

Financial Results for the Six-months Ended September 30, 2008

Hokkaido Electric Power Co., Inc.
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* In this presentation, "FY (Fiscal Year)" refers to the period of April 1 through March 31 of each year.
e.g. FY2009 means the period from April 1, 2008 to March 31, 2009

Introduction



FY2009

Forecast for the fiscal year ending March 2009 is expected to show an ordinary loss

- Sharp rise in fuel prices
- Repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant Unit 1, 2
- Increase in thermal power fuel usage due to drought
- Effects of no application of fuel cost adjustment to charges for October to December
- Effects of the 50% reduction of fuel cost adjustment (for the customers in the regulated market) from January to March 2009

The reduction will be divided evenly and added to revenue during FY2010.

} Transient factors

FY2010 ~

《 Factors for improved performance 》

- Elimination of transient factors emerged in FY2009
- Decrease of the fuel cost for thermal power since the start of operation of Tomari Nuclear Power Plant Unit 3 (Dec. 2009)

《 Factors for weakened performance 》

- Increase in depreciation expense and back-end cost due to the start of operation of Tomari Nuclear Power Plant Unit 3
- Cost increase owing to infrastructure development, measures against aging deterioration, etc.
- Risks for effects of fuel price fluctuations

- In addition to risks for effects of fuel price fluctuations, to respond to cost increase due to depreciation expense for Tomari Unit 3, infrastructure development, measures against aging deterioration, etc., efforts for ensuring profits should be made in FY2010.
- From FY2011, when Tomari Unit 3 operates throughout the year, revenue and expenditure will be on the track to recovery, based on the premise of stable operation of the unit.

Financial Results and Forecasts

Financial Results for the Six - months
Ended September 30, 2008

Summary of Financial Results



Points of financial results for the Six - months (April - September)

Revenues	[Increase factors] increase in income due to fuel cost adjustment, etc. [Decrease factors] decrease in electricity sales, etc.
Expenses	[Increase factors] sharp rise in fuel prices, influence of drought, and the extension of the periodic inspection period due to repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant Unit 2 , etc. [Decrease factors] increase in utilization of domestic - coal - fired thermal power plants , etc.

(Billion yen)

	Consolidated			Non - consolidated		
	April 1 - Sept. 30, 2008 (A)	April 1 - Sept. 30, 2007 (B)	(A) / (B) %	April 1 - Sept. 30, 2008 (A)	April 1 - Sept. 30, 2007 (B)	(A) / (B) %
Operating Revenues	275.1	263.0	104.6	266.1	253.6	105.0
Operating Income (Loss)	-23.3	20.5	-	-24.0	18.6	-
Ordinary Income (Loss)	-29.9	14.8	-	-30.5	12.6	-
Net Income (Loss)	-17.9	7.9	-	-18.0	6.4	-

Consolidated Statements of Operation



(Billion yen)

		April 1 – Sept. 30, 2008 (A)	April 1 – Sept. 30, 2007 (B)	Increase/decrease (A) - (B)	Comparison (A) / (B) %
Ordinary revenues	Operating revenues	275.1	263.0	12.0	104.6
	Electricity	265.4	252.9	12.5	105.0
	Others	9.6	10.1	-0.4	95.2
	Non-operating revenues	1.4	1.9	-0.4	75.8
	Subtotal	276.5	264.9	11.5	104.4
Ordinary expenses	Operating expenses	298.4	242.5	55.9	123.1
	Electricity	290.1	233.5	56.5	124.2
	Others	8.2	8.9	-0.6	92.3
	Non-operating expenses	8.0	7.5	0.4	106.4
	Subtotal	306.4	250.0	56.3	122.6
[Operating income (loss)]		[-23.3]	[20.5]	[-43.8]	[-]
Ordinary income (loss)		-29.9	14.8	-44.8	-
Provision for (reversal of) reserve for fluctuation in water level		-3.2	-1.5	-1.7	218.0
Extraordinary loss		-	3.2	-3.2	-
Income(loss) before income taxes		-26.6	13.2	-39.8	-
Income taxes		-8.8	5.1	-14.0	-
Minority interests in income of consolidated subsidiaries		0.2	0.0	0.1	320.2
Net income (loss)		-17.9	7.9	-25.9	-

Electricity Sales



Total electricity sales have decreased by 0.5% compared to the same term last year

Non-eligible customers	Decreased 160 GWh (decreased by 2.6% from the same term last year) [Increase factors] expansion of the adoption of all-electric housing [Decrease factors] decrease in heating demand because of higher spring temperatures than the previous year, etc.
Eligible customers	Increased 81 GWh (increased by 0.9% from the same term last year) [Increase factors] solid growth in production activities in the iron and steel industry, in addition to increases of power purchase from our company due to restraint in operations of private power generators in the paper and pulp industry, etc.

(GWh)

		April 1 – Sept. 30, 2008 (A)	April 1 – Sept. 30, 2007 (B)	Increase/decrease (A) - (B)	Comparison (A) / (B) %
Non-eligible customers	(Time of Use (included in "Residential"))	(727)	(674)	(53)	(107.8)
	Residential	5,244	5,351	-107	98.0
	Commercial and Industrial	820	873	-53	94.0
	Subtotal	6,064	6,224	-160	97.4
Eligible customers	Commercial	4,286	4,345	-59	98.6
	Industrial	4,849	4,709	140	103.0
	Subtotal	9,135	9,054	81	100.9
Total		15,199	15,278	-79	99.5

Power Supply



Although the water flow rate in the current midterm was lower than average level per year, and the periodic inspection period was extended because of repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant Unit 2, stable electric supply was maintained owing to appropriate operations of facilities, such as enhancement in operations of thermal power plants.

