

# ANNUAL REPORT

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## 2009



Hokuriku Electric Power Company established on May 1, 1951, supplies electricity through integrated power generation, transmission and distribution systems as one of the ten general electricity utilities in Japan.

Our principle service area covers three prefectures, Toyama, Ishikawa and Fukui (with a combined total population of around 3.1 million in 12,600 km<sup>2</sup>), all located along the Sea of Japan in central Honshu.

At present (as of the end of March 2009), Hokuriku Electric Power Company serves approximately 2.08 million customers on contracts, including 1.82 million for lighting service and remaining 0.26 million for power supply service, and its electricity sales amounted to 28.2 billion kWh. In addition, we also supply wholesale electric power to other Japanese electric power companies, which amounts to approximately 7.8 billion kWh (in FY2008).

With the highest priority on building up a firm relationship of mutual trust with customers and keeping in mind that safety should come first, we aim at further improving the overall efficiency of our operations and management, while taking positive steps to diversify power sources with nuclear power as the principal element of our generating mix, secure a stable supply of electricity, maintain reliable power service and address global environmental challenges.

As a leading private corporation in the Hokuriku region, we actively participate in various projects for economic and cultural development of the local communities in our service area.



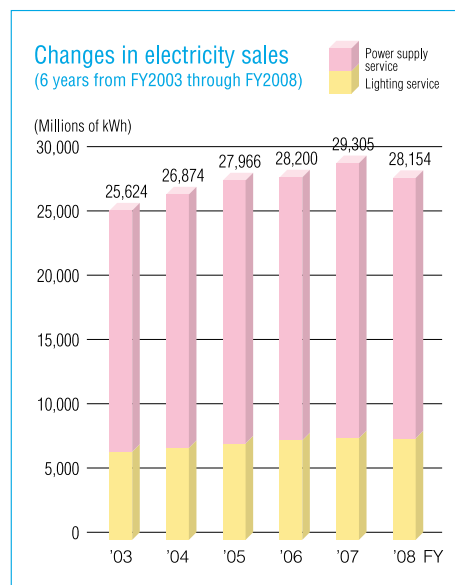
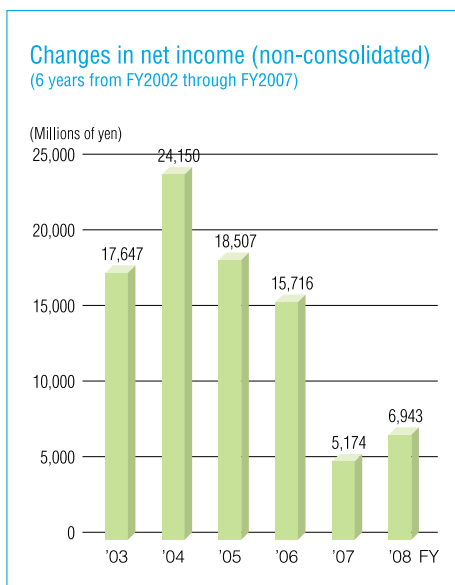
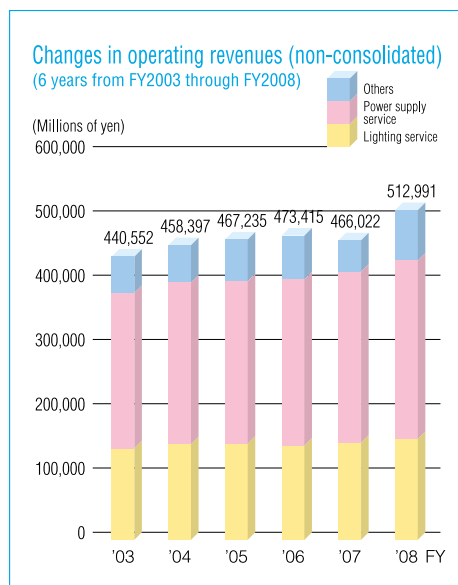
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# Highlights

	FY2008	FY2007	FY2008
<b>CONSOLIDATED</b>			
Operating revenues	524,600 millions of yen	477,911 millions of yen	5,353,071 thousands of U.S. dollars
Operating income	26,180 millions of yen	27,669 millions of yen	267,152 thousands of U.S. dollars
Net income	7,484 millions of yen	7,355 millions of yen	76,372 thousands of U.S. dollars
Net income per share	34.98 yen	34.36 yen	0.35 U.S. dollars
Total assets	1,453,915 millions of yen	1,516,703 millions of yen	14,835,874 thousands of U.S. dollars
<b>NON-CONSOLIDATED</b>			
Operating revenues	512,991 millions of yen	466,022 millions of yen	5,234,602 thousands of U.S. dollars
Operating income	22,549 millions of yen	24,359 millions of yen	230,100 thousands of U.S. dollars
Net income	6,943 millions of yen	5,174 millions of yen	70,851 thousands of U.S. dollars
Net income per share	32.45 yen	24.17 yen	0.33 U.S. dollars
Cash dividends	50 yen	50 yen	0.51 U.S. dollars
Total assets	1,421,427 millions of yen	1,481,102 millions of yen	14,504,365 thousands of U.S. dollars
Electricity sales	28,154 millions of kWh	29,305 millions of kWh	
Number of customers	2,081 thousands	2,082 thousands	
System peak load	5,691 MW	5,580 MW	
Generating capacity	7,962 MW	8,114 MW	
Hydroelectric	1,816 MW	1,816 MW	
Thermal	4,400 MW	4,400 MW	
Nuclear	1,746 MW	1,898 MW	

At the rate of ¥98 = U.S.\$1.00





Left, Chairman Fujio Shinki; Right, President Isao Nagahara

Hokuriku Electric Power Company has been committed to reform the corporate culture across our group. In this effort, we are pleased to announce that we successfully restarted the operation of Unit 1 of Shika Nuclear Power Station this March for the first time in two years, thanks to the consent of local residents. Its commercial operation resumed on May 13. We at Hokuriku Electric Power Company are determined to ensure the stable operation of Shika Nuclear Power Station with top priority on safety.

Regarding earthquake resistance safety, the Nuclear and Industrial Safety Agency and the Nuclear Safety Commission of Japan recognized in February that our Interim Report on the Assessment of Earthquake Resistance Safety of Unit 2 of Shika Nuclear Power Station was appropriate in light of the government's New Earthquake Resistance Guideline. In March, an appeal verdict dismissed the request to suspend the operation of Unit 2 of Shika Nuclear Power Station, a decision that acknowledged the soundness of the earthquake resistance safety of Unit 2, as we have long asserted and demonstrated. We will continue to affirm the earthquake resistance safety of the whole Shika Nuclear Power Station, adopting the latest findings under the Earthquake Resistance Safety Follow-up Committee, established in April. At the same time, we are determined to exert our utmost efforts to gain even greater confidence of local residents in our nuclear power station.

As regards the damage to low-pressure turbine blade, which occurred in July 2006 at Unit 2 of Shika Nuclear Power Station, we filed a claim for damage compensation against Hitachi, Ltd., which manufactured and delivered the turbine in question, to Tokyo District Court on May 26. In future, we at Hokuriku Electric Power Company will dedicate utmost attention to dealing with the lawsuit.

Hokuriku Electric Power Group will seek to enhance operational quality through responsible implementation of basic operations - including autonomous inspection and improvement at each workplace and

strengthened support for front-line employees on the field by lead management departments - so that the reform of corporate culture takes firm root in each and every employee.

Meanwhile, discussions on the post-Kyoto Protocol have gotten into full swing, as exemplified by medium-term CO<sub>2</sub> emissions reduction targets currently being reviewed in Japan. We will steadily promote renewable energy by expanding the introduction of hydropower, photovoltaics, wind, woody biomass co-firing power generation and other renewable energy with a focus on nuclear power to fulfill its obligation as an electric utility to realize a low-carbon society.

In addition, to respond to customers' needs for energy conservation and CO<sub>2</sub> reduction, we will recommend highly-efficient systems with a focus on the Eco Cute and heat pump systems, and offer consulting services on such new options.

At the same time, Hokuriku Electric Power Group will continue to make a group-wide commitment to ensure stability of electricity supply based on the understanding that reliable service of high-quality electricity at low cost remains the most important mission entrusted in our group. To achieve this objective, we will make exhaustive efforts for the safe and stable operation of our nuclear power plants and steadily launch measures to maintain and improve the reliability and functions of power generation and distribution facilities.

As we face a tough business climate in which significant drop in electricity sales is projected, we will take aggressive steps to stabilize our financial balance and consolidate our operating base for stable supply. To this end, we will take aggressive steps to ensure efficient maintenance, operation and procurement of equipment and facilities with top priority on safety, and drastically review all costs and expenses to supply electricity to local residents at lowest rates in the nation.

In the future, we will continue to support local revitalization and social contribution programs as a company based in the Hokuriku region along Hokuriku Electric Power Group Medium Term Management Policy 2010. Each employee of our group is eager to work with integrity and determination to reform our corporate culture and recreate the Hokuriku Electric Power Group as an entity that appeals to people.

For this purpose, we request your continued support and understanding of our business operations.

Fujio Shinki  
Chairman of the Board

Isao Nagahara  
President



## Glimpse of Hokuriku Region

The Hokuriku region, our service area, is conveniently situated within 300 km of Japan's three major metropolitan areas - Tokyo, Osaka and Nagoya. This geographical advantage combines with a desirable natural environment and an abundant labor force to give the Hokuriku region great growth potential and a promising future.

The combined gross domestic product of the three prefectures in the Hokuriku region - Toyama, Ishikawa and Fukui - reached ¥12.4 trillion (in nominal terms in FY2006), which is almost equivalent to the GDP level of the Philippines.

As the gateway to the nations bordering the Sea of Japan, the Hokuriku region has recently come to be considered the frontiers of new developments in the 21st century.

The development and expansion of transportation systems have reduced the traveling time between Hokuriku and other regions of Japan, particularly the three major metropolitan areas, leading to further promotion of human and economic exchanges.

In the railway sector, the Tokyo-Nagano section of the Hokuriku Shinkansen bullet train service has gone into commercial operation while the construction work of the Nagano-Kanazawa and some other sections is well underway.

In the road transportation sector, the Hokuriku Expressway has gone into full operation, and the Tokai-Hokuriku Expressway was also brought into full operation in July 2008. The Noetsu Expressway has also partly come into service.

In the air transportation sector, on the other hand, Noto Airport was opened in July 2003, in addition to Komatsu and Toyama Airports that have been further internationalized.

In the sea transportation sector, projects are in progress to enhance the facilities at important seaports, including Fushiki Toyama, Nanao, Kanazawa and Tsuruga ports, of which the first is designated as a special important port.

Hokuriku has a rich cultural heritage and a wealth of scenic and historic sites,



▲ Tateyama chain of mountains

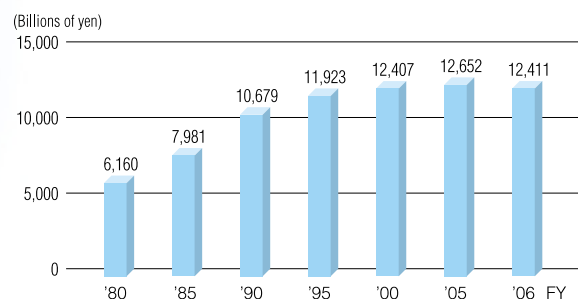
and many traditional crafts fostered by the cultural climate of the region are still thriving.

To the east lie the Japan Alps, a range of mountains rising 3,000 meters above the sea. From these mountains flow the rivers that provide Hokuriku with plentiful water resources. The low-cost, abundant hydroelectric power generated by abundant water resources of these rivers led to early development of the heavy chemical industries such as steel, chemical and textile industries. In addition to its role as a major production center for aluminum products, machinery and other goods, Hokuriku is home to numerous world-famous enterprises and is the leading industrial region along the Sea of Japan.

In recent years, the Hokuriku region has attracted an increasing number of companies in frontier industries such as manufacturing telecommunications equipment and semiconductors, and software programming that have set up manufacturing bases and research facilities. As the pace of economic globalization is accelerated, more and more companies are choosing the region to enhance the competitiveness with the global market in mind.



### Changes in gross domestic product of the Hokuriku region



### Resumption of commercial operation of Units 2 and 1 of Shika Nuclear Power Station in June 2008 and May 2009

Unit 2 of Shika Nuclear Power Station was shut down in July 2006 after sustaining damage to its low-pressure turbine blade. Since then, we at Hokuriku Electric Power Company have diligently conducted works to improve seismic safety margin while installing straightening vanes on the turbine and implementing a general inspection of safety and recurrence prevention measures associated with criticality accident that occurred at Unit 1. In March 2008, we made a request to Shika-machi, Ishikawa Prefecture regarding the restarting of Unit 2. After obtaining the consent of local residents, the unit was restarted to resume commercial operation in June 2008.

Regarding Unit 1, which was shut down in March 2007 due to inappropriate handling of matters pertaining to the criticality accident, we have since made earnest, company-wide efforts to conduct a general inspection of safety measures associated with criticality accidents and institute recurrence prevention measures. After the unit passed the government's special periodical inspection and works to improve seismic safety margin were completed, we made a request to Shika-machi, Ishikawa Prefecture regarding the restarting of Unit 1. After obtaining the consent of local residents, the unit was restarted to resume commercial operation in May 2009.



