

# Financial Results for the Year Ended March 31, 2011

Hokkaido Electric Power Co., Inc.

May 10, 2011

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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. FY2011 means the period from April 1, 2010 to March 31, 2011.

## Actions Taken by HEPCO following the Great East Japan Earthquake

- Summary of the Great East Japan Earthquake and Support to the Disaster Areas
- Emergency Safety Measures, and Mid- and Long-term Measures at the Tomari Nuclear Power Plant

Mid-term Management Policy (FY2012 - 2014)

Dividends and Treasury Stocks

## Summary of the Great East Japan Earthquake and Support to the Disaster Areas

- The Great East Japan Earthquake has caused unprecedented damage to Japan, particularly in the Tohoku and Kanto areas.
- HEPCO set up a task force immediately after the quake to support the Tohoku and Tokyo Electric Power Companies, and provided the maximum possible support. The support consisted of continuous efforts such as sending support personnel and providing vehicles in addition to a power interchange of 600 MW, which is the maximum capacity of the Kitahon High Voltage Direct Current Link (hereinafter referred to as Kitahon HVDC Link) of Hokkaido Honshu.

### Overview of The 2011 off the Pacific Coast of Tohoku Earthquake

Date & Time: March 11, 2011 (Friday), 2:46 pm JST

Location: Off the Sanriku Coast (latitude 38 degrees north, longitude 142.9 degrees east),  
estimated depth of epicenter 24 km, magnitude 9.0

Seismic intensity on the Japanese scale:

7 : Kurihara City (Miyagi Pref.)

6+ : Naraha Town, Tomioka Town, Ohkuma Town, Futaba Town (Fukushima Pref.)

6- : Ishinomaki City, Onagawa Town (Miyagi Pref.), Tokai Vil. (Ibaraki Pref.)

5- : Kariwa Vil. (Niigata Pref.)

4 : Rokkasho Vil., Higashidori Vil., Mutsu City, Ohma Town (Aomori Pref.), Kashiwazaki City (Niigata Pref.)

1 : Tomari Vil. (Hokkaido Pref.)



Providing power generation vehicles

### Summary of Support (as of April 15, 2011)

	HEPCO	(Ref.)
		Power Companies Total
Electric power interchange	Max. 600 MW (maximum capacity of the Kitahon HVDC Link)	Max. 1,600 MW
Personnel dispatched	Max. 214 people (patrol and repair of distribution lines, radioactivity measurement, etc.)	Max. 1,309 people
Vehicles	Max. 149	Max. 533
Power generation vehicles	Max. 40	Max. 102
Aerial work platforms, pole setters, etc.	Max. 109	Max. 431
Donations	120 million JPY (including group companies)	Approx. 1.4 billion JPY

Note: Power companies total is based on documents from FEPC.

"Power companies" consist of the eight general power generating companies excluding TEPCO, and JAPC, J-POWER and JNFL.

The personnel dispatched include those from group companies and cooperating companies.



Recovery efforts in Ishinomaki City

# Emergency Safety Measures, and Mid- and Long-term Measures at the Tomari Nuclear Power Plant

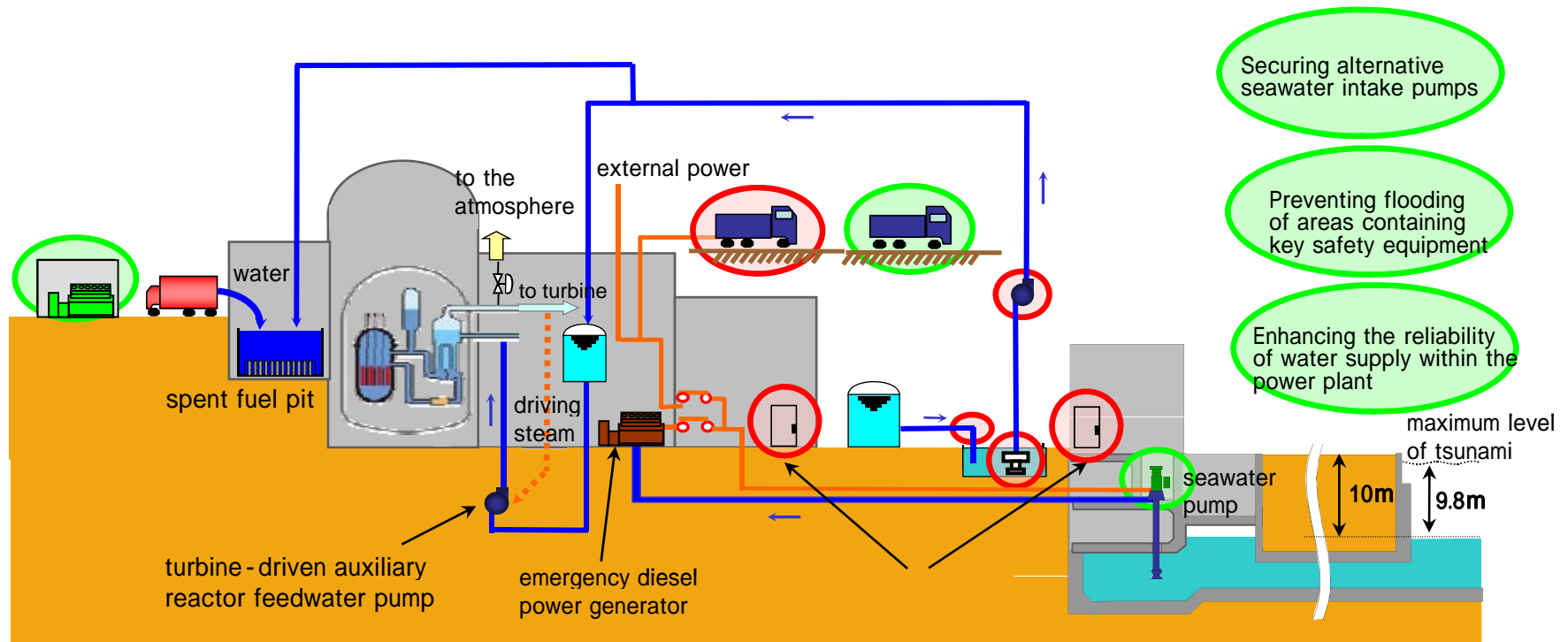


## Major Measures Already in Place

- Deployment of power generation vehicles
- Deployment of temporary pumps and hoses for supplying water
- Improvement of water-tightness of areas containing key safety equipment

## Mid- and Long-term Measures

- Securing alternative seawater intake pumps
- Securing back-up motors for seawater pumps
- Deploying additional power generation vehicles
- Preventing flooding of areas containing key safety equipments
- Enhancing the reliability of water supply within the power plant
- Deploying additional emergency power generators



## Mid-term Management Policy (FY2012 - 2014)

### Mid- and Long-term Goals

<<Promotion of business in Hokkaido, focusing on electric power>>

- Steady growth in the electric power business, which is the core business of the HEPCO Group, and in auxiliary businesses
- Actions for creating a low-carbon society, on both the supply and demand sides of electric power

### High Priority Issues for Achieving the Goals

- The HEPCO Group must precisely implement the measures necessary to fulfill our mission of “providing a stable power supply”, taking into account the large-scale power outage caused by the quake and the accident at the Fukushima Daiichi Nuclear Power Plant.

#### Securing stable supply of electricity

- Further safety improvement and continued stable operation of the Tomari Nuclear Power Plant
- Promotion of the plan to introduce LNG thermal power plant
- Studies for the enhancement of the Kitahon HVDC Link
- Measures to counter aging deterioration of facilities and to reduce cost

#### Adaptation to a renewed management environment

- Use of more renewables
- Establishment of organized business systems and optimization of group management

#### Promotion of heat pump electrification to save energy

- Advising customers from their viewpoint on the most appropriate energy system/ service for them  
*Establishment of a “Heat Pump Culture”*

#### Co-existence with the local community and society

- Improvement of work quality and strict compliance
- Enhancement of safety and hygiene activities
- Efforts for co-existence with the local community and society
- Enhancement of the relationship with shareholders and investors through IR activities

#### Personnel training and passing on skills

- Early training of younger employees and reliably passing on skills to them

## Dividends and Treasury Stocks

### ■ Dividends

HEPCO will maintain a stable level of dividend payment in principle, while dividends will be determined based on a comprehensive evaluation of the mid- and long-term management environments as well as the condition of revenue and expenditure.

[ Cash dividends per share ] (yen)

	September 30	Year-ended	Annual total
FY 2011	25	25 (Forecast)	50 (Forecast)
FY 2012 (Forecast)	25	25	50

### ■ Treasury Stocks

In view of profit increase for our all shareholders, HEPCO repurchased shares in FY2011.

Total number of shares repurchased	5,000,000 shares
Total value of shares repurchased	9,243 million yen
Repurchase period	From May 6, 2010 to June 17, 2010

[Reference] As of March 31, 2011

Total outstanding shares: 215,291,912  
 Number of treasury stock: 9,705,055  
 Outstanding shares excluding treasury stock: 205,586,857

# Financial Results and Forecasts

Financial Results for the Year Ended March 31, 2011

# Summary of Financial Results



## Points of financial results

[ Both revenue and income increased in FY2011 for the first time in four years since FY2007. ]

Revenue	[Increase factors] Increase in electricity sales, etc.
Expenses	[Increase factors] Increase in periodic inspection costs of generation facilities, etc. [Decrease factors] The decrease in fuel costs, etc. due to an increase in nuclear power generation was attributed to the factors such as increased operation of Tomari Nuclear Power Plant Unit 3.
	Extraordinary loss was recorded regarding the loss for the past fiscal year on adjustment for changes of Accounting Standards for Asset Retirement Obligations.

(Billion yen)

	Consolidated				Non-consolidated			
	April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	(A) - (B)	(A) / (B) %	April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	(A) - (B)	(A) / (B) %
Operating Revenue	566.2	549.3	16.9	103.1	546.0	526.8	19.1	103.6
Operating Income	43.1	31.6	11.5	136.3	38.5	26.8	11.7	143.7
Ordinary Income	29.2	17.7	11.4	164.6	24.4	13.2	11.2	185.2
Net Income	11.9	7.6	4.3	156.5	9.3	5.3	3.9	174.4

# Consolidated Statements of Operation



(Billion yen)

		April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	Increase/Decrease (A) - (B)	Comparison (A) / (B) %
Ordinary revenue	Operating revenue	566.2	549.3	16.9	103.1
	Electricity	544.7	525.5	19.1	103.6
	Others	21.5	23.7	(2.1)	90.7
	Non-operating revenue	3.0	2.9	0.0	101.9
	Subtotal	569.2	552.2	17.0	103.1
Ordinary expenses	Operating expenses	523.0	517.6	5.4	101.1
	Electricity	504.1	496.4	7.6	101.5
	Others	18.9	21.1	(2.2)	89.5
	Non-operating expenses	16.9	16.8	0.0	100.3
	Subtotal	540.0	534.4	5.5	101.0
[Operating income]		[43.1]	[31.6]	[11.5]	[136.3]
Ordinary income		29.2	17.7	11.4	164.6
Provision or reversal of reserve for fluctuation in water levels		4.3	3.6	0.7	120.6
Extraordinary loss		4.9	-	4.9	-
Income before income taxes, minority interests in income		20.0	14.1	5.8	141.1
Income taxes		7.5	5.9	1.5	126.6
Income before minority interests		12.4	-	-	-
Minority interests in income		0.5	0.5	(0.0)	87.3
Net income		11.9	7.6	4.3	156.5
(Appendix)	Comprehensive income	11.6	10.6	0.9	108.7

\* Due to application of Accounting Standard for Consolidated Financial Statements, “Income before minority interests” is recorded from this fiscal year.

# Electricity Sales

Total electricity sales have increased by 2.7% compared to the previous year

[·Electricity sales increased in FY2011 for the first time in three years since FY2008[3.0%]. ]

Non-eligible customers	Increased 388 GWh (increased by 2.7% compared to the previous year) [Increase factors] Expansion of the adoption of electric appliances, increase in cooling demand due to the temperature remaining high in summer.
Eligible customers	Increased 463 GWh (increased by 2.7% compared to the previous year) [Increase factors] In the industrial sector, a rebound from the significant drop in electricity demand due to production adjustments in the previous year in the steel industry, etc. In the commercial sector, an increase in cooling demand attributed to high temperatures in summer, etc.

		(GWh)			
		April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	Increase / Decrease (A) - (B)	Comparison (A) / (B) %
Non-eligible customers	[Time-of-use (included in "Residential")]	[2,349]	[2,141]	[208]	[109.7]
	Residential	12,124	11,875	249	102.1
	Commercial and Industrial	2,507	2,368	139	105.9
	Subtotal	14,631	14,243	388	102.7
Eligible customers	Commercial	8,780	8,633	147	101.7
	Industrial	8,891	8,575	316	103.7
	Subtotal	17,671	17,208	463	102.7
Total		32,302	31,451	851	102.7
Large industrial and commercial customers (included in "Eligible customers")		[5,583]	[5,304]	[279]	[105.3]

# Power Supply

Due to higher water flow rate which reached 112.9% than average per year and favorable operations of Tomari Nuclear Power Plant equipment, and other factors, stable electric supply has been maintained.

		(GWh)				
		April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	Increase / decrease (A) - (B)	Comparison (A) / (B) %	Major factors for increase / decrease
Hokkaido Electric Power Co., Inc.	[Water flow rate %] Hydroelectric	[112.9] 3,858	[108.0] 3,757	[4.9] 101	102.7	• Increase in generated output due to high water flow [High water flow in the current year is the second best in history]
	Thermal power	12,681	14,986	(2,305)	84.6	• Decrease in generated output due to increase in nuclear power generated, etc.
	[Nuclear capacity ratio %] Nuclear	[89.7] 16,258	[81.9] 12,381	[7.8] 3,877	131.3	• Increase in generated output due to the commercial operation of Tomari Nuclear Power Plant Unit 3
	Renewable	101	115	(14)	87.7	
	Subtotal	32,898	31,239	1,659	105.3	
Purchased power		3,797	4,461	(664)	85.1	• Decrease in purchased power from the thermal power plants of other companies, etc.
Interchanged power		(258)	(108)	(150)	239.3	
Power used for pumped storage		(172)	(144)	(28)	119.1	
Total		36,265	35,448	817	102.3	

\* Amount of power generated in trial operation is excluded from the calculation of nuclear capacity ratio.