(GWh)

		April 1–Sept. 30, 2008 (A)	April 1 – Sept. 30, 2007 (B)	Increase/decrease (A) - (B)	Comparison (A) / (B) %	Major factors for increase/decrease
Hokkaido Electric Power Co., Inc.	(Water flow rate %) Hydroelectric	(79.9) 1,750	(88.4) 1,864	(-8.5) - 114	93.9	• Decrease in generated output due to drought (Drought in current midterm is the second worst in history.)
	Thermal power	10,323	8,236	2,087	125.3	• Increase in generated output due to drought and reduction in nuclear power generated
	(Nuclear capacity ratio %) Nuclear	(51.9) 2,639	(82.5) 4,197	(-30.6) - 1,558	62.9	• Decrease in generated output due to increase of periodic inspection length (180 days including 69 days for repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant Unit 2; 59 days in the same term last year)
	Subtotal	14,712	14,297	415	102.9	
Purchased power		2,230	2,499	- 269	89.2	• Decrease in purchased power due to drought and increase of periodic inspection length at Hokkaido Power Engineering Co., Inc.
Interchanged power		2	30	- 28	6.7	
Power used for pumped storage		- 61	- 8	- 53	790.5	
Total		16,883	16,818	65	100.4	

Statements of Income (Non-consolidated Revenues)



(Billion yen)

		April 1 – Sept. 30, 2008 (A)	April 1 – Sept. 30, 2007 (B)	Increase / decrease (A) - (B)	Major factors for increase / decrease	
Operating revenues	Electricity sales	Residential	117.2	114.5	2.6	<ul style="list-style-type: none"> · Decrease in electricity sales (- 1.9) · Increase in income due to fuel cost adjustments (14.3)
		Commercial and industrial	146.0	136.2	9.7	
		Subtotal	263.2	250.8	12.4	
	Others	2.9	2.7	0.1		
	Subtotal	266.1	253.6	12.5		
Non - operating revenues		1.2	1.4	- 0.1		
Ordinary income		267.4	255.0	12.4		

Statements of Income (Non-consolidated Expenses)



(Billion yen)

		April 1–Sept. 30, 2008 (A)	April 1–Sept. 30, 2007 (B)	Increase / decrease (A) - (B)	Major factors for increase / decrease
Operating expenses	Personnel	26.7	32.4	- 5.6	<ul style="list-style-type: none"> • Decrease in entrusted meter inspection and bill collection expenses by concentrating and consolidating operations in group companies (- 3.3) • Decrease in employee retirement benefits: amortization of actual gains and losses (- 1.0)
	Fuel and Purchased Power	124.8	74.9	49.8	<ul style="list-style-type: none"> • Increase in utilization of domestic-coal-fired thermal power plants (- 7.7) • Sharp rise in fuel prices (31.1) • Decrease in nuclear power output (25.8) (including effects of extension of the periodic inspection period due to repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant Unit 2 (17.6)) • Decrease in hydroelectric power generated due to drought (3.4)
	Maintenance	42.2	34.8	7.3	<ul style="list-style-type: none"> • Increase in maintenance cost for nuclear power plant (6.2) (including repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant Unit 2 (3.9))
	Depreciation	31.4	31.1	0.3	
	Other Expenses	64.8	61.5	3.3	<ul style="list-style-type: none"> • Increase in outsourcing expenses by concentrating and consolidating operations in group companies (3.3)
	Total	290.2	235.0	55.2	
Non-operating expenses		7.7	7.3	0.4	
Ordinary expenses		298.0	242.3	55.6	
Provision for (reversal of) reserve for fluctuation in water level		- 3.2	- 1.5	- 1.7	<ul style="list-style-type: none"> • Water flow rate 88.4% 79.9%
Extraordinary loss		-	3.6	- 3.6	<ul style="list-style-type: none"> • Adverse impact of expenses for support for liquidation of Energy Frontier Co., Ltd. in the previous year (- 3.6)

Comparison with Financial Outlook (Non-consolidated)



(TWh, Billion yen)

	April 1 – Sept. 30, 2008		Increase / decrease (A) - (B)	Major factors for increase / decrease	[reference] Forecast announced in April, 2008
	Actual (A)	Forecast announced in July, 2008 (B)			
(Electricity sales:TWh) Operating revenues	(15.2) 266.1	(Approx. 15.4) Approx. 271.0	(Approx. -0.2) Approx. -5.0	• Decrease in electricity sales	(Approx. 15.4) Approx. 271.0
Operating expenses	290.2	Approx. 295.0	Approx. -5.0	• Decrease in fuel costs and electricity purchase expenses (-3.0) (Decrease in electricity sales etc.) • Decrease in maintenance cost (-2.0) (Decrease in maintenance cost for Repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant Unit 2, etc.)	Approx. 275.0
Operating income (loss)	-24.0	Approx. -24.0	same level		Approx. -4.0
Non-operating income (loss)	-6.5	Approx. -6.0	same level		Approx. -6.0
Ordinary income (loss)	-30.5	Approx. -30.0	same level		Approx. -10.0
Provision for (reversal of) reserve for fluctuation in water level	-3.2	Approx. -2.0	Approx. -1.0	• Increase in reversal of reserve due to drought from July to September	-

Balance Sheets



(Billion yen)

		As of Sept. 30, 2008 (A)	As of March 31, 2008 (B)	Increase/ decrease (A) - (B)	Major factors for increase/decrease (non-consolidated)
Assets	Consolidated	1,568.4	1,530.1	38.3	<ul style="list-style-type: none"> • Depreciation (-31.4) • Capital expenditure (45.5) • Increase in supplies (13.5)
	Non-consolidated	1,493.5	1,456.0	37.4	
Liabilities	Consolidated	1,133.6	1,068.3	65.3	<ul style="list-style-type: none"> • Increase in Interest-bearing debt (69.3)
	Non-consolidated	1,095.3	1,030.7	64.6	
Net Assets	Consolidated	425.3	452.4	-27.1	<ul style="list-style-type: none"> • Interim net loss (-18.0) • Year-ended dividends for FY2008 (-6.3)
	Non-consolidated	398.2	425.3	-27.1	