▲ Shika Nuclear Power Station

### Establishment of “Emergency Management Response Headquarters 2008” for compilation of efficiency improvement measures and steps to expand the introduction of renewable energy

We formed the “Emergency Management Response Headquarters 2008,” which put together efficiency improvement measures worth approx. 5 billion yen aimed at improving the company's financial balance and steps to expand the introduction of renewable energy including hydropower, photovoltaics, wind and biomass, as well as other measures (October).

Also, we submitted an application to the Ministry of Economy, Trade and Industry on the trial implementation of an integrated, domestic market for emissions trading (December).

### Active promotion of highly efficient electric appliances and dissemination of fully electrified houses that contribute to energy conservation and CO<sub>2</sub> reduction. Electricity sales in FY2008, on the other hand, fell below the year-earlier level for the first time in seven years due to economic deterioration

We actively launched activities to recommend our customers energy-saving, CO<sub>2</sub>-reducing options with an emphasis on products such as Eco Cute and heat pump air conditioning systems.

On the other hand, business climate in the Hokuriku region deteriorated as a result of production cutbacks and sluggish export growth, reflecting rapid economic downturn triggered by the financial crisis that began in the U.S.

Consequently, electricity sales in FY2008 totaled 28.154 billion kWh, down 3.9% from the previous fiscal year result, hovering below the year-earlier level for the first time in seven years since FY2001.

### Active promotion of community service activities that take advantage of managerial resources including “Activities for giving back to the forests” and other community-based environmental protection activities and publication of book on Mixed-Euler method, developed by Hokuriku Electric Power Company

- We launched the campaign “Thank you for the blessing of water! Activities for giving back to the forests” and took part in tree-planting and other volunteer activities (October).
- We manufactured and distributed original eco bags and actively participated in clean-up activities near our business offices and around employees' residences.
- All facilities of “Transformer Recycling Center” commenced operation with the operation start of a “container treatment facility” that neutralizes and recycles pole transformer containers (April).
- We supplied small electric buses for use as shuttle buses during the G8 Hokkaido Toyako Summit (July).
- We published a book on the Mixed-Euler method, which is kept in some 100 libraries across Japan.



▲ “Thank you for the blessing of water! Activities for giving back to the forests”

## Summary of business performance in FY2008 (from April 1, 2008 to March 31, 2009)

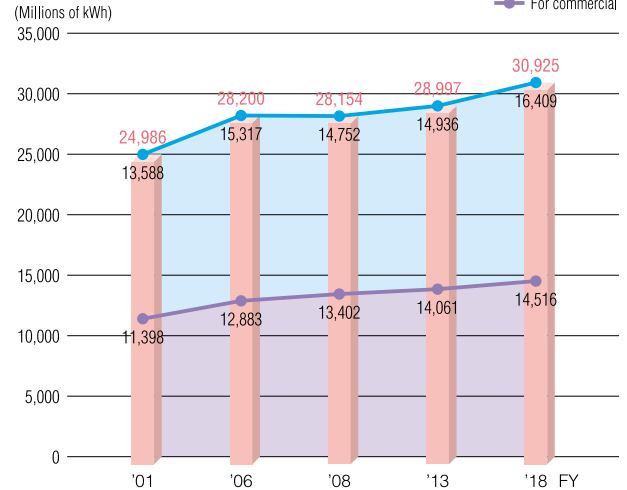
Japanese economy in FY2008 deteriorated rapidly in the latter half of the year. Significant production cutbacks resulted from slowdown in exports prompted by global economic downturn and other factors, and employment situation slumped even further. Economic conditions in the Hokuriku region followed a similar pattern.

Amid such bleak economic climate, our electricity sales for the year in the industrial sector fell below the previous year's level by a large margin. This is the result of a substantial decline in demand of large industrial customers, triggered by rapid economic deterioration that began in the latter half of the year. Electricity sales in the commercial sector also dropped below the year-earlier level, due in part to a mild winter weather that curbed the demand for heating.

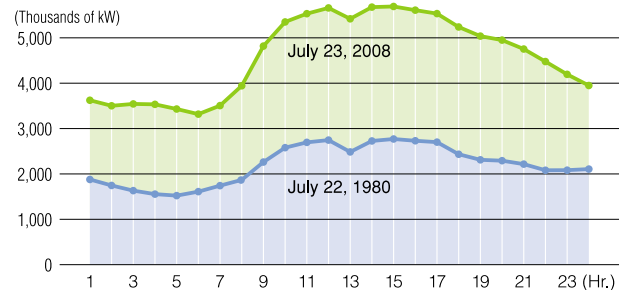
Consequently, our electricity sales totaled 28.154 billion kWh (includes 18.819 billion kWh for specified-scale demand), a substantial decline of 3.9% from the previous year.

Regarding supply capability, the flow rate fell to 88.5%, below the rate in the average year, partly because of the shutdown of Unit 1 of Shika Nuclear Power Station due to periodical inspection. However, with the resumption of commercial operation of Unit 2 of Shika Nuclear Power Station, we were able to maintain stable supply throughout the year as a result of reviewing the time period of periodical inspection at our thermal power stations and steadily launching measures for efficient operation of the overall supply equipment.

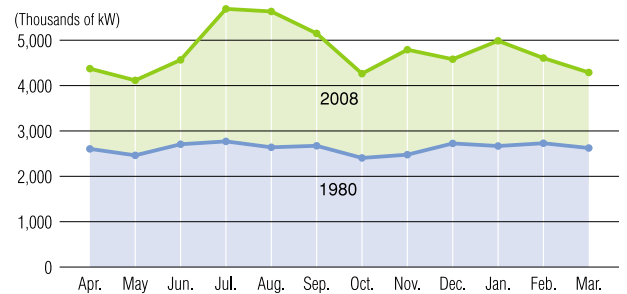
### Changes in electricity sales in the industrial and commercial sectors



### Difference between day and night in system peak load



### Seasonal differences in system peak load



Hokuriku Electric Power Company has been launching group-wide efforts to reform its corporate culture to establish the “corporate culture not to hide anything and safety culture.” With these steps in place, we are pleased to announce the restarting of the nuclear reactor at Unit 1 of Shika Nuclear Power Station in March and resumption of commercial operation in May. This was accomplished with the consent of local communities and residents following the completion of works to improve seismic safety margin and passing of the government's special periodical inspection. We will continue to operate our services with safety assurance as top priority.

As for electricity demand in the future, we project the current significant decline will continue into FY2009, given the economic slowdown and sluggish production activities. Over the mid-to-long term, however, we expect electricity demand to grow steadily as a consequence of gradual recovery of the economy and conversion from other energy into electricity. To respond to the projected growth in demand, we will ensure supply stability into the future through, among other measures, safe and stable operation of Units 1 and 2 of Shika Nuclear Power Station.

As part of our contribution to realizing a low-carbon society, we will steadily promote the introduction and expansion of renewable energy with a focus on nuclear power generation. Also, we will launch programs that respond to needs for energy-saving, CO<sub>2</sub>-reducing options by recommending Eco Cute, heat pump and other highly efficient systems.

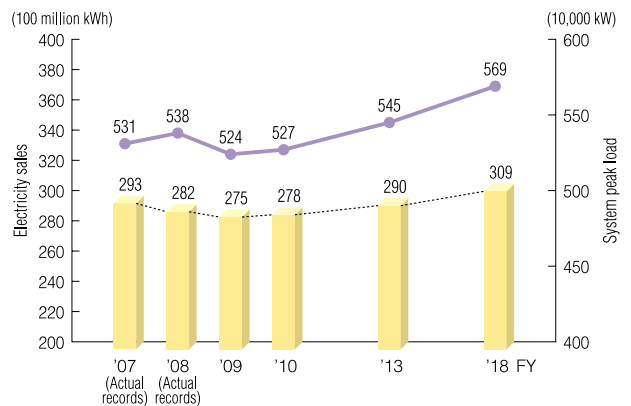
In addition, given the tough business climate, we will work to maximize efficiency with putting top priority on safety through efficient facility maintenance and operations to stabilize our financial balance and consolidate management base for supply stability.

## I Measures to Secure Stable Electricity Supply

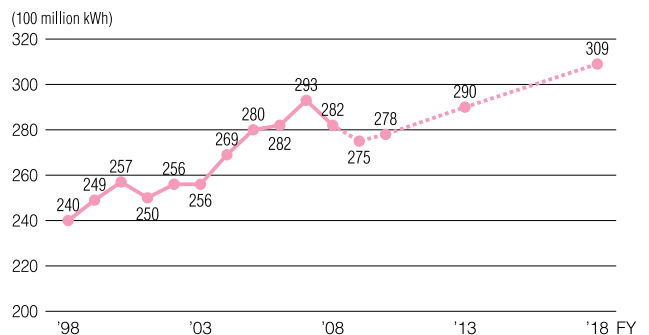
### Outlook for electricity demand

- Substantial decline in electricity demand is projected in FY2009, primarily in the industrial sector, as a result of sluggish production activities accompanying the economic stagnation.
- Electricity demand in the industrial sector is projected to increase in 2010 in line with economic recovery and grow steadily over the mid-to-long term. Solid growth of commercial sector demand is expected to continue, backed by further dissemination of fully electrified houses and other factors.
- Consequently, electricity sales and system peak load are expected to grow at an annual average rate of 0.5% and 0.6%, respectively, between FY2007 and FY2018.

#### Outlook for electricity sales and system peak load



#### Changes in electricity sales





## Generation resource development program

- We will continue to steadily promote the diversification of power sources from a comprehensive viewpoint that encompasses energy security, economic efficiency, environmental characteristics and other factors.

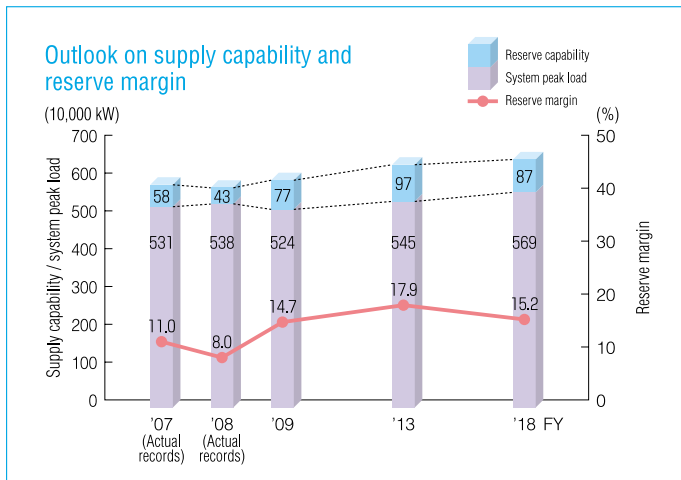
	Name of power station	Output	Start of operation	Remarks
HEPCO	Hotokebara Dam	210 kW	FY2010	Power generated by river maintenance discharge
	Arimine Dam	160 kW	FY2011	
	Shin-Inotani Dam	430 kW	FY2012	
	1 site of hydropower generation	100 kW	FY2013	
	4 sites of photovoltaics	1,000 kW × 4	FY2011 ~2012	Development of mega-solar power station
Japan Atomic Power Co.	Tsuruga Unit 3*	76,900 kW	March 2016	Power received by three companies: Hokuriku Electric Power Company, Chubu Electric Power Company and Kansai Electric Power Company
	Tsuruga Unit 4*	76,900 kW	March 2017	

\* Total capacity of Tsuruga Units 3 and 4 is 1,538,000 kW.

## Supply and demand plan

### (1) System peak load balance

- We will secure electricity supply stability in future primarily with safe and stable operation of Units 1 and 2 of Shika Nuclear Power Station. We included the supply capability of Unit 1 of Shika Nuclear Power Station into the total from FY2009.

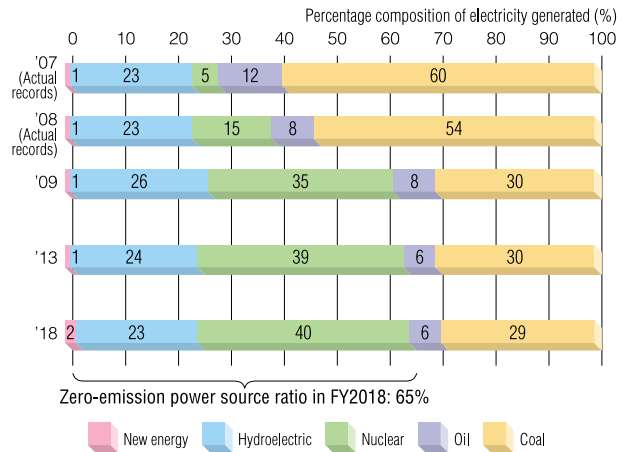


### (2) Percentage composition of electricity generated

- We will strive to reduce CO<sub>2</sub> emissions through safe and stable operation of Units 1 and 2 of Shika Nuclear Power Station. At the same time, we will seek to establish management base that is less vulnerable to the impact of fluctuations in fossil fuel prices.
- In addition, we will exert steady efforts to expand the introduction of renewable energy including hydropower, photovoltaics, wind and woody biomass to diversify power sources and improve the zero-emission power source ratio\*.