# Statements of Income (Non-consolidated Revenue)



(Billion yen)

		April 1, 2010 - March 31, 2011 (A)	April 1, 2009 - March 31, 2010 (B)	Increase/Decrease (A) - (B)	Major factors for increase/decrease	
Operating revenue	Electricity sales	Residential	250.4	247.6	2.7	· Increase in electricity sales ; 14.6
		Commercial and industrial	280.0	270.8	9.2	
		Subtotal	530.4	518.4	12.0	
	Others	15.5	8.4	7.1	· Increase in income of sold power to other suppliers ; 3.9 · Increase in income of sold power to other utilities ; 2.9	
	Subtotal	546.0	526.8	19.1		
Non-operating revenue		2.5	2.4	0.1		
Ordinary revenue		548.6	529.3	19.3		

# Statements of Income (Non-consolidated Expenses)



(Billion yen)

		April 1, 2010 - March 31, 2011 (A)	April 1, 2009 - March 31, 2010 (B)	Increase/ Decrease (A) - (B)	Major factors for increase/decrease
Operating expenses	Personnel	55.2	56.4	(1.1)	· Decrease in employee retirement benefits: amortization of actual gains and losses ;(1.4)
	Fuel and Purchased Power	121.2	124.0	(2.7)	· Increase in nuclear power output ;(18.1) [Influence of Tomari Nuclear Power Plant Unit 3 ;(8.8)] · Increase in electricity sales ; 5.0 · Rise in fuel prices ; 4.7
	Fuel (included in "Fuel and Purchased Power")	[81.9]	[85.0]	[(3.0)]	
	Purchased Power (included in "Fuel and Purchased Power")	[39.3]	[39.0]	[0.2]	
	Maintenance	91.0	80.8	10.2	· Increase in number of periodically inspected units at the Tomari Nuclear Power Plant [ 1 unit 2 units ]; 4.4 · Increase in periodic inspection costs of thermal power plants ; 4.4
	Depreciation	102.2	108.7	(6.5)	· Fixed percentage effect ;(13.3) · New acquisition of property, etc. ; 6.8
	Other Expenses	137.6	129.9	7.7	· Increase in nuclear power back-end costs ; 2.9 · Increase in taxes and other public charges ; 2.9
Total	507.5	500.0	7.4		
Non-operating expenses		16.6	16.0	0.6	
Ordinary expenses		524.2	516.1	8.1	
Ordinary income		24.4	13.2	11.2	
Provision or reversal of reserve for fluctuation in water levels		4.3	3.6	0.7	· Water flow rate 108.0% 112.9%
Extraordinary loss		4.9	-	4.9	· Recording the loss for the past fiscal year on adjustment for changes of Accounting Standards for Assets Retirement Obligations
Net income		9.3	5.3	3.9	

## Comparison with Financial Outlook (Non-consolidated)

(TWh, Billion yen)

	April 1, 2010 – March 31, 2011		Increase / Decrease (A) - (B)	Major factors for increase / decrease	[reference] Forecast announced in April, 2010
	Actual (A)	Forecast announced in January, 2011 (B)			
[Electricity sales:TWh] Operating revenue	[32.3] 546.0	[Approx. 32.5] Approx. 544.0	[Approx.(0.2)] Approx. 2.0	·Decrease in electricity sales ; (3.0) ·Increase in income of sold power to other utilities and suppliers : 5.0	[Approx.32.0] Approx. 535.0
Operating expenses	507.5	Approx. 506.0	Approx. 2.0	·Decrease in other operating costs : (2.0) ·Decrease in thermal power output due to decreased electricity sales ; (1.0) ·Increase in thermal power output due to increased electricity sales to other utilities and suppliers : 5.0	Approx. 501.0
Operating income	38.5	Approx. 38.0	same level		Approx. 34.0
Non-operating income (loss)	(14.1)	Approx.(14.0)	same level		Approx.(14.0)
Ordinary income	24.4	Approx. 24.0	same level		Approx. 20.0
Provision or reversal of reserve for fluctuation in water levels	4.3	Approx. 5.0	Approx.(1.0)		-
Extraordinary loss	4.9	Approx. 4.9	same level		Approx. 5.0
Net income	9.3	Approx. 8.0	Approx. 1.0		Approx. 9.0

\* Forecast announced in January, 2011 is not changed from forecast announced in October, 2010.

### Key Factors

Foreign Exchange Rate (yen/\$)	86	Approx. 88	Approx.(2)	Approx. 90
CIF Crude Oil Price (\$/bl)	84.3	Approx. 80	Approx.4	Approx. 85

# Balance Sheets



(Billion yen)

		As of March 31, 2011 (A)	As of March 31, 2010 (B)	Increase/ Decrease (A) - (B)	Major factors for increase/decrease (non-consolidated)
Assets	Consolidated	1,641.5	1,607.0	34.5	<ul style="list-style-type: none"> <li>• Capital expenditure ; 105.2</li> <li>• Increase in Electric utility plant and equipment due to changes of Accounting Standards for Assets Retirement Obligations ; 24.3</li> <li>• Decrease in Electric utility plant and equipment caused by depreciation :(102.2)</li> </ul>
	Non-consolidated	1,576.2	1,536.4	39.7	
Liabilities	Consolidated	1,230.8	1,188.0	42.7	<ul style="list-style-type: none"> <li>• Increase in interest-bearing debt ; 10.7</li> <li>• Increase in liabilities due to changes of Accounting Standards for Assets Retirement Obligations ; 33.3</li> </ul>
	Non-consolidated	1,210.2	1,159.2	50.9	
Net Assets	Consolidated	399.9	408.5	(8.5)	<ul style="list-style-type: none"> <li>• Posting a net income ; 9.3</li> <li>• Dividends ;(10.4)</li> <li>• Share buyback ;(9.3)</li> </ul>
	Non-consolidated	365.9	377.1	(11.2)	

Note: Consolidated data exclude minority shareholders' interest.

Shareholders' Equity Ratio (%)	Consolidated	24.4	25.4	(1.0)
	Non-consolidated	23.2	24.5	(1.3)
Interest-bearing Debt Outstanding (Billion yen)	Consolidated	914.7	913.7	0.9
	Non-consolidated	905.6	894.8	10.7

# Consolidated Cash Flows

(Billion yen)

	April 1, 2010 - March 31, 2011 (A)	April 1, 2009 - March 31, 2010 (B)	Increase / Decrease (A) - (B)
<b>Operating Activities</b>	126.5	120.3	6.2
Income before income taxes (included in "Operating Activities")	[20.0]	[14.1]	[5.8]
Depreciation and amortization (included in "Operating Activities")	[107.6]	[114.4]	[(6.8)]
The loss for the past fiscal year on adjustment for changes of Accounting Standards for Assets Retirement Obligations (included in "Operating Activities")	[4.9]	[ - ]	[4.9]
<b>Investing Activities</b>	(125.3)	(143.4)	18.0
Purchase of noncurrent assets (included in "Investing Activities")	[(110.5)]	[(144.1)]	[33.5]
Payments and collection of investment and loans receivable (included in "Investing Activities")	[(15.5)]	[(0.1)]	[(15.3)]
<b>Net CF</b>	1.1	(23.1)	24.2
<b>Financing Activities</b>	(19.2)	21.6	(40.9)
Interest-bearing Debt Outstanding (included in "Financing Activities")	[0.7]	[33.4]	[(32.7)]
Cash dividends paid (included in "Financing Activities")	[(10.3)]	[(11.5)]	[1.1]
Purchase of treasury stock (included in "Financing Activities")	[(9.3)]	[(0.0)]	[(9.2)]
<b>Net increase / decrease in Cash &amp; Cash Equivalents</b>	(18.0)	(1.4)	(16.6)

Forecast of Financial Results  
for the Year Ending March 31, 2012

## Forecasts of Financial Results for the Year Ending March 31, 2012

- Electricity sales are expected to grow due to the wider use of electric appliances and the construction of new and additional facilities for the food industry in the industrial sector, despite a reactive trend against increased cooling demand caused by higher temperatures last summer.
- In revenues, due to increase in electricity sales and effects of fuel cost adjustment based on the rise in fuel prices, etc., operating revenue is estimated to increase.
- In expenses, depreciation cost will decrease due to fixed percentage effect of Tomari Nuclear Power Plant Unit 3, etc., despite rising fuel prices and increase in maintenance cost because of increasing number of periodically inspected units at the Tomari Nuclear Power Plant. For this reason, ordinary income is expected to increase.

(Approx. TWh/billion yen)

			April 1, 2011 - March 31, 2012 Forecast (A)	April 1, 2010 - March 31, 2011 (B)	Increase/ Decrease (A) - (B)	Comparison (A) / (B) %	[reference] April 1 - Sept. 30, 2011 Forecast
Electricity sales	Non-eligible customers	Residential	12.2	12.1	0.1	100.8	5.4
		Commercial & industrial	2.5	2.5	0.0	99.7	0.9
	Eligible customers		17.9	17.7	0.2	101.0	8.8
	Total		32.6	32.3	0.3	100.8	15.1
Consolidated	Operating revenue		596.0	566.2	30.0	105.2	277.0
	Operating income		47.0	43.1	4.0	108.8	20.0
	Ordinary income		33.0	29.2	4.0	112.7	13.0
	Net income		20.0	11.9	8.0	166.9	8.0
Non- consolidated	Operating revenue		576.0	546.0	30.0	105.5	269.0
	Operating income		42.0	38.5	4.0	108.9	19.0
	Ordinary income		28.0	24.4	4.0	114.5	12.0
	Net income		18.0	9.3	8.0	191.9	7.0
Key Factors	Foreign Exchange Rate (yen/\$)		Approx. 85	86	Approx.(1)		
	CIF Crude Oil Price (\$/bl)		Approx. 110	84.3	Approx. 26		

· After the accident at TEPCO's Fukushima Daiichi Nuclear Power Plant, in addition to the actions which have been taken as much as possible for the meantime, HEPCO implemented Urgent Safety Measures immediately. To enhance the safety of Tomari Nuclear Power Plant, HEPCO will also take mid- and long-term actions on a voluntary basis. Because these actions are mainly taken as capital expenditure, their impact on the financial results for the next term is limited.

· While this forecast of financial results includes the electric power interchange for Honshu only until May, HEPCO intends to provide maximum support for the electric power interchange from June onwards, considering the upcoming demand and supply situation.

· The repercussions of the Great East Japan Earthquake are expected to spread to various economic and social areas, and could also impact HEPCO's business activities.

## Key Factors Affecting Forecast of Financial Results

Ordinary income for the year ended March, 2011 :  
Consolidated 29.2 billion yen / Non-consolidated 24.4 billion yen

(Approx. Billion yen)

Factors for improved performance		Factors for weakened performance	
Increase in electricity sales [Increase in revenue 5.0 – increase in fuel cost 2.0]	3.0	Rise in fuel prices · Rising CIF crude oil price 10.0 etc.	17.0
Effects of fuel cost adjustments etc.	26.0	Increase in number of periodically inspected units among Tomari Nuclear Power Plant [2 units 3 units]	7.0
Decrease in depreciation cost · Fixed percentage effect of Tomari Nuclear Power Plant Unit 3 6.0 etc.	3.0	Increase in retirement allowance expenses · Revision of expected return on plan assets rate 3.0 etc.	3.0
		Others · Waste disposal cost 1.0 etc.	1.0
<b>Total</b>	<b>32.0</b>	<b>Total</b>	<b>28.0</b>
<b>Balance: Approx. 4.0 billion yen</b>			

Forecast of ordinary income for the year ending March, 2012  
Consolidated Approx. 33.0 billion yen / Non-consolidated Approx. 28.0 billion yen

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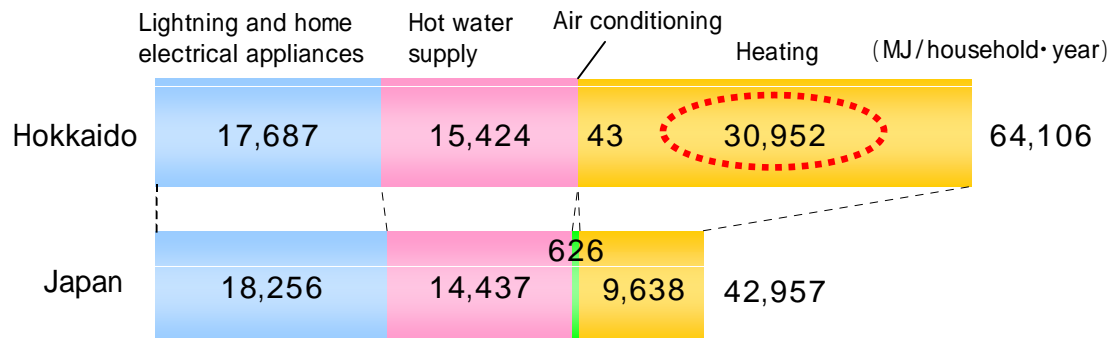
# Mid-term Management Policy (FY2012 - 2014)



## Regional Characteristics of Hokkaido

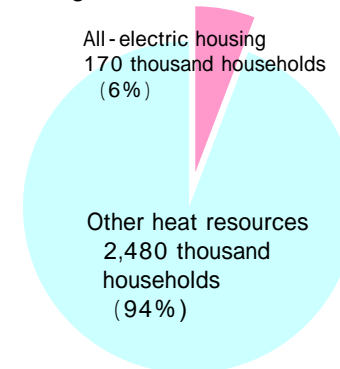
The cold climate of the region creates a huge demand for space heating  
 Promotion of heat pump electrification to help customers save energy

■ Energy consumption per household in Hokkaido is about 1.5 times the national average due to the energy consumption for “heating”.



(Source) Jyukankyo Research Institute “Residential Energy Statistics Yearbook 2009”

■ Existing house market using other heating resources exceeds 90%



(Housing market configuration as of Mar.31, 2011)

## Change in the Management Environment for HEPCO

Slower growth in electricity sales

Progressing aging deterioration of facilities

Enhancement of global warming countermeasures

Older, experienced employees approaching mass retirement

## Mid-term Management Policy (FY2012 - 2014)

### Mid- and Long-term Goals

<<Promotion of business in Hokkaido, focusing on electric power>>

- Steady growth in the electric power business, which is the core business of the HEPCO Group, and in auxiliary businesses
- Actions for creating a low-carbon society, on both the supply and demand sides of electric power

### High Priority Issues for Achieving the Goals

- The HEPCO Group must precisely implement the measures necessary to fulfill our mission of “providing a stable power supply”, taking into account the large-scale power outage caused by the quake and the accident at the Fukushima Daiichi Nuclear Power Plant.

#### Securing stable supply of electricity

- Further safety improvement and continued stable operation of the Tomari Nuclear Power Plant
- Promotion of the plan to introduce LNG thermal power plant
- Studies for the enhancement of the Kitahon HVDC Link
- Measures to counter aging deterioration of facilities and to reduce cost

#### Adaptation to a renewed management environment

- Use of more renewables
- Establishment of organized business systems and optimization of group management

#### Promotion of heat pump electrification to save energy

- Advising customers from their viewpoint on the most appropriate energy system/ service for them  
*Establishment of a “Heat Pump Culture”*

#### Co-existence with the local community and society

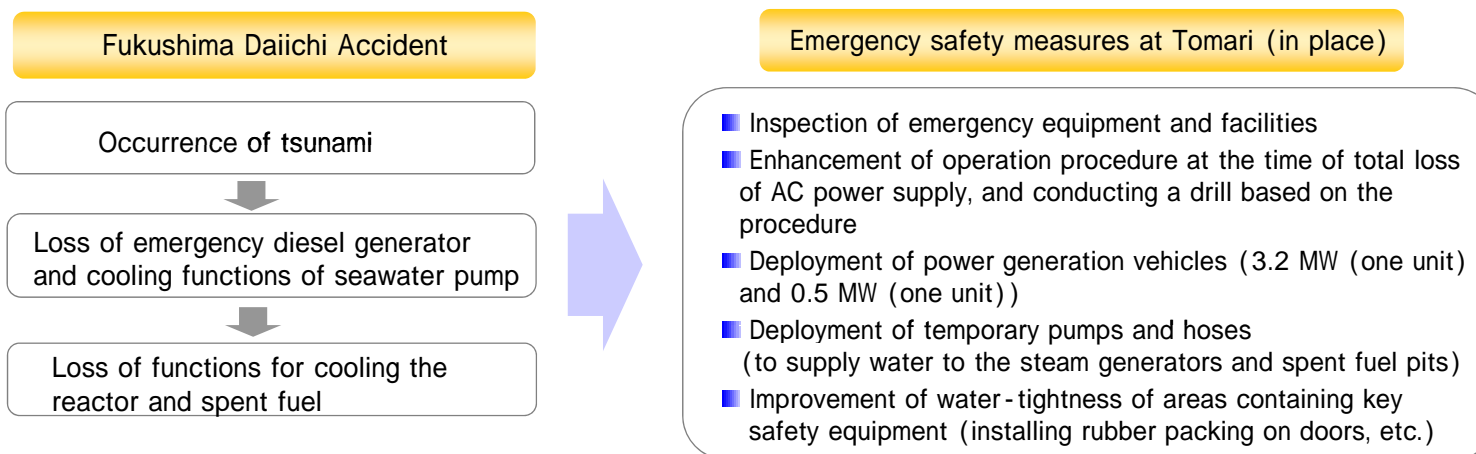
- Improvement of work quality and strict compliance
- Enhancement of safety and hygiene activities
- Efforts for co-existence with the local community and society
- Enhancement of the relationship with shareholders and investors through IR activities

#### Personnel training and passing on skills

- Early training of younger employees and reliably passing on skills to them

## Improvement of the safety of the Tomari Nuclear Power Plant

- HEPCO will improve the safety of the Tomari Nuclear Power Plant, in consideration of the accident at the Fukushima Daiichi Nuclear Power Plant.
- HEPCO implemented emergency safety measures to prevent damage to the core or spent fuel even in the event of loss of AC power due to a tsunami. HEPCO will also implement other mid- and long-term measures at its own initiative to raise safety levels.
- HEPCO will also respond appropriately to any new measures introduced upon revision of the government's technology standards etc. following the accident, if any. (For details on the measures, see pages 45 to 47.)



