ANNUAL REPORT 2015

Hokuriku Electric Power Company

Corporate Profile

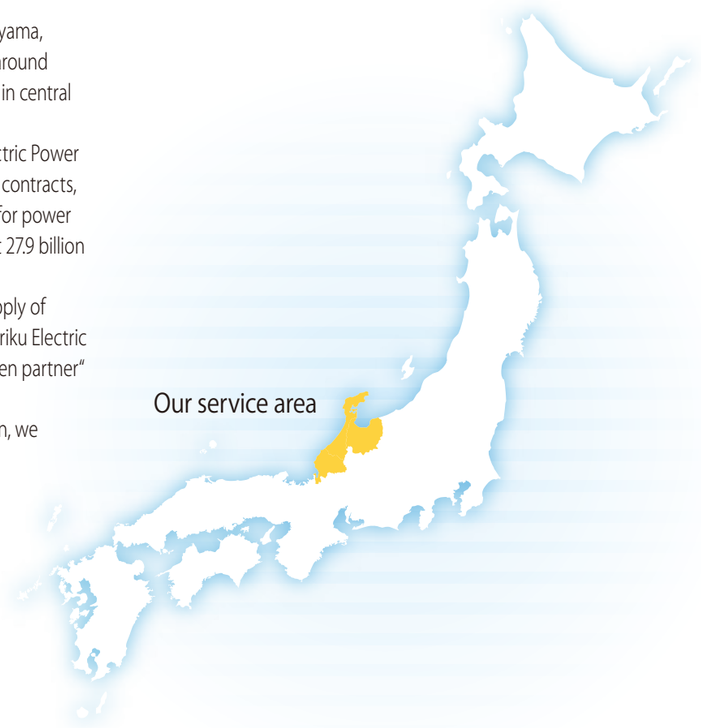
Hokuriku Electric Power Company established on May 1, 1951, supplies electricity through integrated power generation, transmission and distribution systems as one of the ten general electric utilities in Japan.

Our principle service area covers three prefectures, Toyama, Ishikawa and Fukui (with a combined total population of around 3 million in 12,600 km²), all located along the Sea of Japan in central Honshu.

At present (as of the end of March 2015), Hokuriku Electric Power Company serves approximately 2.12 million customers on contracts, including 1.89 million for lighting service and 0.22 million for power supply service, and its electricity sales amounted to about 27.9 billion kWh.

In order to fulfill a social mission of ensuring stable supply of low-cost and high-quality energy, we aim to create "Hokuriku Electric Power Group that will serve as your trustworthy and chosen partner" by steadily addressing various 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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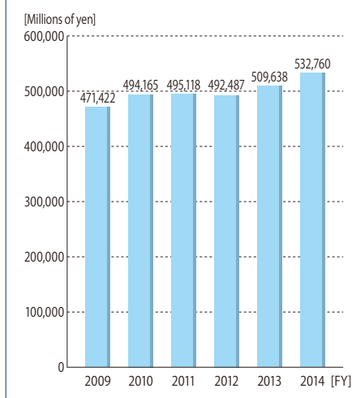
Highlights

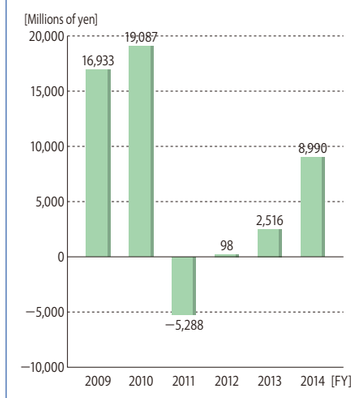
	FY2014	FY2013	FY2014
CONSOLIDATED			
Operating revenue	532,760 millions of yen	509,638 millions of yen	4,429,706 thousands of U.S. dollars
Operating income	39,959 millions of yen	19,855 millions of yen	332,250 thousands of U.S. dollars
Net income	8,990 millions of yen	2,516 millions of yen	74,754 thousands of U.S. dollars
Net income per share	43.05 yen	12.05 yen	0.35 U.S. dollars
Total assets	1,479,451 millions of yen	1,440,151 millions of yen	12,301,085 thousands of U.S. dollars
NON-CONSOLIDATED			
Operating revenue	513,008 millions of yen	495,689 millions of yen	4,265,476 thousands of U.S. dollars
Operating income	35,260 millions of yen	15,703 millions of yen	293,181 thousands of U.S. dollars
Net income	6,657 millions of yen	1,622 millions of yen	55,357 thousands of U.S. dollars
Net income per share	31.88 yen	7.77 yen	0.26 U.S. dollars
Cash dividends	50.00 yen	50.00 yen	0.41 U.S. dollars
Total assets	1,419,487 millions of yen	1,407,925 millions of yen	11,802,502 thousands of U.S. dollars
Electricity sales	27,884 millions of kWh	28,078 millions of kWh	
Number of customers	2,117 thousands	2,106 thousands	
System peak load	5,258 MW	5,263 MW	
Generating capacity	8,068 MW	8,069 MW	
Hydroelectric	1,914 MW	1,913 MW	
Thermal	4,400 MW	4,400 MW	
Nuclear	1,746 MW	1,749 MW	
New energy	8 MW	9 MW	

At the rate of ¥120.27 = U.S.$1.00

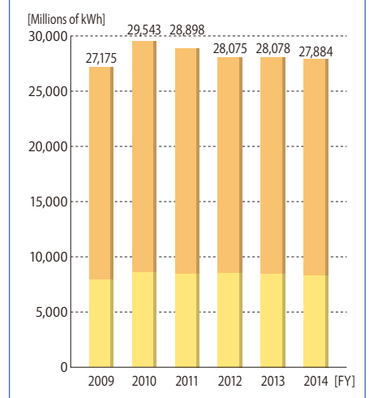
Changes in operating revenue (consolidated)
(6 years from FY2009 through FY2014)



Changes in net income (consolidated)
(6 years from FY2009 through FY2014)



Changes in electricity sales
(6 years from FY2009 through FY2014)



We aim to create "Hokuriku Electric Power Group that will serve as your trustworthy and chosen partner" by fulfilling a social mission of "ensuring stable supply of low-cost and high-quality energy."

Left: Susumu Kyuwa, Chairman of the Board
Right: Yutaka Kanai, President

As very tight power supply/demand and severe financial situations due to suspended operation of nuclear power stations continue, the environment surrounding our group begins to change significantly following the decision to fully liberalize retail electricity market from FY2016 and the planned legal unbundling of transmission and distribution sectors from April 2020.

Amid such situations, our group's social mission of "ensuring stable supply of low-cost and high-quality energy" for our customers remains unchanged. In order to continuously fulfill this mission, we will steadily deal with various challenges.

We will pursue the world's highest level of safety of Shika Nuclear Power Station.

As for the seams in the site of Shika Nuclear Power Station, we have conducted a variety of additional surveys including trench survey and submitted a survey report (final version) that concludes "the seams are not faults that may be active in the future" to the Nuclear Regulation Authority (NRA) at the end of 2013. On the other hand, the knowledgeable persons meeting of NRA has put together a draft evaluation report in July this year that no explicit evidence for the seams in the site is found to indicate any activity after the Late Pleistocene but we cannot deny a possibility of displacement or deformation in the past.

We consider our evaluation reasonable that concludes "the seams are not faults that may be active in the future" with taking due account of scientific survey data so far and have submitted our opinion paper on the evaluation proposal to the knowledgeable persons meeting on August 10. We have received a view from outside persons of learning that our opinion paper is scientifically reasonable and proper. Accordingly, we will provide detailed explanations on the content of our opinion paper to make NRA and other parties concerned understand the validity of our evaluation without fail.

On the other hand, as for safety measures at Shika Nuclear Power Station, we have steadily taken "safety improvement measures" based on the new regulatory standards and filed an application for safety conformity review of Unit 2 in August last year. In addition, we have enhanced and conducted our construction work to achieve a higher safety level with consideration given to the review process of nuclear power stations of other electric utilities. We will undertake our efforts to complete our construction work earlier by taking prior actions based on the acquired new knowledge and aim to attain the world's highest level of safety.

We ensure stable supply of electricity.

The last fiscal year posed a tough power supply/demand situation due to the suspended operation of Shika Nuclear Power Station. In such a situation, we have implemented every possible measure to ensure supply capability including rescheduling inspection at hydroelectric and thermal power stations, in addition to cooperation by our customers for saving electricity and energy, which have resulted in stable electricity supply.

As our thermal power stations have been operated at a high utilization rate since shutdown of Shika Nuclear Power Station, we will continue to stably supply electricity through rescheduling of periodic inspections and implementation of prompt and accurate inspection and repair work.

Moreover, in our efforts aimed at stable supply of electricity and further development of power sources using less carbon resources over the medium- and long-term, we will steadily construct LNG-fired Unit 1 of Toyama Shinko Thermal Power Station. Furthermore, we are actively introducing and expanding renewable energy sources, including construction of Katakai Betsumata Power Station, higher power production through refurbishment of the existing hydroelectric power facilities and development of Mikuni Wind Power Station which is undertaken by the Nihonkai Power Generating, one of our group companies.

We conduct our business activity in consideration of customer needs.

We will take steady steps to cope with full liberalization of Japan's retail electricity market from FY2016.

We continue to make every possible effort for improving managerial efficiency with considering safety as the first priority and for maintaining the current electricity rate level to the extent possible. Also, we will promote sales activities based on customer needs and become more competitive in all aspects including cost, service and operational quality.

In addition, we will carry out overall energy business that properly responds to customer needs with using our management resources as far as possible.

We will exert our efforts that are trusted by local communities.

Ever since Hokuriku Electric Power Company was established in May 1951 with the support from the Hokuriku region, our steadfast commitment to contribute to development of the local communities through electric power business runs deep in our corporate culture. We think that we will continue to be a company that roots in the Hokuriku region, our basis of existence, and is trusted by every one of the local residents.

For that purpose, it is important for our group that the people in the local communities understand our efforts. Therefore, every one of our employees continues to conduct activities that promote interactive communication and we will keep up our efforts to work together with the people in the Hokuriku region and preserve the local environment, with a view to resolving local problems and revitalizing the local economy.

While fulfilling a social mission to "stably supply low-cost and high-quality energy," we will aim to create "Hokuriku Electric Power Group that will serve as your trustworthy and chosen partner" by having every one of our employees faithfully and appropriately respond to expectations and requests of our customers, local communities, shareholders, investors and vendors and by practicing corporate social responsibility (CSR) activities.

October 2015

Susumu Kyuwa
Chairman of the Board

Yutaka Kanai
President

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 region a great growth potential and a promising future.

Also, the combined gross domestic product of the three prefectures in the Hokuriku region - Toyama, Ishikawa and Fukui - reached ¥11.9 trillion (in nominal terms in FY2012), which is equivalent to the GDP level of New Zealand, Hungary, etc.

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 Hokuriku Shinkansen bullet train has started commercial operation directly from Tokyo to Kanazawa on March 14, 2015 and the construction work in the Kanazawa-Tsuruga section is in progress for the start of commercial operation from the end of FY2022.

In the road transportation sector, the Tokai-Hokuriku Expressway was brought into full operation in 2008. Construction of the Noetsu Expressway and the Chubu-Jukan Expressway has been well underway and some sections of such expressways have come into service. The Maizuru-Wakasa Expressway was brought into full operation in July 2014 to connect the Chugoku Expressway, the Meishin Expressway and the Hokuriku Expressway together, improving inter-regional access significantly.

On the other hand, in the air transport sector, the Noto Airport started operation in 2003 and has two round-trip flights to Tokyo in a day. The Komatsu Airport has international passenger flights to three destinations such as Taipei, Seoul and Shanghai and regular international cargo flights to Europe and North America. Moreover, the Toyama Airport operates a total of four international flight services to Seoul, Dalian and Shanghai including Taipei where the flight service from the airport started in 2012.

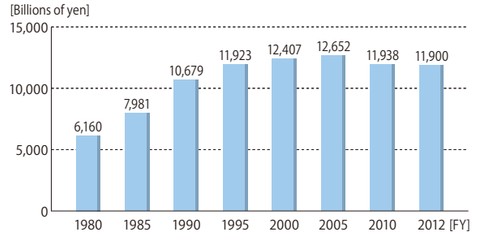
In the sea transportation sector, functions of important ports such as Nanao, Kanazawa and Tsuruga ports are being reinforced at present, including Fushiki Toyama port, an international hub port of the Hokuriku region. Also, in selection of major sea ports along the Sea of Japan with an aim to promote economic exchange with China, South Korea and Russia on the other side of the Sea of Japan and build a highly disaster-resistant logistics network in consideration of the Great East Japan Earthquake, Fushiki Toyama port was selected as an integrated hub port, Kanazawa and Tsuruga ports as major sea ports along the Sea of Japan, and Nanao port as a candidate for development of a hub port (November 2011).

Tateyama chain of mountains (picture taken from Toyama-shi)

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

Changes in gross domestic product of the Hokuriku region



Hokuriku Shinkansen bullet train

Nagano-Kanazawa	Start of commercial operation on March 14, 2015
Kanazawa-Tsuruga	Scheduled start of commercial operation from the end of FY2022

Approximate time required after full operation of the entire Hokuriku Shinkansen line

	Toyama	Kanazawa	Fukui
Tokyo	2 h 8 min	2 h 28 min	2 h 48 min
Osaka	1 h 20 min	1 h 5 min	45 min

* The time in the table represents the shortest travel time based on the current diagram or the time estimated by Hokuriku Shinkansen Bullet Train Construction Promotion Alliance.

1. Efforts for Early Restart and Safe and Stable Operation of Shika Nuclear Power Station

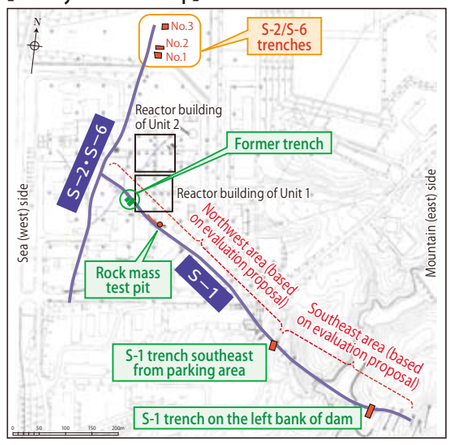
Accurate response to solve problems on seams in Shika Nuclear Power Station site

- After our additional survey based on the "Instructions on Formulation of Additional Survey Plan for Fracture Zone in the Site (July 2012)" from the Nuclear and Industrial Safety Agency (NISA), Hokuriku Electric Power Company put together **a final report that concludes "the seams are not faults that may be active in the future"** to submit to NRA in December 2013.
- On the other hand, the knowledgeable persons meeting of NRA conducted field surveys and held evaluation meetings. At the 7th evaluation meeting in July 2015, the meeting showed its draft evaluation report that mentions "no explicit evidence for the seams in the site is found to indicate any activity after the Late Pleistocene but we cannot deny a possibility of displacement or deformation in the past."
- Hokuriku Electric Power Company has come to a conclusion that "the seams are not faults that may be active in the future" with taking full account of scientific survey data so far and **has put together its opinion paper on the draft evaluation report for submission to the knowledgeable persons meeting** on August 10 this year. We have received **a view from three outside persons of learning* after their review that our opinion paper is "scientifically reasonable and proper."**
- **We will provide detailed explanations on our opinion paper for better understanding its content at the place of review on conformity to the new regulatory standards and will take proper measures.**

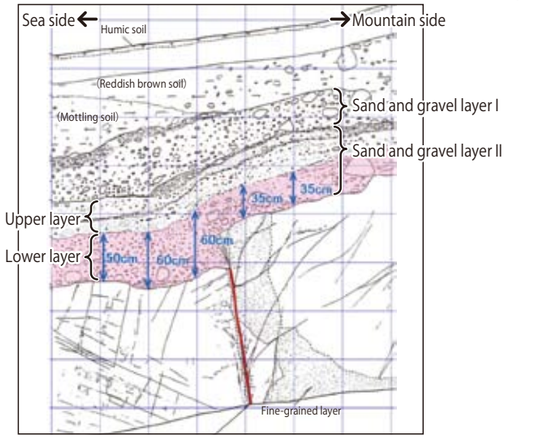
＊Three outside persons of learning ●Keiji Kojima, Professor emeritus at the University of Tokyo (Geotechnology, Geology)
●Akira Tokuyama, former President, Fuji Tokoha University (Geology, Structural Geology) ●Haruo Yamazaki, Professor, Tokyo Metropolitan University (Geomorphology, Quaternary Science, Seismotectonics)

■ Points of opinion paper (August 10, 2015) of Hokuriku Electric Power Company

【Survey location map】



【Northwest wall of former trench B (northwest area of S-1)】



Evaluation by knowledgeable persons	Hokuriku Electric Power Company's opinions
① • Southeast area of S-1 has not been active at least in the Late Pleistocene (the period ranging from 120,000 to 130,000 years ago). • In northwest wall of former trench B in northwest area of S-1, flexure with no change in thickness of sand and gravel layer II just above S-1 can be interpreted as an overhung step due to faulting after sedimentation. ⇒We cannot deny a possibility that part of northwest area of S-1 has deformed after the Late Pleistocene.	① • Our evaluation on southeast area of S-1 is the same as that of the knowledgeable persons. • In northwest wall of former trench B in northwest area of S-1, sand and gravel layer II just above S-1 can be divided into two layers and the lower layer has thicker sediment at a lower difference level. This shows a natural sedimentary structure and it is difficult to consider that the overhung step occurred due to faulting. ⇒S-1 has not become active since the Late Pleistocene.
② • No explicit displacement is found in trench No. 2 of S-2/S-6. However, flexure deformation (a flexure of layer by faulting) may have occurred, because sedimentary layer gently inclines down to the mountain on the north face of the trench.	② • The knowledgeable persons conducted evaluation work with using data of the north face of trench No. 2 of S-2/S-6. However, sedimentary layer on the south face inclines down to the sea and the whole sedimentary layer does not incline to the mountain. Therefore, it is difficult to consider that flexure deformation has occurred.
③ • ① and ② above can be explained with model calculation assuming an earthquake source fault* without ground displacement in the model for S-2/S-6. [Assuming an earthquake source fault with a length of 15 km and a depth of 12 km] ＊Earthquake source fault without ground displacement: Large-scale fault that does not reach the ground surface and occurs an earthquake by itself	③ • As S-2/S-6 has a short length and exists near the ground surface (the length is about 550 m and the depth is less than 130 m), it is not an earthquake source fault without ground displacement. And, their model assumptions are not consistent with our survey data. • If S-2/S-6 is considered as an earthquake source fault underneath the ground, it is inconsistent from a mechanical viewpoint based on our calculation for verification.

