electric utilities	0.27	0.29	Δ 0.01
From public and wholesale utilities	3.84	4.38	Δ 0.54

# Interest Paid

- Decrease due to drop in interest rate

(Billion yen)

	FY2008 (A)	FY2007 (B)	Comparison (A) - (B)
Interest paid	16.0	16.6	$\Delta 0.5$
(Interest rate at the end of FY)	(1.67%)	(1.68%)	( $\Delta 0.01\%$ )

(Factor of  $\Delta 0.5$  billion yen difference)

- Interest rate difference  $\Delta 0.5$

# Nuclear Power Back-End Expenses

- Increase due to the restart of Unit 2 of Shika Nuclear Power Station

(Billion yen)

	FY2008 (A)	FY2007 (B)	Comparison (A)-(B)
Nuclear power back-end expenses	9.4	2.7	6.7

(Factor)

Indicated nuclear fuel reprocessing expenses	4.8	2.1	2.7
Expenses for future reprocessing of irradiated nuclear fuel	1.2	0.0	1.1
Expenses for disposal of specified radio active wastes	1.2	0.3	0.8
Decommissioning costs of nuclear power units	2.1	0.1	1.9

# Other Expenses

➤ Increase in cost of related to carbon credits

(Billion yen)

	FY2008 (A)	FY2007 (B)	Comparison (A) - (B)
Other expenses	55.0	50.7	4.3

(Key factor)

- Carbon credits Approx. +2.9
- Cost-cutting by Emergency Management Task Force Approx. Δ1.5

# Forecast by factors (compared with FY2008)

	Factor	FY2009 Forecast		(Billion yen) (Reference) FY2008
Revenues	Revenue from lighting, commercial and industrial	Decrease	<ul style="list-style-type: none"> <li>Decrease in sales of electric power</li> <li>Decrease in income from fuel cost adjustment</li> </ul>	434.4
	Revenue from sales to other utilities	Decrease	<ul style="list-style-type: none"> <li>Decrease in sales volume to other electric utilities</li> </ul>	72.5
Expenses	Personnel expenses	Increase	<ul style="list-style-type: none"> <li>Increase in amortization of actuarial difference in retirement benefit</li> </ul>	48.5
	Fuel expenses	Large decrease	<ul style="list-style-type: none"> <li>The restart of Unit 1 of Shika Nuclear Power Station and decrease in fuel expenses along with drop of fossil fuel prices</li> </ul>	150.1
	Maintenance expenses	Increase	<ul style="list-style-type: none"> <li>Difference in number of plants periodically inspected</li> </ul>	49.6
	Depreciation expenses	Decrease	<ul style="list-style-type: none"> <li>Progress in depreciation</li> </ul>	91.2
	Purchased power expenses	Decrease	<ul style="list-style-type: none"> <li>Decrease in electricity volume purchased from wholesale market</li> </ul>	53.6
	Interest paid	Decrease	<ul style="list-style-type: none"> <li>Decrease in debt with interest</li> </ul>	16.0
	Taxes other than income taxes	Decrease	<ul style="list-style-type: none"> <li>Decrease in fixed asset tax</li> </ul>	33.4
	Nuclear power back-end	Increase	<ul style="list-style-type: none"> <li>The restart of Unit 1 of Shika Nuclear Power Station</li> </ul>	9.4
Others	Increase	<ul style="list-style-type: none"> <li>Increase in cost related to carbon credits</li> </ul>	55.0	

# (Reference) Business Management Plan Targets

## <Income and Financial Targets>

	FY05	FY06	FY07	FY08	FY09(E)	Targets
Consolidated ordinary income (Billion yen)	31.5	33.1	12.5	8.3	Approx. 35	More than 40 billion yen (FY10)
Consolidated ROA (%)	2.2	2.3	1.2	1.1	Approx. 2.2	More than 3% (FY10)
Consolidated equity ratio (%)	23.6	24.4	23.7	24.2	Upper 25 range	30% (FY10)
(Reference) Amount of consolidated debt with interest (Billion yen)	987.1	946.8	979.5	942.7	Approx. 895	—