Chemical fire engine (deployed since March 2008)



Power generation vehicle (deployed since March 2011)

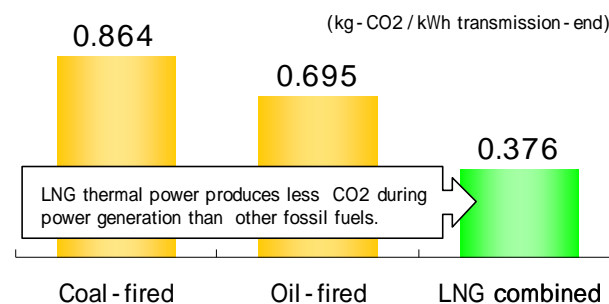
## Introduction of LNG Thermal Power

- Responding the steady growth of electricity demand and contributing to the diversification of fuel types
- The actual timing of introduction, plant capacity and site location are under consideration.

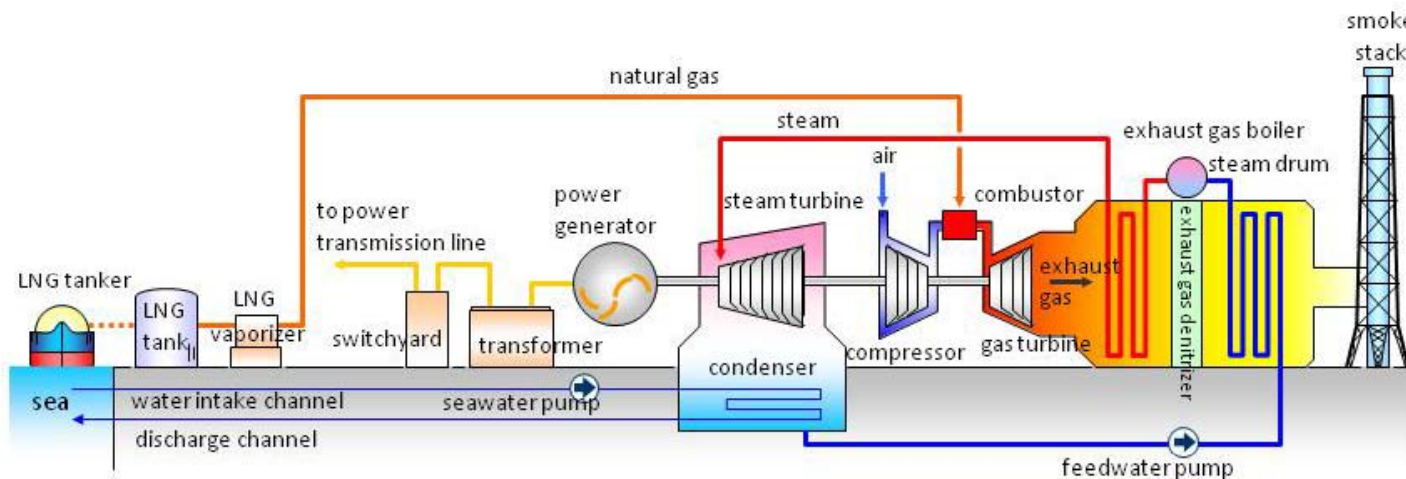
### LNG thermal power plant introduction plan

Start of operation	From FY 2022 onward
Output	500 MW class(Unit 1)

[CO<sub>2</sub> emission during power generation (per kWh)]



(Source) Central research institute of Electric Power Industry



Concept of an LNG Thermal Power Plant

## Introduction of the Kyogoku Power Plant (pure pumped-storage hydroelectric power)

- Steady progress of construction, with scheduled launch of Unit 1 in 2014 and Unit 2 in 2015.
  - The launch of Unit 2 has been moved up from the original plan.
- The strengths of this type of power plant include its superior load traceability and frequency adjustment function in response to demand fluctuations, in addition to its peak power supply capacity.
- General progress rate of the construction work\*: 63.0% (as of Apr. 20, 2011)

\*The progress rate is for Unit 1 to 3 total.



Name	Kyogoku Power Plant
Capacity (MW)	600 (200 × 3 unit)
Start of operation	October 2014 (Unit 1) December 2015 (Unit 2) FY 2022 onward (Unit 3)

## Countermeasures for aging deterioration of power generation and distribution facilities and reducing cost

- Measures must be implemented in a well-planned manner to maintain the long-term integrity of the facilities.
- Facilities are prioritized according to their importance and actual conditions so that they are addressed efficiently.
  - [Power generation facilities]
    - Major facilities is to be repaired and replaced in a well-planned manner with a long-term perspective.
  - [Power distribution facilities]
    - With many systems introduced during the high economic growth era needing to be renovated, the systems should be repaired and replaced as needed, with consideration of leveling out by repairing to prolong their lives.



<Deterioration (flooding) test of the switch>

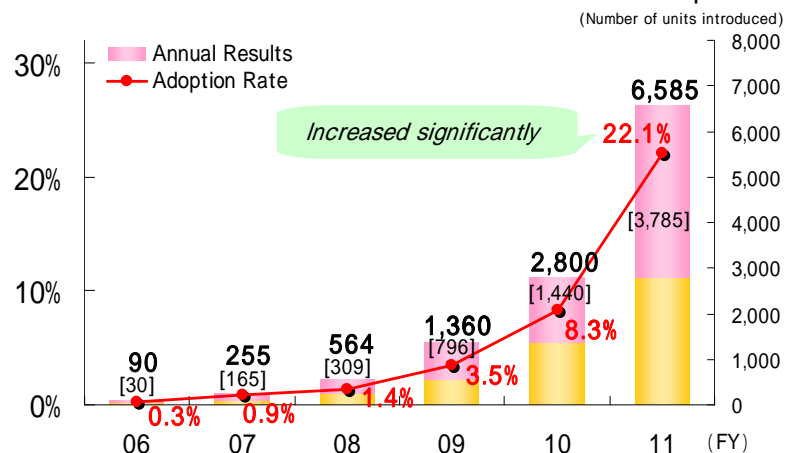
# FY2012 Management Plan - Promotion of heat pump electrification to save energy #1

## Helping Customers Save Energy and Achieve Low-Carbon Lifestyles through Heat Pump Electrification

### Market for households

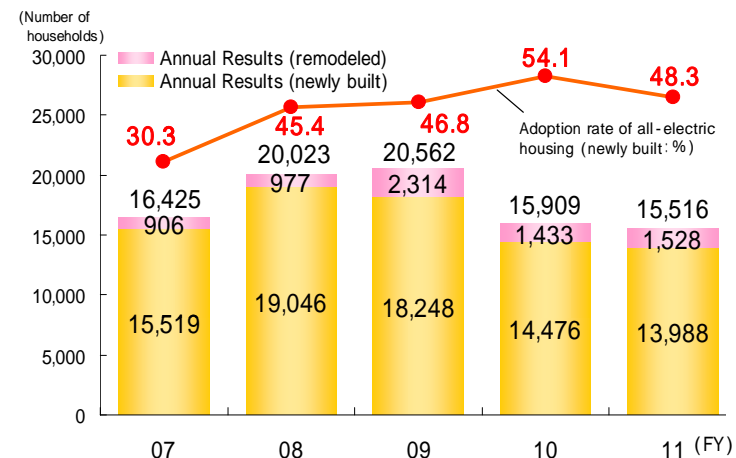
- Heat pump equipments such as the Eco-cute hot water supply system and air-conditioners for heating are recommended to customers.
- For customers whose houses use other heat sources, equipments can also be recommended individually to suit their needs.

Cumulative number of Eco-Cute units introduced and adoption rate



(Note) Adoption Rate = Number of Eco-Cute introduced ÷ Number of Electric hot water supplier introduced  
 Figures in parentheses [ ] are annual results.

Number of households adopting all-electric housing



### Market for corporations

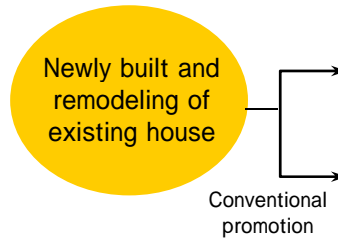
- Expanding the scope of introducing heat pump equipments in the air conditioning and hot water supply sectors (including office buildings)
- Expanding the scope of electrification in the kitchen sector (including restaurants)
- Recommendation of electrification in the industrial (including boilers) and agricultural (including greenhouse horticulture and dairy farming) sectors

# FY2012 Management Plan - Promotion of heat pump electrification to save energy #2

## Feature of Heat Pump to Save Energy

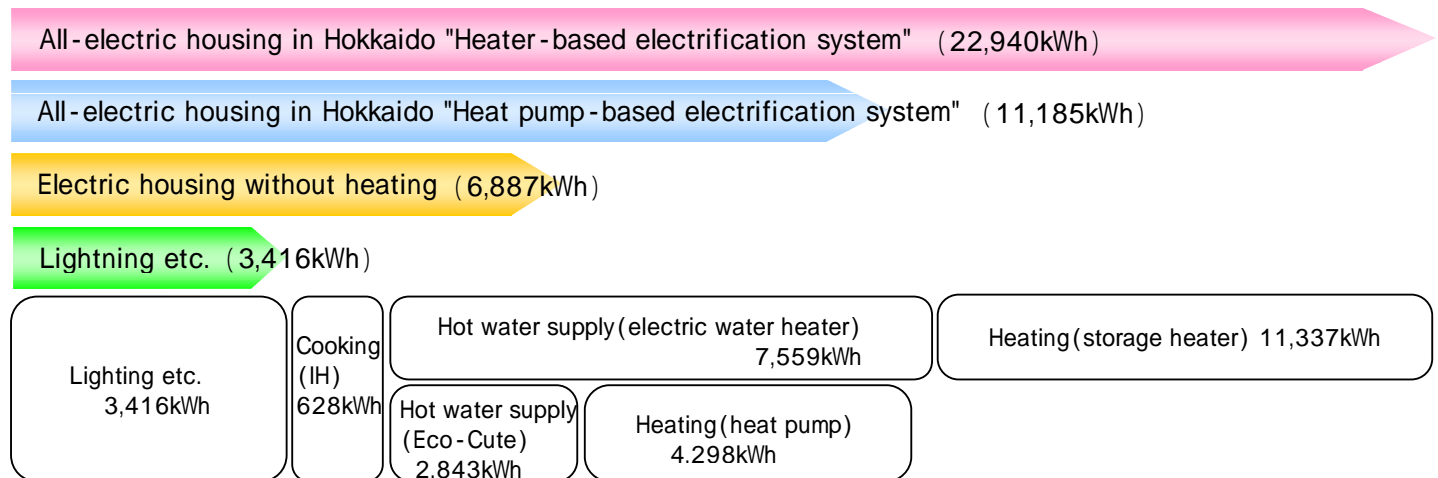
■ Heat Pump Electrification help customers to save energy and achieve low-carbon lifestyles

Configuration of equipment of all-electric housing	Electricity consumption (A: annual kWh)	Running costs (B: tax included)	Sales price (B/A)
<Electrification using heat pump> IH + Eco-Cute + heat pump central heating	11,185 kWh <i>Reduction in CO<sub>2</sub> emissions, energy conservation</i>	¥ 182 thousand <i>Reduction in utility charges</i>	¥ 16.3 / kWh <i>Increase in profitability</i>
<Heater system electrification> IH + electric water heater + storage heater	22,940 kWh	¥ 216 thousand	¥ 9.4 / kWh



\*Model cost for detached house (Sapporo area, two-story wooden house, 4LDK, 126m<sup>2</sup>, family member at 4) estimated by HEPCO

### [Electricity usage of All-electric housing per household]



(Source) HEPCO Model case

## Human Resource Development and Transfer of Skills to Ensure a Stable Power Supply

- Well-planned human resource development
  - ・Enhancing OJT programs in work places
  - ・Providing age group - specific and department - specific ongoing training
  - ・Training experts in the technology departments
  - ・Newly establishment of a thermal - power technology center
- Conducting internships taking opportunities such as power plant construction and facility inspection
- Planning joint training and personnel exchange with the group companies

### Takikawa Technical Center



Thermal power plant operation simulator



Exterior cabling training of the distribution department

### Tomari Nuclear Power Plant Training Center



Left: Training using a simulated control panel (full scope simulator), which is the same as the one in the actual control room.  
Right: Maintenance training using mock-up equipment

# FY2012 Management Plan - Adaptation to a renewed management environment #1

## Broader Introduction of Renewables (Photovoltaic)

### ■ Construction of Date Solar Power Plant

- ・Currently under test-operation, aimed at commercial operation in June 2011.
- ・General progress rate of the construction work: Approx. 95% (as of Apr. 17, 2011)

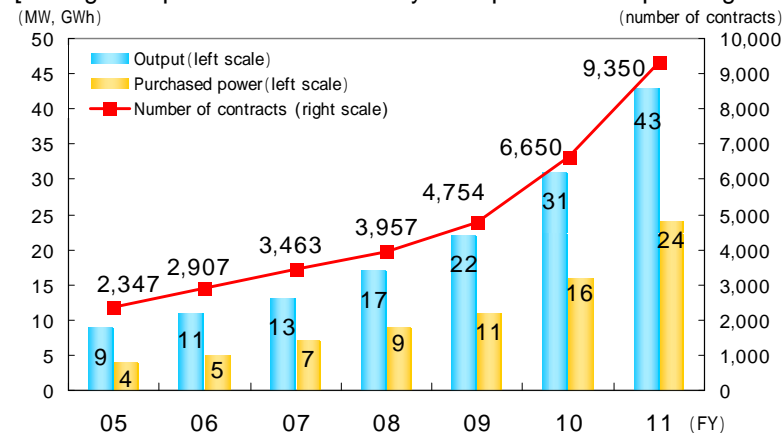
Location	On the premises of the HEPCO Date Power Plant
Installer	HEPCO
Area/Installed Capacity	Approx. 3ha / 1MW
Electric Power Generation (presumed)	Approx. 1GWh/year (equivalent to the electricity used in approx. 300 households per year)
CO2 emission reduction effects (presumed)	Approx. 5 hundred ton/year

<Date Solar Power Plant>  
(under construction)



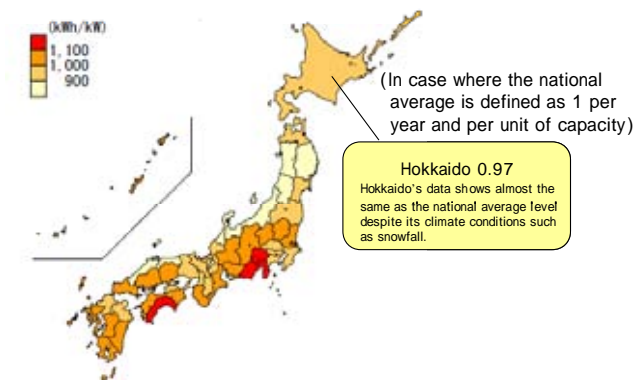
### ■ Purchase of electricity from photovoltaic power generation

[Changes in purchase of electricity from photovoltaic power generation]



(Note) Data includes purchased power from "Verification of Grid Stabilization with Large-scale PV Power Generation Systems" project in Wakkanai.