Steady promotion of safety measures aiming at the world's highest level for Shika Nuclear Power Station

- Reviewing the accidents at Fukushima Daiichi Nuclear Power Station caused by the Great East Japan Earthquake, we have put together and implemented "measures for reinforcement of safety" at an early stage. Also, we have **steadily conducted construction work for "safety improvement measures" pursuant to the new regulatory standards and filed an application for safety conformity review of Unit 2 of Shika Nuclear Power Station** in August 2014.
- Then in December 2014, we decided to **enhance our construction work for "safety improvement measures"** to achieve a higher safety level with consideration given to the preceding review process of nuclear power stations of other electric utilities. We will undertake our efforts to complete our construction work earlier by taking prior actions based on the situation of review process and the acquired new knowledge and aim to attain **the world's highest level of safety.**

■ Applications related to safety conformity review of Unit 2 of Shika Nuclear Power Station filed

In August 2014, in order for Unit 2 of Shika Nuclear Power Station to undergo review of conformity to new regulatory standards, we made applications to NRA for permission to change nuclear reactor installation license, approval of plan for construction works and permission to change operational safety programs.

Also, we asked Ishikawa prefecture and Shika-machi to start consultations on change of nuclear power facilities under the safety agreement.

We will appropriately respond to review work by NRA. Moreover, we will continuously engage in measures for achieving a higher level of safety at Shika Nuclear Power Station and use our efforts for providing the people in the local communities with explanations in an easy-to-understand and thoughtful manner to gain their understanding.

VOICE

Creation of safety culture

We evolve our safety measures voluntarily.

Hisayuki Shinmura
Superintendent of Shika Nuclear Power Station, Hokuriku Electric Power Company

We have learned a lot from the accidents at Fukushima Daiichi Nuclear Power Station. We have evolved our safety measures with a firm determination to "prevent an accident like that at Fukushima Daiichi Nuclear Power Station from happening again."

Also, all of our plant workers understand the significance of working at Shika Nuclear Power Station and engage in their work with a strong sense of responsibility for safety.

Safety measures do not come to an end. We will voluntarily and continuously improve safety of Shika Nuclear Power Station with support from the people in the local communities.

Major items required by new regulatory standards and main measures for Unit 2 of Shika Nuclear Power Station

	New regulatory standards	Main measures for Unit 2 of Shika Nuclear Power Station
Measures against serious accidents, etc.	Response to intentional aircraft crash [newly required]	• Creation of the relevant procedures, systems and portable equipment
	Performance of other equipment [newly required]	• Securing of water sources necessary to contain serious accidents • Securing of methods to supply electricity • Creation of emergency measures room
	Measures to suppress radioactive materials dispersion [newly required]	• Prevention of reactor building failure due to hydrogen explosion • Suppression of radioactive materials dispersion outside the nuclear power station
	Measures to prevent containment vessel failure [newly required]	• Securing of methods for cooling inside reactor containment vessel • Ensuring of preventive measures for containment vessel failure due to overpressure and hydrogen explosion • Securing of methods for cooling melted reactor core at the bottom of reactor containment vessel
	Measures to prevent core damage (postulating failure of multiple equipment) [newly required]	• Ensuring of subcriticality of nuclear reactor when reactor emergency shutdown is failed • Securing of methods to inject water into nuclear reactors • Securing of methods to depressurize reactor coolant pressure boundary inside • Securing of methods to transfer heat to ultimate heat sink
Measures to respond to design standards	Performance of other equipment [reinforced]	• Reinforcement of power supply for monitoring post
	Reliability of power sources [reinforced]	• Reinforcement of systems to receive power from external power sources
	Consideration of internal flooding [newly required]	• Waterproofing measures for internal flooding (installation of watertight doors, waterproofing of penetrations, etc.)
	Consideration of fire [reinforced]	• Fire prevention, fire detection, firefighting and impact mitigation
	Consideration of natural phenomena [items of "volcanos," "tornados," and "forest fires" newly required]	• Assessment of and measures for impacts of volcanos, tornados, forest fires, etc.
	Capacity to resist earthquakes and tsunamis [reinforced]	• Development of design basis ground motion and earthquake resistant design • Development of design basis tsunami, tsunami simulation and tsunami-resistant design

1. Efforts for Early Restart and Safe and Stable Operation of Shika Nuclear Power Station

Steady promotion of safety measures aiming at the world's highest level for Shika Nuclear Power Station

■ Details of construction work for safety improvement at Shika Nuclear Power Station

Reviewing the accidents at Fukushima Daiichi Nuclear Power Station of Tokyo Electric Power Company, we have steadily implemented "measures for reinforcement of safety" against tsunamis and others at Shika Nuclear Power Station from the viewpoint of "securing of power sources," "securing of cooling functions" and "prevention of flooding into nuclear power station site" as well as "safety improvement measures" in consideration of the new regulatory standards.

We make every effort with a firm determination to "prevent an accident like that at Fukushima Daiichi Nuclear Power Station from happening again" at Shika Nuclear Power Station.

From a viewpoint of further improving safety, the date of construction work completion is prolonged by about one year from FY2014 to the end of FY2015 for the purpose of enhancing construction work for safety improvement (construction work related to emergency measures room, earthquake resistance and fire protection).

Whole picture (image) of safety measures

Prepare for tsunamis

- Assumed height of tsunami (increased to 7.1 m)
  [Also, tide embankment & tide barriers (15 m above sea level) have been constructed voluntarily.]
- Prevention of flooding into nuclear power station site and buildings (installation of tide embankment & tide barriers and replacement of watertight doors)

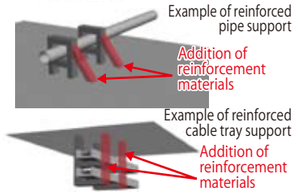

Installation of tide embankment


Installation of tide barrier


Replacement of watertight door

Prepare for earthquakes

- Assumed ground motion (increased to 1,000 gal)
- Reinforcement of earthquake resistance



Prevent diffusion of radioactive substances

- Prevent hydrogen explosion

■Portable nitrogen supply device (2 units)

The device that supplies nitrogen gas to prevent fire due to hydrogen explosion in reactor containment vessel (Reactor containment vessel is filled with nitrogen gas during operation.)

- Reduce the release of radioactive substances

■Deployment of water cannon (3 units)

The equipment that is used to release a lot of water for control of radioactive substance diffusion or fire prevention in responding to serious accidents, etc.

■Filtered vent equipment for containment vessel

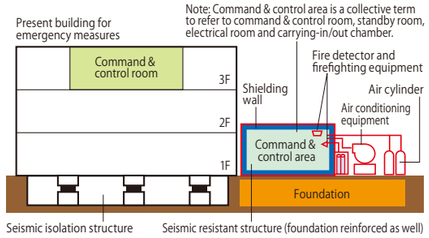
The equipment has been installed voluntarily for more reduction of radioactive substance release in venting containment vessel.


Situation of filtered vent equipment installation at Unit 2
〈as of the end of July, 2015〉

Construction of building for emergency measures

- Construction of building for emergency measures and addition of command & control area

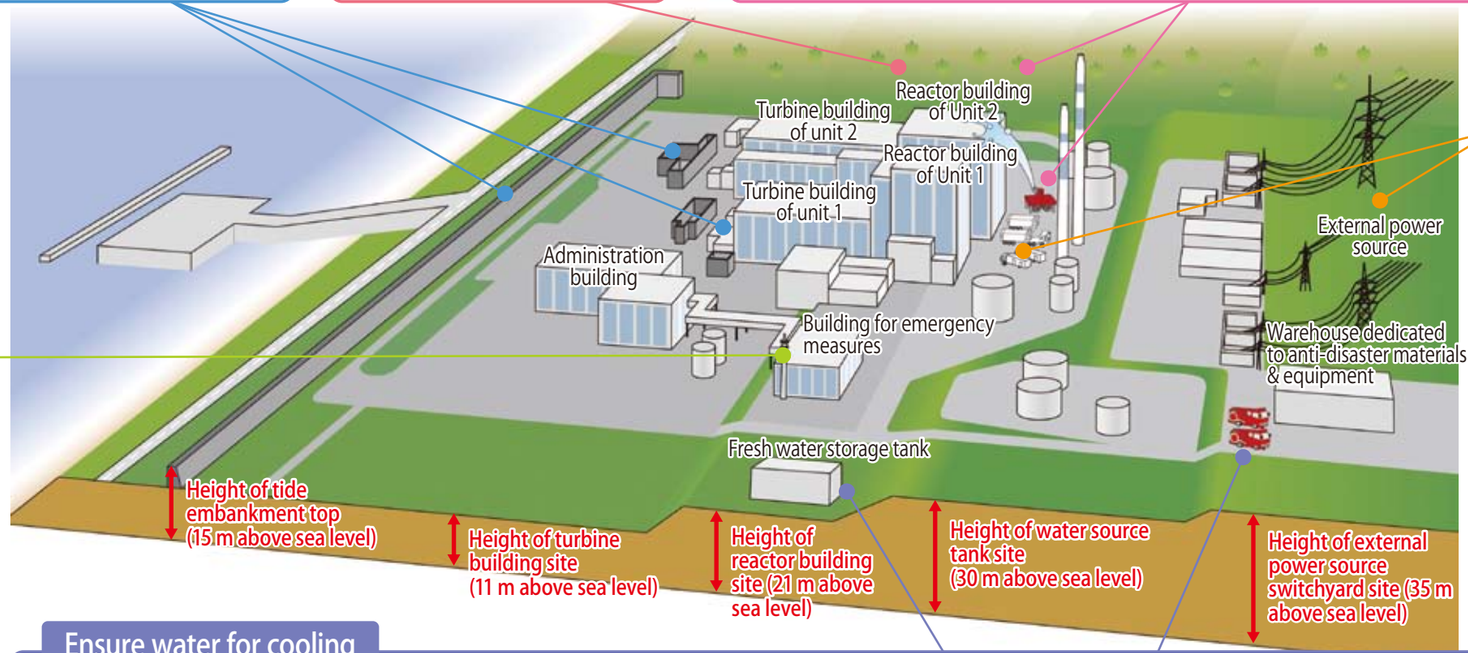
We decided to create a command & control room next to the building for emergency measures, that is reinforced by installing radiation shielding wall as a place to give directions during serious accidents. However, we built the command & control area (containing command & control room) in the immediate vicinity of the building in order to make shielding functions consistent with measures for earthquake resistance and fire prevention that are required for other nuclear power stations in the safety review by NRA.



Addition of command & control area next to the building for emergency measures (image)

Measures against other disasters

- Prepare for natural phenomena (volcanos, tornados, forest fires, etc.).
- Prepare for flooding in buildings.
- Other safety measures including deployment of heavy machinery for rubble removal



Ensure power sources

- Reinforcement of external power sources
- Reinforcement of fuel supply system for power sources
- Deployment of power supply vehicles

Gas turbine generators as permanent equipment: Order placed

High voltage power supply vehicle [about 300 kVA]: Under additional deployment

Low voltage power supply vehicle [about 1,100 kVA]: Order placed

DC power supply vehicle [about 115 V, about 300 A]: Partially deployed

Also, a high-capacity power supply vehicle [about 4,000 kVA] has been deployed voluntarily.


High-capacity power supply vehicle

Ensure water for cooling

- Diversification of water sources

■Fresh water storage tank

It is used as a water source for measures against serious accidents to inject water into nuclear reactors or spent fuel storage pool.

[Two tanks (5,100 ㎥ and 4,900 ㎥) are under construction on south side and east side of the building for emergency measures.]


Construction site (as of the end of June, 2015)

- Multifaceted water injection functions

■Deployment of fire engines and water pumping vehicles
■Water injection vehicle for high places [2 units]

Water injection vehicle that supplies cooling water from outside nuclear reactor buildings (maximum height to reach: about 38 m above sea level) in case of water shortage in spent fuel storage pool due to leakage or evaporation

- Diversification of cooling functions

■Portable alternative seawater pump (large-capacity pumping vehicle) [3 units]

Pumping vehicle that is used to supply seawater for heat removal or to fresh water storage tank and water cannons in responding to serious accidents, etc.

1. Efforts for Early Restart and Safe and Stable Operation of Shika Nuclear Power Station

Approach that is fundamental to safer and stabler operation of Shika Nuclear Power Station

- More than 1,700 sessions of training were conducted at Shika Nuclear Power Station after the Great East Japan Earthquake to improve response capabilities to large-scale earthquakes and tsunamis, and the effectiveness of safety measures has been enhanced.
- We will continuously conduct trainings to attain a higher level of safety, and at the same time, we will carefully and thoroughly inform, in an easy-to-understand manner, the people in the local communities about safety of Shika Nuclear Power Station.

Participation in comprehensive nuclear disaster prevention training

The relevant organizations such as the government, Ishikawa prefecture, Shika-machi and Toyama prefecture conducted a "comprehensive nuclear disaster prevention training" including evacuation training for local residents in November 2014. Hokuriku Electric Power Company took part in this training to conduct various drills with a view to confirming effectiveness of partnerships with the relevant organizations including the government, improving skills of nuclear disaster prevention organizations and getting familiar with operations to respond to emergency situations.

Operational training was carried out at the headquarters of emergency measures room in Shika Nuclear Power Station, in order to get familiar with facilities and equipment and confirm effectiveness of notification, communication, information collection, etc.

Also, General Manager Kyuwa at the headquarters of Nuclear Power Division took a leadership role in responding to accidents in close partnership with the headquarters of the government through teleconference with the Prime Minister's Office.


Emergency measures room


Headquarters of Nuclear Power Division

Nuclear Safety Reliability Conference

We have formed the "Nuclear Safety Reliability Conference," an organization designed to gather multilateral opinions and comments from outside knowledgeable persons on the overall measures related primarily to the operation and management of Shika Nuclear Power Station.

At its eighth meeting held in May 2015, we explained about our response to the seams in the site of Shika Nuclear Power Station, implementation of construction work for safety improvement pursuant to the new regulatory standards, and communication activities in the local communities concerned and received attendees' opinions.

The conference members expressed various opinions including the one that "it is necessary, in the first place, to adopt an attitude to give information based on real voices from the local residents for provision of correct information."

We are planned to hold such meetings regularly to hear the views and opinions.


8th meeting of Nuclear Safety Reliability Conference

Measures to boost understanding on safety of Shika Nuclear Power Station

We will work on company-wide efforts through every opportunity to carefully and thoroughly inform, in an easy-to-understand manner, the people in the local communities about the safety of Shika Nuclear Power Station, in order to gain their understanding and provide sense of relief.

〈FY2014 results〉

- ○**Paying visits for dialogue** (local governments, economic organizations, large customers, etc.) **: 21,761 times**
- ○**Plant tour to Shika Nuclear Power Station** (tours organized for applications and various organizations) **: 327 times**
- ○**Briefing sessions for residents' associations, female groups, labor organizations, etc. : 546 times**


Site visit

Need of nuclear power

- In order to ensure stable supply of electricity in the future, we consider nuclear power generation as an essential power source with keeping in mind that "safety should come first." Proper energy mix is important for our country with a low energy self-sufficiency rate from a perspective of "energy security," "economy" and "environmental conservation" and nuclear power generation is required to continuously play an important role as a base load generation resource.

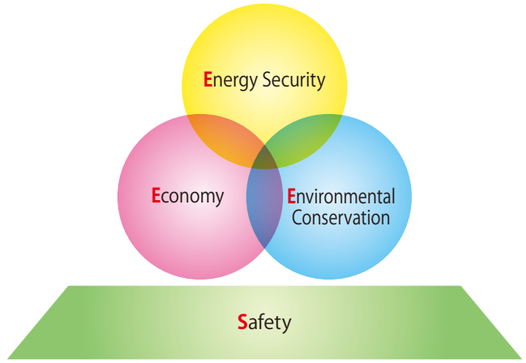
Energy mix

Electric utilities have a social mission of ensuring stable supply of low-cost and high-quality electricity.

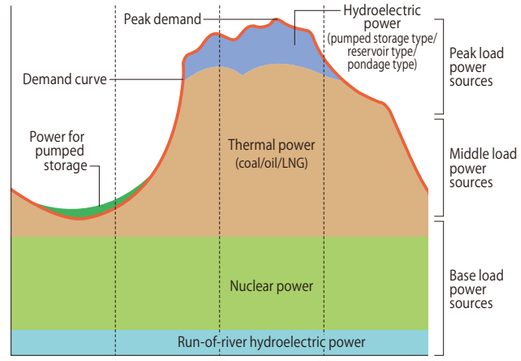
Proper energy mix is of importance for supply of electricity that supports daily life and the industry from a perspective of "S+3Es" to achieve "energy security," "economy" and "environmental conservation" simultaneously with "putting highest priority on safety."

In addition, it is crucial to produce power based on a well-balanced combination of various generation resources that makes good use of their respective characteristics including economic efficiency, easy responsiveness to changes of electricity demand, etc., in order to satisfy the changing power demand every moment.