\* Zero-emission power source ratio: Ratio of non-CO<sub>2</sub> emitting types of power generation including nuclear power, hydropower and new energy

### Outlook of percentage composition of electricity generated

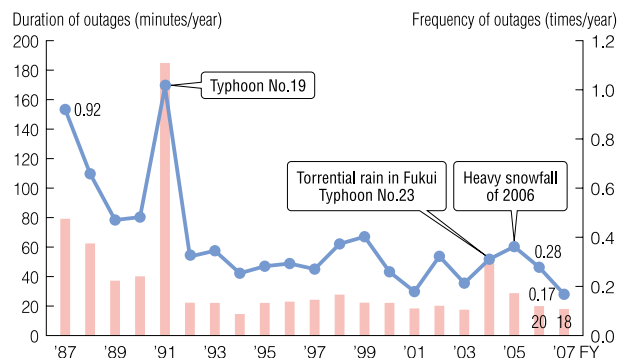


Note: • The figures in the graph represent percentage compositions of electricity generated that corresponds to company demand.  
• The figures do not necessarily add up perfectly because of round-off.

## Maintenance and improvement of service reliability and approach to function maintenance measures

- We will steadily launch measures to ensure stable electricity supply through function maintenance and improvement of facilities, response to natural disasters and other steps.
- We will systematically implement power system measures to reduce the impact of power outages.

### Changes in total duration and frequency of power outages per customer in a year





Examples of measures aimed at strengthening response to natural disasters, etc.



▲ Training in the snow



◀ Lightning arrester for transmission

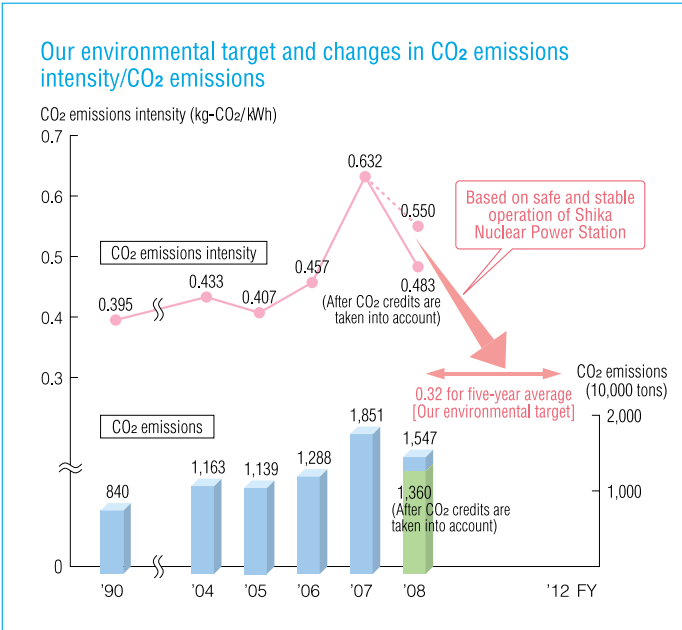
## II Measures Aimed at Realizing Low-carbon Society

- As part of our endeavor to realize a low-carbon society and fulfill our social obligation as an electric utility, we will promote the introduction and expansion of renewable energy on the basis of safe and stable operation of Shika Nuclear Power Station.
- Also, we will work actively to support our customers' needs for energy conservation and CO<sub>2</sub> reduction, participate in environmental protection activities in the community, and take other steps.

### Our environmental target and changes in CO<sub>2</sub> emissions intensity/CO<sub>2</sub> emissions

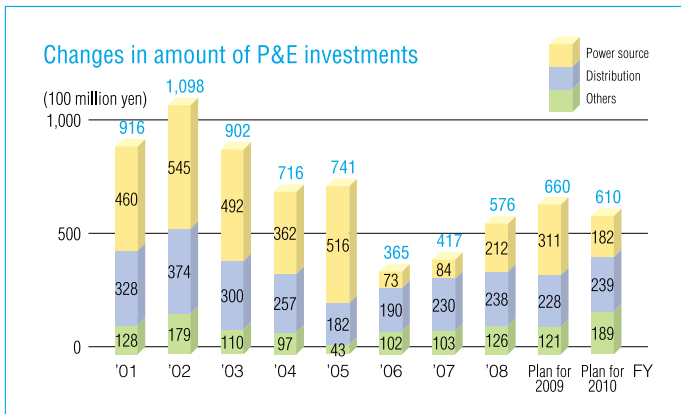
**Our environmental target**

**CO<sub>2</sub> emissions intensity\*:**  
**20% reduction from FY1990 levels (0.32 kg-CO<sub>2</sub>/kWh)**  
 \*CO<sub>2</sub> emissions per 1 kWh of electricity sales



### Changes in P&E investments

- The amount of our P&E investment has been on the decline since FY2006 when large-scale power source development projects were completed. However, we will continue to invest in P&E to replace aged equipment, institute power system measures to enhance service reliability, etc.



Note: Excludes auxiliary business

### Name of major investment projects in distribution facilities

Name of project	Construction period	Outline of work
New construction of Kurobe Substation	FY2006-2011	New construction of substation for interconnection New construction of substation for distribution New construction of transmission lines
New construction of Kita-Sasazu Substation	FY2008-2011	New construction of substation for interconnection
New construction of Higashi-Uozu Substation	FY2008-2012	New construction of substation for interconnection

### Introduction and expansion of renewable energy

#### Hydroelectric power generation

- We will continue to promote the utilization of river maintenance discharge\* that is currently not used for power generation.
- Also, we will work to increase capacity through upgrading of existing equipment, explore new potential sites of hydropower generation, and take other steps.

\* River maintenance discharge:  
Water discharged from dams for the purpose of maintaining river environment

Hydroelectric power generation that utilizes river maintenance discharge

	Output	Construction start	Operation start
Hotokebara Dam Power Station	210 kW	FY2009	FY2010
Arimine Dam Power Station	160 kW	FY2010	FY2011
Shin-Inotani Dam Power Station	430 kW	FY2010	FY2012
1 site of hydropower generation	100 kW	FY2012	FY2013



▲ Appearance of river maintenance discharge (Hotokebara Dam)

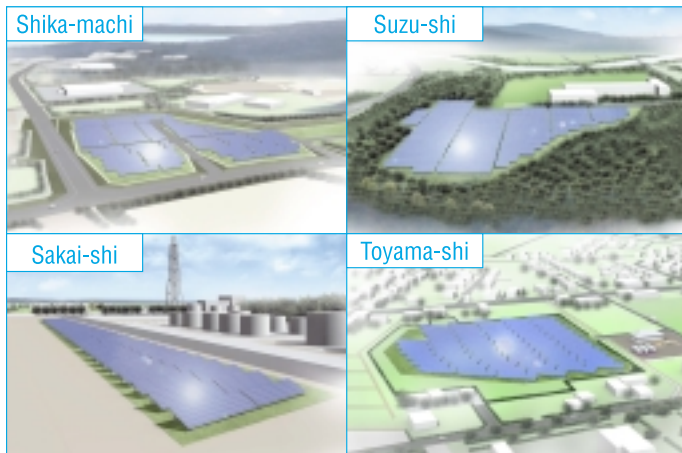
[New energy]

■ Photovoltaic power generation

- We will steadily promote the proprietary development of mega-solar power station.
- In the area of photovoltaic power generation, we will take appropriate response on new power purchase systems and expansion of subsidies by local governments that are currently under review.

Our mega-solar power generation plan

Scale of development	1,000 kW × 4 sites totaling 4,000 kW
Electricity generated	Approx. 4 million kWh per year
Start of operation	Scheduled to start operation successively from FY2011
CO <sub>2</sub> emissions reductions	Approx. 1,300 t-CO <sub>2</sub> per year



▲ Image diagram of mega-solar power station

■ Wind power generation

- We will expand the interconnection capability of wind power generation from 150,000 kW to 250,000 kW and call on new entities to join the project from April 2009.
- Nihonkai Power Generating Company of our group will start the operation of four units at Fukura Wind Park this fiscal year (the remaining five units are scheduled to start operation in FY2010).

Overview of Fukura Wind Park

Scale of wind park	21,600 kW (2,400 kW × 9 units)
Electricity generated	Approx. 41 million kWh per year
Start of operation	FY2009 and FY2010 (scheduled)
CO <sub>2</sub> emissions reductions	Approx. 13,000 t-CO <sub>2</sub> per year



▲ Image diagram of Fukura Wind Park

■ Woody biomass power generation

- Woody biomass co-firing power generation, which is currently undertaken at Unit 2 of Tsuruga Thermal Power Station, will be introduced at Unit 2 of Nanao Ohta Thermal Power Station in FY2010.

Outline of woody biomass co-firing power generation  
(Combined total of Tsuruga and Nanao Ohta Thermal Power Stations)

Electricity generated	Approx. 30 million kWh per year
CO <sub>2</sub> emissions reductions	Approx. 25,000 t-CO <sub>2</sub> per year

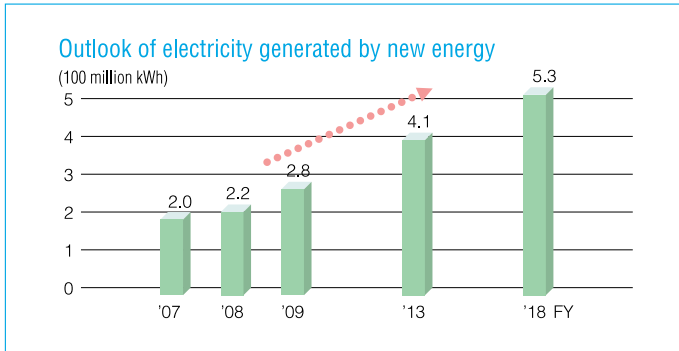


▲ Woody biomass fuel for co-firing being transported (coal + woody biomass)

Example of shapes of woody biomass ▲

◎Measures for power generation with new energy

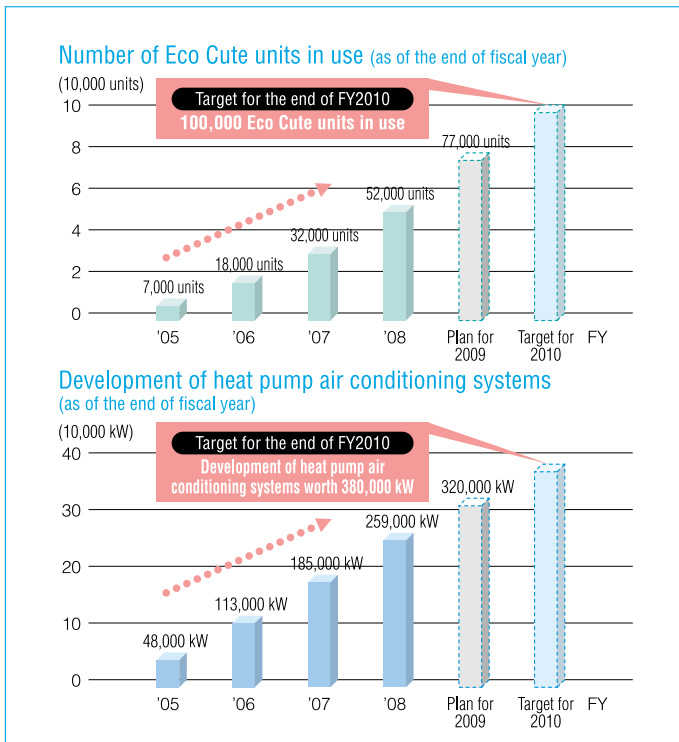
- We will increase the total electricity generated by new energy including photovoltaics, wind and woody biomass by about 2.5 times between FY2007 and FY2018.



Supporting customers' needs for energy conservation and CO<sub>2</sub> reduction

■ Recommendation of Eco Cute and other highly efficient equipment and upgrading of consulting activities

- We recommend our customers fully electrified houses, which use Eco Cute for hot water supply.
- We present suggestions to meet our business and industrial customers' needs by recommending heat pump air conditioning and hot water supply systems that can drastically reduce the amount of CO<sub>2</sub> generated.
- We make positive efforts to provide information and engage in consulting activities to meet customers' needs for energy conservation and CO<sub>2</sub> reduction.



Engagement in activities to protect the environment in the Hokuriku region

■ Thank you for the blessing of water!  
“Activities for giving back to the forests”

- Since FY2008, our group has taken part in an afforestation promotion program managed by the local government.
- Last year, a total of 700 people including employees of our group and their families planted trees, weeded undergrowth and engaged in other activities as volunteers.



▲Tree-planting activity (Sekido Mountain in Noto district)

■ R&D of electric bus and introduction of electric vehicle

- We will promote the development of electric community bus in collaboration with Toyama-shi.
- Our business offices will introduce 10 electric vehicles on an experimental basis.



▲Low-floor community bus used as a basis for development





▲Electric vehicle

### Support for energy/environmental education

- We support energy/environmental education by conducting lectures on demand for school children, providing and leasing educational materials and other means. Our aim is to encourage children as leaders of the future generations to get acquainted with energy and global environmental problems and gain a deeper understanding of these subjects.



▲Experiment conducted at a lecture on demand by Hokuriku Electric Energy Science Museum "Wonder Labo"

## III

### Measures for Improving Operational Efficiency

#### Initiatives to ensure efficient facility maintenance, operations and acquisitions with top priority on safety

- We will work towards efficient facility maintenance by renewing aging facilities based on the results of inspection and diagnosis, reviewing facility specifications and introducing new technologies and construction methods, among others.
- We will make continuous efforts to cut the cost of acquiring materials, equipment, fuel and other items.
- We will continue our efforts to cut down on costs through meticulous management of various expenses including consumables.

#### Initiatives to improve and reform operations

- We will promote our efforts to conduct an autonomous and continuous suggestion activities aimed at improvement and reform of our operations.
- We will continue to launch measures to improve operation efficiency, for instance through the establishment of effective methods of operation of meetings and document preparation.