[Region-based power generation forecasts in view of hours of sunlight, etc.]



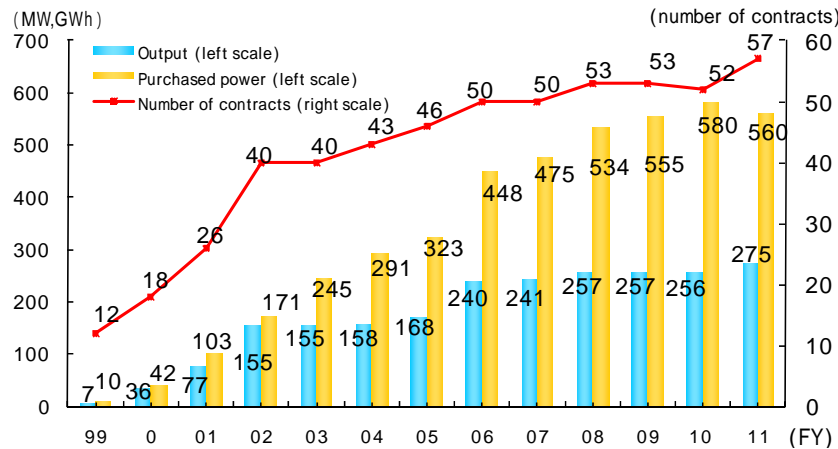
(Source) Documents for 2<sup>nd</sup> meeting of Small Group on Electricity Purchase Scheme, in Sub-Committee on the Electric Utility Industry, under Advisory Committee on Energy and Natural Resources (July 23, 2009)

# FY2012 Management Plan - Adaptation to a renewed management environment #2

## Broader Introduction of Renewables (Wind Power)

### ■ Purchase of electricity from wind power generation

- The current possible receiving capacity is 360 MW, considering the impact on the power system.



[Wind power interconnected in Hokkaido]

		Capacity
Interconnected as of Mar 31, 2011		280MW
Possible extent of interconnection	Possible extent	50MW
	Possible extent with condition of decoupling	30MW
Total		360MW

## Broader Introduction of Renewables (Hydroelectric)

### ■ Increasing the output of existing hydroelectric power plants at the time of facility renovation

- Increasing the output of Hoheikyo (50 MW) and Makunbetsu (16.4 MW) Power Plants during the renovation of their turbine runners.
- Improving the efficiency by designing the turbine runner using hydraulic analysis  
Output may be improved by several percent



Hoheikyo Dam

# FY2012 Management Plan - Adaptation to a renewed management environment #3

## Introduction of New Technologies

- Verification test for burning fuel containing woody biomass in a thermal power plant

Purpose: Reduction of CO2 emission by reducing consumption of fossil fuels  
 Test period: December 2010 to June 2011  
 Target plant: Sunagawa Power Plant Unit 3



Overview of the Sunagawa Power Plant

	Unit 3	Unit 4
Location	Toyonuma - cho, Sunagawa - shi, Hokkaido	
Output	125 MW	125 MW
Fuel type	Coal-fired (domestic coal)	
Start of operation	June 1977	May 1982
Comment	Target plant of the verification tests	

- Field tests of brand - new multifunction electronic meters

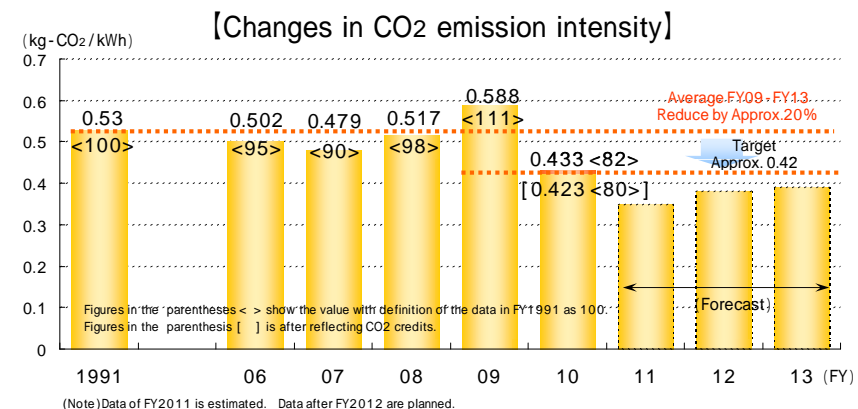
Purpose: Further enhance of our customer services and efficient operations  
 Test period: About 2 years from FY2012  
 Number of samples: Approx. 600 households

## [Reference] Changes in CO2 emission intensity

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

· Since CO2 emission intensity is recognized to exceed the target under the current plan, HEPCO amortized CO2 credit required for target achievement.

The goal is likely to be reached



## FY2012 Management Plan - Co-existence with the local community and society

### Co-existence with the Local Community and Society as a local Hokkaido Company

- Improvement of work quality and strict compliance
- Reduction of environmental load
  - ・Appropriate management of toxic materials such as PCB
  - ・Recycling of coal ash, etc.
  - ・Broadening Green Purchasing
- Invigorating the economy of Hokkaido, which is the basis of our business
  - ・ Support for the “Hokkaido Industrial Cluster Creation Activity” and the “Food Cluster Activity”\*
  - \*Food Cluster Activity:  
Efforts related to food resources, including adding high value, product development and exploring new sales channels outside Hokkaido and even abroad
- Helping the handicapped to become independent in society
  - ・ Job creation by the Hokuden - Associa, a member company of the Hokuden group
- Cultural activities and education for youths
  - ・ Organizing concerts and hands - on science classes

Hokuden - Associa



Hokuden Family Concert



Held 470 times from 1973 to March 2011

# Supply Plan - Demand forecast #1

- FY 2012: +0.8% growth year-on-year
  - [Increase factors] Expanded adoption of electrical appliances, and new and additional food facility installation
  - [Decrease factors] Rebound from the high air-conditioning demand of last summer due to the heat wave
- Mid- and long-term: Average annual growth +1.0% (after adjustment for temperature and leap year)
  - [Previous plan: +0.8% (+1.0% for FY 2010-2020)]
  - [Increase factors] Expanded adoption of electrical appliances centered on heat pump equipment, growth in commercial and industrial demand due to the recovery of production levels and growth in facility investment
  - [Decrease factors] Population decline and further energy-saving

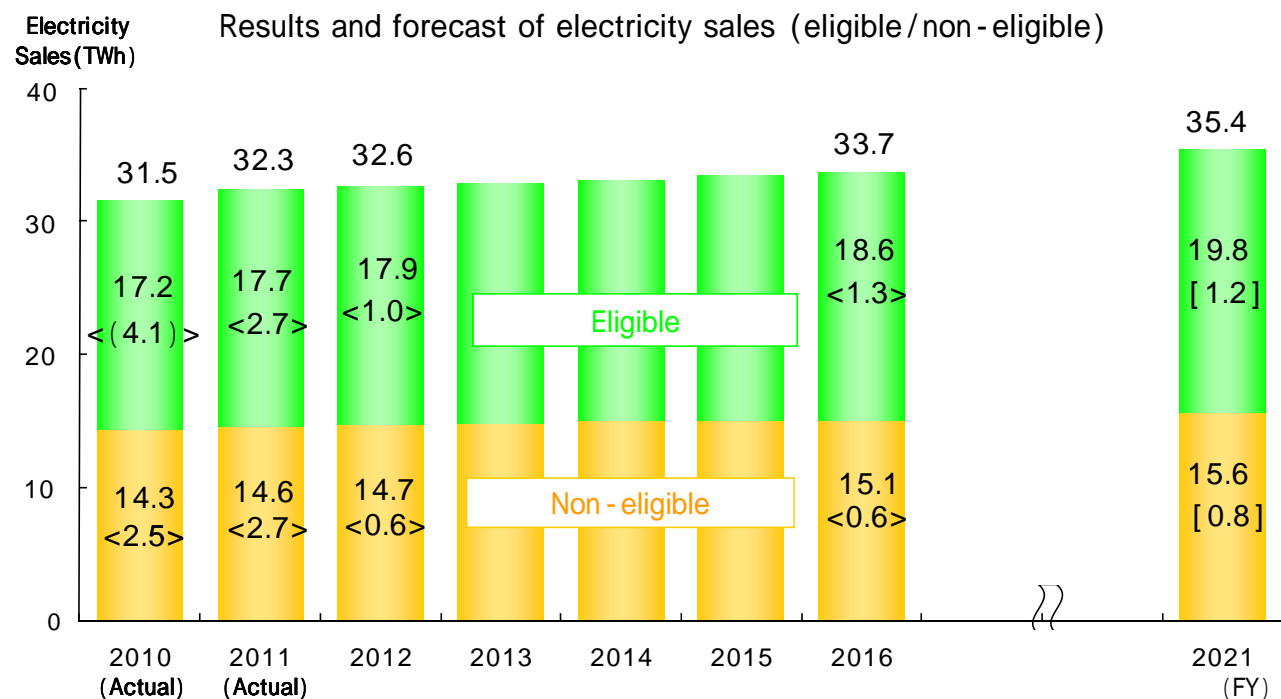
Item \ FY	2010 Results	2011 Results	2012	2013	2014	2015	2016	2021	Annual average growth rate from FY2010 to 2021 (%)	Previous plan	
										Annual average growth rate (%)	
										09 ~ 20	(Reference) 10 ~ 20
Electricity sales (TWh)	31.5 <31.6>	32.3 <32.2>	32.6 <32.5>	32.8	33.1	33.4	33.7	35.4	1.1 <1.0>	0.9 <0.8>	1.1 <1.0>
Annual growth rate of electricity sales (%)	(1.2) <(1.6)>	2.7 <1.8>	0.8 <0.9>	0.7 <1.0>	0.8	1.0	1.0	0.9	-	-	-
Peak Load (10 thousand kW)	530 <533> [569]	529 <542> [579]	547	552	557	563	570	602	1.2 <1.1>	1.2 <0.6>	1.2 <1.1>
Annual growth rate of Peak Load (%)	1.3 <(4.4)>	(0.1) <1.7>	3.4 <0.9>	0.9	0.9	1.1	1.2	1.2	-	-	-

- (Note) 1. Figures in parentheses < > are the numerals after adjustment for temperature and leap year.  
 2. Peak demand is 3-day average value at transmission end in December.  
 3. FY2010 to 2011 figures in parentheses [ ] are the 1-day peak demand value at generation end.  
 (The month that 1-day peak demand at generation end is recorded: FY2010 - February, FY2011 - January)

This plan was prepared based on the data before the Great East Japan Earthquake.

## Supply Plan - Demand forecast #2

- Non-eligible customers (mainly domestic use): Average annual growth +0.8%  
(after adjustment for temperature and leap year)
  - [Increase factors] Expansion of the adoption of electrical appliances centered on heat pump equipment
  - [Decrease factors] Population decline, further energy-saving
- Eligible customers (for commercial and industrial use): Average annual growth +1.2%  
(after adjustment for temperature and leap year)
  - [Increase factors] Recovery of production levels and growth in facility investment



(Note)

1. "Non-eligible" includes customers with relatively small capacity such as residential. "Eligible" includes customers with high voltage contract such as buildings of office and commercial use, and factories.
2. Figures in parentheses < > are the growth rate from the previous year. FY2021 figures in parentheses [ ] are the average growth rate from FY2010 to FY2021 (after adjustment for temperature and leap year)

# Supply Plan - Major electric Facility Plan #1



## [Major Power resource development plan]

[Hydroelectric] Kyogoku power plant (pure pumped-storage)

Unit 1 ... October 2014

Unit 2 ... December 2015 (moved up from the previous plan [previous plan: FY 2021 onward])

[Thermal] LNG thermal power plant ... FY 2022 onward (newly planned)

[Renewable] Date Solar power plant (Photovoltaic) ... June 2011

Mega-solar power plant (Approx. 4MW total) ... no later than FY 2021

Mori power plant (Geothermal) ... September 2012

(Capacity reduction for efficiency improvement: 50MW 25MW)

	Electric power plant	Installed capacity (MW)	Start of construction	Start of operation
Under construction	Kyogoku (Hydroelectric)	600 <200 x 3>	2001 - Sep.	2014 - 10 (Unit 1) 2015 - 12 (Unit 2) FY 2022 onward (Unit 3)
	Date Solar (Photovoltaic)	1	2010 - July	2011 - June
In preparation of construction	Shumarinai (Hydroelectric)	0.88	2012 - Feb.	2013 - Mar.
	Yukomanbetsu (Hydroelectric)	0.69	2012 - Apr.	2013 - Sep.
	S 1 (Photovoltaic)	4	FY 2020	FY 2021
	L 1 (LNG thermal)	500 class	FY 2016	FY 2022 onward
Change of capacity	Mori (Geothermal)	(25) [50 25]	-	2012 - Sep. (Capacity reduction)

(Note) "Start of construction" is based on the authorization date of article 47 or notification date of article 48 of Electricity Utilities Industry Law.

# Supply Plan - Major electric Facility Plan #2



## 【Major Transmission Facility Construction Plan】

(Note) “Start of construction” is based on the authorization date of article 47 or notification date of article 48 of Electricity Utilities Industry Law.

Classification	Transmission line	Section	Voltage (kV)	Length (km)	Number of circuits	Construction schedule	
						Start of construction	Start of operation
Under construction	Kyogoku Main Line	Shiribeshi Main Line #115 ~ Kyogoku (Power Plant)	275	2	2	2010 - June	2013 - June
In preparation of construction	Shin - Hakodate line (tentative name)	Ohno SS ~ New extra high voltage power customer s SS	187	7	2	2012 - Sep.	2014 - Sep.
	Nishi - Sapporo line	Nishi - Toubetsu SS ~ Shinoro SS	187	0.02	2	2012 - July	2012 - Nov.
	Nishi - Sapporo line	Shinoro SS ~ Nishi - sapporo SS	187	0.02	2	2012 - July	2012 - Nov.

## 【Major Transformation Facility Construction Plan】

(Note) “Start of construction” is based on the authorization date of article 47 or notification date of article 48 of Electricity Utilities Industry Law.