Idea of energy mix (S+3Es)



Combination of generation resources according to demand change



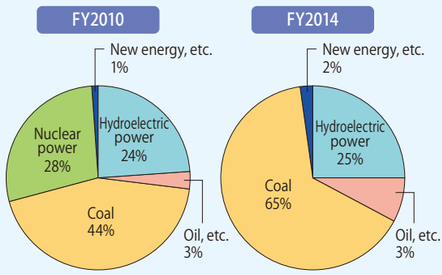
Prepared based on materials of the Federation of Electric Power Companies of Japan

Generation mix of Hokuriku Electric Power Company

Hokuriku Electric Power Company has a well-balanced generation mix with a higher ratio of hydroelectric power generation that capitalizes on plentiful water resources in Hokuriku region and is ranked No. 1 nationwide.

We will steadily work on construction of our first LNG-fired power generation facility and development of renewable energy sources in view of cost-effectiveness for further diversification of generation resources.

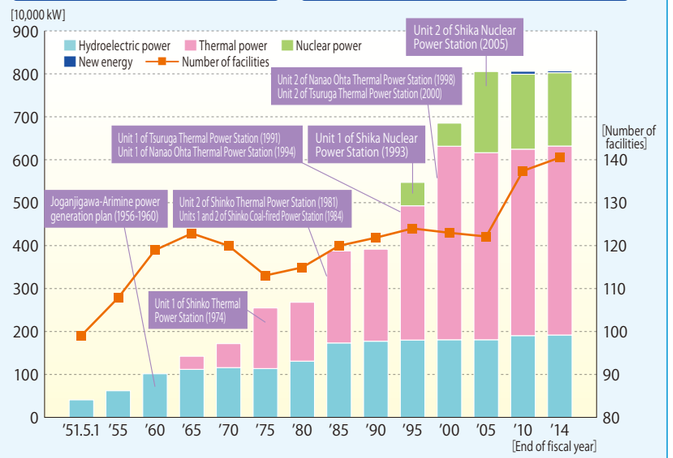
【Component ratio of electricity generated】



【Changes in power generation facilities of Hokuriku Electric Power Company (number of facilities and approved output capacity)】

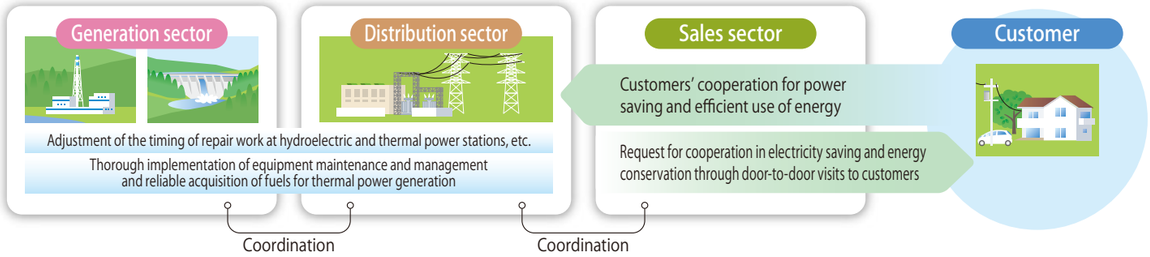
Focus on sufficiency and stable supply of electricity: Development of hydroelectric power → Development of oil-fired power

First priority on energy security and focus on environment in recent years: Diversification of generation resources with less dependence on oil (nuclear power, coal-fired and new energy)



2. To Ensure Stable Supply of Electricity

- As suspended operation of Shika Nuclear Power Station has continued, we have implemented **every possible measures to ensure electricity supply capability**, including rescheduling inspection at hydroelectric and thermal power stations, **in addition to cooperation from our customers for saving electricity and energy by offering proposals that contribute to energy conservation, etc. of our customers** for realization of stable electricity supply.
- The entire Hokuriku Electric Power Group will continue to **make a concerted effort to realize stable demand and supply of electricity.**



■ Ensuring of assured supply capability and reinforcement of response capability when risks occur

In order to achieve the mission of stable supply, we will steadily take steps to ensure supply capability in respect of facilities and equipment and conduct disaster prevention trainings in preparation for various risks such as shutdown of large-capacity power sources, large-scale disasters, extreme weather events, etc.

【Response at thermal power stations】

The situation that thermal power stations are in high-load operation continues, due to the suspended operation of Shika Nuclear Power Station. In such a situation, we have taken every possible step to ensure supply capability including application for periodic inspection postponement to the government, reduction of inspection period, implementation of short-term intermediate inspection, etc. and have carried out inspection work with avoiding summer and winter seasons when electricity demands become higher.


Periodic inspection of Unit 2 of Tsuruga Thermal Power Station

●Rescheduling of periodic inspection at major thermal power stations

Power station	Unit name		FY2013 Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2014 Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	FY2015 Apr.
Toyama Shinko Thermal	Coal-fired Unit 2	Normal																			
		After rescheduling			Deferment of start of periodic inspection period							Reduction of inspection period									
Fukui Thermal	Mikuni Unit 1	Normal																			
		After rescheduling									Deferment										
Toyama Shinko Thermal	Coal-fired Unit 1	Normal																			
		After rescheduling												Intermediate inspection			Deferment				

Periodic inspection　Intermediate inspection

【Response at hydroelectric power stations】

We have implemented overhaul work (major inspection of hydraulic turbines and generators) at Arimine Daiichi and Daini Power Stations, our largest hydroelectric power stations, from July 2015. Initially, the overhaul work was planned to be implemented in FY2011. However, with taking account of electricity supply/demand situations and operational status, we have deferred the overhaul work to the extent possible, while undertaking temporary inspections and small-scale repair work.

The overhaul work has steadily been conducted with rescheduling periodic inspection in coordination with that of our thermal power stations and shortening work period, based on the safety-first principle.


Previous overhaul work at Arimine Daiichi Power Station

Efforts for stable supply in the future

■ Steady promotion of construction project of LNG-fired power generation facility

Hokuriku Electric Power Company will replace the coal-fired Unit 1 of Toyama Shinko Thermal Power Station and introduce its first combined-cycle power generation facility* that uses liquefied natural gas (LNG) as the fuel that can significantly reduce CO_2 emissions. For more diverse generation resources and further reduction of CO_2 emissions, we will steadily construct these facilities.

In addition to that, we have striven to procure LNG fuel stably at a lower cost and to replace the Unit 2 of Toyama Shinko Thermal Power Station with an LNG-fired generator in a well-planned manner.

* It is a power generation facility combining a gas turbine and a steam turbine with higher heat efficiency than that of the conventional steam turbine power generation, which will result in more effective use of energy.

Output	Start of construction work	Start of operation	CO_2 reductions*
424,700 kW	March 2015	November 2018	Approx. 1.2 million t-CO_2/year

*CO_2 reductions thanks to the start of LNG-fired Unit 1 operation at Toyama Shinko Thermal Power Station

Image of LNG-fired Unit 1 of Toyama Shinko Thermal Power Station

Development schedule

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Overall time schedule		Start of preparatory work	Start of construction work		Decommissioning of coal-fired unit 1	Start of operation
Environmental impact assessment						
Preparatory work						
Construction work						

■ Start of construction work of LNG-fired Unit 1 of Toyama Shinko Thermal Power Station (main body)

We formed "Toyama Shinko Thermal Power Station Construction Office" in October 2014 to start the work for site preparation and foundation improvement.
We enhanced the organization of the Construction Office on March 9, 2015, started construction work for main body on March 13, and held the groundbreaking ceremony on March 23.
We will proceed with construction work with putting highest priority on safety for commencement of commercial operation in November 2018.


Groundbreaking ceremony


Placement of foundation piles for LNG tank

Selection of LNG supplier

On May 5, 2015, Hokuriku Electric Power Company has concluded a basic agreement on LNG sales and purchase with Malaysia LNG Sdn Bhd in Kuala Lumpur, Malaysia. The LNG is used for operation of LNG-fired Unit 1 of Toyama Shinko Thermal Power Station which will start commercial operation in November 2018.


Basic agreement signing ceremony

3. Challenge to Further Improve Efficiency

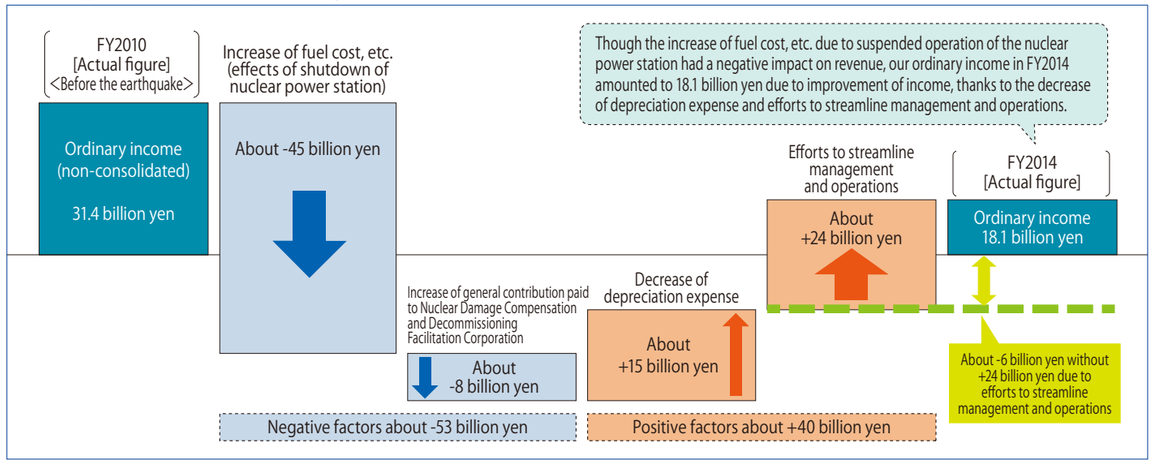
- In FY2014, as a result of our utmost efforts to further improve efficiency including active utilization of Japan Electric Power Exchange to which excess power is sold in off-peak period, in addition to use of coal-fired power stations with less generation cost to the maximum extent possible through rescheduling of periodic inspection and reduction of work period through inspection work on a 24/7 basis at coal-fired power stations, **we have achieved cost reduction totaling 24 billion yen which exceeds our initial target amount for cost reduction.**
- Based on the efficiency improvement steps so far, we will make continuous efforts by further decreasing materials & equipment procurement and coal purchase costs to **realize more efficient management** in FY2015 as well.

Measures for improving managerial efficiency in FY2014

Amount of improving managerial efficiency (planned and actual figures for FY2014)

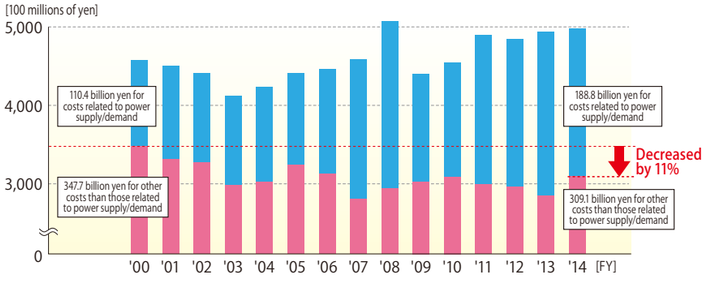
	FY2014		Main cost reduction items
	Planned figures	Actual figures	
Efforts to cut costs including personnel expenses, miscellaneous costs, etc.	8 billion yen	8 billion yen	• Reduction of materials & equipment procurement cost with greater adoption of competitive bidding • Increased utilization of low ash content, low cost coals (from Indonesia, Russia, etc.) • Reduction of personnel expenses by streamlining operations • Reduction of miscellaneous costs by clearly prioritize measures and actions to be taken
Streamlining processes and contents of periodic inspection at thermal power stations	9 billion yen	8 billion yen	• Reduction of fuel costs and repair costs by reviewing processes and contents of periodic inspection
Efforts toward realization of efficient power supply/demand control	7 billion yen	8 billion yen	• Power supply/demand control in an economically efficient manner according to their changes • Sale of electricity to Japan Electric Power Exchange with maximizing utilization of excessive supply capability
Total	24 billion yen	24 billion yen	

Image of changes in ordinary income (non-consolidated) [comparison of before and after the earthquake]



〈Changes in ordinary expenses〉

While the costs related to power supply/demand (fuel cost, power purchase cost, etc.) became large in terms of both amount and component ratio, ordinary expenses excluding the costs related to power supply/demand decreased by 11% from FY2000, thanks to efforts to streamline management and operations to date.



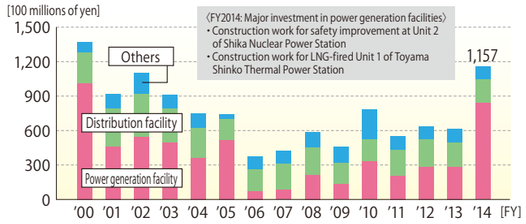
〈Changes in individual cost〉

Changes in capital investment and fixed assets for electricity business

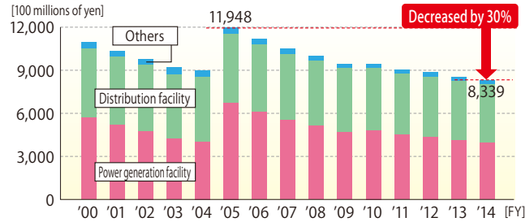
While making efforts for establishment and renewal of power generation facilities for stable electricity supply including construction work for safety improvement at Shika Nuclear Power Station and construction work for LNG-fired Unit 1 of Toyama Shinko Thermal Power Station with putting highest priority on safety, we have striven to reduce capital investment amount through detailed review of construction work and greater adoption of competitive bidding.

Also, our fixed assets for electricity business decreased by 30% from the level of FY2005 when Unit 2 of Shika Nuclear Power Station started commercial operation, thanks to the effort for reduction of capital investment cost based on the safety-first principle.

●Changes in capital investment

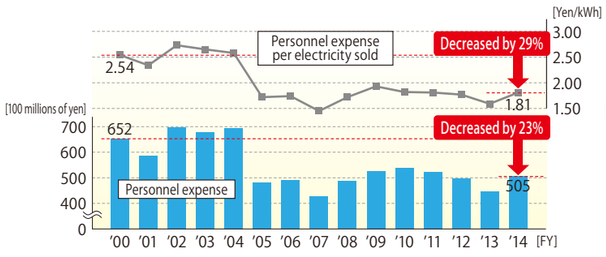


●Changes in fixed assets for electricity business



Reduction of personnel expenses

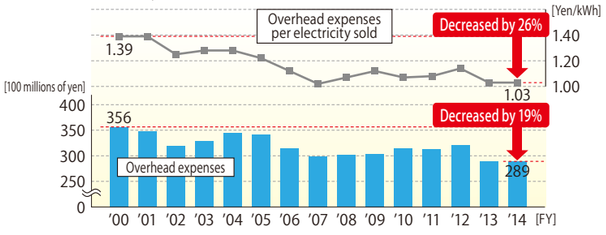
Personnel expenses declined by 23% (29% in terms of electricity sold) from the level of FY2000, due to revision of wage system, review of welfare system, etc.



Reduction of overhead expenses

Overhead expenses* dropped by 19% (26% in terms of electricity sold) from the level of FY2000, due to continuous work improvement activities and reduction in outsourcing expense through modification of specifications and revision of unit prices.

*Overhead expenses: Supplies cost, compensation cost, rent expense, outsourcing expense, property insurance premium, business public relations cost, human resource development cost, research cost, and other costs and expenses (except for depreciation on CO_2 credits and special costs to outsource the work to reinforce earthquake resistance of nuclear power facilities)



Measures for improving managerial efficiency in FY2015

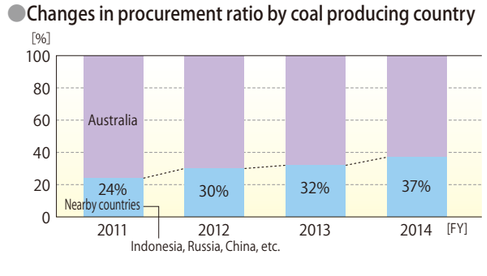
〈Stable and efficient fuel procurement〉

After the Great East Japan Earthquake, nuclear power stations, a base load generation resource, have suspended their operation, leading to a larger demand of fossil fuels. Thus, we have worked to procure various fossil fuels at a lower cost with a main focus on stable procurement of necessary fuels.

〈Details of efforts to procure coal〉

- Procurement from multiple coal-producing countries and coal ports as well as greater procurement from nearby countries (Russia and others)
- Realization of stable procurement over the medium to long-term and cost reduction through utilization of consecutive vessels for our company

●Changes in procurement ratio by coal producing country



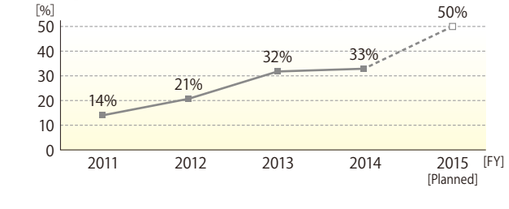
〈Utilization of various procurement methods〉

From a viewpoint of stable supply of electricity, secure procurement of materials & equipment and economic efficiency, we have employed an optimum procurement method for each procurement item and we will continuously lower the procurement cost.

In FY2015, we will put forth more efforts to reduce materials & equipment cost by using competitive bidding for up to 50% of the items to be procured.

Also, for procurement of smart meters which have fully been introduced since July 2015, our procurement contract has been signed for FY2015 through competitive bidding and the procurement cost for FY2016 will be further reduced by joint procurement with Hokkaido Electric Power Company and Shikoku Electric Power Company.

●Changes in ratio of procurement through competitive bidding



4. Adaptation to Electric Power System Reform

■ We will work to provide our customers with true benefits through the electric power system reform. With putting emphasis on stable electricity supply, we will engage in our business operations in consideration of social changes and needs and continue to aim at creating a "corporate group that is trusted and chosen by customers."