## IV

### Measures to Establish the Foundation for Corporate Culture Reform

#### Improvement of operational quality through reliable implementation of basic operations

- We will conduct and upgrade training for managers to enhance their managerial abilities, vocational training designed to enhance professional abilities in various sections, among others.
- We will promote efforts aimed at developing a mechanism of learning from mistakes by sharing information on past failures and fostering an environment in which employees feel free to talk about their failures.
- We will conduct thorough safety and quality management for all our facilities through reliable implementation of completion inspection and supporting contractors' efforts to improve quality control.

## Improvement of on-site technical skills

- We will work to improve on-site technical skills by expanding opportunities for real work and experiences.
- We will offer technical guidance and support the handing down of skills by experienced workers and ex-workers, with a focus on "Technical Masters" - those approved as having excellent on-site knowledge and skills.



▲Handing down of knowledge and skills on the maintenance of hydroelectric power generation facilities to young workers



▲Technical guidance at nuclear power department

## Penetration and establishment of awareness on safety first and compliance

- We will conduct level-by-level compliance education to all from management to general employees.
- We will conduct autonomous activities at each work site including group discussions on themes such as work-related compliance and safety.
- We will seek to penetrate and establish the awareness on safety first and compliance through direct and frank opinion exchanges between management and front-line employees on the field.



▲Training designed to reform the compliance mindset

## Promotion of two-way dialogue with local community members

- We will promote two-way dialogue with members of the local community through a variety of opportunities including visits, briefings and get-together meetings.
- We will seek to build a harmonious relationship with the local community by actively taking part in local events and volunteer activities.



▲Beach cleaning activity



## Financial Review

### Consolidated Balance Sheets

The Company's "total assets" as of March 31, 2009 totaled ¥1,453.9 billion, an ¥62.7 billion decrease from ¥1,516.7 billion as of March 31, 2008. This is because its "property, plant and equipment, net" decreased by ¥48.4 billion due to the progress of depreciation.

The "total liabilities" as of March 31, 2009 totaled ¥1,102.7 billion, an ¥53.9 billion decrease from ¥1,156.7 billion as of March 31, 2008. Of this total, the "long-term liabilities" accounted for ¥905.5 billion, down ¥29.7 billion from the year-earlier figure. This decrease is due to repayment of long-term debt and others.

The "current liabilities" decreased by ¥20.8 billion from the year-earlier figure to ¥191.6 billion. This decrease is due to repayment of "short-term debt" and others.

The "total net assets" as of March 31, 2009 totaled ¥351.1 billion, an ¥8.7 billion decrease from ¥359.9 billion as of March 31, 2008. This is because the payment for dividends and the amount of the "net unrealized gain on securities" decreased despite the inclusion of the net income in the retained earnings.

### Consolidated Statements of Income

The "operating revenues" for the year ended March 31, 2009 amounted to ¥524.6 billion, up ¥46.6 billion from ¥477.9 billion as of March 31, 2008. This is because of the increase in the revenue from electricity sales to other electric utilities, though the amount of electricity sales decreased. On the other hand, the "operating expenses" increased by ¥48.1 billion over the year-earlier figure to ¥498.4 billion. This is because of the substantial increase in the thermal power fuel costs associated with the considerable rise in the fuel price, though the operation of Unit 2 of Shika Nuclear Power Station has recommenced.

As a result, the "operating income" decreased by ¥1.4 billion over the year-earlier figure to ¥26.1 billion. The "other expenses" increased by ¥2.7 billion because the "equity in earnings of affiliates" increased by ¥3.8 billion. Consequently, the "income before special items and income taxes" decreased by ¥4.2 billion over the preceding year to ¥8.3 billion. The "net income," after the inclusion of extraordinary profit of ¥2.9 billion due to gain on sales of shares of affiliated companies and the deduction of "income taxes" of ¥7.2 billion, etc., increased by ¥0.1 billion over the year-earlier figure to ¥7.4 billion. The "net income per share" increased by ¥0.62 from ¥34.36 a year earlier to ¥34.98.

### Consolidated Statements of Cash Flow

The balance of cash and cash equivalents on March 31, 2009 amounted to ¥96.8 billion, up ¥2.8 billion from March 31, 2008. This is because of the revenues of ¥110.3 billion due to "operating activities," the expenses of ¥59.5 billion due to "investment activities," and the expenses of ¥47.8 billion due to "financing activities." The revenues from the "operating activities" increased by ¥42.9 billion over the year-earlier figure because the operating revenues increased due to the increase in the revenue from electricity sales to other electric utilities. The expenses from the "investment activities" increased by ¥18.8 billion over the year-earlier figure due to the increase in expenses from the acquisition of property, plant and equipment. The expenses from the "financing activities" increased by ¥69.6 billion over the year-earlier figure due to the increase in redemption of corporate bonds and repayment of debt.

# Consolidated Financial Statements

HOKURIKU ELECTRIC POWER COMPANY AND CONSOLIDATED SUBSIDIARIES  
As of March 31, 2009 and 2008

## Consolidated Balance Sheets

ASSETS	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 3)
	2009	2008	2009
PROPERTY, PLANT AND EQUIPMENT (Note 4):	¥3,208,937	¥3,177,508	\$32,744,259
Less: Accumulated depreciation	(2,145,267)	(2,065,345)	(21,890,481)
Property, plant and equipment, net	1,063,670	1,112,162	10,853,778
NUCLEAR FUEL:			
Loaded nuclear fuel	29,443	33,226	300,440
Nuclear fuel in processing	56,670	52,323	578,271
Total nuclear fuel	86,113	85,549	878,712
INVESTMENTS AND OTHER ASSETS:			
Long-term investments (Note 5)	45,682	53,833	466,152
Fund for reprocessing of irradiated nuclear fuel	23,073	23,394	235,448
Deferred income taxes (Note 6)	39,060	40,706	398,573
Other assets	10,692	11,731	109,103
Total investments and other assets	118,509	129,666	1,209,277
CURRENT ASSETS:			
Cash (Note 7)	96,837	93,973	988,136
Amounts due from customers	38,664	47,697	394,540
Fuel and supplies	30,101	21,606	307,161
Deferred income taxes (Note 6)	8,926	10,059	91,088
Other current assets	11,091	15,987	113,178
Total current assets	185,622	189,324	1,894,106
<b>TOTAL ASSETS</b>	<b>¥1,453,915</b>	<b>¥1,516,703</b>	<b>\$14,835,874</b>

See notes to consolidated financial statements.

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 3)
LIABILITIES AND NET ASSETS	2009	2008	2009
LONG-TERM LIABILITIES:			
Long-term debt (Note 8)	¥812,726	¥841,015	\$8,293,122
Accrued employees' retirement benefits (Note 9)	36,431	39,229	371,755
Reserve for reprocessing of irradiated nuclear fuel	23,815	23,929	243,014
Reserve for reprocessing of irradiated nuclear fuel without specific plans	2,444	1,206	24,941
Reserve for decommissioning costs of nuclear power units	19,062	16,937	194,514
Other long-term liabilities	11,045	12,918	112,708
Total long-term liabilities	905,525	935,237	9,240,057
CURRENT LIABILITIES:			
Short-term debt (Note 8)	21,143	32,602	215,745
Current portion of long-term debt and other (Note 8)	111,262	109,977	1,135,328
Accounts payable	22,870	33,364	233,369
Accrued income taxes and other (Note 6)	7,886	5,971	80,476
Other current liabilities	28,446	30,582	290,266
Total current liabilities	191,608	212,498	1,955,187
RESERVE FOR FLUCTUATION IN WATER LEVELS	5,592	8,979	57,070
Total liabilities	1,102,726	1,156,715	11,252,314
CONTINGENT LIABILITIES (Note 11)			
NET ASSETS (Note 10):			
SHAREHOLDERS' EQUITY			
Common stock:			
Authorized - 400,000,000 shares			
Issued - 220,333,694 shares in 2009 and 2008	117,641	117,641	1,200,423
Capital surplus	34,008	34,002	347,024
Retained earnings	210,148	213,365	2,144,375
Treasury stock, at cost	(15,082)	(14,743)	(153,905)
Total shareholders' equity	346,716	350,266	3,537,918
NET UNREALIZED GAIN ON SECURITIES	4,472	9,721	45,641
Total net assets	351,188	359,987	3,583,560
TOTAL LIABILITIES AND NET ASSETS	¥1,453,915	¥1,516,703	\$14,835,874

See notes to consolidated financial statements.

## Consolidated Statements of Income

	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 3)
	2009	2008	2009
OPERATING REVENUES	¥524,600	¥477,911	\$5,353,071
OPERATING EXPENSES (Note 14)	498,420	450,241	5,085,919
OPERATING INCOME	26,180	27,669	267,152
OTHER (INCOME) EXPENSES:			
Interest expense	16,440	17,099	167,760
Other, net	1,417	(1,998)	14,463
	17,857	15,101	182,224
INCOME BEFORE SPECIAL ITEMS, INCOME TAXES, AND MINORITY INTERESTS	8,322	12,568	84,927
SPECIAL ITEMS:			
Reversal of reserve for fluctuation in water levels	(3,387)	(1,595)	(34,561)
Gain on sales of securities	-	(536)	-
Gain on sales of investment in an affiliate	(2,998)	-	(30,595)
Provision for decommissioning costs of nuclear power units for prior periods	-	2,045	-
	(6,385)	(85)	(65,157)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	14,708	12,653	150,085
INCOME TAXES (Note 6):			
Current	1,465	1,173	14,949
Deferred	5,758	4,124	58,763
	7,223	5,297	73,712
NET INCOME	¥7,484	¥7,355	\$76,372
PER SHARE INFORMATION:	Yen	Yen	U.S. dollars (Note 3)
Net assets	¥1,641.66	¥1,681.76	\$16.75
Net income	34.98	34.36	0.35

See notes to consolidated financial statements.

BALANCE AT MARCH 31, 2007
Cash dividends paid
Net income
Purchases of treasury stock
Disposal of treasury stock
Net changes of items other than shareholders' equity
BALANCE AT MARCH 31, 2008
Cash dividends paid
Net income
Purchases of treasury stock
Disposal of treasury stock
Net changes of items other than shareholders' equity
BALANCE AT MARCH 31, 2009
BALANCE AT MARCH 31, 2008
Cash dividends paid
Net income
Purchases of treasury stock
Disposal of treasury stock
Net changes of items other than shareholders' equity
BALANCE AT MARCH 31, 2009

See notes to consolidated financial statements.

## Changes in Net Assets

Millions of yen

Number of shares of common stock	Shareholders' equity					Net unrealized gain on securities	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Total shareholders' equity		
220,333,694	¥117,641	¥34,001	¥216,714	¥(14,547)	¥353,811	¥16,090	¥369,901
–	–	–	(10,705)	–	(10,705)	–	(10,705)
–	–	–	7,355	–	7,355	–	7,355
–	–	–	–	(263)	(263)	–	(263)
–	–	1	–	67	68	–	68
–	–	–	–	–	–	(6,369)	(6,369)
220,333,694	117,641	34,002	213,365	(14,743)	350,266	9,721	359,987
–	–	–	(10,700)	–	(10,700)	–	(10,700)
–	–	–	7,484	–	7,484	–	7,484
–	–	–	–	(415)	(415)	–	(415)
–	–	5	–	75	81	–	81
–	–	–	–	–	–	(5,248)	(5,248)
220,333,694	¥117,641	¥34,008	¥210,148	¥(15,082)	¥346,716	¥4,472	¥351,188

Thousands of U.S. dollars (Note 3)

	Shareholders' equity					Net unrealized gain on securities	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock at cost	Total shareholders' equity		
	\$1,200,423	\$346,968	\$2,177,195	\$(150,440)	\$3,574,148	\$99,196	\$3,673,344
	–	–	(109,193)	–	(109,193)	–	(109,193)
	–	–	76,372	–	76,372	–	76,372
	–	–	–	(4,239)	(4,239)	–	(4,239)
	–	55	–	775	830	–	830
	–	–	–	–	–	(53,554)	(53,554)
	\$1,200,423	\$347,024	\$2,144,375	\$(153,905)	\$3,537,918	\$45,641	\$3,583,560



## Consolidated Statements of Cash Flows

	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 3) 2009
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	¥14,708	¥12,653	\$150,085
Adjustments for:			
Depreciation and amortization	101,636	102,466	1,037,103
Loss on impairment of fixed assets	42	135	431
Loss on disposal of property, plant and equipment	1,774	1,876	18,107
Decrease in fund for reprocessing of irradiated nuclear fuel	320	3,455	3,273
Reversal of accrued employees' retirement benefits	(2,797)	(9,251)	(28,543)
Reversal of reserve for reprocessing of irradiated nuclear fuel	(114)	(3,482)	(1,164)
Provision for reserve for reprocessing of irradiated nuclear fuel without specific plans	1,237	47	12,627
Provision for reserve for decommissioning costs of nuclear power units	2,124	2,223	21,683
Reversal of reserve for fluctuation in water levels	(3,387)	(1,595)	(34,561)
Decrease in defined contribution pension plan obligation	(2,689)	(2,873)	(27,442)
Interest and dividends income	(1,523)	(1,369)	(15,547)
Decrease (increase) in amounts due from customers	9,032	(12,109)	92,166
Increase in fuel and supplies	(8,495)	(3,426)	(86,684)
(Decrease) increase in trade payables and other	(7,822)	2,527	(79,817)
Interest expense	16,440	17,099	167,760
Other, net	4,665	(17,936)	47,609
	125,154	90,439	1,277,084
Interest and cash dividends received	1,578	1,400	16,103
Interest paid	(16,730)	(16,574)	(170,720)
Income taxes paid	(1,020)	(7,930)	(10,417)
Income taxes refund	1,335	-	13,622
Net cash provided by operating activities	110,315	67,335	1,125,672
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment and nuclear fuel	(62,307)	(41,131)	(635,794)
Contributions received in aid of construction	994	730	10,147
Proceeds from sales of property, plant and equipment	84	121	866
Increase in investments	(240)	(1,306)	(2,457)
Proceeds from investments	1,892	831	19,309
Net cash used in investing activities	(59,576)	(40,754)	(607,928)
<b>FINANCING ACTIVITIES:</b>			
Proceeds from issuance of bonds	69,968	89,956	713,959
Redemption of bonds	(60,000)	(42,400)	(612,244)
Proceeds from long-term loans	10,490	40,210	107,040
Repayment of long-term loans	(45,843)	(43,419)	(467,795)
Decrease in short-term debt, net	(11,459)	(11,723)	(116,936)
Disposal of treasury stock	81	68	830
Purchases of treasury stock	(415)	(263)	(4,239)
Cash dividends paid	(10,694)	(10,696)	(109,124)
Other, net	(1)	-	(13)
Net cash (used in) provided by financing activities	(47,875)	21,731	(488,523)
Effect of exchange rate changes on cash and cash equivalents	0	(0)	(0)
Net increase in cash and cash equivalents	2,863	48,311	29,220
Cash and cash equivalents at beginning of year	93,973	45,662	958,916
Cash and cash equivalents at end of year (Note 7)	¥96,837	¥93,973	\$988,136

See notes to consolidated financial statements.