## <Sales targets [Non-consolidated]>

	FY05	FY06	FY07	FY08	FY09(E)	Targets
Number of Eco Cute Units in use (Single year) (Thousand)	7.5	18.2 (10.7)	32.5 (14.3)	52.5 (20.0)	Approx. 77 (Approx. 25)	100 thousand (End of FY10)
Development of heat pump conditioning system (MW)	48.0	65.0	72.0	74.0	Approx. 65.0	More than 380 MW (Cumulative total in FY10)

## <Environmental target [Non-consolidated]>

	FY05	FY06	FY07	FY08	FY09(E)	Targets
CO <sub>2</sub> emissions intensity (FY90 0.395kg-CO <sub>2</sub> /kWh) (kg-CO <sub>2</sub> /kWh)	0.407	0.457	0.632	0.548 (flash)	Approx. 0.35	20% reduction compared with FY90 results <0.32kg-CO <sub>2</sub> /kWh> (FY 08-12 mean)

# (Reference) Key Factor and Volatility

## <Key Factor>

	FY04	FY05	FY06	FY07	FY08	FY09(E)
Sales of electric power (Billion kWh)	26.87	27.97	28.20	29.30	28.15	Approx. 27.5
Currency rate (Yen/\$)	107.6	113.3	117.0	114.4	100.7	Approx. 100
CIF oil prices [All Japan] (\$/b)	38.8	55.8	63.5	78.7	90.5	Approx. 50
Flow ratio (%)	107.7	95.9	102.9	90.5	88.5	Approx. 97
Nuclear utilization ratio (%)	79.8	88.7	38.3	—	59.6	Approx. 81

## <Volatility>

(Billion yen/year)

	FY04	FY05	FY06	FY07	FY08	FY09(E)
Currency rate (1yen/\$)	Approx. 0.4	Approx. 0.4	Approx. 0.5	Approx. 0.9	Approx. 1.1	Approx. 0.5
CIF oil prices [All Japan] (1\$/b)	Approx. 0.5	Approx. 0.3	Approx. 0.3	Approx. 0.6	Approx. 0.4	Approx. 0.3
Flow ratio (1%)	Approx. 0.3	Approx. 0.3	Approx. 0.3	Approx. 0.4	Approx. 0.6	Approx. 0.4
Nuclear utilization ratio (1%)	Approx. 0.1	Approx. 0.1	Approx. 0.2	Approx. 0.4	Approx. 0.6	Approx. 0.4

# (Reference) Data related to financial results

## <Revenues and income>

(Billion yen)

		FY04	FY05	FY06	FY07	FY08	FY09
Operating revenues	[Consolidated]	470.9	480.8	485.6	477.9	524.6	Approx. 485
	[Non-consolidated]	458.3	467.2	473.4	466.0	512.9	Approx. 475
Operating income	[Consolidated]	70.5	55.1	55.3	27.6	26.1	Approx. 49
	[Non-consolidated]	67.3	52.2	50.4	24.3	22.5	Approx. 47
Ordinary income	[Consolidated]	39.1	31.5	33.1	12.5	8.3	Approx. 35
	[Non-consolidated]	37.3	29.1	30.1	9.3	8.5	Approx. 33
Net income	[Consolidated]	25.1	19.9	17.2	7.3	7.4	Approx. 22
	[Non-consolidated]	24.1	18.5	15.7	5.1	6.9	Approx. 21

## <Balance sheet>

(Billion yen)

		FY04	FY05	FY06	FY07	FY08	FY09
Total assets	[Consolidated]	1,603.7	1,578.7	1,516.3	1,516.7	1,453.9	—
	[Non-consolidated]	1,557.9	1,535.3	1,478.8	1,481.1	1,421.4	—
Net assets	[Consolidated]	363.9	373.0	369.9	359.9	351.1	—
	[Non-consolidated]	355.3	362.9	358.2	346.2	336.9	—

## <Capital expenditure>

(Billion yen)

		FY04	FY05	FY06	FY07	FY08	FY09
Capital expenditure	[Consolidated]	75.3	77.2	39.4	45.2	61.7	Approx. 72
	[Non-consolidated]	71.6	74.1	36.5	41.7	57.6	Approx. 66

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