Stage 1: Establishment of Organization for Cross-regional Coordination of Transmission Operators (OCCTO) (April 2015)

■Since the establishment of OCCTO in April 2015, **we have steadily developed our operational management systems and modified various systems** for full operation of OCCTO. In addition, **we will cooperate with OCCTO properly to maintain stable supply of electricity.**

Stage 2: Full liberalization of retail electricity market and introduction of licensing system (April 2016)

■Though competition in retail electricity market is expected to become fierce, **we will aim our efforts to continuously become a company which is chosen by customers and satisfies them through offering competitive rate menus and various services.**

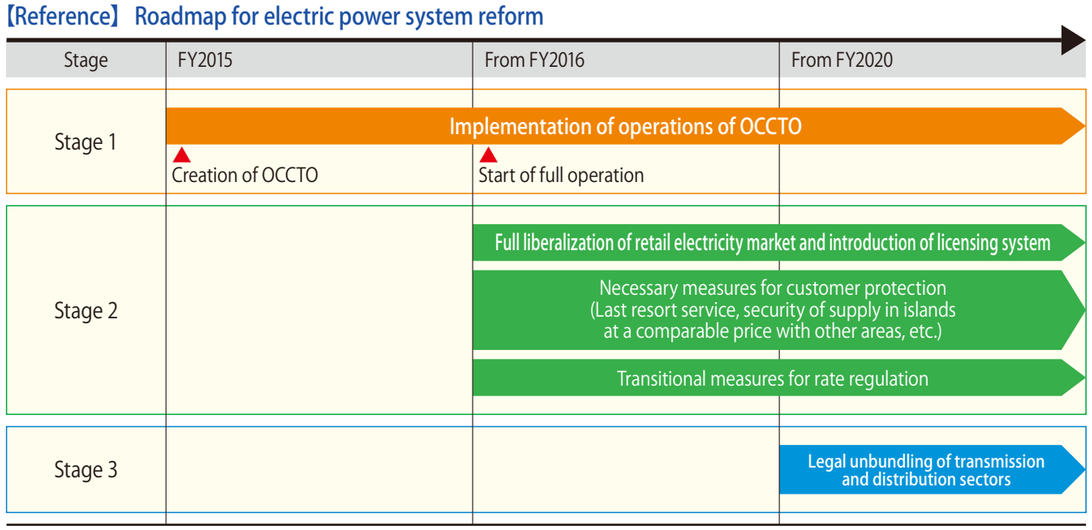
■In consideration of introduction of the licensing system, we will take steady steps for review of our operational management systems and development of various systems.

Stage 3: Legal unbundling of transmission and distribution sectors (April 2020)

■As for legal unbundling of transmission and distribution sectors, **we need to take measures carefully for ensuring medium to long-term supply capability, in order to avoid threatening stable supply.** Moreover, we consider that we should identify whether necessary actions have been taken to cope with challenges including improvement of electricity supply/demand situation and creation of an environment for nuclear power business.

■At each stage of the system reform, we think that **we should identify and verify the degree of realization of each problem-solving step and if any problem arises**, we need to proceed with our reform programs flexibly including review of implementation timing.

【Reference】 Roadmap for electric power system reform



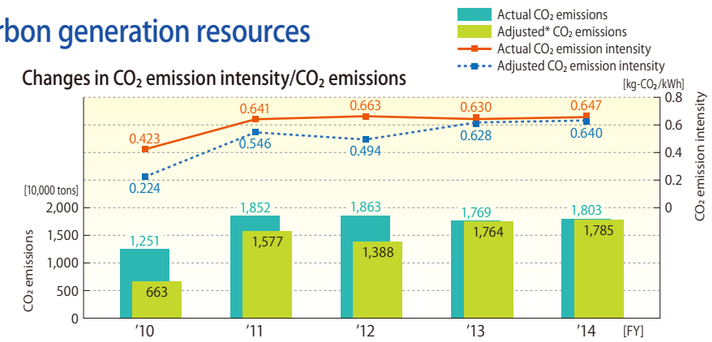
5. Steady Efforts for Wider Use of Renewable Energy

■ Hokuriku Electric Power Group has put a lot of work into introduction of renewable energy including hydroelectric power, wind power, photovoltaic power and biomass. Composition ratio of renewable energy in terms of the amount of electricity produced in FY2014 totaled 27% with 25% for hydroelectric power and 2% for wind power, photovoltaic power, etc.

■ Efforts for deployment of low-carbon generation resources

Since the amount of electricity produced by thermal power stations grows due to the suspended operation of Shika Nuclear Power Station, CO_2 emissions become large accordingly. Hokuriku Electric Power Group actively makes efforts to reduce carbon emissions of generation resources such as resumption of operation of Shika Nuclear Power Station, new installation of LNG-fired power plants, wider use of renewable energy. Our group also strives to encourage our customers to use energy more efficiently by offering highly efficient equipment which contribute to energy saving and reduction of CO_2 emissions.

Changes in CO_2 emission intensity/CO_2 emissions



*Adjusted values reflect adjustments of CO_2 credits (till FY2012) and the Feed-in Tariff Scheme for Renewable Energy (from FY2012).

Note: The customers who consume electricity produced by our company should use "actual CO_2 emission intensity" in calculating "greenhouse gas emissions" to report their emissions to the government under the "Act on Promotion of Global Warming Countermeasures" (Global Warming Act) and should use "adjusted CO_2 emission intensity" in calculating "adjusted greenhouse gas emissions."

Hydroelectric power generation

We will endeavor to further expand the amount of electricity produced to 100 million kWh/year by FY2020 (in comparison with FY2007) through the development of Katakai Betsumata Power Station (Uozu-shi, Toyama) and modifying the existing power stations, etc.

Construction work site at Katakai Betsumata Power Station

●Hydroelectric power stations under development

Name of power station	Output	Electricity generated	Scheduled start of operation	CO_2 reductions*
Katakai Betsumata	4,400 kW	Approx. 17.4 million kWh/year	May 2016 (Start of partial operation from December 2015)	Approx. 10,600 t-CO_2/year

*Estimated using adjusted CO_2 emission intensity of our company in FY2014 (similarly estimated for wind power and photovoltaic power generation mentioned below)

Photovoltaic power generation

We will steadily maintain and operate four photovoltaic power generation stations in Shika, Toyama, Mikuni and Suzu, in order to continuously deliver environment-friendly electricity.

Toyama Photovoltaic Power Generation Station

●Mega-solar power generation stations in service

Name of power station	Output	Electricity generated	Start of operation	CO_2 reductions
Shika Photovoltaic Power Generation Station	1,000 kW	Approx. 1 million kWh/year	March 2011	Approx. 2,400 t-CO_2/year in total
Toyama Photovoltaic Power Generation Station	1,000 kW	Approx. 1 million kWh/year	April 2011	
Mikuni Photovoltaic Power Generation Station	1,000 kW	Approx. 1 million kWh/year	September 2012	
Suzu Photovoltaic Power Generation Station	1,000 kW	Approx. 1 million kWh/year	October 2012	

Wind power generation

The Nihonkai Power Generating, one of our group companies, is planning construction of new wind power generation facility at Technoport Fukui for preparation of construction work from November 2015.

Image of Mikuni Wind Power Station

●Wind power stations under development

Name of power station	Output	Electricity generated	Scheduled start of operation	CO_2 reductions
Mikuni Wind Power Station	8,000 kW (2,000 kW x 4 units)	Approx. 14.4 million kWh/year	January 2017	Approx. 8,800 t-CO_2/year

Woody biomass co-fired power generation

Unit 2 of Tsuruga Thermal Power Station started woody biomass co-fired power generation from 2007 and Unit 2 of Nanao Ohta Thermal Power Station also started woody biomass co-fired power generation from 2010.

We will continue our thermal power generation with woody biomass co-firing stably.

●Outline of woody biomass co-fired power generation

Name of power stations	Start of introduction	Electricity generated	CO_2 reductions
Unit 2 of Tsuruga Thermal Power Station	June 2007	Approx. 30.0 million kWh/year*	Approx. 25,000 t-CO_2/year
Unit 2 of Nanao Ohta Thermal Power Station	September 2010		

*In case that about 35,000 tons of woody biomass are used annually

Trends of Electricity Demand

Summary of business performance in FY2014 (from April 1, 2014 to March 31, 2015)

Japan's economy in the first half of FY2014 became weakened, due to sluggish individual consumption caused by the rebound of the last-minute surge in demand before the hike of consumption tax and shrinking business activities.

However, thanks to increased production activities and expanded exports because of the weaker value of the yen, corporate revenues rose in the second half of the year, resulting in improvement of employment and wage environment and continuous recovery trend. Economic conditions in the Hokuriku region showed a similar trend, as an expectation for the commencement of commercial service of Hokuriku Shinkansen bullet train from Tokyo to Kanazawa in March this year.

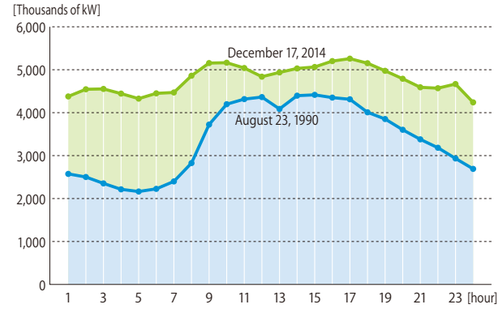
In such economic situation, our electricity sales for lighting service and commercial customers during the year fell from the previous year's level, due to the decreased demands for cooling as temperature in summer remained lower than the previous year. Our electricity sales for the year in the industrial and other sectors were above the previous year's level, thanks to an increase in electricity demand of large-scale consumers including machinery and chemical industries.

Consequently, our electricity sales amounted to 27.884 billion kWh (inclusive of 18.324 billion kWh for demand of consumers under liberalization), which decreased by 0.7% compared to the previous year.

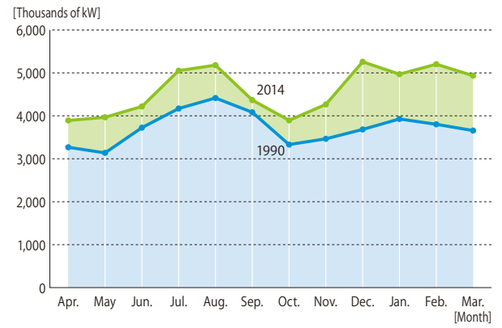
We faced difficulties regarding supply capability for not being able to operate Units 1 and 2 of Shika Nuclear Power Station this year as well.

Accordingly, thanks to the cooperation of our customers to save power during summer and winter seasons and the fact that the flow rate (104.2%) was higher than that in the average year, in addition to implementing various measures on supply side including the adjustment of the timing of repair work at our hydroelectric and thermal power stations, we were able to maintain electricity supply.

Difference between day and night in system peak load



Seasonal differences in system peak load



Financial Review

Consolidated Balance Sheets

As of March 31, 2015 "total assets" increased by ¥39.2 billion, or 2.7 percent, from the previous fiscal year-end to ¥1,479.4 billion. This was mainly due to an increase of construction in progress.

"Total liabilities" increased by ¥19.9 billion, or 1.8 percent, from the previous fiscal year-end to ¥1,135.2 billion. This was mainly due to an increase of accrued income taxes and other.

"Net assets" increased by ¥19.3 billion, or 6.0 percent, from the previous fiscal year-end to ¥344.2 billion. This was mainly due to an increase of accumulated other comprehensive income.

Consolidated Statements of Operations

In the fiscal year ended March 31, 2015, "operating revenue" increased by ¥23.1 billion, or 4.5 percent, year on year to ¥532.7 billion. This was mainly due to the increases in surcharge for Promotion of Renewable Energy Power Generation and subsidies in spite of decreasing electricity sales in the electricity business.

"Ordinary income" increased by ¥12.4 billion, or 125.6 percent, year on year to ¥22.3 billion. Despite the increase of repair and other costs in the electricity business, fuel costs is lower resulting from the decrease of the number of days for periodic inspection of coal-fired power stations from that in the previous year, which reduced oil-fired power generation, as well as efforts for more efficient use in entire expenses.

For the fiscal year, the Company recorded "income taxes" of ¥10.6 billion and "provision of reserve for fluctuation in water levels" of ¥2.6 billion. As a result, "net income" increased ¥6.4 billion, year on year to ¥8.9 billion. "Net income per share" increased by ¥31.00, year on year to ¥43.05.

Consolidated Statements of Cash Flow

The balance of cash and cash equivalents as of March 31, 2015 decreased by ¥10.2 billion, or 5.6 percent, from the previous fiscal year to ¥174.3 billion.

Net cash provided by "operating activities" increased by ¥31.5 billion, or 38.6 percent, from the previous year to ¥113.1 billion, mainly due to the increase of income before income taxes and minority interests.

Net cash used in "investing activities" increased by ¥44.0 billion, or 73.4 percent, year on year to ¥104.0 billion, mainly due to the increase of purchase of property, plant and equipment.

Net cash used in "financing activities" was ¥19.3 billion, a turnaround from net cash provided by financing activities of ¥46.7 billion in the previous fiscal year. This was mainly due to an increase of redemption of bonds.

Consolidated Financial Statements

HOKURIKU ELECTRIC POWER COMPANY AND CONSOLIDATED SUBSIDIARIES
As of March 31, 2015 and 2014

Consolidated Balance Sheets

ASSETS	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Noncurrent assets	¥1,203,533	¥1,160,354	$10,006,928
Property plant and equipment for (Note 6)	833,405	863,665	6,929,452
Hydroelectric power production facilities	107,985	110,566	897,857
Thermal power production facilities	111,524	112,859	927,287
Nuclear power production facilities	176,821	192,552	1,470,203
Transmission facilities	164,842	169,014	1,370,601
Transformation facilities	87,363	87,892	726,390
Distribution facilities	146,536	150,873	1,218,392
General facilities	31,908	32,916	265,311
Other	6,423	6,990	53,408
Other noncurrent assets (Note 6)	43,859	28,029	364,676
Construction in progress	82,218	34,954	683,619
Construction and retirement in progress	82,218	34,954	683,619
Nuclear fuel	105,023	99,844	873,233
Loaded nuclear fuel	26,219	26,219	218,005
Nuclear fuel in processing	78,804	73,625	655,228
Investments and other assets	139,025	133,860	1,155,947
Long-term investments	64,596	62,467	537,097
Fund for reprocessing of irradiated nuclear fuel	9,481	13,312	78,835
Asset for retirement benefits	23,633	9,414	196,504
Deferred tax assets	33,580	36,144	279,210
Other (Note 6)	8,085	12,578	67,230
Allowance for doubtful accounts	(352)	(55)	(2,931)
Current assets	275,918	279,797	2,294,157
Cash and deposits	174,379	184,664	1,449,901
Notes and accounts receivable-trade	53,991	42,697	448,915
Inventories (Note 6)	22,087	24,377	183,649
Deferred tax assets	6,189	7,590	51,461
Other	19,428	20,634	161,539
Allowance for doubtful accounts	(157)	(167)	(1,310)
Total	¥1,479,451	¥1,440,151	$12,301,085

LIABILITIES AND NET ASSETS	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Noncurrent liabilities	¥894,920	¥892,347	$7,440,929
Bonds payable (Note 6)	405,355	438,639	3,370,376
Long-term loans payable (Note 6)	368,535	332,065	3,064,231
Liability for retirement benefits	30,515	28,908	253,722
Provision for reprocessing of irradiated nuclear fuel	10,239	14,069	85,135
Provision for reprocessing of irradiated nuclear fuel without specific plans	5,872	5,646	48,828
Asset retirement obligations	56,537	54,024	470,087
Other	17,865	18,993	148,548
Current liabilities	223,647	209,005	1,859,548
Current portion of long-term debt (Note 6)	87,756	100,929	729,658
Short-term loans payable	16,035	15,823	133,325
Notes and accounts payable-trade	37,841	25,288	314,635
Accrued income taxes and other	19,852	7,799	165,069
Other	62,162	59,164	516,859
Reserves under the special laws	16,673	13,985	138,636
Reserve for fluctuation in water levels	16,673	13,985	138,636
Total liabilities	1,135,242	1,115,337	9,439,113
Shareholders' equity	318,775	317,092	2,650,496
Common stock	117,641	117,641	978,145
Capital surplus	33,993	33,993	282,641
Retained earnings	170,449	168,754	1,417,222
Treasury stock, at cost	(3,309)	(3,297)	(27,513)
Accumulated other comprehensive income	16,917	7,705	140,658
Net unrealized gain on securities	9,350	6,627	77,743
Retirement benefits liability adjustment	7,566	1,078	62,915
Minority interests	8,517	16	70,816
Total net assets	344,209	324,814	2,861,972
Total	¥1,479,451	¥1,440,151	$12,301,085

Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

Consolidated Statements of Operations

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Operating revenue	¥532,760	¥509,638	$4,429,706
Electricity:	510,814	493,298	4,247,228
Other :	21,946	16,339	182,478
Operating expenses (Note 7)	492,801	489,782	4,097,456
Electricity: (Note 7)	474,635	476,778	3,946,419
Other :	18,165	13,003	151,036
Operating income	39,959	19,855	332,250
Other income	3,667	3,733	30,497
Dividends income	624	678	5,189
Interest income	580	631	4,824
Equity in earnings of affiliates	865	686	7,198
Other	1,597	1,737	13,286
Other expenses	21,296	13,692	177,070
Interest expenses	15,342	12,769	127,567
Depreciation of construction in progress	4,082	—	33,946
Other	1,871	923	15,556
Total ordinary revenue	536,428	513,371	4,460,204
Total ordinary expenses	514,097	503,474	4,274,527
Ordinary income	22,331	9,896	185,677
Provision or reversal of reserve for fluctuation in water levels	2,688	4,088	22,353
Provision of reserve for fluctuation in water levels	2,688	4,088	22,353
Income before income taxes and minority interests	19,642	5,807	163,324
Income taxes-current	6,288	1,966	52,290
Income taxes-deferred	4,321	1,310	35,927
Total income taxes	10,609	3,277	88,217
Income before minority interests	9,033	2,530	75,106
Minority interests	42	14	351
Net income	¥8,990	¥2,516	$74,754