Note: Consolidated data excluding minority shareholders' interest

Shareholders' Equity Ratio (%)	Consolidated	27.1	29.6	-2.5
	Non-consolidated	26.7	29.2	-2.5
Interest-bearing Debt Outstanding (Billion yen)	Consolidated	837.4	768.4	68.9
	Non-consolidated	814.8	745.4	69.3

Consolidated Cash Flow



(Billion yen)

	April 1–Sept. 30, 2008 (A)	April 1–Sept. 30, 2007 (B)	Increase/ decrease (A) - (B)	Major factors for increase / decrease
Operating Activities	- 12.7	20.7	- 33.5	· Posting an interim loss before Income Taxes
Investing Activities	- 45.7	- 28.6	- 17.0	· Increase in purchase of property, plant and equipment

Net CF	- 58.5	- 7.9	- 50.6	
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Financing Activities	62.1	19.6	42.5	
(Interest-bearing Debt Outstanding)	(68.7)	(27.1)	(41.5)	· Increase in Interest-bearing debts such as bonds
(Dividend)	(- 6.3)	(- 7.3)	(1.0)	· Year-ended dividends: 30 yen per share (35 yen per share in FY2007) (Annual total dividends were 60 yen per share in both fiscal years)
(Others)	(- 0.2)	(- 0.2)	(- 0.0)	
Increase / decrease in Cash & Cash Equivalents	3.6	11.6	- 8.0	

Forecast of Financial Results
for the Year Ending in March, 2009

Forecast of Financial Results for the Year Ending in March, 2009



(Approx. TWh / billion yen)

			April 1, 2008 – March 31, 2009 Forecast			April 1, 2007 - March 31, 2008 (C)	Comparison (A) / (C) %	[reference] Forecast announced in April, 2008
			Revised forecast (A)	Forecast announced in July (B)	Increase / decrease (A) - (B)			
Electricity sales	Non-eligible customers	Residential	11.8	11.9	-0.1	11.8	100.1	11.9
		Commercial & industrial	2.3	2.3	0.0	2.3	101.0	2.3
	Eligible customers		18.7	18.6	0.1	18.3	101.6	18.6
	Total		32.8	32.8	-0.0	32.4	101.0	32.8
Consolidated	Operating revenues		610.0	615.0	-5.0	567.8	107.4	605.0
	Operating income (loss)		-29.0	-38.0	9.0	44.8	-	21.0
	Ordinary income (loss)		-44.0	-53.0	9.0	33.0	-	6.0
	Net income (loss)		-27.0	-34.0	7.0	17.5	-	4.0
Non-consolidated	Operating revenues		585.0	590.0	-5.0	543.3	107.7	580.0
	Operating income (loss)		-33.0	-42.0	9.0	41.1	-	17.0
	Ordinary income (loss)		-47.0	-56.0	9.0	29.7	-	3.0
	Net income (loss)		-29.0	-36.0	7.0	15.5	-	2.0

Key Factors Affecting Forecast of Financial Results

[Forecast announced in July compared with the forecast announced in April]



[Forecast announced in April] Forecast of ordinary income (loss) for the year ending March, 2009
Consolidated Approx. 6.0 billion yen / Non-consolidated Approx. 3.0 billion yen

(Approx. Billion yen)

Factors for improved performance		Factors for weakened performance	
Fuel cost adjustment increase due to a revision of electricity rate	19.0	Effects of no application of fuel cost adjustment to charges for October to December	8.0
Additional purchase of domestic coal · Additional purchase (planned at the beginning of this term: Approx. 1.1 million tons)	6.0	Repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant Unit 1 · Repair cost 8.0 · Increase in fuel cost due to extension of the periodic inspection period 8.0	16.0
		Sharp rise in fuel prices · Rising CIF crude oil price 45.0 etc.	53.0
		Decrease in Hydroelectric power generated output due to drought · Water flow rate forecast 100% Approx. 93%	6.0
		Other	1.0
Total	25.0	Total	84.0
Balance: Approx. -59.0 billion yen			

[Forecast announced in July] Forecast of ordinary income (loss) for the year ending March, 2009
Consolidated Approx. -53.0 billion yen / Non-consolidated Approx. -56.0 billion yen

Key Factors Affecting Forecast of Financial Results



[Revised forecast compared with the forecast announced in July]

[Forecast announced in July] Forecast of ordinary income (loss) for the year ending March, 2009
 Consolidated Approx. - 53.0 billion yen / Non-consolidated Approx. - 56.0 billion yen

(Approx. Billion yen)

Factors for improved performance	Factors for weakened performance
Revision of fuel price factors 25.0 ・Revision of CIF crude oil price factor 19.0 etc. [CIF crude oil price] Previous forecast announced in July: Approx. 130\$/bl(July 2008-Mar.2009) Revised forecast: Approx. 100\$/bl(October 2008-Mar. 2009)	Effects of implementation of measures to avoid drastic changes in electricity charge 5.0 (postponing applying fuel cost adjustment to charges of the customers in the regulated market from January to March 2009)
	Decrease in hydroelectric power generated output due to drought 8.0 ・Water flow rate forecast Approx. 93% Approx. 84%
	Increase in maintenance cost 3.0 ・Increase in maintenance cost for distribution facilities etc.
Total 25.0	Total 16.0
Balance: Approx. 9.0 billion yen	

[Revised Forecast] Forecast of ordinary income (loss) for the year ending March, 2009
 Consolidated Approx. - 44.0 billion yen / Non-consolidated Approx. - 47.0 billion yen

Key Factors Affecting Forecast of Financial Results



[Revised forecast compared with last year]

Ordinary income (loss) for the year ended March, 2008 :
Consolidated 33.0 billion yen / Non-consolidated 29.7 billion yen

(Approx. Billion yen)