## Notes to Consolidated Financial Statements

### 1. Summary of Significant Accounting Policies

#### (a) Basis of preparation

The accompanying consolidated financial statements of Hokuriku Electric Power Company (the "Company") and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been rounded off. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

#### (b) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Company and any significant companies controlled directly or indirectly by the Company. All significant intercompany transactions and accounts have been eliminated in consolidation.

Investments in significant companies over which the Company exercises significant influence in terms of their operating and financial policies are stated at cost plus equity in their undistributed earnings; consolidated net income includes the Company's equity in the current net earnings of the affiliates, after the elimination of unrealized intercompany profit.

Investments in unconsolidated subsidiaries and other affiliates, not significant in amount, are stated at cost.

#### (c) Property, plant and equipment

Property, plant and equipment is principally stated at cost less contributions in aid of construction.

Depreciation of property, plant and equipment is computed principally by the declining-balance method over the estimated useful lives of the respective assets.

Significant renewals and additions are capitalized at cost. Maintenance and repairs are charged to income as incurred.

#### (d) Nuclear fuel and amortization

Nuclear fuel is stated at cost less amortization. Amortization of loaded nuclear fuel is computed based on the quantity of energy produced for the generation of electricity.

#### (e) Investments in securities

Marketable equity securities, excluding an investment in an affiliate accounted for by the equity method, included in long-term investments are classified as other securities and carried at fair value with net unrealized gain on the securities included in net assets, net of the applicable taxes. Non-marketable equity securities are classified as other securities and stated at cost determined by the moving average method or less impairment loss if the value of the investments has been significantly impaired. No debt securities were held on March 31, 2009.

#### (f) Fuel and supplies

Refer to 2. Accounting change (b).

#### (g) Employees' retirement benefits

Accrued employees' retirement benefits is accounted for based on the projected retirement benefit obligation less the fair value of the plan assets of the Company and the consolidated subsidiaries at the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost.

The prior service cost is amortized by the straight-line method over a period of ten years.

Actuarial gain or loss is amortized by the declining-balance method over a period of three years from the year subsequent to the year in which it was recognized.

#### (h) Reserve for reprocessing of irradiated nuclear fuel

The reserve is stated at present value of the amount based upon 1.5% discount rate that would be required to reprocess the irradiated nuclear fuel incurred in proportion to combustion of nuclear fuel.

Of the reprocessing costs for the spent fuels produced by March 31, 2005, the reserve at the transition of ¥12,653 million caused by the changes is recognized over a 15-year period from April 1, 2005 by straight-line method. Unrecognized reserve at the transition on March 31, 2008 and 2009 are ¥11,605 million and ¥8,939 million (\$91,223 thousand) respectively.

Due to revision of the law related to reserve for reprocessing of irradiated nuclear fuel, unrecognized reserve as of March 31, 2008 reduces from ¥11,605 million to ¥9,752 million. ¥9,752 million is recognized over a 12-year period from April 1, 2008 by straight-line method.

The variance incurred from the estimate and actual costs for reprocessing of irradiated fuel is recognized from the following period over the periods during which the spent fuels covered by specific reprocessing plans are produced. The unrecognized difference of the estimates on March 31, 2008 and 2009 are gain of ¥1,227 million and loss of ¥938 million (\$9,575 thousand), respectively.

#### (i) Reserve for reprocessing of irradiated nuclear fuel without specific plans

The reserve for reprocessing of irradiated nuclear fuel without specific plans is recognized, multiplying the quantity of irradiated nuclear fuel incurred by the present value of reprocessing cost per unit of fuel (discount rate of 4.0%).

#### (j) Reserve for decommissioning costs of nuclear power units

The Company accrues the costs for the decommissioning of its nuclear power units in accordance with the regulations set by the regulatory authority.

A reserve for the anticipated costs for decommissioning of its nuclear power units in the future is provided based on the electric power generated during the current year.

#### (k) Reserve for Fluctuation in Water Levels

To offset fluctuations in income in connection with hydroelectric power generation caused by varying water levels, the Company and a consolidated subsidiary are required to provide a reserve for fluctuation in water levels under the Electric Utility Industry Law.

#### (l) Income taxes

The provision for income taxes is accounted for based on the pretax income reported in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of the temporary differences between the carrying amounts recorded for financial reporting purposes and the tax bases of the assets and liabilities.

#### (m) Leases

Refer to 2. Accounting change (c).

#### (n) Foreign currency translation

Accounts denominated in foreign currencies are translated into yen at the exchange rates in effect at each balance sheet date and the resulting gain or loss is recognized in the statements of income.

#### (o) Cash equivalents

All highly liquid investments with original maturities of three months or less, that are readily convertible to cash and present an insignificant risk of any changes in their value, are considered cash equivalents.

#### (p) Amounts per share

Net income per share has been computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year.

### 2. Accounting change

#### (a) Scope of application by the equity method

The Company transferred all shares held in Nihonkai Oil Co., Ltd. on December 24, 2008. This affiliate was excluded from the scope of equity method in the consolidated financial statements in the year ended March 31, 2009.

Equity in earnings of this affiliate for the 9 months ended December 31, 2009 is included in the Consolidated Statements of income.

#### (b) Accounting method of fuel and supplies

The Company and its consolidated subsidiaries measured fuel and supplies principally at cost determined by the average method until the year ended March 31, 2008.

Effective from the year ended March 31, 2009, the Company and its consolidated subsidiaries adopted new accounting standards, "Accounting Standard for Measurement of Inventories" (Financial Accounting Standard No. 9 issued by the Accounting Standards Board of Japan on July 5, 2006) and measured fuel and supplies at the lower of cost or net salable value.

In accordance with the accounting standard, the inventories held for the selling purpose are stated at the lower of cost or net salable value, cost being determined by the average method in the period.

The effect on the consolidated financial statements is immaterial.

#### (c) Accounting method of lease

Effective for the year ended March 31, 2009, the Company and its consolidated subsidiaries have adopted new accounting standards, "Accounting Standards for Lease Transaction" (Financial Accounting Standard No. 13 originally issued by the Business

Accounting Deliberation Counsel on June 17, 1993, Revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions," (Financial Accounting Standard Guideline No. 16 originally issued by the Japanese Institute of Certified Public Accountants on January 18, 1994, revised on March 30, 2007).

#### Lessee

Under the prior accounting standard, finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessee were accounted for in a method similar to that used for operating leases. Due to the adoption, all finance lease transactions, except for the leased assets contracted before March 31, 2008, which are deemed to transfer the ownership of the leased assets to the lessee are to be capitalized. Depreciation is recognized under the straight-line method over the lease period with no residual value.

In addition, finance leases other than which are deemed to transfer the ownership of the leased assets to the lessee, contracted before March 31, 2008 are accounted for in a method similar to that used for operating leases.

The effect on the consolidated financial statements is immaterial.

#### Lessor

Under the prior accounting standard, finance leases other than those which are deemed to transfer the ownership of the leased assets to the lessee were accounted for in a method similar to that used for operating leases until the year ended March 31, 2008. Due to the adoption, finance lease transactions other than those which are deemed to transfer the ownership of the leased assets to the lessee are accounted for in a same manner to the accounting treatment for ordinary sale and purchase transactions.

The effect on the consolidated financial statements is immaterial.

### 3. U.S. Dollar Amounts

Amounts in U.S. dollars are included solely for the convenience of the readers. The rate of ¥98 = U.S.\$1.00, the approximate exchange rate prevailing on March 31, 2009, has been used. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

### 4. Property, Plant and Equipment

The major categories of property, plant and equipment on March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Hydroelectric power production facilities	¥439,112	¥438,526	\$4,480,743
Thermal power production facilities	814,623	814,869	8,312,484
Nuclear power production facilities	678,792	664,323	6,926,458
Transmission facilities	440,676	417,326	4,496,695
Transformation facilities	311,699	305,548	3,180,610
Distribution facilities	362,033	358,040	3,694,218
General facilities	106,234	121,390	1,084,027
Other facilities	90,484	92,838	923,309
	<b>3,243,657</b>	<b>3,212,864</b>	<b>33,098,548</b>
Less: Contributions in aid of construction	(60,619)	(60,199)	(618,567)
	<b>3,183,038</b>	<b>3,152,665</b>	<b>32,479,980</b>
Construction in progress	25,899	24,843	264,278
	<b>¥3,208,937</b>	<b>¥3,177,508</b>	<b>\$32,744,259</b>

### 5. Investments in Securities

The acquisition cost of marketable equity securities, excluding an investment in an affiliate accounted for by the equity method, included in long-term investments, the related gross unrealized gain or loss and aggregate market value (carrying amount) on March 31, 2009 and 2008 are summarized as follows:

	Millions of yen			
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	Aggregate market value
Marketable equity securities	2009			
	¥6,630	¥7,491	(¥514)	¥13,607
	¥6,630	¥7,491	(¥514)	¥13,607
	2008			
	¥6,630	¥15,183	—	¥21,813
	¥6,630	¥15,183	—	¥21,813

Thousands of U.S. dollars

	2009			Aggregate market value
	Acquisition cost	Gross unrealized gain	Gross unrealized loss	
Marketable equity securities	\$67,656	\$76,444	(\$5,249)	\$138,850
	\$67,656	\$76,444	(\$5,249)	\$138,850

Non-marketable securities are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Other securities	Carrying value	Carrying value	Carrying value
	¥30,198	¥30,193	\$308,152
	¥30,198	¥30,193	\$308,152

### 6. Income Taxes

The Company and one of its electric utility subsidiary are subject to corporation tax and inhabitant' taxes based on income, which, in the aggregate, resulted in a statutory tax rate of approximately 36.1% for the years ended March 31, 2009 and 2008 respectively.

Other consolidated subsidiaries are also subject to corporation tax, inhabitants' taxes and enterprise tax based on income, which, in the aggregate, resulted in statutory tax rates of approximately 41.7% and 40.4% for the years ended March 31, 2009 and 2008.

Reconciliation of the difference between the statutory tax rate and the effective tax rate for the year ended March 31, 2009 and 2008 was summarized as follows:

	2009	2008
Statutory tax rate of the Company	36.1%	36.1%
Increase (decrease) in taxes resulting from:		
Equity in losses of affiliates	8.9	—
Valuation allowance	3.4	3.0
Statutory tax rate differences between the Company and consolidated subsidiaries	2.1	2.0
Gain on sales of investment in an affiliate	(1.6)	—
Non-deductible expenses for the tax purposes	0.9	1.1
Other	(0.7)	(0.3)
Effective tax rate	<b>49.1%</b>	<b>41.9%</b>

The significant components of deferred tax assets and liabilities on March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Accrued employees' retirement benefits	¥13,348	¥14,310	\$136,206
Depreciation	10,707	9,753	109,264
Deferred charges for tax purposes	3,864	4,166	39,438
Expenses of disposition of polychlorinated biphenyl wastes	2,985	3,138	30,464
Reserve for fluctuation in water levels	2,021	3,245	20,627
Reserve for reprocessing of irradiated nuclear fuel and reserve for reprocessing of irradiated nuclear fuel without specific plans	1,411	888	14,406
Accrued enterprise taxes	1,262	1,073	12,883
Expenses of CO <sub>2</sub> emission credit	1,062	—	10,838
Defined contribution pension obligation	—	1,039	—
Provision for decommissioning costs of nuclear power units	739	739	7,545
Restoration costs of earthquake disaster	—	518	—
Elimination of unrealized intercompany profits	1,440	2,352	14,700
Other	15,890	18,780	162,151
Gross deferred tax assets	54,735	60,007	558,527
Less: Valuation allowance	(4,196)	(3,715)	(42,824)
Total deferred tax assets	<b>50,538</b>	<b>56,291</b>	<b>515,702</b>
Deferred tax liabilities:			
Net unrealized gain on securities	(2,507)	(5,486)	(25,583)
Other	(45)	(39)	(460)
Total deferred tax liabilities	<b>(2,552)</b>	<b>(5,525)</b>	<b>(26,043)</b>
Net deferred tax assets	<b>¥47,986</b>	<b>¥50,766</b>	<b>\$489,658</b>

## 7. Cash and Cash Equivalents

On March 31, 2009 and 2008, the reconciliation between cash and cash equivalents on the consolidated statements of cash flows and cash on the consolidated balance sheets were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2009	2008	2009
Cash	¥96,837	¥93,973	\$988,136
Cash and cash equivalents	¥96,837	¥93,973	\$988,136

## 8. Short-Term Debt and Long-Term Debt

On March 31, 2009 and 2008, short-term debt and long-term debt consisted of the following:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2009	2008	2009
<b>(1) Short-term debt</b>			
Loans: From banks and other sources, at a weighted-average interest rate of 0.73% in 2009 and 0.98% in 2008	¥21,143	¥32,602	\$215,745
	¥21,143	¥32,602	\$215,745
<b>(2) Long-term debt</b>			
Domestic bonds: 0.66% to 3.95% due serially through 2020	¥633,568	¥623,586	\$6,464,989
Loans: 1.05% to 5.00% loans from the Development Bank of Japan Inc. due serially through 2023	89,862	102,230	916,965
0.375% to 3.10% loans from other banks, insurance companies and other sources due serially through 2025	198,056	221,042	2,020,983
	921,487	946,859	9,402,938
Less: Current portion	(108,762)	(105,843)	(1,109,816)
	¥812,725	¥841,015	\$8,293,122

The aggregate annual maturities of long-term debt subsequent to March 31, 2009 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥108,762	\$1,109,816
2011	90,494	923,413
2012	107,452	1,096,458
2013	80,223	818,605
2014	73,129	746,220
2015 and thereafter	461,425	4,708,423
	¥921,487	\$9,402,938

All the Company's assets are subject to certain statutory preferential rights as security for its bonds and loans from the Development Bank of Japan Inc..