Consolidated Statements of Comprehensive Income

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Income before minority interests	¥9,033	¥2,530	$75,106
Other comprehensive income			
Net unrealized gain on securities	2,703	583	22,477
Remeasurements of difined benefit plans,net of tax	6,488	—	53,949
Share of other comprehensive income of affiliates accounted for under the equity method	26	28	223
Total other comprehensive income (Note 8)	9,218	612	76,650
Comprehensive income	¥18,251	¥3,143	$151,757
Comprehensive income attributable to			
Shareholders of the parent	18,206	3,126	151,383
Minority interests	44	16	373

Consolidated Statements of Changes in Net Assets

Millions of yen

	Number of shares of common stock	Shareholders' equity					Accumulated other comprehensive income			Minority interests	Total net assets
		Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on securities	Retirement benefits liability adjustment	Total accumulated other comprehensive income		
BALANCE AS OF APRIL 1, 2013	210,333,694	¥117,641	¥33,993	¥176,681	¥(3,284)	¥325,031	¥6,017	¥—	¥6,017	¥—	¥331,049
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—
Restated balance	210,333,694	117,641	33,993	176,681	(3,284)	325,031	6,017	—	6,017	—	331,049
Cash dividends paid	—	—	—	(10,441)	—	(10,441)	—	—	—	—	(10,441)
Net income	—	—	—	2,516	—	2,516	—	—	—	—	2,516
Purchase of treasury stock	—	—	—	—	(16)	(16)	—	—	—	—	(16)
Disposal of treasury stock	—	—	—	(1)	3	2	—	—	—	—	2
Net changes of items other than shareholders' equity	—	—	—	—	—	—	610	1,078	1,688	16	1,705
Total changes of items during the year	—	—	—	(7,926)	(13)	(7,939)	610	1,078	1,688	16	(6,234)
BALANCE AS OF APRIL 1, 2014	210,333,694	117,641	33,993	168,754	(3,297)	317,092	6,627	1,078	7,705	16	324,814
Cumulative effects of changes in accounting policies	—	—	—	3,003	—	3,003	—	—	—	—	3,003
Restated balance	210,333,694	117,641	33,993	171,758	(3,297)	320,095	6,627	1,078	7,705	16	327,818
Cash dividends paid	—	—	—	(10,441)	—	(10,441)	—	—	—	—	(10,441)
Net income	—	—	—	8,990	—	8,990	—	—	—	—	8,990
Purchase of treasury stock	—	—	—	—	(15)	(15)	—	—	—	—	(15)
Disposal of treasury stock	—	—	—	(1)	3	2	—	—	—	—	2
Change of scope of consolidation	—	—	—	142	—	142	—	—	—	—	142
Net changes of items other than shareholders' equity	—	—	—	—	—	—	2,722	6,488	9,211	8,500	17,711
Total changes of items during the year	—	—	—	(1,309)	(11)	(1,320)	2,722	6,488	9,211	8,500	16,391
BALANCE AS OF MARCH 31, 2015	210,333,694	¥117,641	¥33,993	¥170,449	¥(3,309)	¥318,775	¥9,350	¥7,566	¥16,917	¥8,517	¥344,209

Thousands of U.S. dollars

	Shareholders' equity					Accumulated other comprehensive income			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on securities	Retirement benefits liability adjustment	Total accumulated other comprehensive income		
BALANCE AS OF APRIL 1, 2014	$978,145	$282,641	$1,403,134	$(27,418)	$2,636,502	$55,104	$8,965	$64,070	$137	$2,700,710
Cumulative effects of changes in accounting policies	—	—	24,974	—	24,974	—	—	—	—	24,974
Restated balance	978,145	282,641	1,428,108	(27,418)	2,661,477	55,104	8,965	64,070	137	2,725,684
Cash dividends paid	—	—	(86,813)	—	(86,813)	—	—	—	—	(86,813)
Net income	—	—	74,754	—	74,754	—	—	—	—	74,754
Purchase of treasury stock	—	—	—	(125)	(125)	—	—	—	—	(125)
Disposal of treasury stock	—	—	(10)	31	20	—	—	—	—	20
Change of scope of consolidation	—	—	1,184	—	1,184	—	—	—	—	1,184
Net changes of items other than shareholders' equity	—	—	—	—	—	22,638	53,949	76,588	70,679	147,267
Total changes of items during the period	—	—	(10,885)	(94)	(10,980)	22,638	53,949	76,588	70,679	136,287
BALANCE AS OF MARCH 31, 2015	$978,145	$282,641	$1,417,222	$(27,513)	$2,650,496	$77,743	$62,915	$140,658	$70,816	$2,861,972

Consolidated Statements of Cash Flows

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Cash flows from operating activities:			
Income before income taxes and minority interests	¥19,642	¥5,807	$163,324
Depreciation and amortization	70,375	70,844	585,145
Impairment losses on noncurrent assets	172	23	1,431
Decommissioning costs of nuclear power units	2,595	1,258	21,584
Loss on disposal of property, plant and equipment	2,547	1,933	21,181
Amortization of nuclear fuel in processing	1,156	1,156	9,617
Depreciation of construction in progress	4,082	—	33,946
Decrease (increase) in fund for reprocessing of irradiated nuclear fuel	3,830	3,919	31,849
Increase (decrease) in liability for retirement benefits	(198)	(388)	(1,654)
Decrease (increase) in asset for retirement benefits	(2,729)	(6,377)	(22,692)
Increase (decrease) in provision for reprocessing of irradiated nuclear fuel	(3,829)	(3,920)	(31,844)
Increase (decrease) in provision for reprocessing of irradiated nuclear fuel without specific plans	225	217	1,878
Increase (decrease) in reserve for fluctuation in water levels	2,688	4,088	22,353
Interest and dividends income	(1,204)	(1,309)	(10,013)
Interest expense	15,342	12,769	127,567
Decrease (increase) in notes and accounts receivable-trade	(856)	(4,722)	(7,123)
Decrease (increase) in inventories	4,034	4,258	33,541
Increase (decrease) in notes and accounts payable-trade	3,187	396	26,499
Increase (decrease) in accrued enterprise taxes and accrued consumption taxes	6,186	413	51,439
Other, net	1,529	4,216	12,718
Subtotal	128,779	94,584	1,070,749
Interest and cash dividends received	1,310	1,404	10,892
Interest expenses paid	(15,777)	(12,741)	(131,181)
Income taxes paid	(2,086)	(2,818)	(17,348)
Income taxes refund	907	1,196	7,541
Net cash provided by operating activities	113,132	81,626	940,654
Cash flows from investing activities			
Purchase of property, plant and equipment	(117,322)	(61,546)	(975,489)
Proceeds from contribution received for construction	1,156	1,046	9,617
Proceeds from sales of property, plant and equipment	1,018	309	8,471
Increase in long-term investments	(17,107)	(19,277)	(142,245)
Proceeds from long-term investments	22,344	19,463	185,788
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(169)	—	(1,406)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	6,029	—	50,135
Net cash used in investing activities	(104,048)	(60,004)	(865,127)
Cash flows from financing activities			
Proceeds from issuance of bonds	65,000	70,000	540,450
Redemption of bonds	(108,200)	(40,000)	(899,642)
Proceeds from long-term loans payable	62,000	70,000	515,506
Repayment of long-term loans payable	(28,140)	(43,134)	(233,981)
Net increase (decrease) in short-term loans payable	448	304	3,726
Proceeds from sales of treasury stock	2	2	20
Purchase of treasury stock	(15)	(16)	(125)
Cash dividends paid	(10,452)	(10,440)	(86,911)
Other, net	(10)	(11)	(84)
Net cash provided by (used in) financing activities	(19,368)	46,702	(161,040)
Effect of exchange rate changes on cash and cash equivalents	(0)	0	0
Net increase (decrease) in cash and cash equivalents	(10,284)	68,324	(85,513)
Cash and cash equivalents at beginning of the year	184,664	116,340	1,535,415
Cash and cash equivalents at end of the year (Note 10)	¥174,379	¥184,664	$1,449,901

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 (collectively, the "Group") 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 Act 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 balances 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.

The closing date of the subsidiaries is same as that of the Company.

(c) Investment in securities

Marketable equity securities, excluding investments in affiliates accounted for by the equity method, included in long-term investments are classified as other securities and carried at fair value with unrealized gain and loss on the securities, net of the applicable taxes, included in net assets.

Non-marketable equity securities classified as other securities are carried at cost determined mainly 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, 2015.

(d) Derivatives

Derivative financial instruments are stated at fair value.

(e) Inventories

Fuel, biomass and supplies are stated principally at the lower of cost or net realizable value, cost being determined principally by the average method.

(f) Depreciation and amortization of significant long-term assets

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. Allocation method for capitalized asset retirement cost related to decommissioning of specified nuclear power units, is described in the section (o).

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

Amortization of intangible fixed assets is computed by the straight-line method over the estimated useful lives of the respective assets.

(g) Allowance for doubtful accounts

The Group provide the allowance for doubtful accounts based on the historical ratio of actual credit losses to the total receivables and the amount of uncollectible receivables estimated on an individual basis.

(h) Provision for reprocessing of irradiated nuclear fuel

The provision is reserved for reprocessing costs of irradiated nuclear fuel resulting from operation of nuclear power production facilities. The provision is stated at present value of the amount that would be required to reprocess with specific plans the irradiated nuclear fuel incurred in proportion to combustion of nuclear fuel using 1.5% (1.5%, for FY2014) of discount rate.

Transition obligations of ¥12,653 million resulting from the change in the accounting standard to estimate the reprocessing cost of irradiated nuclear fuel applicable from April 1, 2005 had been recognized over 15 years as operating expense from the fiscal year ended March 31, 2006. Due to revision of the act related to reserve for reprocessing of irradiated fuel in 2008, the revised transition obligations of ¥9,752 million has been amortized over a 12 years from April 1, 2008 by straight-line method. Outstanding transition obligation as of March 31, 2015 was ¥4,063 million ($33,787 thousand).

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 ,2015 and 2014 were loss of ¥9,136 million ($75,969 thousand) and loss of ¥1,977 million, respectively.

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

Provision 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 fluctuation in water levels

To offset fluctuations in income in connection with hydroelectric power generation caused by varying water levels, the Company and consolidated subsidiaries are required to provide a reserve for fluctuation in water levels under the Electricity Business Act.

(k) Accounting procedures for retirement benefits

Attribution of expected retirement benefits to periods of service

In calculation of retirement benefit obligations, the benefit formula basis is mainly used for attributing expected retirement benefits to periods of service.

Amortization of actuarial gain or loss and prior service costs

Prior service cost is amortized by the straight-line method over a period of 10 years, which is shorter than the average remaining years of service of the employees.

Actuarial gain or loss is amortized in the years following the year in which the gain or loss is recognized primarily by the declining balance method over periods of 3 years, which is shorter than the average remaining years of service of the employees.

(Accounting change)

The company adopted paragraph 35 of the "Accounting Standards for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, issued on May 17, 2012, hereinafter referred to as "Accounting Standards for Retirement Benefits") and paragraph 67 of the "Guidance on Accounting

Standards for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25, issued on May 17, 2012, hereinafter referred to as "Guidance on Accounting Standards for Retirement Benefits") are applied from the beginning of the consolidated fiscal year ended March 31, 2015. As a result, the method of calculating retirement benefit obligations and service costs was revised and the method of calculating retirement benefit to accounting periods was changed from straight-line attribution basis to benefit formula basis. At the same time, the method of determining the discount rate was changed from a discount rate based on the average period until expected payment date to a method that uses a uniform weighted average discount rate to reflect the estimated period of retirement benefit payment and the amount for each estimated payment period.

In applying the Accounting Standards for Retirement Benefits in accordance with the transitional provisions stipulated in Section 37 of the Accounting Standards for Retirement Benefits, the amount affected by changes in the calculation method of retirement benefit obligations and service cost has been recognized in retained earnings at the beginning of the consolidated fiscal year ended March 31, 2015.

As a result, assets for retirement benefits at the beginning of the consolidated fiscal year ended March 31, 2015 increased by ¥2,953 million, while liabilities for retirement benefits decreased by ¥1,435 million and retained earnings increased by ¥3,003 million. Furthermore, the impact of these changes on operating income in the consolidated fiscal year ended March 31, 2015, current ordinary income and current net income before income taxes are insignificant.

It should be noted that the amount of net asset per share increased by ¥14.38, while current net income per share decreased by ¥0.97 in the consolidated fiscal year ended March 31, 2015. Current net income per share after adjustment of dilutive potential shares is not affected due to the absence of dilutive potential shares.

(l) Important hedge accounting method

(1) Hedge accounting method

Forward foreign exchange contracts which meet certain criteria are accounted for by the allocation method which requires that recognized foreign currency payables be translated at corresponding contract rates.

(2) Hedging instruments and hedged items

Hedging instruments …… Forward foreign exchange contracts

Hedged items …… Part of payables denominated in foreign currency

(3) Hedge policy

For the purpose of avoiding the risk of fluctuations in foreign exchange rates and others or reducing fund raising costs, we make use of derivative transactions for those debts that are caused by our normal operations, in accordance with our internal rules on derivative transactions.

(4) Method of evaluating hedge effectiveness

As hedging is considered being highly effective, evaluation of its effectiveness is omitted.

(m) Goodwill

Amortization of goodwill is computed by the straight-line method over the estimated useful life. In case the amount is immaterial, goodwill is recognized in profit and loss immediately.

(n) Cash and cash equivalents

All highly liquid investments with a maturity of three months or less, that are readily convertible to cash and present an insignificant risk of any changes in value, are considered cash equivalents in the consolidated statement of cash flows.

(o) Allocation method for capitalized asset retirement cost related to decommissioning of specified nuclear power units.

Based on Section 8 of the "Guidance on Accounting Standard for Asset Retirement Obligations" (Accounting Standards Board of Japan Guidance No. 21, issued on March 31, 2008) and the provisions of the "Ministerial Ordinance of Funds Reserved for Decommissioning Costs of Nuclear Power Units"(Ordinance by METI No. 30 of 1989), total estimated asset retirement costs related to decommissioning of specified nuclear power units are allocated to expense by the straight-line method over the expected operation period and planned period for safe storage.

(p) Accounting for the consumption tax

National and local consumption taxes are accounted for using the tax-excluded method.

2. Accounting Standards Issued but Not yet Adopted

1) Accounting standards for business combination.

- "Accounting Standards for Business Combination" (Accounting Standards Board of Japan Statement No. 21, issued on September 13, 2013)
- "Guidance on Accounting Standards for Business Combination and Business Separation" (Accounting Standards Board of Japan Guidance No. 10, issued on September 13, 2013)
- "Accounting Standards for Consolidated Financial Statements" (Accounting Standards Board of Japan Statement No. 22, issued on September 13, 2013)

(1) Outline

The accounting standards and others were revised mainly concerning: ① accounting treatment for any changes in the parent's ownership in a subsidiary due to additional acquisition etc. when the parent company retains control over the subsidiary; ② accounting treatment for acquisition-related costs; ③ accounting treatment for tentative accounting processes; and ④ change in the presentation method of current net income and the reference to "minority interests" was changed to "non-controlling interest."

(2) Application date

The group plans to apply the above-mentioned accounting standards and guidance from the beginning of the fiscal year ending March 31, 2016.

(3) Impact of adoption of the accounting standard and related guidance

The effects of application of these standards on the consolidated financial statements are yet unknown.

(Additional information)

Change in accounting rules on the electricity business concerning nuclear power generation facilities

In accordance with the enforcement on March 13, 2015 of the "Ministerial Ordinance for Partial Revision of the Accounting Rules on the Electricity Business" (Ordinance of METI No. 10 of 2015) (hereinafter referred to as "Ministerial Ordinance for Revision") and the revision of "Accounting Standards for the Electricity Business," it was decided that in the event of decommissioning a nuclear reactor on or after the enforcement date, the following expenses would be transferred to or recorded in the suspense account for nuclear power decommissioning following an application filed to or approval granted by the Minister of Economy, Trade and Industry, to be amortized over a certain period of time. The applicable expenses are those pertaining to nuclear power generation facilities for the nuclear reactor concerned (excluding fixed assets that are necessary for the decommissioning of nuclear reactors, fixed assets which require maintenance and management even after shutdown of the nuclear reactors and assets equivalent to asset retirement obligations), construction in progress account for the nuclear power generation facilities concerned and book value of nuclear fuels for the nuclear reactor concerned (excluding estimated disposal value), reprocessing and other treatment costs of spent fuels that are generated from decommissioning of the nuclear reactor concerned and the dismantlement of the nuclear fuel concerned. This change is not applied retroactively in accordance with the provisions prescribed by the revised Ministerial Ordinance.

This change does not affect the consolidated financial statements as of March 31, 2015.