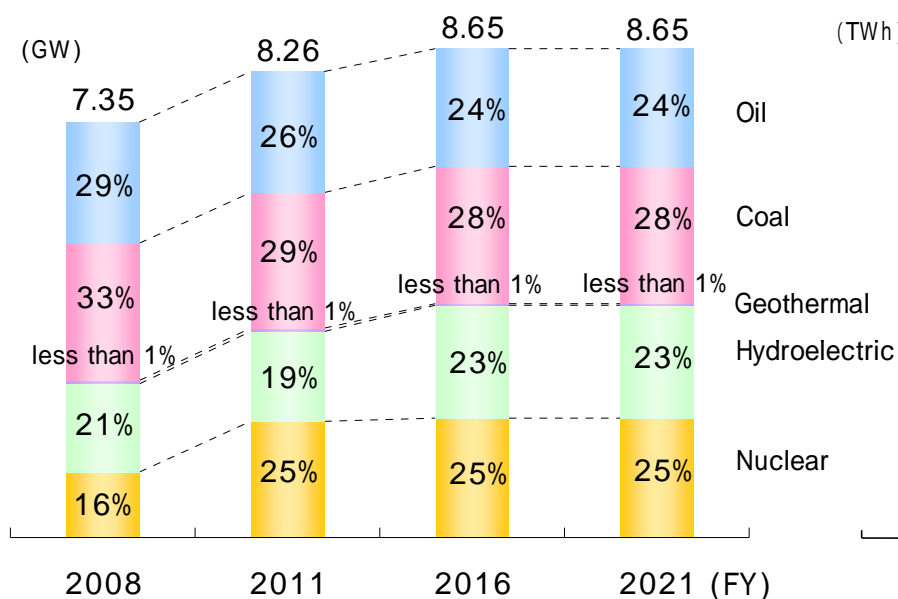
Classification	Substations	Capacity increase / decrease (MVA)	Transformer			Construction schedule	
			Voltage (kV)	Capacity (MVA)	Number of transformers	Start of construction	Start of operation
Under construction	Nishi - Otofuke	100	187 / 66	100 / 100	1	2010 - July	2011 - June
	Tomakomai	50	187 / 66	150 / 150 { 100 150MVA }	1	2010 - Oct.	2011 - Dec.
In preparation of construction	Shinoro	200	187 / 66	200 / 200	1	2012 - Jan.	2012 - Nov.
	Muroran	150	187 / 66	150 / 150	1	2012 - Jan.	2012 - Oct.
	Nishi - Asahikawa	(60)*	187 / 66	100 / 100 { 60 100MVA, termination: 100MVA }	1	2013 - Jan.	2013 - Nov.

\* Transformer capacity will be changed from 320MVA to 260MVA.

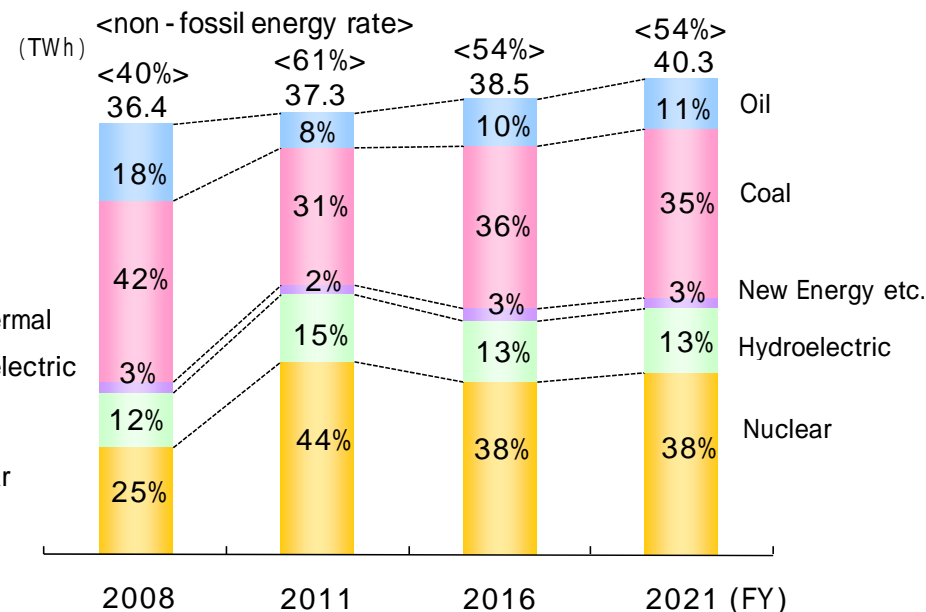
## Supply Plan - Major electric Facility Plan #3

After the start-up of Tomari Nuclear Power Plant Unit 3, the power supply structure is composed of hydroelectric, coal-fired, oil-fired and nuclear power generation, equally accounting for 1/4 to 1/5, respectively. The non-fossil energy share exceeds 50% of generated output, contributing to realizing a low-carbon society.

Composition of Total Generating Capacity by Fuel Type  
(at the end of term)



Composition of Total Generating Output by Fuel Type



- (Note) 1. Purchased power is included.  
 2. Electricity generated from oil for FY2011 and after include electricity generated from natural gas.  
 3. Due to instability of power supply of new energy, purchased power from new energy is not included in "Composition of Total Generating Capacity by Fuel Type" but is included in "Composition of Total Generating Output by Fuel Type".  
 4. "New energy etc." includes geothermal and waste power generation.  
 5. Non-fossil energy rate is calculated based on " Law on the Promotion of the Use of Nonfossil Energy Sources and Effective Use of Fossil Energy Materials by Energy Suppliers ".

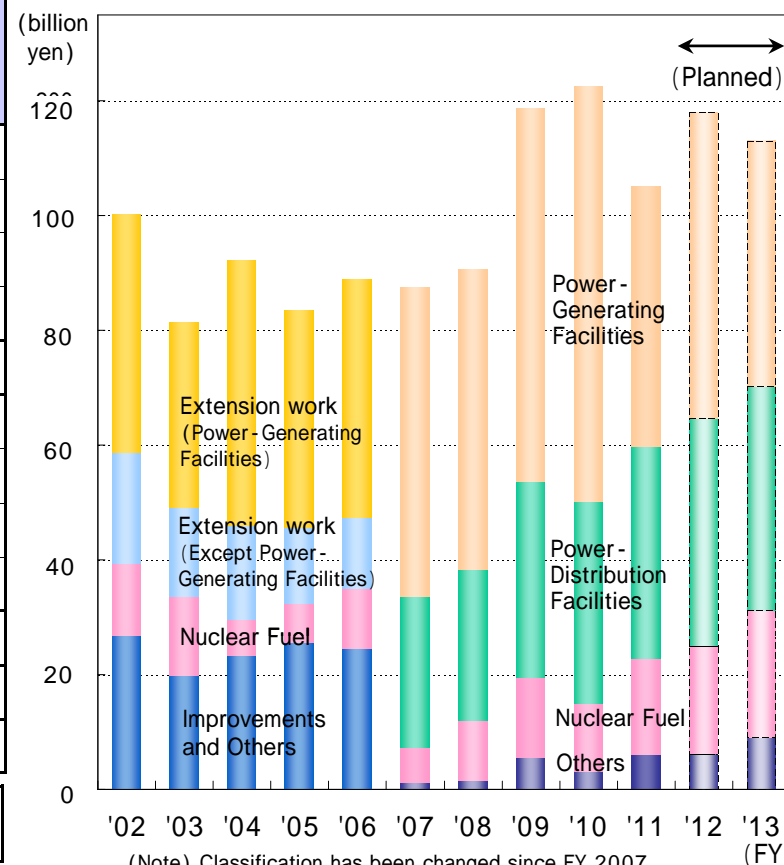
# Capital Expenditures

It is expected that the amount of capital expenditures will start to decrease after peaking in FY2010, when construction work of Tomari Nuclear Power Plant Unit 3 finished, but the decrease rate will not be so high due to the continuous construction work of the Kyogoku Power Plant, measures against aging facilities, etc.

		(billion yen)				
		FY2010 (results)	FY2011 (results)	FY2012 (planned) (reference) previous plan	FY2013 (planned)	
Power-Generating Facilities	Hydroelectric	15.8	21.2	25.2	22.0	21.8
	Thermal	5.3	14.2	14.1	10.8	7.9
	Nuclear	51.1	8.8	12.6	13.8	12.3
	Renewable	0.0	0.7	1.4	2.7	0.8
	Subtotal	72.3	45.1	53.3	49.2	42.8
Power-Distribution Facilities	Transmission	12.4	13.4	14.1	12.4	13.3
	Transformation	6.5	6.7	8.0	7.9	8.4
	Distribution	16.3	16.9	17.6	17.3	17.4
	Subtotal	35.3	37.1	39.7	37.6	39.1
Others		3.1	6.0	6.1	5.6	9.1
Nuclear Fuel		11.8	16.8	19.0	20.8	22.1
Total		122.7	105.2	118.0	113.2	113.1
(reference) Consolidated		126.8	111.0	Approx. 124.0	Approx. 118.0	Approx. 121.0

(Note) Total amount may not agree due to rounding off.

[Changes in capital Expenditures (Non-consolidated)]

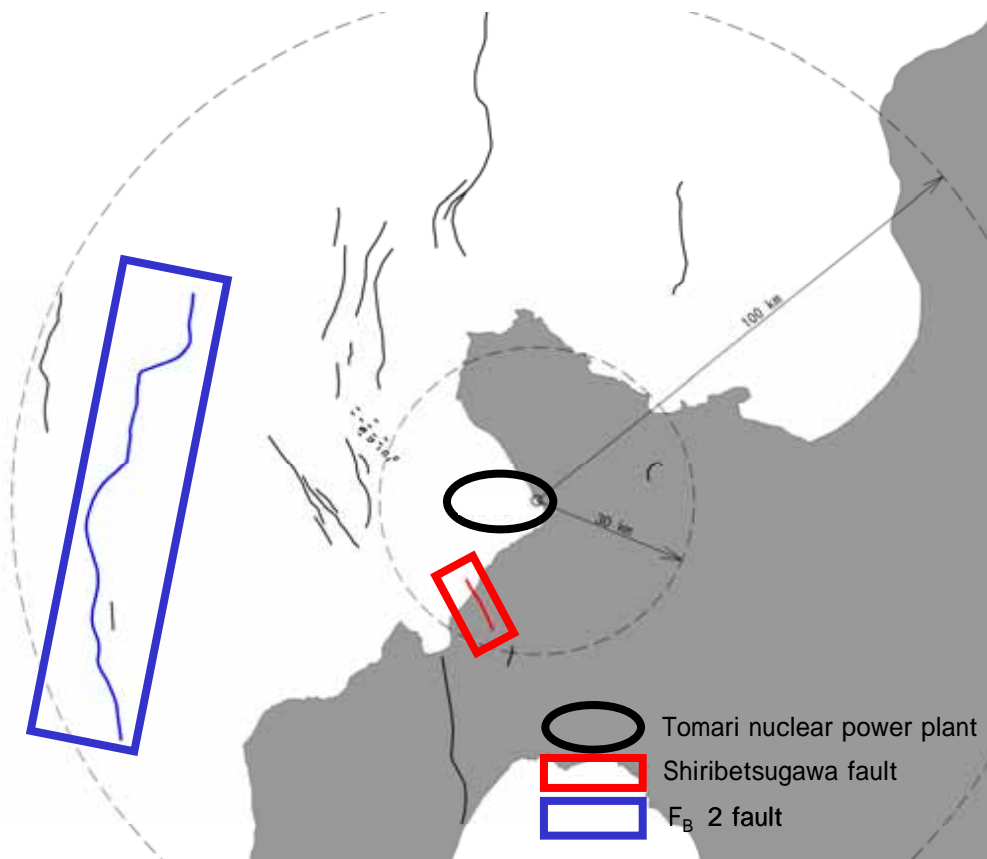


(Note) Classification has been changed since FY 2007.  
Figures of FY2012 and 2013 are planned value.

# Nuclear Power - Seismic Safety of Tomari Nuclear Power Plant

- Earthquakes with strong impact on Tomari: F<sub>B</sub> 2 fault (M8.2), Shiribetsugawa fault (M6.9)

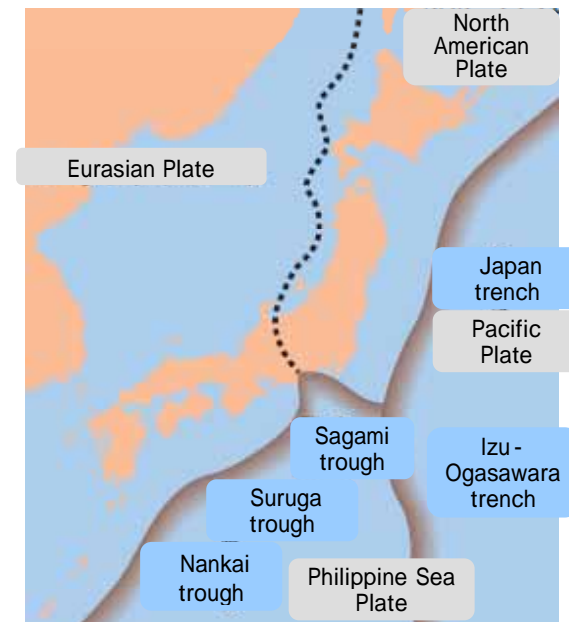
In the seismic safety assessment based on the new seismic guideline, seismic safety is checked assuming a maximum acceleration of 550 gals\*, which has a greater impact than the above earthquakes, and an earthquake motion with a maximum acceleration of 450 gals, which is assumed without specifying any epicenter.



\* A gal is a unit of acceleration used to express earthquake motion.

## [Reference] Geological structure and earthquakes around Japan

- The 2011 off the Pacific Coast of Tohoku Earthquake on March 11 was an inter-plate earthquake along the trench.
- Plate boundaries like the one that caused the March 11 trench earthquake do not exist in the Japan Sea.



Source: The Headquarters for Earthquake Research Promotion

# Nuclear Power - Safety of Tomari Nuclear Power Plant against Tsunami

· Height of tsunami in the seismic safety assessment (evaluation based on latest knowledge)

Maximum predicted height: T.P. +9.8m, Ground level of the Tomari site: T.P. +10m

\*T.P. = Mean sea level of Tokyo Bay

Confirmed that the maximum expected tsunami height is below the ground level of the Tomari site.

## ■ Process of tsunami assessment

· Tsunami was assessed based on "Tsunami Assessment Method for Nuclear Power Plants in Japan (2002)" by the Japan Society of Civil Engineers.

Establishing a hypothetical tsunami model

- A tsunami caused by an earthquake at the eastern end of the Japan Sea
- A tsunami caused by an earthquake along an active fault under the sea bed



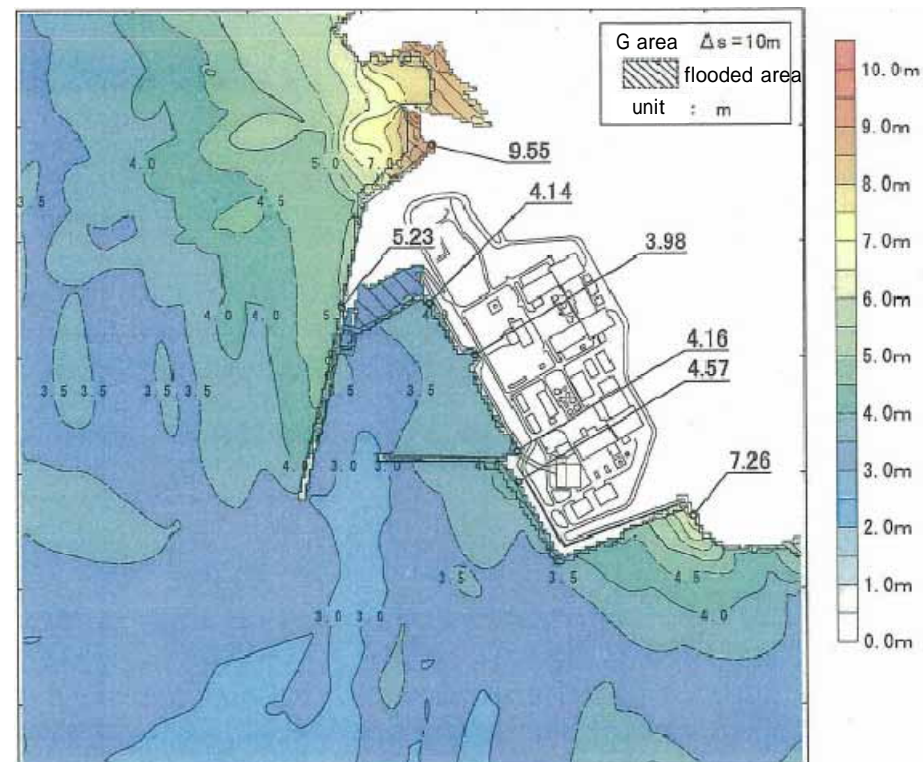
Numerical simulations performed

- For each of the above tsunamis, numerous simulations were performed under various conditions and values to obtain the maximum tsunami height.