Factors for improved performance	Factors for weakened performance
Increase in income due to fuel cost adjustments etc. · Increase in income due to fuel cost adjustments 22.0 etc.	Sharp rise in fuel prices 50.0 · Rising CIF crude oil price 41.0 etc.
39.0	Increase in fuel costs due to the decrease in nuclear power generated 38.0 · Effects of fuel cost due to extension of the periodic inspection period owing to repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant Unit 1, 2 24.6
	Decrease in hydroelectric power generated output due to drought 4.0 · Water flow rate 90.4% Approx. 84%
	Increase in maintenance cost 23.0 · Repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plants Unit 1,2 11.9 · Increase in number of periodically inspected units among Tomari Nuclear Power Plants: 1 unit 2 units 7.0
	Other 1.0
<hr/> Total 39.0	<hr/> Total 116.0
Balance: Approx. -77.0 billion yen	

[Revised Forecast] Forecast of ordinary income (loss) for the year ending March, 2009
Consolidated Approx. -44.0 billion yen / Non-consolidated Approx. -47.0 billion yen

Appendix

Expense breakdown (non-consolidated)	
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Expense breakdown (non-consolidated)

■ Personnel

(Billion yen)

		April 1 – Sept. 30, 2008 (A)	April 1 – Sept.30, 2007 (B)	Increase/ Decrease (A) - (B)	Major factors for increase/decrease
Personnel		26.7	32.4	-5.6	<ul style="list-style-type: none"> Decrease in entrusted meter inspection and bill collection expenses by concentrating and consolidating operations in group companies (-3.3) Decrease in employee retirement benefits: amortization of actual gains and losses (-1.0)
Break down	Retirement benefits	-0.7	1.6	-2.3	
	Salary etc.	27.5	30.8	-3.2	

[Amortization of actual gains and losses]

* Actual gains and losses are being amortized in the following 5 years in which the gains or losses are recognized by the straight-line method.

* A half of the annual depreciation expense was posted in the current midterm.

(Billion yen)

FY of accrual of the income	Amount accrued	Amortization of the previous year	April 1, 2008 – March 31, 2009		
			Amortization	Unamortized balance	Ending year (remaining year)
2003	3.9	1.0	-	-	-
2004	-10.4	-2.1	-2.1	-	-
2005	1.5	0.1	0.1	0.1	2010 (1 year)
2006	-0.0	-0.0	-0.0	-0.0	2011 (2 years)
2007	-17.1	-3.4	-3.4	-10.3	2012 (3 years)
2008	-5.2	-	-1.0	-4.2	2013 (4 years)
Total		-4.4	-6.4	-14.3	

Expense breakdown (non-consolidated)

Fuel and Purchased Power

(Billion yen)

		April 1 – Sept. 30, 2008 (A)	April 1 – Sept. 30, 2007 (B)	Increase/ decrease (A) - (B)	Major factors for increase/decrease
Fuel and Purchased Power		124.8	74.9	49.8	<ul style="list-style-type: none"> · Increase in utilization of domestic-coal-fired thermal power plants (-7.7) (Amount of used domestic coal: 380 thousand tons 680 thousand tons)
Break down	Fuel	98.2	49.9	48.2	<ul style="list-style-type: none"> · Sharp rise in fuel prices (31.1) Foreign exchange(yen appreciation) - 11.7 Rising CIF crude oil price 31.1 Rising CIF coal price 11.7
	Purchased Power	26.6	25.0	1.6	<ul style="list-style-type: none"> · Decrease in nuclear power output (25.8) (Including effects of extension of the periodic inspection period due to repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant Unit 2 (17.6)) · Decrease in hydroelectric power generated (3.4) (Water flow rate 88.4% 79.9%)

Key Factors

	April 1 – Sept. 30, 2008 (A)	April 1 – Sept. 30, 2007 (B)	Increase/ decrease (A) - (B)
Foreign Exchange Rate (yen/\$)	106	119	-13
CIF Crude Oil Price (\$/bl)	119.7	67.9	51.8
CIF Coal Price (\$/t)	128.1	69.7	58.4

Expense breakdown (non-consolidated)

Maintenance

(Billion yen)

		April 1 - Sept. 30, 2008 (A)	April 1 - Sept.30, 2007 (B)	Increase/ decrease (A) - (B)	Major factors for increase/decrease
Maintenance		42.2	34.8	7.3	<ul style="list-style-type: none"> · Increase in maintenance cost for nuclear power plant (6.2) (including repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant Unit 2 (3.9)) · Increase in maintenance cost for distribution facilities (1.1)
Break down	Generation	25.6	19.3	6.3	
	Distribution	15.7	14.5	1.2	
	Others	0.8	1.0	-0.1	

Depreciation

(Billion yen)

		April 1 - Sept. 30, 2008 (A)	April 1 - Sept.30, 2007 (B)	Increase/ decrease (A) - (B)	Major factors for increase/decrease
Depreciation		31.4	31.1	0.3	<ul style="list-style-type: none"> · Fixed percentage effect (-3.1) · New acquisition of property, etc. (3.4)
Break down	Generation	14.5	14.4	0.0	
	Distribution	15.0	14.7	0.3	
	Others	1.8	1.9	-0.0	

Expense breakdown (non-consolidated)

Interest Expenses

(Billion yen)

	April 1 - Sept. 30, 2008 (A)	April 1 - Sept. 30, 2007 (B)	Increase / decrease (A) - (B)	Major factors for increase / decrease
Interest Expenses	6.7	6.7	0.0	<ul style="list-style-type: none"> Adverse impact of expenses for repayment of high-interest debt in the previous year (-0.5) Increase in Interest-bearing debts (0.5)

Other Expenses

(Billion yen)

	April 1 - Sept. 30, 2008 (A)	April 1 - Sept. 30, 2007 (B)	Increase / decrease (A) - (B)	Major factors for increase / decrease
Other Expenses	65.9	62.1	3.7	<ul style="list-style-type: none"> Increase in outsourcing expenses by concentrating and consolidating operations in group companies (3.3) Increase in waste disposal cost [ash disposal etc.] (0.8) Decrease in nuclear power back-end costs (-0.7)

*"Other Expenses" includes non-operating expenses except interest expenses.