The assets pledged as collateral for certain consolidated subsidiaries' long-term debt of ¥6,511 million (\$66,447 thousand) on March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2009	2009
Electric power production facilities	¥10,490	\$107,043
Other facilities	7,829	79,896
	¥18,320	\$186,939

## 9. Accrued Employees' Retirement Benefits

On March 31, 2009, the Company and its consolidated subsidiaries have the defined benefit plans, including lump-sum retirement benefit plan, defined benefit corporate pension plan, welfare pension fund plan and company sponsored pension plan.

The company also provides employees with the options of either the defined contribution pension plan or the prepayment plan, in addition to the lump-sum retirement benefit plan and the defined benefit corporate pension plan.

The funded status of retirement benefit obligations on March 31, 2009 and 2008 are summarized as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2009	2008	2009
Projected benefit obligation	¥(76,698)	¥(74,662)	\$(782,638)
Fair value of pension plan assets	41,318	42,796	421,616
	(35,380)	(31,865)	(361,022)
Unrecognized actuarial gain	6,809	1,807	69,483
Unrecognized prior service cost	(7,861)	(9,171)	(80,216)
Net amount recognized	(36,431)	(39,229)	(371,755)
Accrued employees' retirement benefits	¥(36,431)	¥(39,229)	\$(371,755)

The components of net pension and severance costs for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2009	2008	2009
Service cost	¥3,424	¥3,464	\$34,943
Interest cost	1,385	1,337	14,134
Expected return on plan asset	(1,278)	(1,250)	(13,050)
Amortization of unrecognized actuarial loss (gain)	968	(4,062)	9,887
Amortization of unrecognized prior service cost (Note 2)	(1,310)	(1,310)	(13,369)
Others (Note 3)	703	686	7,177
Pension and severance costs	¥3,892	¥(1,133)	\$39,722

(Note1) In addition to pension and severance costs, additional retirement benefits included in operating expenses for the years ended March 31, 2009 and 2008 amounted to ¥1,097 million (\$11,200 thousand) and ¥1,238 million, respectively.

(Note2) This cost represents amortization in the current fiscal year concerning the prior service cost included in the note of the above funded status.

(Note3) Others include ¥643 million (\$6,570 thousand) and ¥628 million as the installments of defined contribution pension plan, and ¥59 million (\$606 thousand) and ¥58 million for the prepayment plan for the years ended March 31, 2009 and 2008, respectively.

The principal assumptions used for the years ended March 31, 2009 and 2008 are summarized as follows:

	2009	2008
Method of allocation of estimated retirement benefits	Equally over the period	Equally over the period
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	3.0%	3.0%
Period for amortization of prior service cost	10 years	10 years
Period for amortization of unrecognized actuarial differences	3 years	3 years

## 10. Net Assets

The Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effective on May 1, 2006.

Retained earnings include a legal reserve provided in accordance with the Law. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and legal reserve, respectively, until the aggregated amount of capital reserve and legal reserve equals 25% of the common stock account. The legal reserve amounted to ¥28,386 million (\$289,658 thousand) on March 31, 2009.

The capital reserve and legal reserve are not available for dividends but may be transferred to capital surplus or retained earnings or stated capital upon approval of the shareholders' meeting.



## 11. Contingent Liabilities

The Company's contingent liabilities on March 31, 2009 as a co-guarantor for the indebtedness of others totaled ¥61,778 million (\$630,389 thousand) including ¥44,146 million (\$450,473 thousand) of a co-guarantor of indebtedness of Japan Nuclear Fuel Ltd.

In addition, the Company's debt assumption arrangements with banks amounted to ¥81,370 million (\$830,306 thousand) on March 31, 2009.

## 12. Leases

### (a) Lessee

Finance leases other than those which are stipulated to transfer the ownership of the leased assets to the lessee, contracted before March 31, 2008 are accounted for in a method similar to that used for operating leases as before.

For those finance leases, pro forma information of the leased property such as acquisition costs, accumulated depreciation and lease obligations on an "as if capitalized" basis for the years ended March 31, 2009 and 2008 is summarized as follows:

	Millions of yen		
	2009		
	Electric facilities	Other facilities	Total
Acquisition costs	¥3	¥21	¥25
Less: Accumulated depreciation	0	8	8
Net leased property	¥2	¥13	¥16

	Millions of yen		
	2008		
	Electric facilities	Other facilities	Total
Acquisition costs	¥ –	¥21	¥21
Less: Accumulated depreciation	–	2	2
Net leased property	¥ –	¥19	¥19

	Thousands of U.S. dollars		
	2009		
	Electric facilities	Other facilities	Total
Acquisition costs	\$37	\$220	\$258
Less: Accumulated depreciation	7	83	90
Net leased property	\$30	\$137	\$167

### Obligations under finance leases as of March 31, 2009 –

	Millions of yen	Thousands of U.S. dollars
	Due within one year	¥6
Due after one year	9	101
Total	¥16	\$167

The amounts of leased property and obligations under finance leases include the imputed interest expense portion.

Lease payments under finance leases accounted for as operating leases in the accompanying consolidated financial statements totaled ¥6 million (\$65 thousand) and ¥2 million, which were equal to the depreciation of the leased assets computed by the straight-line method over the respective lease terms, for the years ended March 31, 2009 and 2008, respectively.

### (b) Lessor

Finance leases other than those which are stipulated to transfer the ownership of the leased assets to the lessee, contracted before March 31, 2008 are accounted for in a method similar to that used for operating leases as before.

For those finance leases, pro forma information of the leased property such as acquisition costs, accumulated depreciation and lease obligations on an "as if capitalized" basis for the years ended March 31, 2009 and 2008 is summarized as follows:

	2009		2008	
	Other facilities	Total	Other facilities	Total
Acquisition costs	¥7	¥7	¥1,136	¥1,136
Less: Accumulated depreciation	5	5	782	782
Net leased property	¥1	¥1	¥354	¥354

	Thousands of U.S. dollars	
	2009	
	Other facilities	Total
Acquisition costs	\$71	\$71
Less: Accumulated depreciation	59	59
Net leased property	\$12	\$12

### Future lease revenues under finance leases as of March 31, 2009 –

	Millions of yen	Thousands of U.S. dollars
	Due within one year	¥6
Due after one year	6	65
Total	¥12	\$129

Total revenues under finance leases include the imputed interest revenues.

Revenues under finance leases accounted for as operating leases in the accompanying consolidated financial statements for the year ended March 31, 2009 and 2008 totaled ¥6 million (\$68 thousand) and ¥227 million, respectively.

Depreciation expense relating to the leased assets was ¥0.7 million (\$7 thousand) and ¥148 million for the year ended March 31, 2009 and 2008, respectively.

## 13. Derivatives

The Company and its consolidated subsidiaries enter into various types of derivatives transactions ("derivatives") including forward foreign exchange contracts, currency swaps and interest-rate swaps in order to hedge against market risk arising from changes in foreign exchange rates and interest rates associated with its assets and liabilities.

The Company does not hold or issue derivatives for trading or speculative purposes.

Transactions involving derivatives are conducted in compliance with its internal policies.

The counterparties to the derivatives position are limited to major financial institutions with high credit ratings.

Forward foreign exchange contracts which are assigned to hedge payables denominated in foreign currencies are reflected in the consolidated balance sheets in yen at the contracted rates of exchange.

The Interest-rate swap positions outstanding had no material effect on the consolidated financial results for the years ended March 31, 2009 and 2008.

## 14. Research and Development Expenses

Research and development expenses included in operating expenses for the years ended March 31, 2009 and 2008 totaled ¥2,523 million (\$25,747 thousand) and ¥2,481 million, respectively.

## 15. Segment Information

Information about the business segments of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2008 is summarized as follows:

	Millions of yen				
	2009				
	Electricity	Other	Total	Eliminations	Consolidated
Sales to customers	¥511,233	¥13,367	¥524,600	¥ –	¥524,600
Inter-segment sales	565	32,828	33,393	(33,393)	–
Total operating revenues	511,798	46,195	557,994	(33,393)	524,600
Operating expenses	489,467	42,527	531,994	(33,574)	498,420
Operating income	22,331	3,668	26,000	180	26,180
Assets	1,410,505	59,450	1,469,955	(16,039)	1,453,915
Depreciation	91,823	4,233	96,057	(307)	95,749
Impairment loss	17	24	42	–	42
Capital expenditure	58,327	3,597	61,924	(185)	61,739



Millions of yen

	2008				
	Electricity	Other	Total	Eliminations	Consolidated
Sales to customers	¥464,346	¥13,564	¥477,911	¥ -	¥477,911
Inter-segment sales	554	29,414	29,968	(29,968)	-
Total operating revenues	464,900	42,979	507,880	(29,968)	477,911
Operating expenses	440,708	39,602	480,310	(30,069)	450,241
Operating income	24,192	3,377	27,569	100	27,669
Assets	1,468,832	64,407	1,533,239	(16,535)	1,516,703
Depreciation	97,866	4,919	102,785	(322)	102,463
Impairment loss	135	-	135	-	135
Capital expenditure	41,997	3,446	45,443	(210)	45,233

Thousands of U.S. dollars

	2009				
	Electricity	Other	Total	Eliminations	Consolidated
Sales to customers	\$5,216,670	\$136,400	\$5,353,071	\$ -	\$5,353,071
Inter-segment sales	5,765	334,987	340,752	(340,752)	-
Total operating revenues	5,222,436	471,387	5,693,824	(340,752)	5,353,071
Operating expenses	4,994,563	433,949	5,428,512	(342,593)	5,085,919
Operating income	227,873	37,438	265,311	1,840	267,152
Assets	14,392,912	606,633	14,999,546	(163,671)	14,835,874
Depreciation	936,972	43,203	980,176	(3,142)	977,034
Impairment loss	182	248	431	-	431
Capital expenditure	595,178	36,709	631,887	(1,890)	629,996

(Note) Other represents construction and maintenance of the electrical power facilities, information, telecommunications and other.

Geographic segment information and overseas sales information has not been presented since the Company has no overseas consolidated subsidiaries.

The Company and its consolidated subsidiaries recorded no overseas sales for the years ended March 31, 2009 and 2008.

## 16. Related Party Transactions

Significant transactions of the Company with corporate auditor for the years ended March 31, 2009 and 2008 were as follows.

Akira Miyama (Corporate auditor of the Company)

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2009	2008	2009
Transactions for the year ended March 31.			
Borrowings	¥46,150	¥11,900	\$470,918
Payment of interest	303	307	3,092
Balances as of March 31.			
Long-term debt	15,500	13,500	158,163
Short-term debt	4,450	6,400	45,408
Other current liabilities	85	131	875

(Note) Akira Miyama who is a corporate auditor, is concurrently the chairman of the Hokkoku Bank, LTD ("Bank"). The Company borrowed from the Bank of which he is a representative, and interest rate has been decided reasonably considering the market rate of interest.