Maximum estimated tsunami height: 9.8m

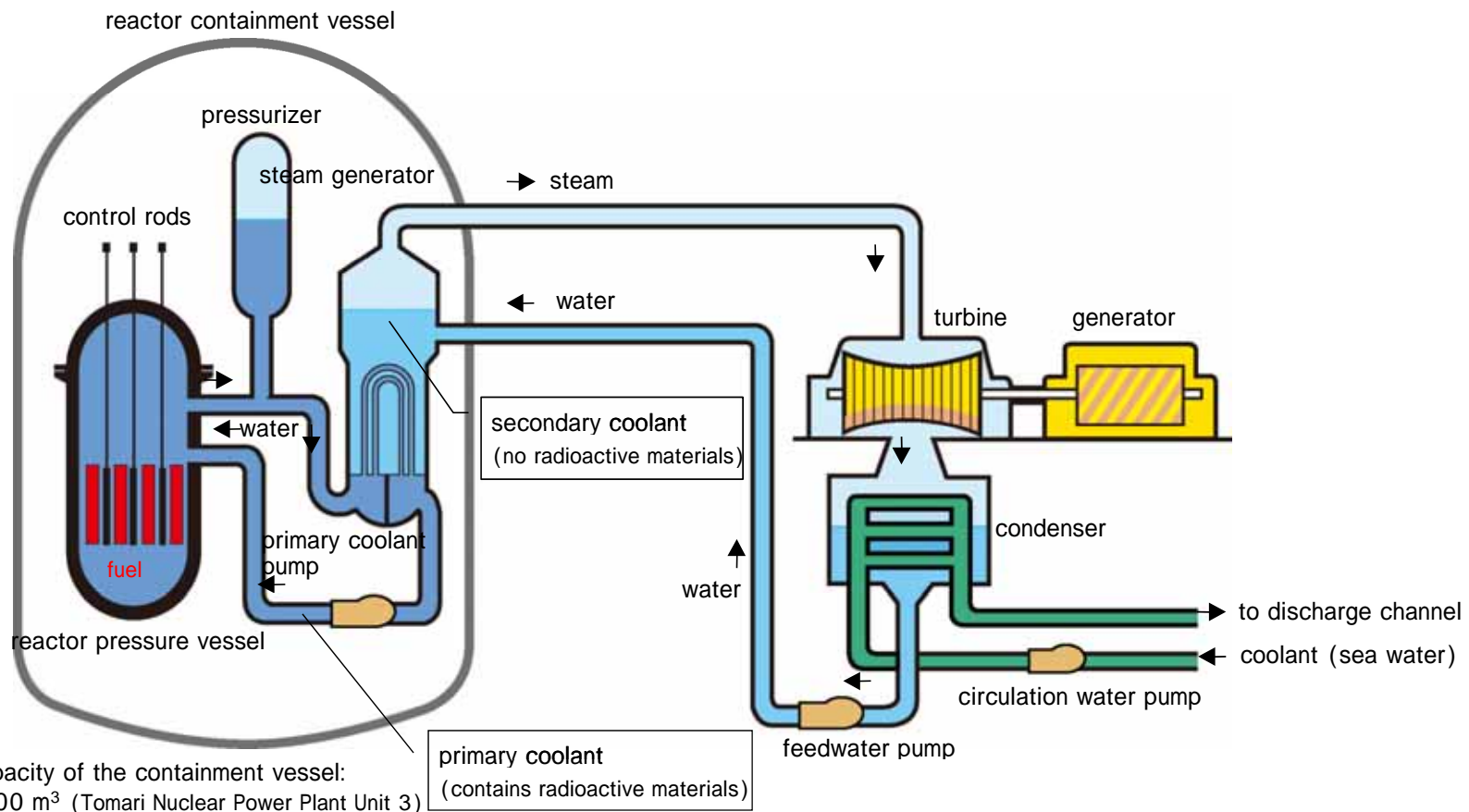
[Height of tsunami around Tomari Nuclear Power Plant (assessment sample)]



\* 9.8m is the maximum water level considering the water level at high tide.

# Nuclear Power - Mechanism of a Pressurized Water Reactor (PWR)

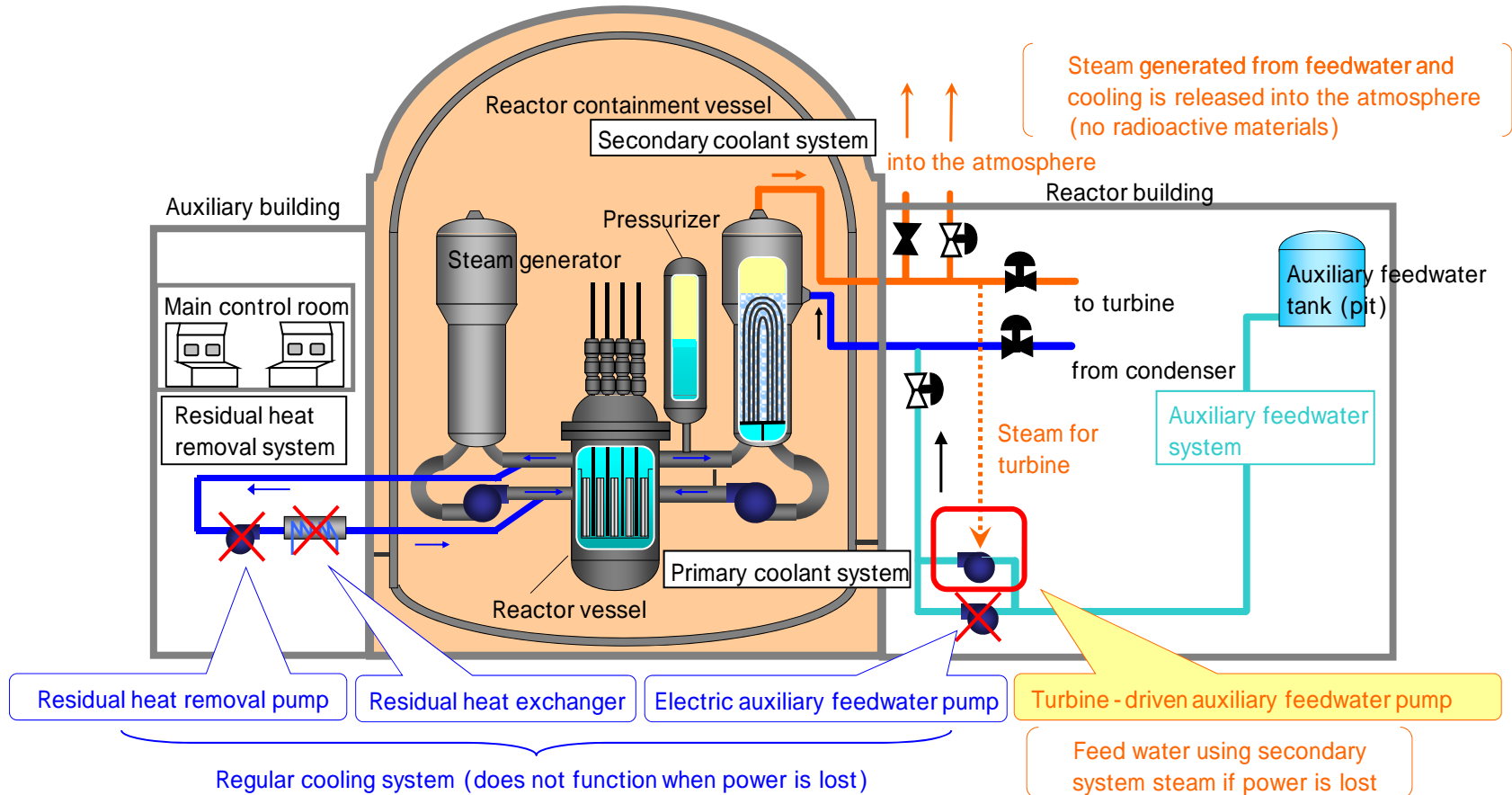
- There are two types of nuclear power plant: the Boiling Water Reactor (BWR) and the Pressurized-water Reactor (PWR).
- The key difference between the two is that in a BWR, steam for driving the turbine is generated inside the reactor, while in a PWR, the heat is transferred to a separate, non-radioactive water (secondary cooling water) which then generates the steam.



# Nuclear Power - System for Cooling the Core when Emergency Power Supply Is Lost

Tomari Nuclear Power Plant has a turbine-driven auxiliary reactor feedwater pump, which is driven by steam to cool the core from the secondary coolant system even if the emergency generators and sea water pumps fail.

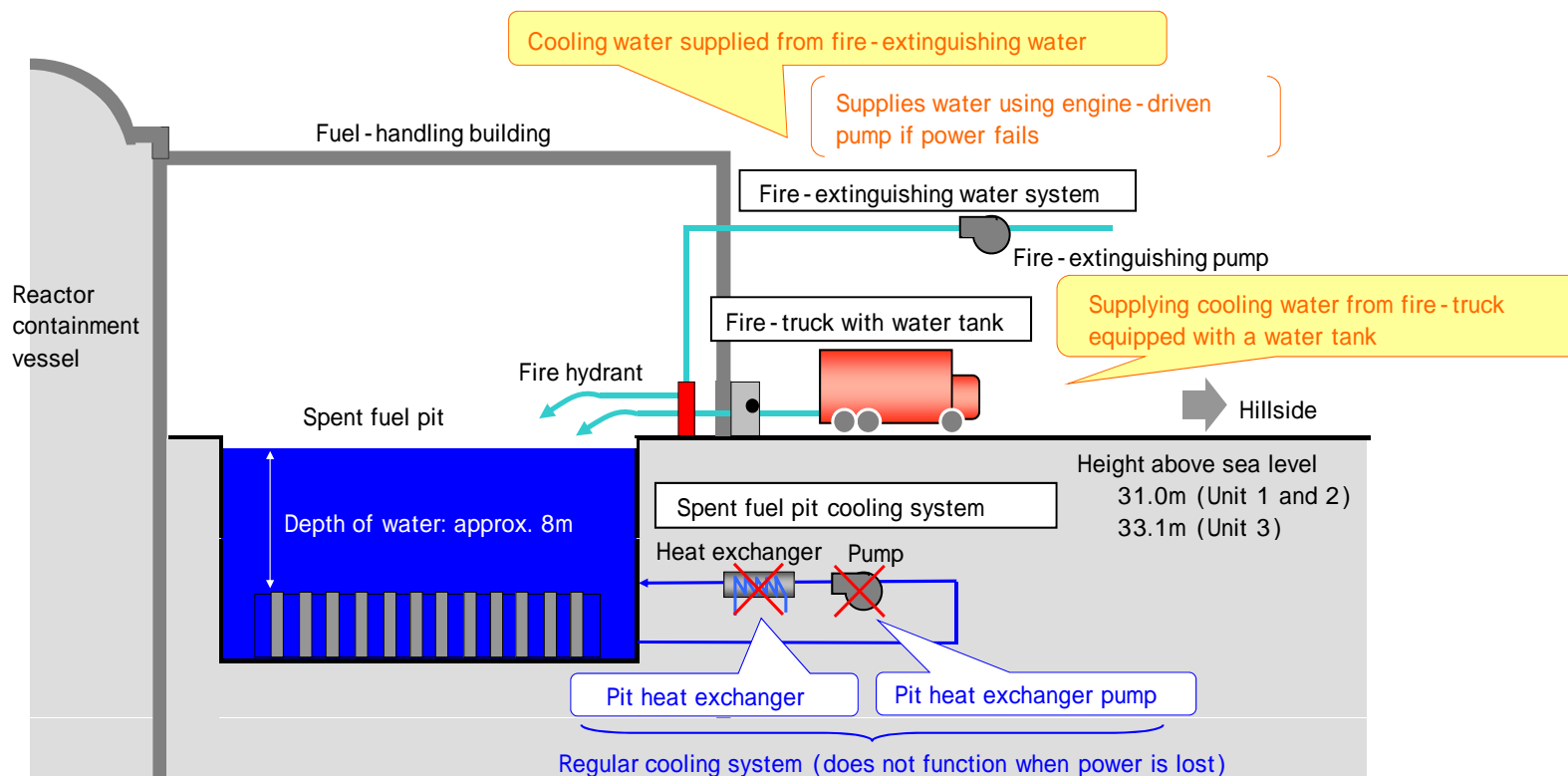
## Core cooling using a turbine-driven auxiliary reactor feedwater pump



# Nuclear Power - Cooling the Spent Fuel Pit when Emergency Power Supply Is Lost

- At Tomari Nuclear Power Plant, the spent fuel pit is located in a separate hillside building outside the reactor building.
- Even if emergency generators and sea water pumps fail due to a tsunami, the spent fuel pit can be cooled using fire-fighting water supply and cooling water carried via the hillside road (31 meters above sea-level) by a fire-truck equipped with a water tank.

## Water supply when the spent fuel pit-cooling function is lost



# Nuclear Power - Urgent Safety Measures #1



"Implementation of Emergency Safety Measures in Nuclear Power Plants following the Accident at Fukushima Dai-ichi and Dai-ni Nuclear Power Stations (Minister's Instructions)", March 30, 2011, Ministry of Economy, Trade and Industry (METI)

April 22: Emergency safety measures taken at Tomari Nuclear Power Plant were reported to METI, together with their implementation status.