Nuclear power back-end costs (included in "Other expenses")

(Billion yen)

		April 1 - Sept. 30, 2008 (A)	April 1 - Sept. 30, 2007 (B)	Increase / Decrease (A) - (B)	Major factors for increase / decrease
Nuclear power back-end costs		3.6	4.3	-0.7	Decrease in nuclear power output
breakdown	Irradiated nuclear fuel reprocessing expenses	2.8	3.0	-0.1	
	Expenses for preparation of irradiated nuclear fuel reprocessing	0.1	0.4	-0.2	
	Expenses for disposal of specified radioactive wastes	-	-	-	
	Decommissioning costs of nuclear power units	0.6	0.9	-0.2	

Key Factors and Sensitivity Factors



■ Key Factors

	April 1, 2007 – March 31, 2008	April 1, 2008 – March 31, 2009		
		Forecast announced in April, 2008	Forecast announced in July, 2008	Revised forecast
Foreign Exchange Rate (yen/\$)	114	Approx. 105	Approx. 105	Approx. 105
CIF Crude Oil Price(\$/bl)	78.7	Approx. 90	Approx. 125	Approx. 110
Water Flow Rate(%)	90.4	Approx. 100	Approx. 93	Approx. 84
Nuclear Capacity Ratio(%)	89.7	Approx. 70	Approx. 65	Approx. 65

■ Sensitivity Factors

(Approx. Billion yen)

	April 1, 2007 – March 31, 2008	April 1, 2008 – March 31, 2009		
		Forecast announced in April, 2008	Forecast announced in July, 2008	Revised forecast
Foreign Exchange Rate (1yen/\$)	1.1	1.7	2.2	2.0
CIF Crude Oil Price(1\$/bl)	1.1	1.3	1.3	1.3
Water Flow Rate(1%)	0.6	0.7	0.9	0.8
Nuclear Capacity Ratio(1%)	1.3	1.5	2.0	1.8
Interest(1%)	0.9	1.2	1.6	1.6

Segment Information



(Billion yen)

		Electric	Other	Total	Eliminations	Consolidated
Operating revenues	April 1 – Sept. 30, 2008 (A)	265.9	41.9	307.9	- 32.8	275.1
	April 1 – Sept. 30, 2007 (B)	253.4	38.9	292.3	- 29.2	263.0
	Increase/ decrease (A) - (B)	12.5	3.0	15.6	- 3.5	12.0
Operating expenses	April 1 – Sept. 30, 2008 (A)	291.8	39.8	331.7	- 33.3	298.4
	April 1 – Sept. 30, 2007 (B)	234.5	37.3	271.8	- 29.3	242.5
	Increase/ decrease (A) - (B)	57.3	2.4	59.8	- 3.9	55.9
Operating income (loss)	April 1 – Sept. 30, 2008 (A)	- 25.9	2.1	- 23.7	0.4	- 23.3
	April 1 – Sept. 30, 2007 (B)	18.8	1.5	20.4	0.0	20.5
	Increase/ decrease (A) - (B)	- 44.7	0.5	- 44.2	0.3	- 43.8

Electricity Sales



(GWh,)

	April 1 - Sept. 30, 2008 (A)	Supply Plan (B)	April 1 - Sept. 30, 2007 (C)	Comparison with Supply Plan		Comparison with the Previous Year's Results		Changes in Temperature		
				Increase/ decrease (A) - (B)	Rate of change (A) / (B)%	Increase/ decrease (A) - (C)	Rate of change (A) / (C) %	Average temperature	Gap with the previous year	Gap with the average
April	2,644	2,758	2,702	-114	95.9	-58	97.9	8.1	2.6	2.3
May	2,556	2,622	2,577	-66	97.5	-21	99.2	11.4	-0.2	0.3
June	2,372	2,366	2,374	6	100.2	-2	99.9	15.8	-2.0	0.4
1Q	7,572	7,746	7,653	-174	97.8	-81	98.9	-	-	-
July	2,430	2,426	2,421	4	100.2	9	100.4	20.3	1.9	0.8
August	2,616	2,636	2,540	-20	99.2	76	103.0	20.3	-2.2	-0.8
September	2,581	2,630	2,664	-49	98.1	-83	96.9	18.4	0.1	1.4
2Q	7,627	7,692	7,625	-65	99.2	2	100.0	-	-	-
First Half Year	15,199	15,438	15,278	-239	98.5	-79	99.5	-	-	-

Revision of Electricity Rate

The percentage of fuel and purchased power cost accounting for expenditure has significantly increased due to a sharp rise in fuel prices (29% at the time of last revision in July 2006 → 38%), as well as changes in cost structure.



Taking into account the maximum effects of streamlining, electricity charges were revised.

■ Outline of revision

Revision rate	Almost the same level as charges before revision to which fuel cost adjustment unit price is added		
Cost calculation period	One year in FY2009		
Key Factors	Foreign Exchange Rate 107 yen/\$ CIF Crude Oil Price 93.0 \$/bl		
Rate of return	3%	Implementation date	Sep. 1, 2008

■ Fuel cost adjustment

	After revision	Before revision
Standard fuel price (yen/kl)	31,100	21,900
Standard unit price (yen/kWh) *	0.161	0.152

* In the case of low voltage (includes consumption tax, etc.)

■ Total costs

(Billion yen)

	Sep. 2008	July 2006	Balance
Personnel	53.0	75.3	-22.3
Fuel and Purchased Power	213.8	145.9	67.9
Maintenance	75.4	73.2	2.2
Depreciation	64.6	62.9	1.7
Returns	34.8	36.4	-1.6
Taxes, other public charges	39.4	39.1	0.3
Other	92.0	81.8	10.2
Deduction gains	-6.6	-4.8	-1.8
Total	566.4	509.8	56.6

*Fuel cost adjustment to charges for October to December will not be made for the purpose of reducing the burden on customers.