## Report of Independent Auditors

The Board of Directors  
Hokuriku Electric Power Company

We have audited the accompanying consolidated balance sheets of Hokuriku Electric Power Company and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hokuriku Electric Power Company and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

*Ernst & Young ShinNishin LLC*

Toyama, Japan  
June 26, 2009

# Non-Consolidated Financial Statements

HOKURIKU ELECTRIC POWER COMPANY  
As of March 31, 2009 and 2008

## Non-Consolidated Balance Sheets

ASSETS	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2009	2008	2009
PROPERTY, PLANT AND EQUIPMENT:	¥3,173,532	¥3,138,719	\$32,382,986
Less: Contributions in aid of construction	(53,251)	(52,906)	(543,382)
Accumulated depreciation	(2,090,142)	(2,009,169)	(21,327,982)
Property, plant and equipment, net	1,030,138	1,076,643	10,511,622
NUCLEAR FUEL:			
Loaded nuclear fuel	29,443	33,226	300,440
Nuclear fuel in processing	56,670	52,323	578,271
Total nuclear fuel	86,113	85,549	878,712
INVESTMENTS AND OTHER ASSETS:			
Long-term investments	45,386	53,528	463,129
Investments in subsidiaries and affiliates	21,644	23,270	220,863
Fund for reprocessing of irradiated nuclear fuel	23,073	23,394	235,448
Deferred income taxes	34,697	35,496	354,058
Other assets	2,156	922	22,006
Total investments and other assets	126,959	136,611	1,295,505
CURRENT ASSETS:			
Cash	94,819	92,270	967,549
Amounts due from customers	36,926	45,597	376,801
Fuel and supplies	27,902	19,617	284,720
Deferred income taxes	8,188	9,376	83,559
Other current assets	10,377	15,434	105,893
Total current assets	178,215	182,297	1,818,525
<b>TOTAL ASSETS</b>	<b>¥1,421,427</b>	<b>¥1,481,102</b>	<b>\$14,504,365</b>

	Millions of yen	Millions of yen	Thousands of U.S. dollars
LIABILITIES AND NET ASSETS	2009	2008	2009
LONG-TERM DEBT:			
Long-term debt	¥802,279	¥828,701	\$8,186,528
Accrued employees' retirement benefits	31,031	33,989	316,645
Reserve for reprocessing of irradiated nuclear fuel	23,815	23,929	246,014
Reserve for reprocessing of irradiated nuclear fuel without specific plans	2,444	1,206	24,941
Reserve for decommissioning costs of nuclear power units	19,062	16,937	194,514
Other long-term liabilities	10,474	12,361	106,884
Total long-term liabilities	889,107	917,126	9,072,528
CURRENT LIABILITIES:			
Short-term debt	24,100	33,600	245,918
Current portion of long-term debt and other	108,902	107,516	1,111,246
Accounts payable	19,566	29,504	199,657
Accrued income taxes and other	6,566	5,415	67,005
Accrued expenses	21,347	25,065	217,831
Other current liabilities	9,301	7,652	94,918
Total current liabilities	189,784	208,754	1,936,578
RESERVE FOR FLUCTUATION IN WATER LEVELS	5,592	8,979	57,070
Total liabilities	1,084,485	1,134,860	11,066,176
NET ASSETS:			
SHAREHOLDERS' EQUITY			
Common stock: Authorized - 400,000,000 shares Issued - 220,333,694 shares in 2009 and 2008	117,641	117,641	1,200,423
Capital surplus: Legal capital surplus	33,993	33,993	346,870
Other capital surplus	15	9	153
Retained earnings: Legal reserve	28,386	28,386	289,658
Reserve for cost fluctuation adjustments	51,500	51,500	525,510
General reserve	80,000	80,000	816,326
Retained earnings brought forward	36,022	39,780	367,576
Treasury stock at cost	(15,082)	(14,743)	(153,905)
Total shareholders' equity	332,476	336,567	3,392,615
NET UNREALIZED GAIN ON SECURITIES	4,466	9,674	45,573
Total net assets	336,942	346,242	3,438,188
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>¥1,421,427</b>	<b>¥1,481,102</b>	<b>\$14,504,365</b>

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥98 = U.S.\$1.00, the approximate rate of exchange on March 31, 2009.

## Non-Consolidated Statements of Income

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2009	2008	2009
OPERATING REVENUES	¥512,991	¥466,022	\$5,234,602
OPERATING EXPENSES:			
Personnel expenses	48,557	42,630	495,482
Fuel	150,138	129,427	1,532,026
Purchased power	53,609	46,619	547,040
Maintenance	49,646	38,888	506,598
Depreciation	91,282	97,288	931,451
Taxes other than income taxes	31,325	32,111	319,647
Other	65,881	54,698	672,255
	490,441	441,663	5,004,502
OPERATING INCOME	22,549	24,359	230,100
OTHER (INCOME) EXPENSES:			
Interest expense	16,086	16,675	164,151
Other, net	(2,073)	(1,617)	(21,161)
	14,013	15,058	142,990
INCOME BEFORE SPECIAL ITEMS AND INCOME TAXES	8,536	9,300	87,110
SPECIAL ITEMS:			
Reversal of reserve for fluctuation in water levels	(3,387)	(1,536)	(34,561)
Gain on sales of securities	—	(536)	—
Provision for decommissioning costs of nuclear power units for prior periods	—	2,045	—
	(3,387)	(27)	(34,561)
INCOME BEFORE INCOME TAXES	11,923	9,327	121,671
INCOME TAXES:			
Current	21	248	224
Deferred	4,958	3,904	50,596
	4,980	4,153	50,820
NET INCOME	¥6,943	¥5,174	\$70,851
PER SHARE:	Yen	Yen	U.S. dollars
Net income	¥32.45	¥24.17	\$0.33
Cash dividends	50.00	50.00	0.51

## Non-Consolidated Statements of Changes in

	Number of shares of common stock	Common stock
BALANCE AT MARCH 31, 2007	220,333,694	¥117,641
Cash dividends paid	—	—
Net income	—	—
Purchases of treasury stock	—	—
Disposal of treasury stock	—	—
Net changes of items other than shareholders' equity	—	—
BALANCE AT MARCH 31, 2008	220,333,694	117,641
Cash dividends paid	—	—
Net income	—	—
Purchases of treasury stock	—	—
Disposal of treasury stock	—	—
Net changes of items other than shareholders' equity	—	—
BALANCE AT MARCH 31, 2009	220,333,694	¥117,641

	Common stock
BALANCE AT MARCH 31, 2008	\$1,200,423
Cash dividends paid	—
Net income	—
Purchases of treasury stock	—
Disposal of treasury stock	—
Net changes of items other than shareholders' equity	—
BALANCE AT MARCH 31, 2009	\$1,200,423

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥98



## Net Assets

Millions of yen

Shareholders' equity						Treasury stock at cost	Total shareholders' equity	Net unrealized gain on securities	Total net assets
Capital surplus		Legal reserve	Retained earnings						
Legal capital surplus	Other capital surplus		Other retained earnings						
			Reserve for cost fluctuation adjustments	General reserve	Retained earnings brought forward				
¥33,993	¥8	¥28,386	¥51,500	¥80,000	¥45,311	¥(14,547)	¥342,293	¥15,971	¥358,265
-	-	-	-	-	(10,705)	-	(10,705)	-	(10,705)
-	-	-	-	-	5,174	-	5,174	-	5,174
-	-	-	-	-	-	(263)	(263)	-	(263)
-	1	-	-	-	-	67	68	-	68
-	-	-	-	-	-	-	-	(6,296)	(6,296)
33,993	9	28,386	51,500	80,000	39,780	(14,743)	336,567	9,674	346,242
-	-	-	-	-	(10,700)	-	(10,700)	-	(10,700)
-	-	-	-	-	6,943	-	6,943	-	6,943
-	-	-	-	-	-	(415)	(415)	-	(415)
-	5	-	-	-	-	75	81	-	81
-	-	-	-	-	-	-	-	(5,208)	(5,208)
¥33,993	¥15	¥28,386	¥51,500	¥80,000	¥36,022	¥(15,082)	¥332,476	¥4,466	¥336,942

Thousands of U.S. dollars

Shareholders' equity						Treasury stock at cost	Total shareholders' equity	Net unrealized gain on securities	Total net assets
Capital surplus		Legal reserve	Retained earnings						
Legal capital surplus	Other capital surplus		Other retained earnings						
			Reserve for cost fluctuation adjustments	General reserve	Retained earnings brought forward				
\$346,870	\$98	\$289,658	\$525,510	\$816,326	\$405,918	\$(150,440)	\$3,434,366	\$98,717	\$3,533,083
-	-	-	-	-	(109,193)	-	(109,193)	-	(109,193)
-	-	-	-	-	70,851	-	70,851	-	70,851
-	-	-	-	-	-	(4,239)	(4,239)	-	(4,239)
-	55	-	-	-	-	775	830	-	830
-	-	-	-	-	-	-	-	(53,144)	(53,144)
\$346,870	\$153	\$289,658	\$525,510	\$816,326	\$367,576	\$(153,905)	\$3,392,615	\$45,573	\$3,438,188

= U.S.\$1.00, the approximate rate of exchange on March 31, 2009.

## Six-Year Summary

HOKURIKU ELECTRIC POWER COMPANY  
Years ended March 31

	2009	2008	2007	2006	2005	2004
Consolidated Statement of Income Data (Millions of Yen)						
Operating Revenues	524,600	477,911	485,698	480,813	470,907	451,466
Operating Expenses	498,420	450,241	460,340	425,647	400,338	393,071
Operating Income	26,180	27,669	55,358	55,166	70,569	58,395
Other Income Deduction (Net)	11,472	15,016	27,401	23,097	31,456	30,658
Income before Income Taxes and Minority Interests	14,708	12,653	27,957	32,068	39,113	27,737
Income Taxes	7,223	5,297	10,470	11,917	13,895	12,031
Minority Interests in Income (Loss) of Consolidated Subsidiaries	–	–	227	209	82	(663)
Net Income	7,484	7,355	17,259	19,941	25,135	16,369
Net Income per Share of Common Stock (Yen)	34	34	81	91	114	74
Consolidated Statement of Cash Flows Data (Millions of Yen)						
Net Cash provided by Operating Activities	110,315	67,335	148,162	117,960	123,989	119,865
Net Cash used in Investing Activities	(59,576)	(40,754)	(69,385)	(55,549)	(70,793)	(90,696)
Net Cash provided by (used in) Financing Activities	(47,875)	21,731	(56,473)	(60,092)	(39,319)	(28,848)
Net Increase (Decrease) in Cash and Cash Equivalents	2,863	48,311	22,303	2,319	13,876	320
Cash and Cash Equivalents at End of Year	96,837	93,973	45,662	23,358	21,038	7,162
Non-Consolidated Statement of Income Data (Millions of Yen)						
Operating Revenues	512,991	466,022	473,415	467,235	458,397	440,552
Lighting (Residential)	156,819	151,470	146,604	149,779	148,772	142,480
Commercial and Industrial	277,607	265,906	258,442	252,559	251,513	241,551
Other	78,564	48,646	68,368	64,896	58,112	56,520
Operating Expenses	490,441	441,663	422,943	414,959	391,045	385,965
Personnel Expenses	48,557	42,630	49,172	48,149	69,429	67,919
Fuel	150,138	129,427	80,023	67,948	63,217	38,591
Maintenance	49,646	38,888	50,695	33,784	46,405	45,272
Depreciation	91,282	97,288	103,525	126,890	70,557	76,183
Purchased Power	53,609	46,619	43,213	42,158	54,357	69,122
Other	97,206	86,810	96,312	96,027	87,076	88,877
Operating Income	22,549	24,359	50,471	52,276	67,352	54,586
Other Income Deduction (Net)	10,625	15,031	25,469	22,656	30,051	25,376
Income before Income Taxes	11,923	9,327	25,002	29,620	37,301	29,210
Income Taxes	4,980	4,153	9,285	11,112	13,150	11,562
Net Income	6,943	5,174	15,716	18,507	24,150	17,647
Net Income per Share of Common Stock (Yen)	32	24	73	84	109	80

	2009	2008	2007	2006	2005	2004
<b>Operating Statistics</b>						
Utility Plant Data						
Generating Capacity (MW)	7,962	8,114	8,114	8,114	6,754	6,003
Hydroelectric	1,816	1,816	1,816	1,816	1,814	1,813
Thermal	4,400	4,400	4,400	4,400	4,400	3,650
Nuclear	1,746	1,898	1,898	1,898	540	540
Route Length of Transmission Lines (km)	3,315	3,304	3,291	3,267	3,200	3,183
Substations (MVA)	28,579	27,760	27,647	27,633	27,637	26,687
Conductor Length of Distribution Lines (km)	120,530	120,226	119,817	119,315	118,850	118,373
kWh Output Data (Millions of kWh)						
Generated	35,028	30,820	34,520	32,878	30,716	25,909
Hydroelectric	5,201	5,518	6,203	5,898	6,095	6,571
Thermal	20,566	25,302	21,947	19,023	20,844	17,662
Nuclear	9,261	0	6,370	7,957	3,777	1,676
Purchased and Interchanged	△ 3,779	1,547	△ 3,179	△ 1,804	△ 951	2,219
System Operating Requirement (Deduct)	(3,094)	(3,062)	(3,141)	(3,108)	(2,890)	(2,504)
Total Sales of Electric Power	28,154	29,305	28,200	27,966	26,875	25,624
Peak Load (MW)						
Date when the Peak Demand was Recorded	Jul. 23	Aug. 9	Aug. 21	Aug. 4	Aug. 19	Aug. 7
Total Sales of Electric Power (Millions of kWh)						
Lighting (Residential)	7,902	7,913	7,514	7,505	7,154	6,856
Commercial and Industrial	20,252	21,392	20,686	20,461	19,720	18,768
Commercial Power	5,239	5,249	5,068	5,026	4,798	4,537
Small Industrial Power	3,686	3,991	4,018	4,199	4,208	4,125
Large Industrial Power	10,901	11,696	11,148	10,667	10,147	9,560
Other Services	426	456	452	569	567	546
Customer Data						
Number of Customers (Thousand)	2,081	2,082	2,082	1,996	2,004	1,999
Lighting (Residential)	1,822	1,815	1,808	1,715	1,695	1,682
Commercial and Industrial	259	267	274	281	309	317
Population Served (Thousand)	3,005	3,014	3,022	3,027	3,039	3,046
Number of Employees	4,630	4,611	4,638	4,692	4,752	5,031
Number of Shareholders	112,779	120,442	120,217	126,305	132,572	131,200