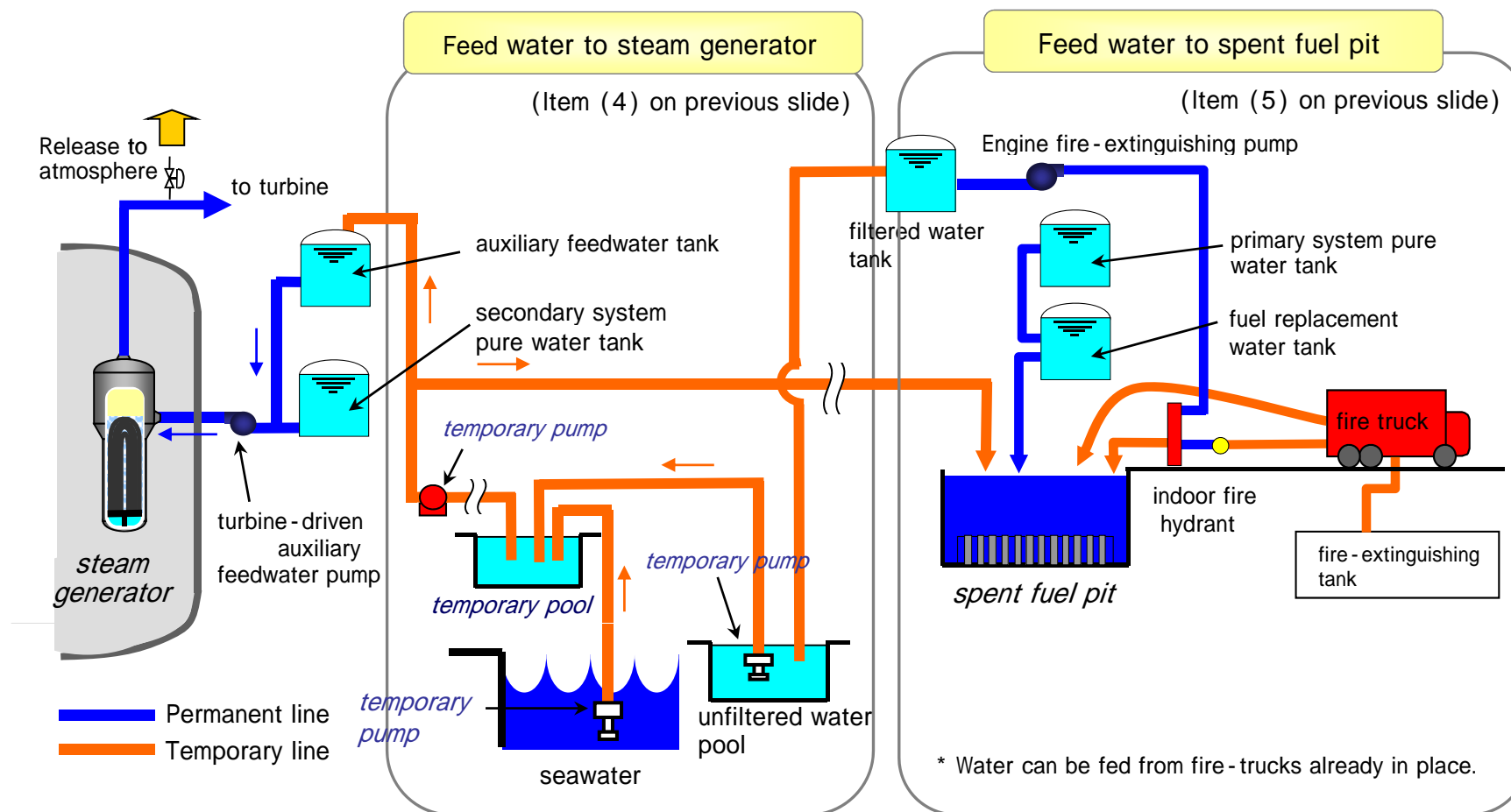
May 6: Nuclear and Industrial Safety Agency commented that the emergency measures are being implemented appropriately.

Actions instructed	Actions taken by Tomari Nuclear Power Plant (reported on April 22)	Completed
(1) Emergency inspection	·The equipment and facilities for responding to tsunami-related emergencies were inspected, and it was confirmed that there are no anomalies.	April 20
(2) Checking the emergency response plan, and conducting a drill	·Enhancement of operation procedures in case of a total loss of AC power supply, and conducting a drill based on the procedure	April 22
(3) Securing power supply in case of emergency	·Alternate power supply using power generation vehicles (one 3.2MW vehicle deployed)	March 18
(4) Securing final heat removal measures in case of emergency	·Back-up water supply to steam generators (deployment of temporary pumps and hoses)	April 18
(5) Securing means for cooling the spent fuel pits	·Back-up water supply to spent fuel pits (deployment of temporary pumps and hoses)	April 18
(6) Implementing measures needed in the short-term depending on the structure of each nuclear power station	·Improved waterproofing of areas containing key safety equipment (installing rubber packing on doors, etc.)	April 22

## Nuclear Power - Urgent Safety Measures #2

### ■ Back-up water supply in case of emergency

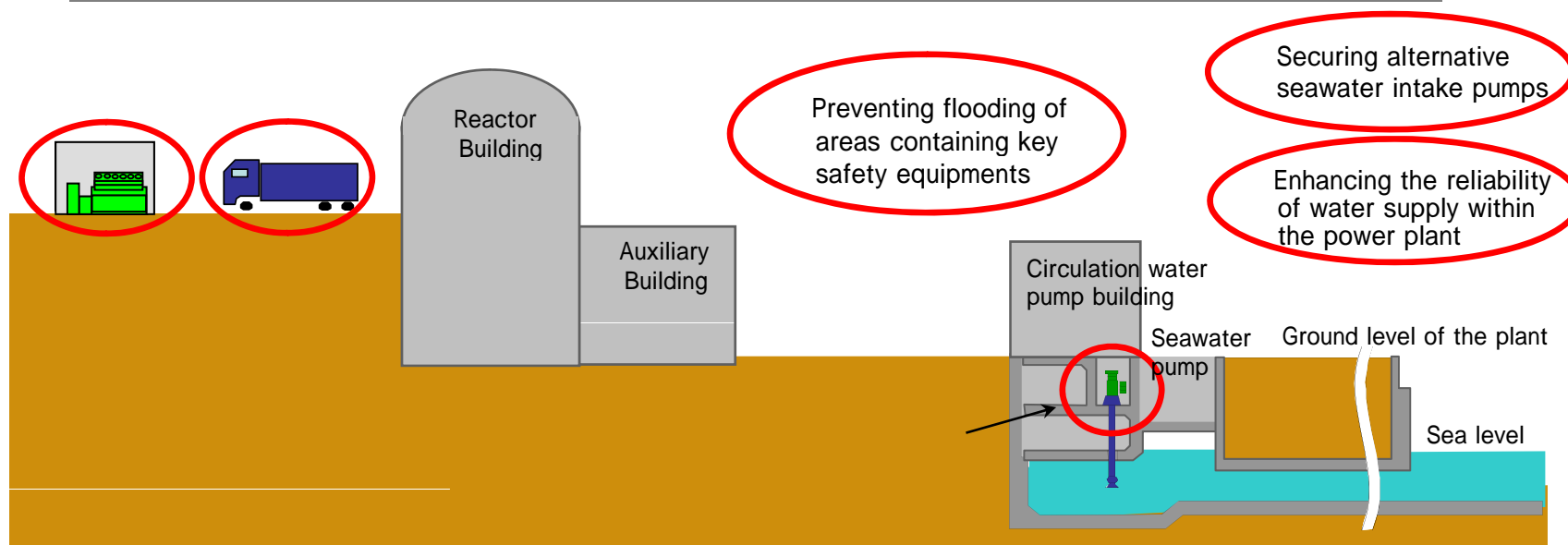
- ・ Temporary pumps and hoses provided to supply water to steam generators and spent fuel pits



## Nuclear Power - Mid- and Long Term Measures

HEPCO will implement mid- and long-term measures at its own initiative to raise safety levels, as well as emergency safety measures which has been already in place.

Within about one year	Securing alternative seawater intake pumps
Within about 2 years	Securing back-up motors for seawater pumps Deploying additional power generation vehicles
Within about 3 years	Preventing flooding of areas containing key safety equipments (Installation of water-resistant doors, water-resistant walls around the Buildings, etc.)
Within about 4 years	Enhancing the reliability of water supply within the power plant (securing water which is reliable against earthquakes and tsunamis)
-	Deploying additional emergency power generators



## Nuclear Power - Support to the Disaster Areas

- HEPCO set up a task force immediately after the quake to support the Tohoku and Tokyo Electric Power Companies, and provided the maximum possible support.
- The support consisted of continuous efforts such as sending support personnel and providing vehicles in addition to a power interchange of 600 MW, which is the maximum capacity of the Kitahon HVDC Link.

### ■ Summary of Support (as of April 15, 2011)

	HEPCO	Power Companies Total (Ref.)
Electric power interchange	Max. 600 MW (maximum capacity of the Kitahon HVDC Link)	Max. 1,600 MW
Personnel dispatched	Max. 214 people (patrol and repair of distribution lines, radioactivity measurement, etc.)	Max. 1,309 people
Vehicles	Max. 149	Max. 533
Power generation vehicles	Max. 40	Max. 102
Aerial work platforms, pole setters, etc.	Max. 109	Max. 431
Donations	120 million JPY (including group companies)	Approx. 1.4 billion JPY

Note: Power companies total is based on documents from FEPC.  
 "Power companies" consist of the eight general power generating companies excluding TEPCO, and JAPC, J-POWER and JNFL.  
 The personnel dispatched include those from group companies and cooperating companies.



Recovery efforts in Ishinomaki City



Providing power generation vehicles

## Nuclear Power - “Plu-thermal”(plutonium thermal) and Nuclear Capacity Ratio

### Promotion of the Plu-thermal plan with top priority on safety

- HEPCO has been working to implement a Plu-thermal program (utilization of plutonium in light water reactors), in order to secure a long-term stable supply of energy.
- The approval of alteration in reactor establishment license was obtained in November 2010. HEPCO will proceed with the plan with the highest priority on safety, with the understanding of all the parties involved.

< Overview of Plutonium-Thermal Project >

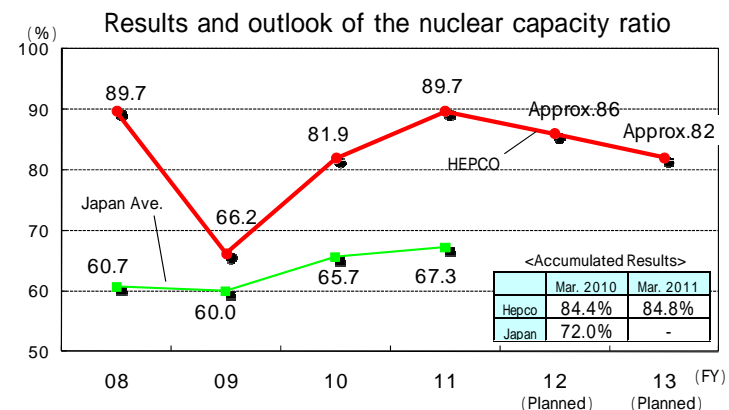
Power Plant	Tomari Nuclear Power Plant Unit 3
Start of operation(planned)	FY2013 or FY2014
Number of MOX fuel assemblies to be used	40 rods (one forth of 157 rods in total) or less (4 rods for the first use)
Fabrication company of MOX fuel	Mitsubishi Nuclear Fuel CO., LTD. (Producer: MELOX in France)

< General Data of Tomari Nuclear Power Plant >

	Unit 1	Unit 2	Unit 3
Installed Capacity	579MW	579MW	912MW
Type of Reactor	PWR		
Start of Commercial Operation	June 1989	April 1991	December 2009
Operating Status	Periodic inspection	Commercial operation	Periodic inspection (test-operation)

### Nuclear Capacity Ratio

- Further safety improvement and continued stable operation of the Tomari Nuclear Power Plant
- Effort to enhance maintenance activities under a new inspection framework



# Financial Results - Electricity Sales



(GWh, )

	April 1, 2010 – March 31, 2011 (A)	Forecast announced in April, 2010 (B)	April 1, 2009 – March 31, 2010 (C)	Comparison with forecast announced in April, 2010		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	2,780	2,749	2,642	31	101.1	138	105.2	4.8	(1.9)	(1.0)
May	2,646	2,561	2,496	85	103.3	150	106.0	11.1	(1.8)	0.0
June	2,269	2,260	2,202	9	100.4	67	103.1	18.0	1.8	2.6
1Q	7,695	7,570	7,340	125	101.7	355	104.8	-	-	-
July	2,451	2,362	2,344	89	103.8	107	104.6	21.3	2.6	1.8
August	2,583	2,540	2,486	43	101.7	97	103.9	23.8	3.2	2.7
September	2,627	2,514	2,477	113	104.5	150	106.0	19.1	2.1	2.1
2Q	7,661	7,416	7,307	245	103.3	354	104.8	-	-	-
First Half Year	15,356	14,986	14,647	370	102.5	709	104.8	-	-	-
October	2,461	2,446	2,409	15	100.6	52	102.2	11.9	0.1	1.0
November	2,552	2,618	2,598	(66)	97.5	(46)	98.2	5.4	0.8	1.2
December	2,681	2,717	2,623	(36)	98.7	58	102.2	0.3	1.7	1.8
3Q	7,694	7,781	7,630	(87)	98.9	64	100.8	-	-	-
January	3,310	3,239	3,262	71	102.2	48	101.5	(4.7)	(2.0)	(0.1)
February	3,025	3,081	2,981	(56)	98.2	44	101.5	(1.8)	1.8	2.5
March	2,917	2,875	2,931	42	101.5	(14)	99.5	0.0	0.6	0.5
4Q	9,252	9,195	9,174	57	100.6	78	100.9	-	-	-
Later Half Year	16,946	16,976	16,804	(30)	99.8	142	100.9	-	-	-
Total	32,302	31,962	31,451	340	101.1	851	102.7	-	-	-

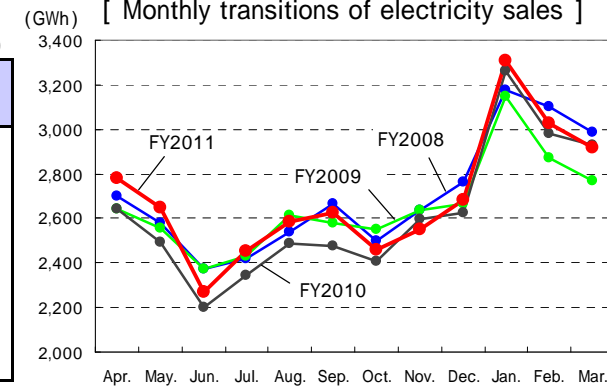
## Financial Results - Electricity Sales (compared with the forecasts announced in Oct. 2010)

■ Actual results of electricity sales for April 1, 2010-March 31, 2011  
(Comparison with forecasts announced in October 2010)

	April 1, 2010 - March 31, 2011 (A)	Forecast announced in Oct., 2010 (B)	Increase/ Decrease (A) - (B)	Comparison (A) / (B) %	Major factors for increase/decrease
Residential	12,124	12,163	(39)	99.7	Decrease in demand for air conditioning (heating) attributed to the high temperature of winter.
Commercial and industrial	2,507	2,517	(10)	99.6	
Subtotal	14,631	14,680	(49)	99.7	
Eligible customers	17,671	17,772	(101)	99.4	
Total	32,302	32,452	(150)	99.5	

(GWh)

[ Monthly transitions of electricity sales ]



[Reference] General Economic Conditions within the Jurisdiction in Recent Years (Hokkaido Bureau of Economy, Trade and Industry)

- Production activities show signs of recovery in certain areas, but are affected by the Great East Japan Earthquake in the short term.
- The recovery of private spending has slowed, and the situation remains difficult.
- The employment situation is difficult but showing signs of improvement.
- Housing construction is gradually recovering.
- Private facility investment is low but showing signs of recovery.
- Public works are increasing.