Extension of the periodic inspection period at the Tomari Nuclear Power Plant



Repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant

- Unit 2: At periodic inspections conducted from March 2008, stress corrosion cracking was found in a welded part of the inlet nozzle to the primary coolant pipe and countermeasure work was implemented. At the end of July, the unit restarted power generation.
- Unit 1: In consideration of conditions in Unit 2, a plan to replace welded parts of the unit has been carried out during periodic inspections since August 2008.

■ Periodic inspection schedule 2008 - 2009

	Mar.2008	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.2009	Feb.	Mar.
Unit 1						[15th periodic inspection] Aug. 4 ~ Mid-Dec. (planned)							
						Approx. 1 month extended							
Unit 2	[13th periodic inspection] Mar. 13 ~ July 31												
	Approx. 2 months extended												

■ Effects to FY2009

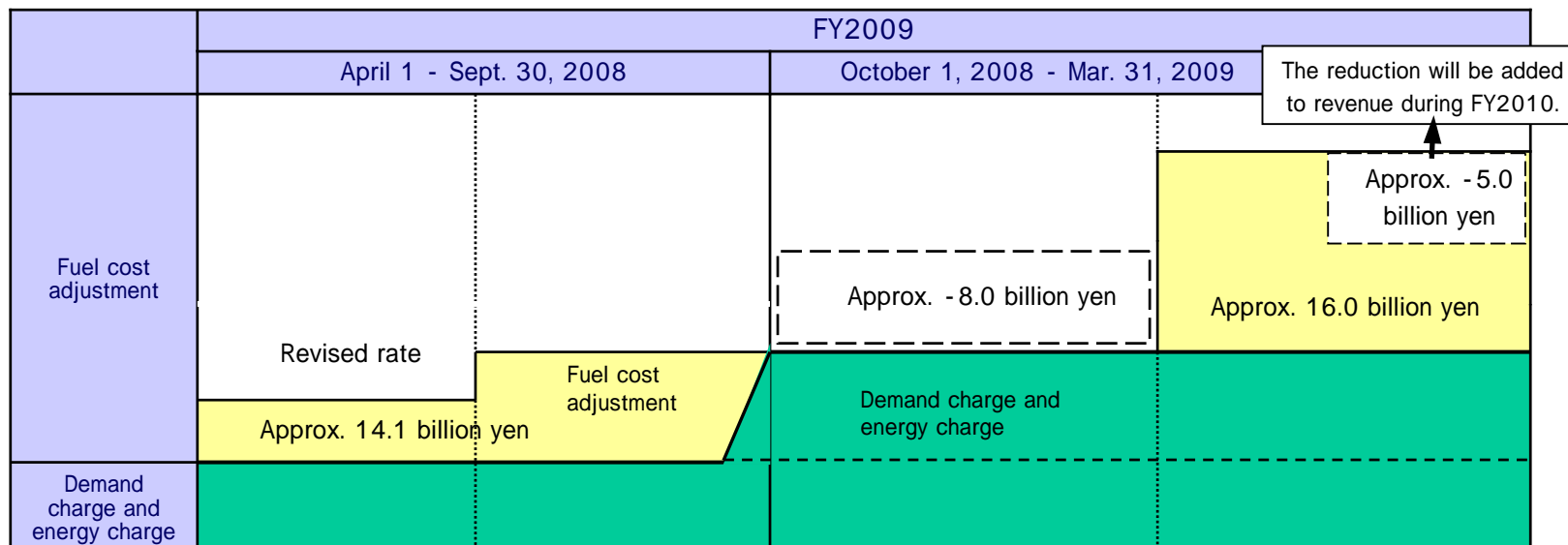
(Billion yen)

		Forecast announced in April, 2008	Forecast announced in July, 2008	Revised forecast	
Unit 1	Repair cost	—	Approx. 8.0	Approx. 8.0	Approx. 15.0
	Increase in fuel cost*	—	Approx. 8.0	Approx. 7.0	
Unit 2	Repair cost	Approx. 5.0	Approx. 5.0	3.9	21.5
	Increase in fuel cost*	Approx. 12.0	Approx. 18.0	17.6	
[Reference] Nuclear Capacity Ratio		Approx. 70%	Approx. 65%	Approx. 65%	—

*In the case of substituting oil-fired thermal power during the extended period of the inspection

Fuel Cost Adjustment in FY2009

Fuel cost adjustment image



Approx. -8.0 billion yen : Fuel cost adjustment to charges for October to December will not be applied.

Approx. -5.0 billion yen : Measures to avoid drastic changes in electricity charge from January to March 2009 will be implemented for the customers in the regulated market.

Fuel price factors

Fuel cost adjustment shall be applied to	April 1 - June 30, 2008	July 1 - Sep. 30, 2008	Oct. 1 - Dec. 31, 2008	Jan. 1 - Mar. 31, 2009
Period for estimating a fuel price range	Oct. 1 - Dec. 31, 2007	Jan. 1 - Mar. 31, 2008	April 1 - June 30, 2008	July 1 - Sep. 30, 2008
Foreign Exchange Rate (yen/\$)	113	107	103	108
CIF Crude Oil Price(\$/bl)	82.9	93.0	109.8	129.4

Continuous Consecutive Dividend

- The major backgrounds for prospected ordinary losses for FY2009 are transient factors .
- An annual dividend of 60 yen per share will be also maintained in FY2009, in line with the basic policy of maintaining stable dividends.