### Date of Establishment

May 1, 1951

### Service Territory

Toyama, Ishikawa and Fukui (excluding some districts), and a part of Gifu

### Number of Shareholders

112,779 (At the end of March 2009)

### Corporate Resources and Facilities (At the end of March 2009)

Capital (Billions of yen)	117.64
Number of employees	4,630
Hydroelectric power capacity (MW)	1,816
Thermal power capacity (MW) (Steam and internal combustion engine)	4,400
Nuclear power capacity (MW)	1,746
Transmission facilities (Line length in km)	3,315
Transformation facilities (Thousands of kVA)	28,579
Distribution facilities (Conductor length in km)	120,530
Number of contracts (Thousands) (Total of lighting and power contracts)	2,081
Electricity sales (Billions of kWh) (For fiscal year)	28.2

### Head Office and Branches

Head Office :	15-1 Ushijima, Toyama City 930-8686, Japan
Toyama Branch :	13-15 Ushijima, Toyama City 930-0858, Japan
Takaoka Branch :	7-15 Hirokoji, Takaoka City 933-0057, Japan
Uozu Branch :	1-12-12 Shinkanaya, Uozu City 937-0801, Japan
Ishikawa Branch :	6-11 Shimohonda, Kanazawa City 920-0993, Japan
Nanao Branch :	61-7 Mishima, Nanao City 926-8585, Japan
Komatsu Branch :	25-1 Sakae, Komatsu City 923-0934, Japan
Fukui Branch :	1-4-1 Hinode, Fukui City 910-8565, Japan
Tannan Branch :	10 Shinmachi, Takefu City 915-0883, Japan
Tokyo Branch :	2-8-1 Toranomom, Minato-ku, Tokyo 105-0001, Japan

## Directors and Auditors

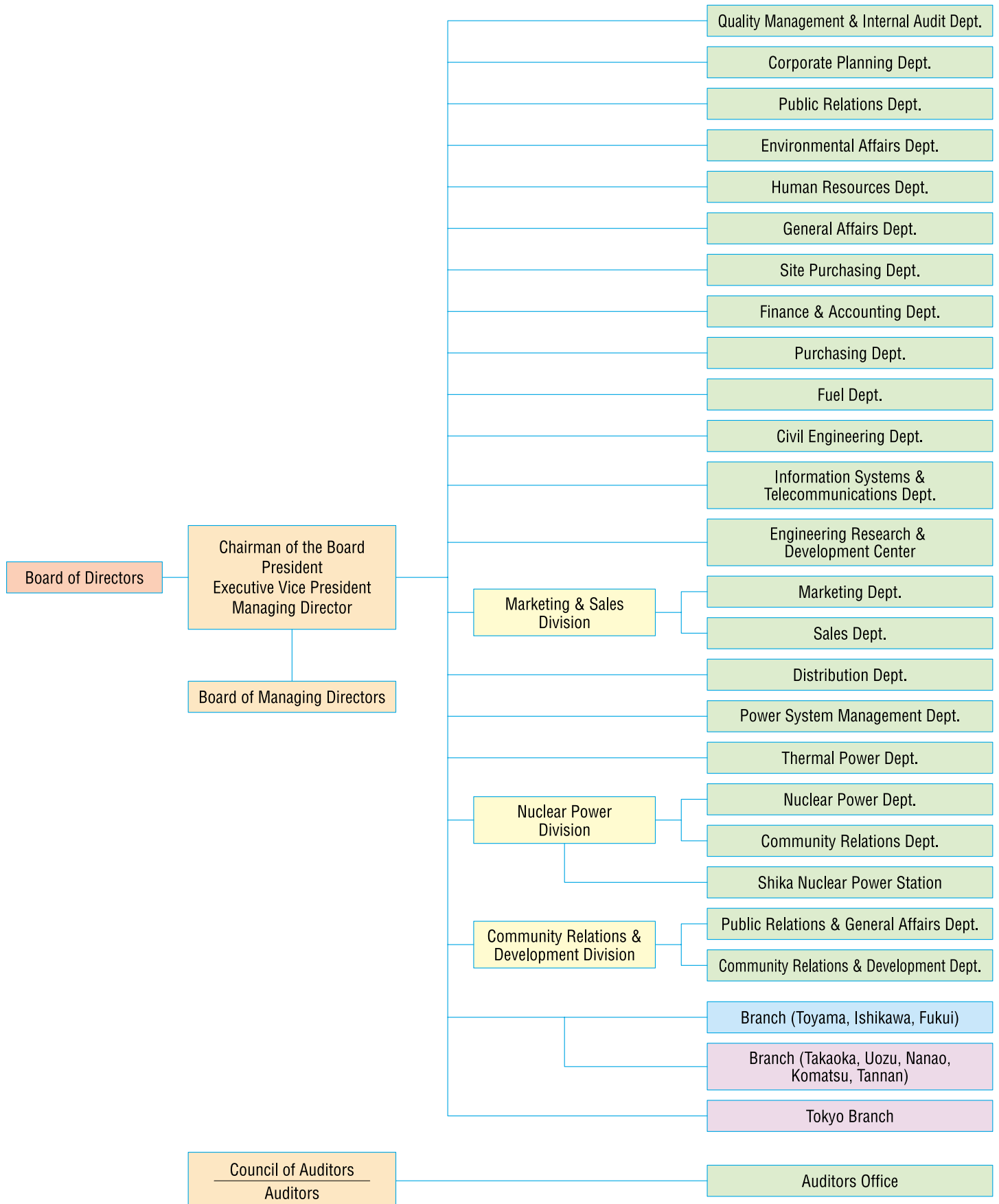
Chairman of the Board :	Fujio Shinki
President :	Isao Nagahara
Executive Vice Presidents :	Susumu Kyuwa Masaru Matsunaga Yukio Matsuoka

Managing Directors :	Yuichi Hori Toshinori Motobayashi Kohei Murata Shinji Wakamiya Yukio Arai Mitsuaki Minabe
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Standing Auditors :	Koichi Takakuwa Zenjo Sakamoto
Auditors :	Shinichiro Inushima Akira Miyama Tatsuo Kawada



# Corporate Organization

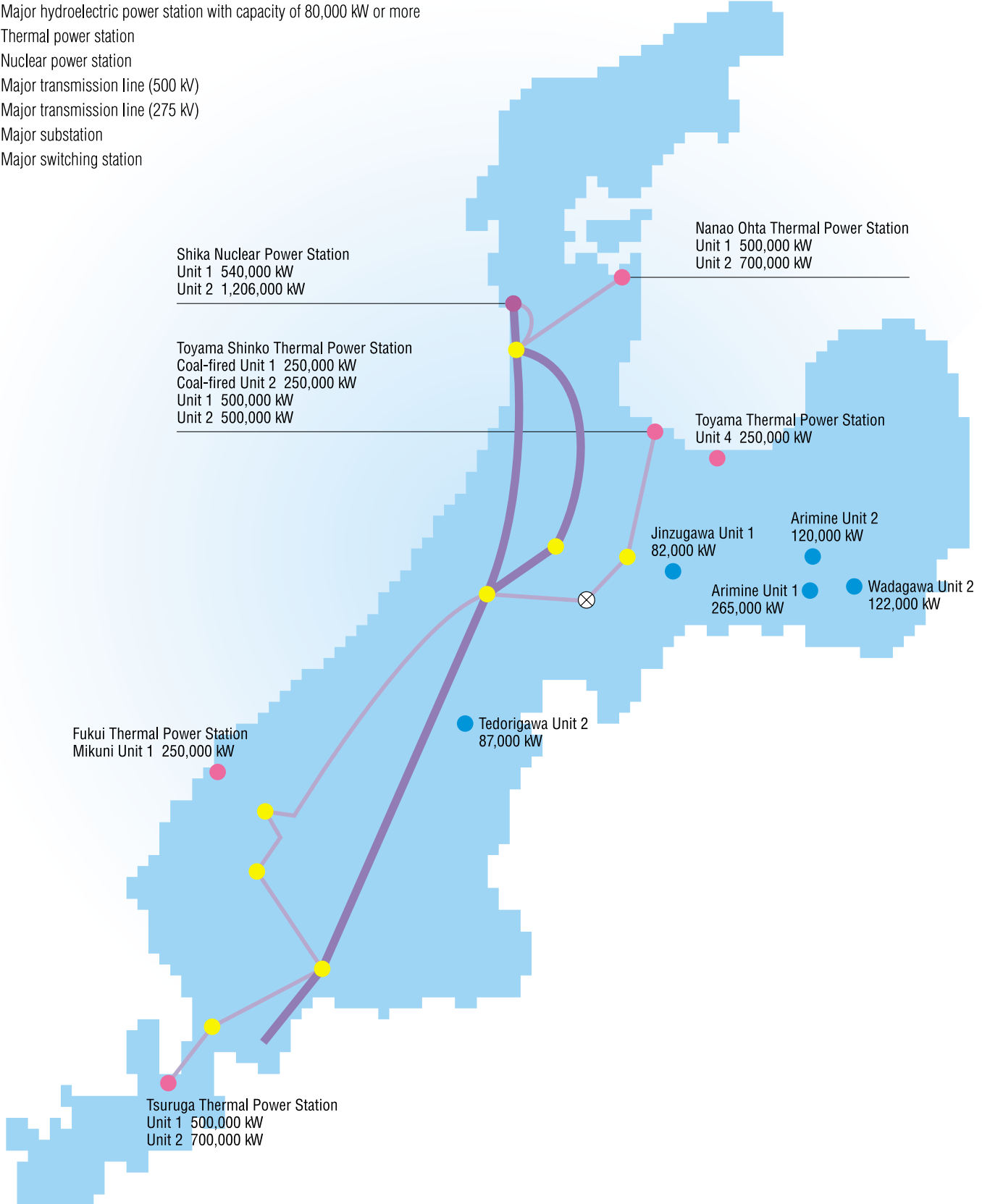


## List of Affiliated Companies (As of July 1, 2009)

	Name of company	Capital (Millions of yen)	Investment stake(%)	Year of establishment	Major business lines
<b>Electricity</b>	The Nihonkai Power Generating	6,500	100.0	1982	Wholesale supply of electricity
	Kurobegawa Denryoku	3,000	50.0	1923	Wholesale supply of electricity
	Toyama Kyodo Jikahatsuden	1,350	50.0	1952	Non-utility electric power generation for auxiliary use
<b>Construction</b>	Hokuriku Plant Services Co., Ltd.	95	100.0	1970	Maintenance and engineering works of thermal and nuclear power generation equipment
	Hokuden Techno Service	50	100.0	1982	Maintenance of hydroelectric power generation and transformation equipment
	Nihonkai Kenko	200	48.0	1946	Design and execution of civil engineering and construction works
	Hokuriku Electrical Construction Co., Ltd.	3,328	28.3	1944	Electrical work
<b>Manufacturing</b>	Nihonkai Concrete Industries Co.	150	80.0	1953	Production and sale of concrete poles and piles
	Hokuriku Instrumentation Co., Inc.	30	40.0	1970	Production, repair and testing of watt-hour meters, etc.
	Hokuriku Energys	48	25.0	1981	Production and sale of distribution switches, etc.
	Hokuriku Electric Co., Ltd.	200	19.8	1944	Production and sale of transformers and switchboards
<b>Telecommunications</b>	Hokuriku Telecommunication Network Co., Inc.	6,000	100.0	1993	Dedicated telecommunication line service and data transmission link services
	Cable Television TOYAMA Inc.	2,010	13.4	1994	Cable TV broadcasting service
<b>Services</b>	Hokuriku LNES Co., Ltd.	200	41.0	2001	Wholesale of LNG
	Hokuden Industry Co., Ltd.	100	100.0	1974	Lease and management of real estate, temporary staff dispatching business and leasing business
	The Hokuden Information System Service Company, Inc.	50	100.0	1987	Development and maintenance of software
	Hokuriku Electric Power Living Service Co., Ltd.	50	100.0	1987	Diffusion and maintenance of electrical appliances, etc.
	Hokuden Partner Service	20	100.0	1990	Maintenance of electrical power equipment, operation of electrical and other related facilities, group financing, centralized accounting and payroll operations for group companies
	Nihonkai Environmental Service Inc.	50	100.0	1992	Environment survey, and design and execution of environment greening works
	Hokuden Engineering Consultants Co., Ltd.	50	100.0	2001	Research, design, administration, land survey, geological survey, consultation about compensation for civil engineering and construction works, etc.
	Hokuriku Denki Shoji Co., Ltd.	10	60.0	1949	Pole advertisement, travel business and non-life insurance agency
	Japan Ecology and Security Service Company	50	51.0	2000	Recycling and storage of classified and preserved document, and sale of paper products
	Plastic Recycling Technology Company	200	51.0	2002	Plastic recycling

# Outline of Supply Facilities (As of April 2009)

- Major hydroelectric power station with capacity of 80,000 kW or more
- Thermal power station
- Nuclear power station
- Major transmission line (500 kV)
- Major transmission line (275 kV)
- Major substation
- ⊗ Major switching station



 Hokuriku Electric Power Company

15-1 Ushijima, Toyama City 930-8686, Japan

<http://www.rikuden.co.jp>