3. U.S. Dollar Amounts

The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥120.27 = U.S.$1, the approximate rate of exchange prevailing at March 31, 2015. 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. Notes to Consolidated Balance Sheets

(a) Reduction entry of property, plant and equipment

Reduction entries of property, plant and equipment as of March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Contributions in aid of construction	¥67,699	¥66,361	$562,898

(b) Accumulated depreciation of property, plant and equipment

Accumulated depreciations of property, plant and equipment as of March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
	¥2,481,641	¥2,442,080	$20,633,920

(c) Investments in unconsolidated subsidiaries and affiliates included in "Other" of Investments and other assets

Investments of unconsolidated subsidiaries and affiliates included in "Other" of Investments and other assets as of March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
	¥3,863	¥10,925	$32,120

(d) Pledged assets and secured liabilities

All assets of the Company are subject to certain statutory preferential rights established to secure the following bonds and loans from the Development Bank of Japan Incorporated:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
Hokuriku Electric Power Company	2015	2014	2015
Bonds	¥465,375	¥508,675	$3,869,418
Loans from the Development Bank of Japan Incorporated	48,042	45,835	399,452
Recourse obligation under debt assumption agreements	110,370	72,170	917,685

Additionally, following property, plant and equipment of consolidated subsidiaries are pledged as collateral for the following loans:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
Consolidated subsidiaries	2015	2014	2015
Pledged assets:			
Property, plant and equipment for electric utility	¥—	¥8,368	$—
Other noncurrent assets	6,331	6,580	52,647
Investments and other assets	8	—	74
Secured liabilities			
Long-term loans	1,555	3,494	12,935

(e) Inventories

Inventories as of March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Merchandise and finished goods	¥316	¥200	$2,632
Work in process	2,025	574	16,839
Raw materials and supplies	19,745	23,602	164,177
Total	¥22,087	¥24,377	$183,649

(f) Contingent liabilities

Contingent liabilities as of March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Guarantees of loans of following companies and other			
Japan Nuclear Fuel Ltd.	¥37,852	¥37,212	$314,727
The Japan Atomic Power Company	17,492	17,492	145,446
Power and IT Company	1,300	1,300	10,809
Guarantees of housing and welfare loans of the Companies' employees	13,569	14,346	112,829
Total	¥70,215	¥70,351	$583,811

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Guarantees of the corporate bonds of following company			
Japan Nuclear Fuel Ltd.	¥1,212	¥1,414	$10,077

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Recourse obligation under debt assumption agreement of following corporate bonds (*)			
The 245th domestic straight bonds of Hokuriku Electric Power Company	¥29,670	¥29,670	$246,694
The 248th domestic straight bonds of Hokuriku Electric Power Company	22,500	22,500	187,079
The 250th domestic straight bonds of Hokuriku Electric Power Company	28,200	20,000	234,472
The 281th domestic straight bonds of Hokuriku Electric Power Company	30,000	—	249,438
Total	¥110,370	¥72,170	$917,685
(*) Recourse obligation by underwriter			
Mizuho Bank, Ltd.	¥100,370	¥62,170	$834,538
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,000	10,000	83,146

5. Notes to Consolidated Statements of Operations

(a) Provision

Retirement benefit expense and provision included in the consolidated statement of operations for the fiscal year March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit expenses	¥5,523	¥1,420	$45,925
Provision for reprocessing of irradiated nuclear fuel	1,017	1,088	8,463
Provision for preparation of the reprocessing of irradiated nuclear fuel without specific plans	225	217	1,878

(b) Operating Expenses

Details of operating expenses in the electric power business for the years ended March 31, 2015 and 2014 were as follows:

Millions of yen

	Operating expenses in the electric power business	
	2015	Selling, general and administrative expenses
Personnel	¥50,521	¥21,428
(Retirement benefit expense)	4,674	4,674
Fuel	128,758	—
Maintenance	61,019	1,372
Depreciation	67,529	2,978
Purchased electric power	56,202	—
Other	114,295	19,631
Subtotal	478,327	45,410
Intercompany elimination	(3,691)	—
Total	¥474,635	¥—

Millions of yen

	Operating expenses in the electric power business	
	2014	Selling, general and administrative expenses
Personnel	¥44,646	¥16,867
(Provision for retirement benefits)	616	616
Fuel	151,615	—
Maintenance	53,095	1,004
Depreciation	67,754	2,929
Purchased electric power	54,348	—
Other	109,142	21,647
Subtotal	480,602	42,449
Intercompany elimination	(3,823)	—
Total	¥476,778	¥—

Thousands of U.S. dollars

	Operating expenses in the electric power business	
	2015	Selling, general and administrative expenses
Personnel	$420,065	$178,167
(Retirement benefit expense)	38,867	38,867
Fuel	1,070,580	—
Maintenance	507,354	11,411
Depreciation	561,483	24,764
Purchased electric power	467,306	—
Other	950,320	163,226
Subtotal	3,977,111	377,569
Intercompany elimination	(30,691)	—
Total	$3,946,419	$—

(c) Research and Development Expenses

Total Research and Development Expenses included in the consolidated statements of operations for the fiscal years ended March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Research and Development Expenses	¥1,508	¥1,388	$12,545

(d) Depreciation of construction in progress

Prospective assets for electricity business that were acquired in advance were posted in the construction preparatory section of the construction in progress account. Due to changes in circumstances since that time, however, the decision to halt construction was taken and the sum paid for the settlement of construction preparatory section was recorded as losses.

6. Other Comprehensive Income

The component of other comprehensive income for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Net unrealized gain on securities			
Amount arising during the year	¥3,527	¥855	$29,333
Reclassification adjustment	—	—	—
Before tax effect	3,527	855	29,333
Tax effect	(824)	(271)	(6,855)
Net unrealized gain on securities	2,703	583	22,477
Remeasurements of defined benefit plans, net of tax			
Amount arising during the year	10,512	—	87,408
Reclassification adjustment	(1,442)	—	(11,991)
Before tax effect	9,070	—	75,416
Tax effect	(2,581)	—	(21,466)
Remeasurements of defined benefit plans, net of tax	6,488	—	53,949
Share of other comprehensive income of affiliates accounted for under the equity method:			
Amount arising during the year	26	34	223
Reclassification adjustments	—	(5)	—
Share of other comprehensive income of affiliates accounted for under the equity method	26	28	223
Total of other comprehensive income	¥9,218	¥612	$76,650

7. Stock Issued and Treasury Stock

(1) Changes in number of stock issued and treasury stock

Changes in number of stock issued and treasury stock for the years ended March 31, 2015 and 2014 were as follows:

Thousands of shares

	2015	2014
Stock issued		
Beginning of the year	¥210,334	¥210,334
End of the year	210,334	210,334
Treasury stock		
Beginning of the year	1,510	1,499
Increase due to purchasing fractional shares	10	12
Decrease due to selling fractional shares	2	2
End of the year	1,518	1,510

(2) Dividends

(1) Dividends paid

For the year ended March 31, 2015

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars)	Dividends per share (yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26, 2014	Common stock	¥5,220	$43,407	¥25	$0.20	March 31, 2014	June 27, 2014
Meeting of the Board of Directors on October 30, 2014	Common stock	¥5,220	$43,406	¥25	$0.20	September 30, 2014	November 28, 2014

For the year ended March 31, 2014

Resolution	Type of shares	Total dividends (millions of yen)	Dividends per share (yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26, 2013	Common stock	¥5,220	¥25	March 31, 2013	June 27, 2013
Meeting of the Board of Directors on October 30, 2013	Common stock	¥5,220	¥25	September 30, 2013	November 29, 2013

(2) Dividends with the cut-off date in the year ended March 31, 2015 and the effective date in the year ending March 31, 2016

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars)	Source of dividends	Dividends per share (yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 25, 2015	Common stock	¥5,220	$43,405	Retained earnings	¥25	$0.20	March 31, 2015	June 26, 2015

Dividends with the cut-off date in the year ended March 31, 2014 and the effective date in the year ending March 31, 2015

Resolution	Type of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 26, 2014	Common stock	¥5,220	Retained earnings	¥25	March 31, 2014	June 27, 2014

8. Supplementary Cash Flow Information

A reconciliation between cash and cash equivalents in the consolidated statements of cash flows and corresponding balance sheet items as of March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Cash and deposits	¥174,379	¥184,664	$1,449,901
Cash and cash equivalents	¥174,379	¥184,664	$1,449,901

9. Financial Instruments

Overview

(1) Policy for financial instruments

In consideration of plans for capital investment for the electricity business, the Group raise funds through corporate bonds and loans from bank. The Group manages temporary cash surpluses through short-term deposits.

The Group uses derivatives for the purpose of reducing foreign currency exchange risk and interest rate fluctuation risk, and does not enter into derivatives for speculative or trading purposes.

(2) Types of financial instruments, related risk and risk management for financial instruments

Long-term investments (other securities) are composed of mainly shares of common stock of other companies with which the Group has business relationships. Those securities are exposed to market risk. The Group periodically reviews the fair values of such financial instruments and the financial position of the issuers.

The fund for reprocessing of irradiated nuclear fuel is made in accordance with the "Spent Nuclear Fuel Reprocessing Fund Act" (Act No. 48 of 2005). The Group allocates the reserved amount as notified by the Minister of Economy, Trade and Industry, to the fund management corporation authorized in the act.

Trade notes and accounts receivable are composed of mainly electricity charges and power charges. Those receivables are exposed to credit risk in relation to customers. In accordance with the Rules for Supply of Electricity and other regulations for managing credit risk arising from receivables, each related division monitors credit worthiness of their main customers periodically, and monitors due dates and outstanding balances by individual customer.

Interest-bearing liabilities are exposed to interest rate fluctuation risk. However, those liabilities are composed of mainly bonds payable and long-term loans payable, of which the interest rates are fixed in the medium and long term.

Substantially all trade notes and accounts payable have payment due dates within one year. Although the Group is exposed to foreign currency exchange risk arising from those payables denominated in foreign currencies, forward foreign exchange contracts are arranged to reduce the risk.

The financial liabilities are exposed to liquidity risk. However, to reduce such risk, the Group sets the authorized limits of short-term corporate bonds,concludes the commitment-line contracts and keeps appropriate cash and cash deposits balances.

Derivatives are exposed to credit risk of counterparties. However, to reduce such risk, transactions involving derivatives are conducted in compliance with its internal policies. In addition, the counterparties to derivatives positions are limited to major financial institutions with high credit ratings.

(3) Supplementary explanations of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market prices, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair values.

Fair value of financial instruments

Carrying amount of financial instruments on the consolidated balance sheet and respective fair value as of March 31, 2015 and 2014 are shown in the following table. The following table does not include financial instruments whose fair values are not readily determinable (please refer to Note 2 below).

Millions of yen

As of March 31, 2015	Carrying amount	Fair value	Difference
Assets			
① Long-term investments (other securities)	¥20,124	¥20,124	¥—
② Fund for reprocessing of irradiated nuclear fuel	9,481	9,481	—
③ Cash and deposits	174,379	174,379	—
④ Notes and accounts receivable-trade	53,991	53,991	—
⑤ Bonds payable (*)	465,355	481,121	15,765
⑥ Long-term loans payable (*)	392,715	413,096	20,380
⑦ Short-term loans payable	16,035	16,035	—
⑧ Notes and accounts payable-trade	37,841	37,841	—

Millions of yen

As of March 31, 2014	Carrying amount	Fair value	Difference
Assets			
① Long-term investments (other securities)	¥15,739	¥15,739	¥—
② Fund for reprocessing of irradiated nuclear fuel	13,312	13,312	—
③ Cash and deposits	184,664	184,664	—
④ Notes and accounts receivable-trade	42,697	42,697	—
⑤ Bonds payable (*)	508,639	526,931	18,291
⑥ Long-term loans payable (*)	358,856	373,960	15,103
⑦ Short-term loans payable	15,823	15,823	—
⑧ Notes and accounts payable-trade	25,288	25,288	—

Thousands of U.S. dollars

As of March 31, 2015	Carrying amount	Fair value	Difference
Assets			
① Long-term investments (other securities)	$167,330	$167,330	$—
② Fund for reprocessing of irradiated nuclear fuel	78,835	78,835	—
③ Cash and deposits	1,449,901	1,449,901	—
④ Notes and accounts receivable-trade	448,915	448,915	—
⑤ Bonds payable (*)	3,869,254	4,000,342	131,087
⑥ Long-term loans payable (*)	3,265,283	3,434,739	169,455
⑦ Short-term loans payable	133,325	133,325	—
⑧ Notes and accounts payable-trade	314,635	314,635	—

(*) Current portion of bonds payable and long-term loans payable is included in bonds payable and long-term loans payable.

(Note 1)

Methods for estimating fair value of financial instruments and other matters related to securities and derivative transactions.

① Long-term investments (other securities)

The fair value of stocks is based on quoted market prices. For information on securities classified by holding purpose, please refer to the Note10. "Investment Securities."

② Fund for reprocessing of irradiated nuclear fuel

The fund is made in accordance with the "Spent Nuclear Fuel Reprocessing Fund Act" (Act No. 48 of 2005). For the redemption of the fund, it is necessary to comply with the redemption plan approved by the Minister of Economy, Trade and Industry. The carrying amount of the fund is based on the present value determined by redemption schedule of the plan.

③ Cash and deposits and ④ Notes and accounts receivable-trade

Since these items are settled in a short period of time, their carrying amount approximates fair value.

⑤ Bonds payable

The fair value of bonds is based on either the quoted market price when available or present value of the total of principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and current credit risk.

⑥ Long-term loans payable

The fair value of long-term loans payable is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into.

⑦ Short-term loans payable and ⑧ Notes and accounts payable-trade

Since these items are settled in a short period of time, their carrying amount approximates fair value.

(Note 2) Financial instruments whose fair values are not readily determinable

Carrying amount	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Unlisted stocks	¥36,233	¥40,970	$301,267
Investment securities	637	637	5,302
Other	5	6	48
Total	¥36,877	¥41,614	$306,619

Because no quoted market price is available and their fair values are not readily determinable, the above financial instruments are not included in the preceding table.

(Note 3) Redemption schedule for receivables

Millions of yen

As of March 31, 2015	Whithin one year	Due after one year
Fund for reprocessing of irradiated nuclear fuel (*)	¥4,981	¥—
Cash and deposits	174,379	—
Notes and accounts receivable-trade	53,991	—
Total	¥233,352	¥—

Millions of yen

As of March 31, 2014	Whithin one year	2016 and thereafter
Fund for reprocessing of irradiated nuclear fuel (*)	¥4,840	¥—
Cash and deposits	184,664	—
Trade notes and accounts receivable	42,697	—
Total	¥232,201	¥—

Thousands of U.S. dollars

As of March 31, 2015	Whithin one year	Due after one year
Fund for reprocessing of irradiated nuclear fuel (*)	$41,423	$—
Cash and deposits	1,449,901	—
Notes and accounts receivable-trade	448,915	—
Total	$1,940,240	$—

(*) Regarding fund for reprocessing of irradiated nuclear fuel, only the amount due in one year or less is disclosed.

(Note 4) The aggregate annual maturities of bonds, long-term loans, and other interest-bearing liabilities subsequent to March 31, 2015 and 2014 were summarized as follows:

Millions of yen

As of March 31, 2015	Bonds payable	Long-term loans payable	Short-term loans payable
2016	¥60,000	¥24,180	¥16,035
2017	50,475	37,275	—
2018	50,000	33,110	—
2019	70,000	31,215	—
2020	59,900	40,183	—
2021 and thereafter	175,000	226,749	—

Millions of yen

As of March 31, 2014	Bonds payable	Long-term loans payable	Short-term loans payable
2015	¥70,000	¥26,791	¥15,823
2016	60,000	24,421	—
2017	50,475	37,516	—
2018	58,200	32,548	—
2019	90,000	30,598	—
2020 and thereafter	180,000	206,981	—

Thousands of U.S. dollars

As of March 31, 2015	Bonds payable	Long-term loans payable	Short-term loans payable
2016	$498,877	$201,052	$133,325
2017	419,680	309,932	—
2018	415,731	275,303	—
2019	582,023	259,546	—
2020	498,046	334,111	—
2021 and thereafter	1,455,059	1,885,337	—

10. Investment Securities

(1) Information of other securities

Information on investment securities for which fair value is available as of March 31, 2015 and 2014 was as follows:

Millions of yen

As of March 31, 2015	Acquisition cost	Fair value	Unrealized gain (loss)
Unrealized gain			
Stock	¥6,627	¥20,014	¥13,387
Bonds	101	110	9
Total	¥6,728	¥20,124	¥13,396

Millions of yen

As of March 31, 2014	Acquisition cost	Fair value	Unrealized gain (loss)
Unrealized gain			
Stock	¥5,946	¥15,438	¥9,492
Unrealizes loss			
Stock	304	300	(3)
Total	¥6,251	¥15,739	¥9,488

Thousands of U.S. dollars

As of March 31, 2015	Acquisition cost	Fair value	Unrealized gain (loss)
Unrealized gain			
Stock	$55,102	$166,414	$111,312
Bonds	840	916	76
Total	$55,942	$167,330	$111,388

(Note) Non-marketable securities (the amount of ¥36,877 million ($306,619 thousand) and ¥41,614 million in the consolidated balance sheets as of March 31, 2015 and 2014, respectively) are not included in the table above because their fair values are not readily determinable.

(2) Other securities sold during the year

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Sales proceeds	¥0	¥103	$4
Realized gains	—	56	—
Realized losses	¥—	¥1	$—

(3) Impairment loss on other securities

No impairment loss on other securities was identified for the years ended March 31, 2015 and 2014,respectively.

11. Derivatives

Since derivative transactions were not significant, relating disclosure is omitted for the years ended March 31, 2015 and 2014.

12. Employees' Retirement Benefits

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, and they also provides employees with the options of either the defined contribution pension plan or the prepayment plan other than the defined benefit plan. The Company also pays employees lump-sum retirement benefit extra accordingly.

Some subsidiaries adopt a short-cut method in computing projected benefit obligation and retirement benefit expense.