(Billion yen)

Transient factors	Effects to FY2009
1. Repairs of the inlet nozzle weldment of steam generators at the Tomari Nuclear Power Plant [Unit 1]Approx. -15.0 [Unit 2]Approx. -21.5	Approx. -36.5
2. Effects of no application or the reduction of fuel cost adjustment to charges ·No application of fuel cost adjustment to charges for October to December Approx. -8.0 ·The reduction of applying fuel cost adjustment to charges of the customers in the regulated market from January to March 2009 Approx. -5.0	Approx. -13.0
3. Increase in thermal power fuel usage due to drought ·Water flow rate forecast Approx. 84%	Approx. -14.0
Total	Approx. -63.5

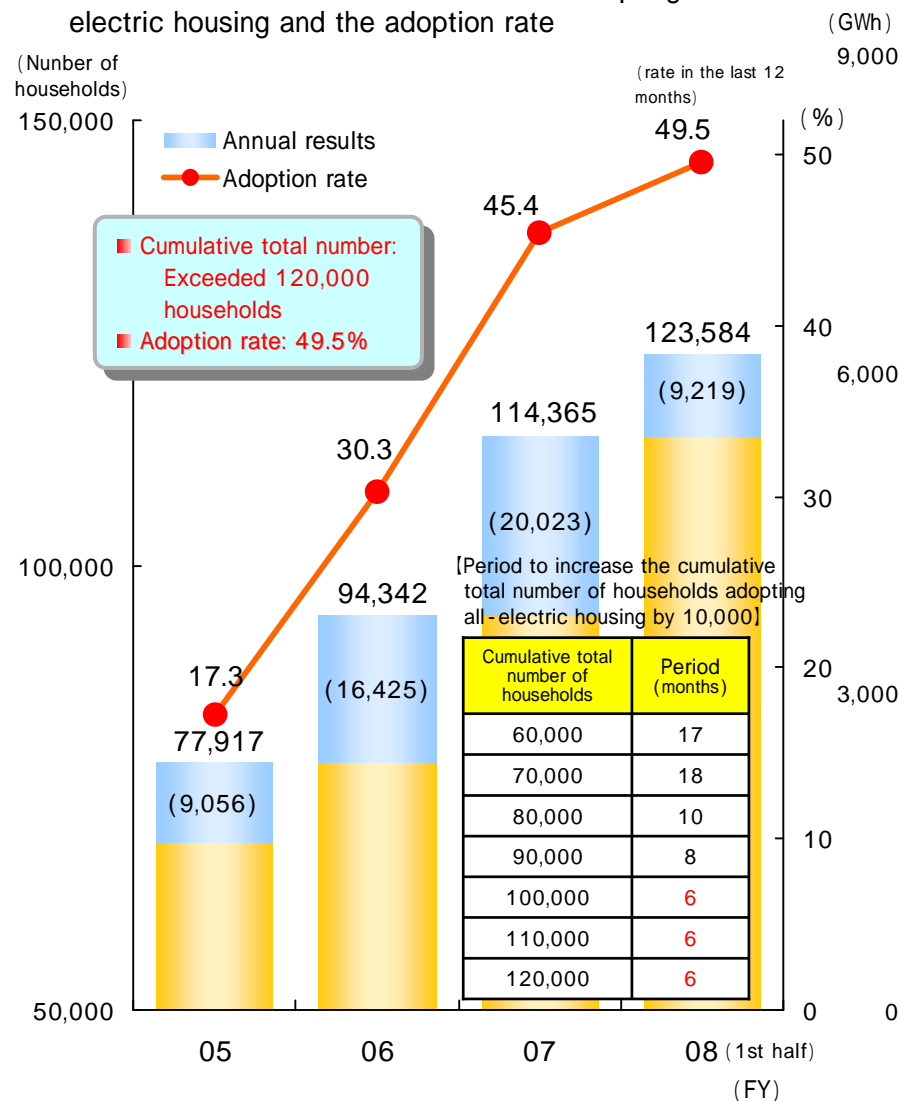
- In FY2010, the transient factors which emerged in FY2009 will be eliminated.
- The reduction of fuel cost adjustment (for the customers in the regulated market) from January to March 2009, resulting from mitigation measures will be divided evenly and added to revenue during the year of FY2010.
- Fund accumulation has been completed based on the “the Reserve for depreciation of Tomari Nuclear Power Plant Unit 3” preparing for decreases in profit due to depreciation expenses once Unit 3 starts operation (54.0 billion yen).



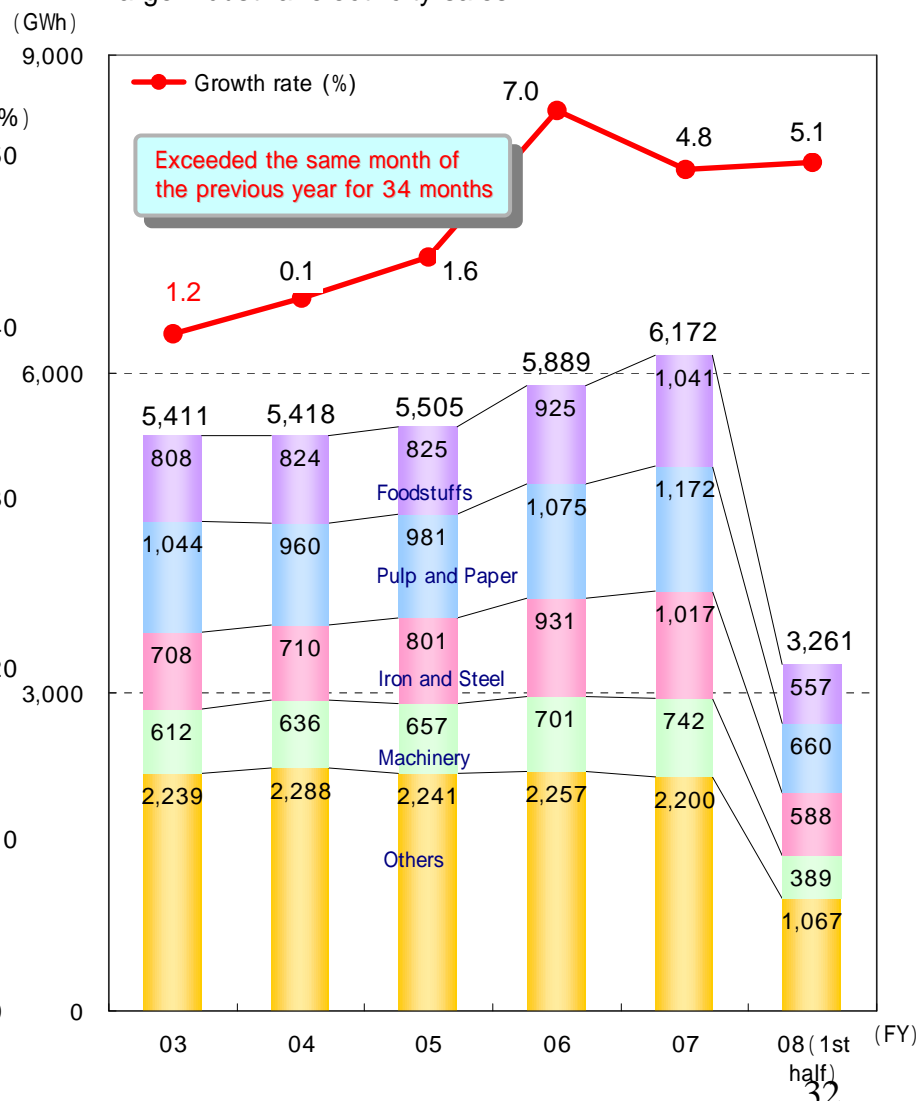
Stable dividend distribution is aimed to be maintained in FY2010 onward.