			FY2009	FY2010	Sep. 2010	Oct.	Nov.	Dec.	Jan.2011	Feb.	
Building	Housing	New Privately-Owned Housing	Hokkaido	(15.0)	(23.4)	7.8	6.8	(15.0)	(5.2)	61.2	30.8
	Investment	Units Started (year-on-year, %)	Japan	0.3	(25.4)	17.7	6.4	6.8	7.5	2.7	10.1
Industrial	Industrials	Industrial Production Index (year-on-year, %)	Hokkaido	(7.8)	(6.2)	5.6	(1.0)	2.4	(0.1)	1.9	2.7
			Japan	(12.7)	(8.9)	11.5	4.3	5.8	4.9	3.5	2.8
Employment	Active job openings-to-applicants	Ratio (times)	Hokkaido	0.43	0.35	0.43	0.45	0.44	0.42	0.42	0.44
			Japan	0.74	0.42	0.52	0.54	0.55	0.56	0.59	0.61
Personal	Consumption	Large Scale Retail Store Sales Value (Total) (year-on-year, %)	Hokkaido	(2.2)	(1.4)	(3.1)	1.4	(2.4)	(1.7)	(2.3)	1.3
			Japan	(2.8)	(5.3)	(1.0)	1.2	0.5	(1.6)	(0.6)	1.0
Public	Investment	Value of Public Construction (year-on-year, %)	Hokkaido	(2.9)	9.3	(30.0)	(39.8)	(22.7)	14.7	89.4	(10.5)
			Japan	0.1	4.9	(18.8)	(18.1)	(6.3)	(18.1)	(9.9)	4.2

Corporate hearing survey on production activities

[Foodstuff]

Since the earthquake on March 11, orders for PET bottle drinks have soared. However, production cannot be increased fast enough to meet the demand due to shortages of materials such as lids and labels, in addition to the problem with factory production capacity.

[Paper and Pulp]

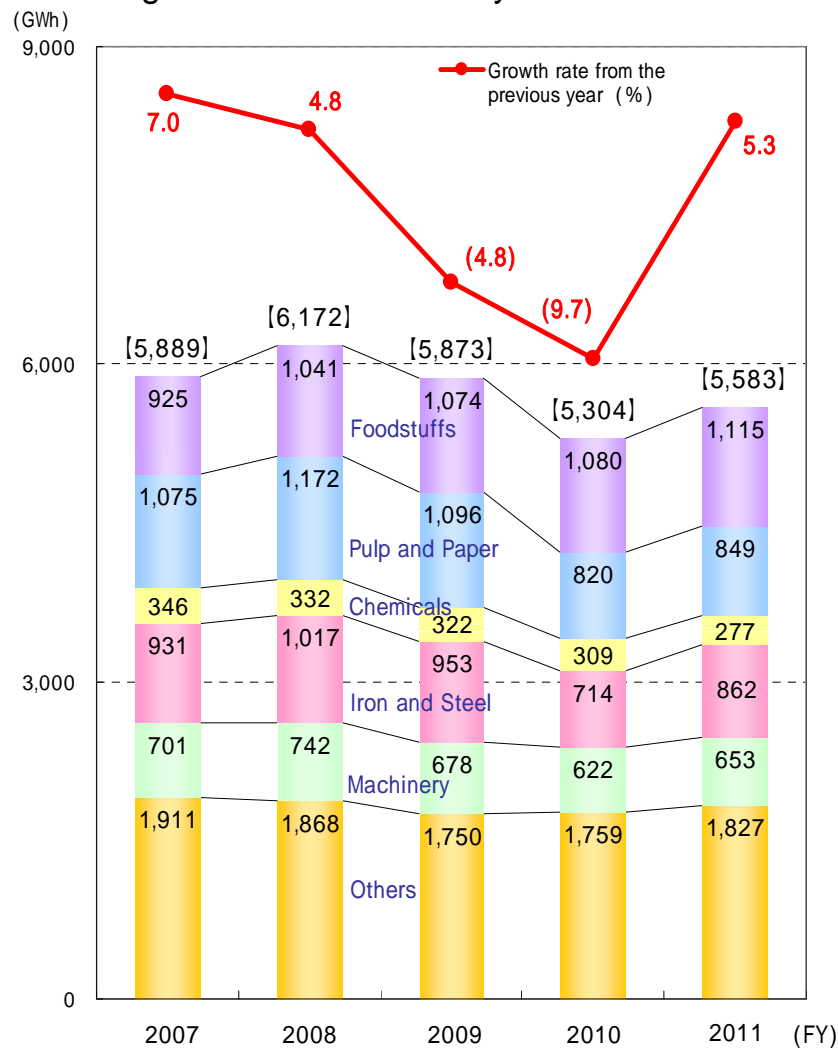
In spite of some production activities in alternative facilities to affected factories, demand for newspaper rolls is decreasing due to voluntary restraint on advertising since the earthquake.

[Transport machinery]

While the trend was rising until February, production has plunged since the earthquake due to the stoppage of finishing factories. Future production volume is difficult to predict, as it depends on the time of re-opening of finishing factories and production level after the re-opening.

# Financial Results - Large Industrial Electricity Sales

## Large Industrial Electricity Sales



## Details of FY2011

[Composition of Large industrial electricity sales by sector and Growth rate from the previous year]

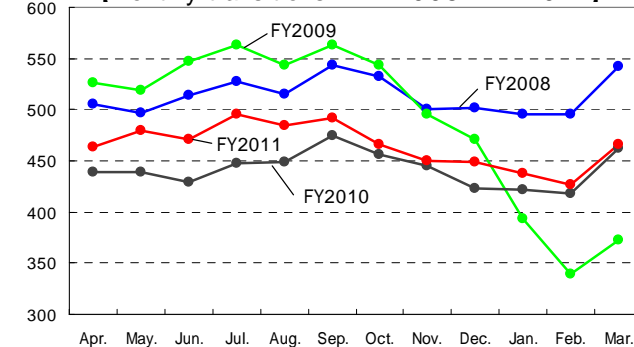
Electricity demand increased compared to the previous year due to the rebound from the significant drop in production adjustments in the steel industry, etc.

	Growth rate from the previous year (%)	Composition (%)	(Reference) Nation-wide composition (%)
Foodstuffs	3.2	20.0	6.3
Pulp and Paper	3.5	15.2	3.5
Chemicals	(10.2)	5.0	10.0
Iron and Steel	20.9	15.5	13.0
Machinery	4.9	11.7	26.4
Others	3.9	32.6	40.8
<b>Total</b>	<b>5.3</b>	<b>100.0</b>	<b>100.0</b>

## [Monthly transitions] Growth rate from the previous year (%)

	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
	5.4	9.4	9.9	10.4	8.2	3.7	2.2	1.1	6.1	4.0	2.1	1.0
Breakdown by major industries (recent 6 months)	Foodstuffs		0.9	2.9	1.9	1.6	1.1	2.8				
	Pulp and Paper		17.4	(5.1)	18.6	17.5	3.9	2.7				
	Chemicals		(16.6)	(12.0)	(12.2)	(16.0)	(7.3)	(2.0)				
	Iron and Steel		0.7	2.9	31.4	11.5	15.7	11.4				
	Machinery		(1.6)	1.8	2.9	2.4	1.7	(7.5)				

## [Monthly transitions in FY2008 - FY2011]



# Financial Results - Expense breakdown (non-consolidated)



## ■ Personnel

(Billion yen)

		April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	Increase/ Decrease (A) - (B)	Major factors for increase/decrease
Personnel		55.2	56.4	(1.1)	・ Amortization of actual difference ; (1.4) [(3.4) (4.8)]
Break down	Retirement benefits	(1.4)	1.1	(2.6)	
	Salary etc.	56.7	55.2	1.4	

### [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.

(Billion yen)

FY of accrual of the income	Amount accrued	Amortization of the previous year	April 1, 2010 – March 31, 2011		
			Amortization	Unamortized Balance	Ending FY (remaining year)
2005	1.5	0.1	-	-	-
2006	(0.0)	(0.0)	(0.0)	-	-
2007	(17.1)	(3.4)	(3.4)	(3.4)	2012 [1 year]
2008	(5.2)	(1.0)	(1.0)	(2.1)	2013 [2 years]
2009	4.9	1.0	1.0	2.9	2014 [3 years]
2010	(6.7)	-	(1.3)	(5.4)	2015 [4 years]
2011	(1.8)	-	-	(1.8)	2016 [5 years]
Total		(3.4)	(4.8)	(9.7)	

# Financial Results - Expense breakdown (non-consolidated)



## Fuel and Purchased Power

(Billion yen)

		April 1, 2010 - March 31, 2011 (A)	April 1, 2009 - March 31, 2010 (B)	Increase/ Decrease (A) - (B)	Major factors for increase/decrease
Fuel and Purchased Power		121.2	124.0	(2.7)	<ul style="list-style-type: none"> <li>Increase in nuclear power output ; (18.1)                      [ Including the decrease in fuel costs due to the commercial operation of Tomari Nuclear Power Plant Unit 3 through the year ; (8.8)                      [(39.7) (48.5)] ]</li> </ul>
Break down	Fuel	81.9	85.0	(3.0)	<ul style="list-style-type: none"> <li>Increase in electricity sales ; 5.0                      [31.5TWh 32.3TWh]</li> </ul>
	Purchased Power	39.3	39.0	0.2	<ul style="list-style-type: none"> <li>Rise in fuel prices ; 4.7                      [ Foreign exchange[yen appreciation] ; (5.6)                      Rising CIF crude oil price ; 6.0                      Rising CIF coal price ; 4.3 ]</li> </ul>

## Key Factors

	April 1, 2010 - March 31, 2011 (A)	April 1, 2009 - March 31, 2010 (B)	Increase/ Decrease (A) - (B)
Foreign Exchange Rate (yen/\$)	86	93	(7)
CIF Crude Oil Price (\$/bl)	84.3	69.4	14.9
CIF Coal Price (\$/t)	112.4	97.9	14.5

# Financial Results - Expense breakdown (non-consolidated)



## Maintenance

(Billion yen)

		April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	Increase/ Decrease (A) - (B)	Major factors for increase/decrease
Maintenance		91.0	80.8	10.2	<ul style="list-style-type: none"> <li>· Increase in number of periodically inspected units at the Tomari Nuclear Power Plant ; 4.4 [ 1 unit 2 units ]</li> <li>· Increase in periodic inspection costs of thermal power plants ; 4.4                      [ Implementation of extensive periodic inspection at overseas coal-fired thermal power plants, etc. ]</li> </ul>
Break down	Generation	51.3	41.3	10.0	
	Power-distribution	37.4	37.2	0.1	
	Others	2.2	2.2	0.0	

## Depreciation

(Billion yen)

		April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	Increase/ Decrease (A) - (B)	Major factors for increase/decrease
Depreciation		102.2	108.7	(6.5)	<ul style="list-style-type: none"> <li>· Fixed percentage effect ;(13.3)</li> <li>· New acquisition of property, etc. ; 6.8</li> </ul> [ Decrease in depreciation of Tomari Nuclear Power Plant Unit 3 ;(6.8) [ 42.0 35.2 ] included in “Fixed percentage effect” and “New acquisition of property, etc.” ]
Break down	Generation	65.7	72.8	(7.1)	
	Power-distribution	32.7	32.2	0.4	
	Others	3.7	3.6	0.1	

# Financial Results - Expense breakdown (non-consolidated)



## Interest Expenses

(Billion yen)

	April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	Increase/ Decrease (A) - (B)	Major factors for increase / decrease
Interest Expenses	14.4	15.0	(0.6)	· Decline in Interest, etc.

## Other Expenses

(Billion yen)

	April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	Increase/ Decrease (A) - (B)	Major factors for increase / decrease
Other Expenses	139.8	130.8	9.0	· Increase in nuclear power back-end costs ; 2.9 · Increase in taxes and other public charges ; 2.9

\* “Other Expenses” includes non-operating expenses except interest expenses.

## Nuclear power back-end costs (included in “Other expenses”)

(Billion yen)

		April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	Increase/ Decrease (A) - (B)	Major factors for increase / decrease
Nuclear power back-end costs		19.3	16.3	2.9	· Increase in nuclear power output, etc. [ Including nuclear power back-end costs of Tomari Nuclear Power Plant Unit 3 ; 2.9 [ 3.9 6.8 ]
breakdown	Expenses for reprocessing of irradiated nuclear fuel	10.1	9.0	1.0	
	Expenses for preparation of the reprocessing of irradiated nuclear fuel	2.2	1.7	0.5	
	Expenses for disposal of specified radioactive wastes	2.9	2.5	0.3	
	Expenses for decommissioning of nuclear power units	4.0	3.0	1.0	

# Financial Results - Key Factors and Sensitivity Factors



## ■ Key Factors

	April 1, 2009 - March 31, 2010	April 1, 2010 - March 31, 2011		April 1, 2011 - March 31, 2012	
		Actual (A)	Forecast announced in January, 2011	Forecast (B)	Increase/Decrease (B) - (A)
Foreign Exchange Rate [yen/\$]	93	86	Approx. 88	Approx. 85	Approx. (1)
CIF Crude Oil Price[\$/bl]	69.4	84.3	Approx. 80	Approx. 110	Approx. 26
Water Flow Rate[%]	108.0	112.9	Approx. 112	Approx. 100	Approx. (13)
Nuclear Capacity Ratio[%]	81.9	89.7	Approx. 89	Approx. 86	Approx. (4)
Interest (on average) [%]	1.71	1.62	Approx. 1.64	Approx. 1.53	Approx. (0.1)

\* Amount of power generated in trial operation is excluded from the calculation of nuclear capacity ratio.

\* Forecast announced in January, 2011 is not changed from forecast announced in October, 2010.

## ■ Sensitivity Factors

(Billion yen)

	April 1, 2009 - March 31, 2010	April 1, 2010 - March 31, 2011		April 1, 2011 - March 31, 2012	
		Actual (A)	Forecast announced in January, 2011	Forecast (B)	Increase/Decrease (B) - (A)
Foreign Exchange Rate [1yen/\$]	0.7	0.8	Approx. 0.7	Approx. 1.1	Approx. 0.3
CIF Crude Oil Price [1\$/bl]	0.4	0.4	Approx. 0.4	Approx. 0.4	same level
Water Flow Rate [1%]	0.5	0.3	Approx. 0.3	Approx. 0.3	same level
Nuclear Capacity Ratio [1%]	1.3	0.9	Approx. 0.9	Approx. 1.1	Approx. 0.2
Interest [1%]	0.9	1.2	Approx. 1.2	Approx. 1.3	Approx. 0.1

# Financial Results – Segment Information



(Billion yen)

		Reportable segment			Eliminations	Consolidated
		Electric	Other	Total		
Operating revenue	April 1, 2010 – March 31, 2011 (A)	545.5	101.7	647.2	(81.0)	566.2
	April 1, 2009 – March 31, 2010 (B)	526.4	99.6	626.0	(76.7)	549.3
	Increase/Decrease (A) - (B)	19.1	2.0	21.2	(4.2)	16.9
Operating income	April 1, 2010 – March 31, 2011 (A)	38.5	4.2	42.8	0.3	43.1
	April 1, 2009 – March 31, 2010 (B)	26.8	4.2	31.1	0.5	31.6
	Increase/Decrease (A) - (B)	11.6	0.0	11.7	(0.2)	11.5

## Reportable segment

Electric	Supply of electricity
Other	Electric/telecommunications works, overall management of buildings, civil engineering and construction, periodic inspection/maintenance/repair works at the power plant, etc.

# Financial Results – Consolidated Statements of Comprehensive Income



## Consolidated Statements of Comprehensive Income

(Billion yen)

	April 1, 2010 – March 31, 2011 (A)	April 1, 2009 – March 31, 2010 (B)	Increase/ Decrease (A) - (B)
Income before minority interests	12.4	8.2	4.2
Other Comprehensive Income	(0.8)	2.4	(3.3)
Valuation difference on available-for-sale securities (included in “Other Comprehensive Income”)	(0.8)	2.4	(3.3)
Comprehensive Income	11.6	10.6	0.9
Comprehensive income attributable to owners of the parent (included in “Comprehensive Income”)	11.0	10.0	1.0
Comprehensive income attributable to minority interests (included in “Comprehensive Income”)	0.5	0.5	(0.0)

This material is compiled based on data available as of May 9, 2011. 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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