(1) Defined benefit plan

The changes in the retirement benefit obligation during the year ended March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Retirement benefit obligation at April 1	¥96,320	¥87,021	$800,866
Cumulative effects of changes in accounting policies	(4,388)	—	(36,490)
Restated balance	91,931	87,021	764,375
Service cost	4,080	3,479	33,927
Interest cost	1,316	1,689	10,944
Actuarial loss	(122)	7,822	(1,015)
Retirement benefit paid	(4,265)	(3,692)	(35,468)
Increase of consolidated subsidiaries	3,774	—	31,385
Other	(190)	—	(1,583)
Retirement benefit obligation at March 31	¥96,524	¥96,320	$802,565

The changes in plan assets during the year ended March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Plan assets at April 1	¥76,826	¥68,346	$638,779
Expected return on plan assets	1,536	1,366	12,775
Actuarial loss	10,358	5,060	86,123
Contributions by the Company	2,421	3,154	20,137
Retirement benefits paid	(1,499)	(1,102)	(12,468)
Plan assets at March 31	¥89,643	¥76,826	$745,348

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2015 and 2014 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Funded retirement benefit obligation	¥66,009	¥67,411	$548,843
Plan assets at fair value	(89,643)	(76,826)	(745,348)
	¥(23,633)	¥(9,414)	$(196,504)
Unfunded retirement benefit obligation	¥30,515	¥28,908	$253,722
Net liability for retirement benefits in the balance sheet	¥6,881	¥19,494	$57,217
Liability for retirement benefits	¥30,515	¥28,908	$253,722
Asset for retirement benefits	¥(23,633)	¥(9,414)	$(196,504)
Net liability for retirement benefits in the balance sheet	¥6,881	¥19,494	$57,217

The components of retirement benefit expense for the year ended March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Service cost	¥4,080	¥3,479	$33,927
Interest cost	1,316	1,689	10,944
Expected return on plan assets	(1,536)	(1,366)	(12,775)
Amortization of actuarial loss	(99)	(3,511)	(827)
Amortization of prior service cost	(1,310)	(1,310)	(10,893)
Retirement benefit expense	¥2,450	¥(1,020)	$20,375

In addition, additional retirement benefit expense of ¥2,262 million ($18,815 thousand) and ¥1,688 million was accounted for as an operating expense for the year ended March 31,2015 and 2014.

Prior service cost and Actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Prior service cost	¥(1,310)	¥—	$ (10,893)
Actuarial gain or loss	10,380	—	86,310
Total	¥9,070	¥—	$75,416

Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Unrecognized prior service cost	¥—	¥(1,310)	$—
Unrecognized actuarial gain or loss	(10,626)	(246)	(88,358)
Total	¥(10,626)	¥(1,556)	$(88,358)

Fair value of plan assets,by major category,as a percentage of total plan assets as of March 31, 2015 and 2014 were as follows:

	2015	2014
Stock	44%	40%
Bonds	23%	25%
General account of life insurance	31%	33%
Others	2%	2%
Total	100%	100%

The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

	2015	2014
Discount rates	Mainly 1.5%	Mainly 1.5%
Expected rates of return on plan assets	2.0%	2.0%

(2) Defined contribution pension plan and prepaid retirement benefit plan

Contributions related to defined contribution pension plan were accounted ¥754 million ($6,277 thousand) and ¥697 million , the payments related to prepaid retirement benefit plan were accounted ¥55 million ($457 thousand) and ¥55 miliion for the year ended March 31, 2015 and 2014.

13. Income Taxes

The significant components of deferred tax assets and liabilities as of March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Depreciation	¥12,460	¥12,351	$103,601
Liability for retirement benefits	9,314	9,244	77,450
Asset retirement obligations	9,062	9,614	75,347
Elimination of unrealized intercompany profits	5,147	1,212	42,800
Reserve for fluctuation in water levels	4,801	4,296	39,920
Expenses of disposition of polychlorinated biphenyl wastes	4,720	4,890	39,247
Deferred charges for tax purposes	2,285	2,766	19,003
Reserve for reprocessing of irradiated nuclear fuel and reserve for reprocessing of irradiated nuclear fuel without specific plans	2,132	2,205	17,727
Accrued enterprise taxes	987	949	8,210
Other	14,712	15,826	122,327
Gross deferred tax assets	65,623	63,358	545,635
Less: Valuation allowance	(7,576)	(6,072)	(62,995)
Total deferred tax assets	58,047	57,285	482,640
Deferred tax liabilities:			
Assets corresponding to asset retirement obligations	¥(7,243)	¥(7,753)	$(60,223)
Asset for retirement benefits	(6,805)	(2,892)	(56,583)
Net unrealized gain on securities	(3,838)	(2,899)	(31,919)
Other	(389)	(6)	(3,241)
Total deferred tax liabilities	(18,277)	(13,551)	(151,968)
Net deferred tax assets	¥39,769	¥43,734	$330,672

(Note) The net deferred tax assets as of March 31, 2015 and 2014 are included in the following items of the consolidated balance sheets.

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Deferred tax assets:			
Noncurrent assets - deferred tax assets	¥33,580	¥36,144	$279,210
Current assets- deferred tax assets	6,189	7,590	51,461
Deferred tax liabilities:			
Current liabilities - others	¥(0)	¥(0)	$(0)

Reconciliation of the difference between the statutory tax rate and the effective tax rate for the year ended March 31, 2015 and 2014 were summarized as follows:

	2015	2014
Statutory tax rate	30.7%	33.3%
Increase (decrease) in taxes resulting from:		
Decrease of deferred tax asset by changing the effective statutory tax rate	13.3	14.5
Valuation allowance	9.0	8.0
Statutory tax rate differences between the Company and consolidated subsidiaries	1.5	5.3
Non-deductible expenses for the tax purposes	0.6	2.3
Equity in earnings of affiliates	(1.4)	(3.9)
Other	0.3	(3.1)
Effective tax rate	54.0%	56.4%

Change in the amounts of deffered tax assets and liabilities due to change in corporate tax rates

The "Act on Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and "Act on Partial Revision of Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015, and as a result the corporate tax rates were amended. Based on the amendments, the statutory tax rate used for the calculation of deferred tax assets and liabilities as of March 31,2015 was reduced in the consolidated fiscal year that starts on and after April 1, 2015.

Accordingly, the deferred tax assets and deferred tax liabilities in the consolidated fiscal year ended March 31, 2015 are calculated according to the effective statutory tax rates that are based on the post-revision tax rates, which are adopted in the consolidated fiscal year where temporary differences are expected to be resolved.

As a result, the net amount of deferred tax assets decreased by ¥2,335 million, while increases were recorded for minority interests at ¥6 million, accumulated adjustment of retirement benefits at ¥204 million, valuation difference of securities at ¥255 million, and the adjustment of corporation tax and others (debit) at ¥2,641 million, respectively.

14. Business combination and others

Business combination by acquisition

(1) Overview of the business combination

① Name of acquired company and its main business
Name of acquired company: Hokuriku Electric Construction Company
Main business: Electrical engineering, telecommunications, plumbing, water supply equipment, fire-fighting equipment, civil engineering and other related businesses.

② Purpose of the acquisition
The purpose of acquisition is to strengthen comprehensive energy business through joint efforts and boost competitiveness in view of the upcoming full liberalization of the retail electricity markets. This will be achieved by building firmer capital alliances and sharing management strategies to promote mutual utilization of managerial and other resources. Also, this acquisition is to create a robust construction system and improve its efficiency for functional maintenance works of transmission and distribution facilities which are expected to expand substantially in the future, thus contributing to stable supply of electricity.

③ Date of completion of business combination
March 23, 2015

④ Legal form of business combination
Share purchase in exchange for cash payment

⑤ Name of the company after business combination
Hokuriku Electric Construction Company

⑥ Percentage of total shares
Percentage of shares held immediately before the business combination: 30.86%
Percentage of shares additionally acquired on the date of business combination: 20.08%
Percentage of shares after this acquisition: 50.94%

⑦ Main reason to decide the acquiring company
Our company had acquired its shares in exchange for cash payment.

(2) The period of earnings of the acquired company included in consolidated financial statements
The above item is not applicable since consolidated account settlement is conducted on the assumption that acquisition is deemed to have taken place at the end of the current consolidated fiscal year. Because the acquired company was an equity method affiliate, earnings until the deemed acquisition date (March 31, 2015) are included in investment income based on the equity method.

(3) The breakdown of acquisition cost for the acquired company
Value of acquisition
Market value of common shares of Hokuriku Electric Construction Company held immediately before the business combination: ¥6,023 million
Market value of common share of Hokuriku Electric Construction Company additionally acquired on the date of business combination: ¥3,919 million
Expenses directly incurred upon acquisition
Advisory expenses, etc.: ¥150 million
Total acquisition cost: ¥10,093 million

(4) The difference between the acquisition cost of the acquired company and total acquisition cost of each transaction acquired
Losses associated with step acquisition: ¥698 million

(5) Goodwill recognized, the reason of recognition of goodwill, and method and period of amortization

① Goodwill recognized at the date of the business combination: ¥77 million

② The reason of recognition of goodwill
Goodwill is recognized on the basis of difference between our interests in the acquired company and acquisition cost

③ Method and period of amortization
Goodwill is written off in a lump sum due to its insignificance.

(6) Assets acquired and liabilities assumed as of the acquisition date
Current assets: ¥25,566 million
Fixed assets: ¥13,133 million
Total assets: ¥38,699 million
Current liabilities: ¥12,165 million
Fixed liabilities: ¥4,243 million
Total liabilities: ¥16,409 million

(7) Estimated effect on consolidated financial results if the business combination had been completed at the beginning of the fiscal year
Operating revenue: ¥27,592 million
Operating income: ¥4,041 million
Ordinary income in the current fiscal year: ¥4,227 million
Net income before income taxes and minority interests in the current fiscal year: ¥4,210 million
Net income in the current fiscal year: ¥1,269 million
Net income per share in the current fiscal year: ¥6.08

(Calculation method of estimated effect)
Estimation of the effects of the business combination is given based on the difference between operating revenue and profit/loss data calculated on the assumption that business combination was completed at the beginning of the fiscal year, and operating revenue and profit/loss data in the acquired company's consolidated income statement.

It should be noted that this note has not been subjected to audit.

15. Asset Retirement Obligations

(1) Overview

Asset retirement obligations are recognized for decommissioning of specific nuclear power units prescribed by the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors." Based on the "Ministerial Ordinance on Reserves for Decommissioning Costs of Nuclear Power Units" (Ordinance of METI No. 30 of 1989), the total estimate of decommission expense is recognized by the straight-line method over the expected operating period of nuclear power units and planned period for safe storage.

(2) Accounting method of the asset retirement obligations

Remaining years are determined by each unit at the period which includes the planned period for safe storage in addition to the expected operation period of nuclear power units after deducting the past operation period. Discount rate of 2.3% is used in the calculation.

(3) Changes in asset retirement obligations

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Balance at beginning of the year	¥54,024	¥67,654	$449,195
Net changes during the year	2,512	(13,629)	20,891
Balance at end of the year	¥56,537	¥54,024	$470,087

(Note) Net changes during the year included the effect of the change in the allocation period for capitalized asset retirement cost in the amount of ¥13,793 million($114,691 thousand).

16. Segment Information

(1) Overview of reportable segment

The Company's business segment consists of companies from which separated financial information can be obtained in order for the Board of Managing Directors and the Board of Directors to decide the distribution of management resources and evaluate performance. Of these, the "Electricity" segment that accounts for the major portion of our whole business is defined as the reportable segment, and other businesses are classified as "Others."

In the "Electricity" segment, the Company supplies electricity to the three prefectures in the Hokuriku region [Toyama, Ishikawa and Fukui (partly excluded)] and part of Gifu prefecture, and the Nihonkai Power Generating supplies electricity to the Company on a wholesale basis.

(2) Accounting policies of each reportable segment

The accounting policies of the segments are substantially the same as described in the Summary of Siginificant Accounting Policies. Segment performance is evaluated based on operating income or loss. Intersegment sales are arm's length transaction.

(Changes in allocation method for capitalized asset retirement cost)

The company adopted paragraph 35 of the "Accounting Standards for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, issued on May 17, 2012, hereinafter referred to as "Accounting Standards for Retirement Benefits") and paragraph 67 of the "Guidance on Accounting Standards for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25, issued on May 17, 2012, hereinafter referred to as "Guidance on Accounting Standards for Retirement Benefits") are applied from the beginning of the consolidated fiscal year ended March 31, 2015. As a result, the method of calculating retirement benefit obligations and service costs was revised and the method of calculating retirement benefit to accounting periods was changed from straight-line attribution basis to benefit formula basis. At the same time, the method of determining the discount rate was changed from a discount rate based on the average period until expected payment date to a method that uses a uniform weighted average discount rate to reflect the estimated period of retirement benefit payment and the amount for each estimated payment period.

In applying the Accounting Standards for Retirement Benefits in accordance with the transitional provisions stipulated in Section 37 of the Accounting Standards for Retirement Benefits, the amount affected by changes in the calculation method of retirement benefit obligations and service cost has been recognized in retained earnings at the beginning of the consolidated fiscal year ended March 31, 2015. The impact of these changes on operating income in the consolidated fiscal year ended March 31, 2015, current ordinary income and current net income before income taxes are insignificant.

(3) Information about each reportable segment

Millions of yen

	2015				
	Electricity	Others (Note 1)	Total	Adjustment and elimination (Note 2)	Consolidated (Note 3)
Sales to customers	¥510,814	¥21,946	¥532,760	¥—	¥532,760
Inter-segment sales	651	32,887	33,539	(33,539)	—
Total operating revenue	511,466	54,833	566,299	(33,539)	532,760
Segment income	35,426	4,491	39,918	41	39,959
Segment assets	1,403,388	102,937	1,506,325	(26,874)	1,479,451
Depreciation and amortization	67,379	3,268	70,648	(273)	70,375
Capital expenditure	116,495	2,730	119,225	(325)	118,900

Millions of yen

	2014				
	Electricity	Others (Note 1)	Total	Adjustment and elimination (Note 2)	Consolidated (Note 3)
Sales to customers	¥493,298	¥16,339	¥509,638	¥—	¥509,638
Inter-segment sales	626	31,291	31,918	(31,918)	—
Total operating revenue	493,925	47,631	541,556	(31,918)	509,638
Segment income	15,651	4,186	19,837	18	19,855
Segment assets	1,397,395	64,049	1,461,445	(21,293)	1,440,151
Depreciation and amortization	67,883	3,235	71,119	(275)	70,844
Capital expenditure	61,808	3,127	64,936	(299)	64,636

Thousands of U.S. dollars

	2015				
	Electricity	Others (Note 1)	Total	Adjustment and elimination (Note 2)	Consolidated (Note 3)
Sales to customers	$4,247,228	$182,478	$4,429,706	$—	$4,429,706
Inter-segment sales	5,421	273,443	278,864	(278,864)	—
Total operating revenue	4,252,649	455,922	4,708,571	(278,864)	4,429,706
Segment income	294,559	37,346	331,906	344	332,250
Segment assets	11,668,645	855,889	12,524,535	(223,449)	12,301,085
Depreciation and amortization	560,237	27,177	587,415	(2,270)	585,145
Capital expenditure	968,614	22,699	991,314	(2,703)	988,611

(Note 1) Other segment represents construction and maintenance of the electrical power facilities, information, telecommunications and other.
(Note 2) Adjustment and eliminations of "Segment income, ""Segment assets, " "Depreciation and amortization, "and "Capital expenditure" are intersegment transaction eliminations.
(Note 3) Segment income is adjusted to reflect operating income in the consolidated statement of operations.

(Relevant information)

(1) Information by product or service

As revenue from single product exceed 90% of revenue in the consolidated statements of operations, relating disclosure is omitted.

(2) Information by respective areas

Because there are no sales to overseas customers and no tangible fixed assets located overseas, relating disclosure is omitted.

(Information related to impairment loss on fixed assets by reportable segment)

Since this information is not significant, this disclosure is omitted.

(Information related to amortization of goodwill and amortized balance by reportable segment)

Since this information is not significant, this disclosure is omitted.

(Information related to gain on negative goodwill by reportable segment)

Since this information is not significant, this disclosure is omitted.

17. Related Party Transactions

Significant related party transactions of the Company for the years ended March 31, 2015 and 2014 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
The Hokkoku Bank, Ltd.	2015	2014	2015
Transactions for the year ended March 31			
Borrowings	¥—	¥6,720	$—
Payment of interest	—	82	—
Ending balance			
Long-term loans payable	¥—	¥26,500	$—
Short-term loans payable	—	—	—
Other current liabilities	—	73	—

(Note) Akira Miyama, who is a corporate auditor of the Company, retired from the Chairman of the Board of The Hokkoku Bank, Ltd. as of June 27, 2013 and therefore the Company has no related party relationship with The Hokkoku Bank,Ltd. since then. The above transactions show the amount during the period when the Company had related party relationship with The Hokkoku Bank, Ltd.. Ending balance shows the amount at the time of retirement.

18. Amounts per Share

Basic 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.

Net assets per share are computed based on the net assets excluding share subscription rights and minority interests and the number of common stock outstanding at the year end.

Net assets and basic net income per share as of and for the years ended March 31, 2015 and 2014 were as follows:

	Yen	Yen	U.S. dollars
	2015	2014	2015
Net assets per share	¥1,607.60	¥1,555.37	$13.36
Net income per share	¥43.05	¥12.05	$0.35

(Note) Since either the Company or its consolidated subsidiaries did not have potentially dilutive securities as of March 31, 2015 and 2014, diluted net income per share was not disclosed.