Adoption of All-electric Housing / Large Industrial Electricity Sales

■ Cumulative total number of households adopting all-electric housing and the adoption rate



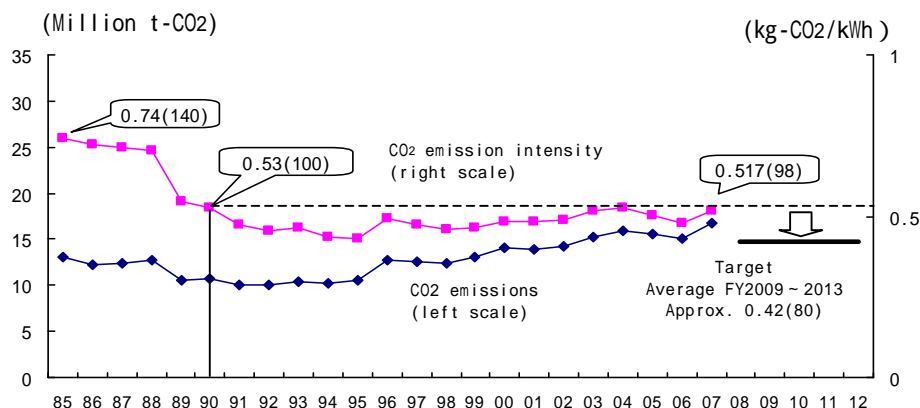
■ Large industrial electricity sales



Activities Toward Reducing Effects on Environment

CO₂ emissions reduction target: "Reduction in average CO₂ emissions intensity from FY2009 to 2013 by approx. 20% over the FY1991 level"

Changes in the CO₂ emission intensity



[Activities to reduce CO₂ emissions concerning the utilization of electricity]

Promotion and dissemination of heat pump devices

- Reinforcement of efforts for the promotion and dissemination of heat pump devices demonstrating energy efficiency and environmental friendliness
- Proposals concerning products and services, such as Eco-Cute and air conditioners for residential and business use

Promotion of the introduction of electric vehicles, etc.

- Collaborative research project with Mitsubishi Motors Corporation into the potential for dissemination of electric vehicles in cold snowy regions (i-MiEV)
- The potential for introduction of electric vehicles and plug-in hybrid vehicles is under consideration.

Visualization of CO₂

- An environmental household account book is made available on the website.
- A CO₂ emission calculation form, per household, is printed on the back of a meter reading slips.

[Activities to reduce CO₂ emissions during power generation]

- Start of operation of Tomari Nuclear Power Plant Unit 3 as planned
- Improvement of the utilization of nuclear power plants by ensuring stable operation
- Utilization of renewable energy

《Wind power generation》

- The supply of interconnected electricity is 260,000kW at present. We are seeking application, being planned for the future, for 50,000kW with another 50,000kW on condition that decoupling will be performed if the possibility of adverse effects on the HEPCO system arises. Electricity from small-scale wind power less than 20kW is accepted as offered.

《Photovoltaic power generation》

- About 5MW from mega-solar is expected to be introduced by FY2021.
- Implementation of the "Experimental Study on Stable Solar Power Generation System for Large Scale Power Supply" in Wakkanai [a project entrusted by NEDO (New Energy and Industrial Technology Development Organization) / 5MW]
- Utilization of the system for purchasing electric power generated mainly from domestic sources

[Utilization of Kyoto Mechanisms]

Carbon funds or projects in which Hepco has participated	Expected credits
Global-Asia Clean Energy Services Fund Japan GHG Reduction Fund Greenhouse Gas-Credit Aggregation Pool New Collective Purchase Credit Suisse Esajadi small hydropower project in Malaysia	3 to 4 million tons

From this fiscal year, the “Accounting Standards for Quarterly Financial Reporting” (Accounting Standards No.12, March 14, 2007) and the “Implementation Guidance on Accounting Standards for Quarterly Financial Reporting” (Accounting Standards Implementation Guidance No.14, March 14, 2007) have been applied. Therefore, for comparison with the same terms for the previous year in these documents, figures are used as reference.

This material is compiled based on data available as of November 6, 2008. The company makes no guarantee as to the reliability and integrity of such information, as this is not intended to serve as disclosure material as stipulated by the Financial Instruments and Exchange Law of Japan. Projections concerning future performance in this material make no guarantee as to the future performance and contain risk and uncertainty. Please note that future performance can change according to the change of preconditions concerning the management environment. The information herein is for the purpose of disclosure of operating information. None of the information is intended to solicit or induce investors to invest in our securities. Those wishing to use this material should do so at their own judgment and be sure to verify the information obtained from other sources. Our company assumes no responsibility for any damages resulting from the use of this material.

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