The bases of calculation for net income per share were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
For the years ended March 31	2015	2014	2015
Net income	¥8,990	¥2,516	$74,754
Amounts not attributable to common stock	—	—	—
Net income attributable to common stock	8,990	2,516	74,754
Weighted average number of common stock during the year (thousands of shares)	208,820	208,830	

The bases of calculation for net assets per share were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
As of March 31	2015	2014	2015
Net assets	¥344,209	¥324,814	$2,861,972
Amounts deducted from net assets	8,517	16	70,816
(Minority interests)	(8,517)	(16)	(70,816)
Net assets attributable to common stock	335,692	324,797	2,791,155
Number of shares of common stock at the year end (thousand of shares)	208,815	208,824	

Ernst & Young ShinNihon LLC

Building a better working world

Independent Auditor's Report

The Board of Directors
Hokuriku Electric Power Company

We have audited the accompanying consolidated financial statements of Hokuriku Electric Power Company and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hokuriku Electric Power Company and its consolidated subsidiaries as at March 31, 2015 and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

June 25, 2015
Toyama, Japan

Ernst & Young ShinNihon LLC

A member firm of Ernst & Young Global Limited

Non-Consolidated Financial Statements

HOKURIKU ELECTRIC POWER COMPANY
As of March 31, 2015 and 2014

Non-Consolidated Balance Sheets

ASSETS	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Noncurrent assets	¥1,174,682	¥1,136,021	$9,767,042
Property plant and equipment	833,924	856,911	6,933,767
Hydroelectric power production facilities	100,288	102,408	833,864
Thermal power production facilities	111,890	113,204	930,331
Nuclear power production facilities	177,509	192,973	1,475,927
Internal combustion engine power production facilities	39	45	330
Renewable power production facilities	2,785	3,056	23,158
Transmission facilities	166,881	169,864	1,387,558
Transformation facilities	87,969	88,177	731,430
Distribution facilities	154,356	154,100	1,283,415
General facilities	32,134	33,022	267,189
Facilities loaned	67	57	561
Incidental business facilities	2,547	2,983	21,178
Non-operating facilities	10,303	2,348	85,669
Construction in progress	80,893	34,330	672,595
Construction in progress	80,879	34,258	672,483
Retirement in progress	13	71	112
Nuclear fuel	105,023	99,844	873,233
Loaded nuclear fuel	26,219	26,219	218,005
Nuclear fuel in processing	78,804	73,625	655,228
Investments and other assets	141,990	139,603	1,180,598
Long-term investments	62,892	62,052	522,931
Long-term investment for subsidiaries and affiliates	27,804	23,546	231,180
Fund for reprocessing of irradiated nuclear fuel	9,481	13,312	78,835
Long-term prepaid expenses	1,913	1,780	15,911
Prepaid pension cost	12,059	6,377	100,272
Deferred tax assets	27,861	32,560	231,658
Allowance for doubtful accounts	(23)	(26)	(191)
Current assets	244,804	271,903	2,035,460
Cash and deposits	161,986	182,208	1,346,857
Accounts receivable-trade	41,339	40,601	343,720
Other accounts receivable	936	1,755	7,786
Supplies	19,040	23,254	158,315
Prepaid expenses	4,052	4,025	33,692
Short-term receivables from subsidiaries and affiliates	940	949	7,823
Deferred tax assets	4,910	6,755	40,827
Other	11,742	12,517	97,631
Allowance for doubtful accounts	(143)	(164)	(1,194)
Total	¥1,419,487	¥1,407,925	$11,802,502

LIABILITIES AND NET ASSETS	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars 2015
Noncurrent liabilities	¥881,030	¥880,775	$7,325,437
Bonds payable	405,455	438,639	3,371,207
Long-term loans payable	366,852	328,542	3,050,241
Long-term debt to subsidiaries and affiliates	98	125	815
Provision for retirement benefits	19,252	21,364	160,078
Provision for reprocessing of irradiated nuclear fuel	10,239	14,069	85,135
Provision for reprocessing of irradiated nuclear fuel without specific plans	5,872	5,646	48,828
Asset retirement obligations	56,537	54,024	470,087
Other	16,722	18,362	139,043
Current liabilities	218,972	212,591	1,820,677
Current portion of noncurrent liabilities	87,036	100,115	723,678
Short-term loans payable	15,000	15,000	124,719
Accounts payable-trade	24,391	21,842	202,805
Accounts payable-other	13,182	12,284	109,603
Accrued expenses	41,856	39,803	348,023
Accrued income taxes and other	16,116	6,420	134,002
Deposits received	605	314	5,037
Short-term debt to subsidiaries and affiliates	19,333	15,972	160,749
Other advances	1,448	834	12,044
Other	1	2	12
Reserves under the special laws	16,673	13,985	138,636
Reserve for fluctuation in water levels	16,673	13,985	138,636
Total liabilities	1,116,677	1,107,352	9,284,751
Shareholders' equity	293,559	294,008	2,440,835
Common stock	117,641	117,641	978,145
Capital surplus	33,993	33,993	282,641
Legal capital surplus	33,993	33,993	282,641
Retained earnings	145,233	145,671	1,207,561
Legal retained earnings	28,386	28,386	236,023
Other retained earnings	116,846	117,284	971,537
Reserve for overseas investment loss	11	11	96
General reserve	70,000	70,000	582,023
Retained earnings brought forward	46,835	47,273	389,417
Treasury stock	(3,309)	(3,297)	(27,513)
Valuation and translation adjustments	9,250	6,564	76,916
Net unrealized gain on securities	9,250	6,564	76,916
Total net assets	302,809	300,572	2,517,751
Total	¥1,419,487	¥1,407,925	$11,802,502

Non-Consolidated Statements of Operations

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2015	2014	2015
Operating revenue	¥513,008	¥495,689	$4,265,476
Electricity	511,490	493,943	4,252,851
Residential	162,512	162,829	1,351,230
Commercial and industrial	282,356	275,193	2,347,690
Sold power to other utilities	29,954	32,209	249,061
Sold power to other suppliers	18,470	9,778	153,578
Transmission revenue	1,274	1,043	10,598
Settlement revenue among utilities	38	28	316
Grant under Act on Purchase of Renewable Energy Sourced Electricity	13,093	8,718	108,867
Other electricity revenue	3,782	4,135	31,450
Revenue from facilities loaned	6	7	57
Incidental business operating revenue	1,518	1,746	12,624
Operating revenue-thermal energy facility solutions	655	720	5,453
Operating revenue-electric power facility solutions	849	1,012	7,061
Operating revenue-other businesses	13	12	109
Operating expenses	477,747	479,985	3,972,294
Electricity	476,976	479,019	3,965,880
Hydroelectric power production expenses	22,963	21,810	190,935
Thermal power production expenses	184,947	203,634	1,537,770
Nuclear power production expenses	51,055	47,780	424,505
Internal combustion engine power production expenses	71	71	597
Renewable power production expenses	640	447	5,323
Purchased power from other utilities	2,195	2,529	18,255
Purchased power from other suppliers	54,007	51,818	449,051
Transmission expenses	28,187	27,117	234,368
Transformation expenses	16,450	17,975	136,777
Distribution expenses	37,744	38,827	313,835
Selling expenses	14,374	14,200	119,515
Cost of loaned facilities	6	4	55
General and administrative expenses	30,902	28,118	256,946
Levy under Act on Purchase of Renewable Energy Sourced Electricity	17,302	8,516	143,861
Electric power development promotion tax	10,476	10,547	87,111
Enterprise tax	5,651	5,618	46,990
Transfer to incidental business expense	(2)	(0)	(0)
Incidental business operating expenses	771	966	6,413
Operating expenses-thermal energy facility solutions	340	366	2,832
Operating expenses-electric power facility solutions	424	593	3,531
Operating expenses-other businesses	6	6	50
Operating income	35,260	15,703	293,181
Other income	3,058	5,102	25,427
Financial revenue	1,692	3,564	14,069
Dividends income	1,115	2,937	9,277
Interest income	576	626	4,791
Other revenue	1,366	1,537	11,357
Gain on sales of noncurrent assets	25	10	208
Miscellaneous revenue	1,340	1,527	11,149
Other expenses	20,218	13,458	168,111
Financial expenses	15,368	12,881	127,783
Interest expenses	15,148	12,654	125,950
Bond issuance cost	220	227	1,832
Other expenses	4,850	576	40,328
Loss on sales of noncurrent assets	38	83	323
Miscellaneous expenses	4,811	493	40,005
Total ordinary revenue	516,067	500,791	4,290,904
Total ordinary expenses	497,966	493,443	4,140,406
Ordinary income (loss)	18,100	7,347	150,497
Provision or reversal of reserve for fluctuation in water levels	2,688	4,088	22,353
Provision of reserve for fluctuation in water levels	2,688	4,088	22,353
Income (loss) before income taxes	15,411	3,259	128,143
Income taxes-current	4,512	116	37,519
Income taxes for prior periods	—	165	0
Income taxes-deferred	4,241	1,354	35,266
Total income taxes	8,753	1,636	72,785
Net income (loss)	¥6,657	¥1,622	$55,357
	Yen	Yen	U.S. dollars
PER SHARE:			
Net income (loss)	¥31.88	¥7.77	$0.26
Cash dividends	50.00	50.00	0.41

Non-Consolidated Statements of Changes in Net Assets

Millions of yen

	Number of shares of common stock	Shareholders' equity								Valuation and translation adjustments	Total net assets
		Capital stock	Capital surplus	Retained earnings				Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
			Legal capital surplus	Legal retained earnings	Other retained earnings						
					Reserve for overseas investment loss	General reserve	Retained earnings brought forward				
BALANCE AT APRIL 1, 2013	210,333,694	¥117,641	¥33,993	¥28,386	¥7	¥80,000	¥46,097	¥(3,284)	¥302,842	¥5,986	¥308,828
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—
Restated balance	210,333,694	117,641	33,993	28,386	7	80,000	46,097	(3,284)	302,842	5,986	308,828
Provision of reserve for overseas investment loss	—	—	—	—	3	—	(3)	—	—	—	—
Reversal of general reserve	—	—	—	—	—	(10,000)	10,000	—	—	—	—
Dividends from surplus	—	—	—	—	—	—	(10,441)	—	(10,441)	—	(10,441)
Net income	—	—	—	—	—	—	1,622	—	1,622	—	1,622
Purchase of treasury stock	—	—	—	—	—	—	—	(16)	(16)	—	(16)
Disposal of treasury stock	—	—	—	—	—	—	(1)	3	2	—	2
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—	577	577
Total changes of items during the period	—	—	—	—	3	(10,000)	1,176	(13)	(8,833)	577	(8,256)
BALANCE AT MARCH 31, 2014	210,333,694	117,641	33,993	¥28,386	11	70,000	47,273	(3,297)	294,008	6,564	300,572
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	3,346	—	3,346	—	3,346
Restated balance	210,333,694	117,641	33,993	¥28,386	11	70,000	50,620	(3,297)	297,355	6,564	303,919
Provision of reserve for overseas investment loss	—	—	—	—	0	—	(0)	—	—	—	—
Reversal of general reserve	—	—	—	—	—	—	—	—	—	—	—
Dividends from surplus	—	—	—	—	—	—	(10,441)	—	(10,441)	—	(10,441)
Net income	—	—	—	—	—	—	6,657	—	6,657	—	6,657
Purchase of treasury stock	—	—	—	—	—	—	—	(15)	(15)	—	(15)
Disposal of treasury stock	—	—	—	—	—	—	(1)	3	2	—	2
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—	2,686	2,686
Total changes of items during the period	—	—	—	—	0	—	(3,784)	(11)	(3,795)	2,686	(1,109)
BALANCE AT MARCH 31, 2015	210,333,694	¥117,641	¥33,993	¥28,386	¥11	¥70,000	¥46,835	¥(3,309)	¥293,559	¥9,250	¥302,809

Thousands of U.S. dollars

	Shareholders' equity								Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus	Retained earnings				Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Legal retained earnings	Other retained earnings						
				Reserve for overseas investment loss	General reserve	Retained earnings brought forward				
BALANCE AT APRIL 1, 2014	$978,145	$282,641	$236,023	$93	$582,023	$393,062	$(27,418)	$2,444,571	$54,577	$2,499,149
Cumulative effects of changes in accounting policies	—	—	—	—	—	27,824	—	27,824	—	27,824
Restated balance	978,145	282,641	236,023	93	582,023	420,886	(27,418)	2,472,396	54,577	2,526,973
Provision of reserve for overseas investment loss	—	—	—	2	—	(2)	—	—	—	—
Reversal of general reserve	—	—	—	—	—	—	—	—	—	—
Dividends from surplus	—	—	—	—	—	(86,813)	—	(86,813)	—	(86,813)
Net income	—	—	—	—	—	55,357	—	55,357	—	55,357
Purchase of treasury stock	—	—	—	—	—	—	(125)	(125)	—	(125)
Disposal of treasury stock	—	—	—	—	—	(10)	31	20	—	20
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	22,338	22,338
Total changes of items during the period	—	—	—	2	—	(31,469)	(94)	(31,561)	22,338	(9,222)
BALANCE AT MARCH 31, 2015	$978,145	$282,641	$236,023	$96	$582,023	$389,417	$(27,513)	$2,440,835	$76,916	$2,517,751

U.S. dollar amounts have been translated from yen, for convenience, at the rate of ¥120.27 = U.S.$1.00, the approximate rate of exchange at March 31, 2015.

Six-Year Summary

HOKURIKU ELECTRIC POWER COMPANY
Years ended March 31

	2015	2014	2013	2012	2011	2010
Consolidated Statements of Operations Data (Millions of Yen)						
Operating revenue	532,760	509,638	492,487	495,118	494,165	471,422
Operating expenses	492,801	489,782	480,729	483,457	444,176	430,428
Operating income	39,959	19,855	11,758	11,661	49,989	40,994
Other income deduction (Net)	20,316	14,047	9,313	8,275	19,143	13,046
Income before income taxes and minority interests	19,642	5,807	2,444	3,385	30,846	27,948
Income taxes	10,609	3,277	2,346	8,674	11,758	11,014
Minority interests	42	14	—	—	—	—
Net income (loss)	8,990	2,516	98	(5,288)	19,087	16,933
Net income (loss) per share	43.05	12.05	0.47	(25.32)	89.99	79.16
Consolidated Statement of Cash Flows Data (Millions of Yen)						
Net cash provided by operating activities	113,132	81,626	86,505	68,048	133,831	145,762
Net cash used in investing activities	(104,048)	(60,004)	(61,743)	(58,841)	(77,222)	(49,503)
Net cash provided by (used in) financing activities	(19,368)	46,702	(1,183)	9,569	(96,287)	(79,445)
Net increase (decrease) in cash and cash equivalents	(10,284)	68,324	23,578	18,776	(39,678)	16,813
Cash and cash equivalents at end of year	174,379	184,664	116,340	92,749	73,973	113,651

	2015	2014	2013	2012	2011	2010
Non-Consolidated Statements of Operations Data (Millions of Yen)						
Operating revenue	513,008	495,689	479,502	483,395	482,748	460,290
Residential	162,512	162,829	160,811	159,350	158,662	149,092
Commercial and industrial	282,356	275,193	266,489	269,399	261,990	248,469
Other	68,139	57,666	52,201	54,645	62,094	62,728
Operating Expenses	477,747	479,985	471,461	475,396	436,120	422,575
Personnel expenses	50,485	44,611	49,645	52,202	53,855	52,473
Fuel	128,758	151,615	138,425	142,376	82,478	81,953
Maintenance	60,839	52,792	59,297	61,935	62,922	55,617
Depreciation	66,830	66,980	70,970	77,537	82,598	86,240
Purchased Power	56,202	54,348	47,844	46,002	49,934	43,787
Other	114,630	109,638	105,278	95,342	104,331	102,503
Operating income	35,260	15,703	8,040	7,999	46,627	37,715
Other income deduction (Net)	19,849	12,444	9,506	7,929	19,951	12,785
Income (loss) before income taxes	15,411	3,259	(1,466)	69	26,676	24,929
Income taxes	8,753	1,636	843	6,715	10,022	9,745
Net income (loss)	6,657	1,622	(2,310)	(6,645)	16,653	15,183
Net income (loss) per share	31.88	7.77	(11.06)	(31.82)	78.52	70.98

HOKURIKU ELECTRIC POWER COMPANY
Years ended March 31

	2015	2014	2013	2012	2011	2010
Operating Statistics						
Utility Plant Data						
Generating Capacity (MW)	8,068	8,069	8,061	8,058	8,057	7,963
Hydroelectric	1,914	1,913	1,906	1,904	1,904	1,817
Thermal	4,400	4,400	4,400	4,400	4,400	4,400
Nuclear	1,746	1,746	1,746	1,746	1,746	1,746
New Energy	8	9	9	7	6	—
Route Length of Transmission Lines (km)	3,329	3,322	3,314	3,311	3,301	3,310
Substations (MVA)	30,204	29,778	29,381	29,049	28,651	28,650
Conductor Length of Distribution Lines (km)	121,944	121,717	121,516	121,305	121,078	120,863
kWh Output Data (Millions of kWh)						
Generated	30,125	29,406	29,634	30,151	35,185	31,264
Hydroelectric	6,326	6,489	5,902	6,444	6,180	5,556
Thermal	23,793	22,910	23,726	23,701	16,557	16,035
Nuclear	0	0	0	0	12,445	9,673
New Energy	6	8	6	6	4	—
Purchased and Interchanged	731	1,599	1,355	1,732	△2,438	△1,089
System Operating Requirement (Deduct)	2,971	2,927	2,914	2,986	(3,204)	(3,000)
Total Sales of Electric Power	27,884	28,078	28,075	28,898	29,543	27,175
Peak Load (transmission side) (MW)	4,904	5,002	5,000	5,087	5,427	4,733
Date when the Peak Demand was Recorded	Dec. 17	Aug. 19	Aug. 22	Aug. 9	Aug. 5	Jan. 14
Total Sales of Electric Power (Millions of kWh)	27,884	28,078	28,075	28,898	29,543	27,175
Lighting (Residential)	8,324	8,475	8,539	8,522	8,662	7,995
Commercial and Industrial	19,560	19,603	19,536	20,376	20,881	19,180
Commercial Power	5,110	5,192	5,184	5,186	5,391	5,186
Small Industrial Power	3,482	3,539	3,534	3,700	3,779	3,425
Large Industrial Power	10,600	10,510	10,413	11,097	11,272	10,144
Other Services	368	361	405	424	440	425
Customer Data						
Number of Customers (Thousand)	2,117	2,106	2,097	2,091	2,088	2,084
Lighting (Residential)	1,893	1,878	1,863	1,852	1,842	1,832
Commercial and Industrial	224	228	233	240	246	252
Population Served (Thousand)	2,938	2,962	2,966	2,980	2,993	2,994
Number of Employees	4,956	4,863	4,596	4,530	4,466	4,364
Number of Shareholders	91,973	95,333	97,189	98,352	102,229	110,259

Corporate Information

Date of Establishment
May 1, 1951

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

Number of Shareholders
91,973 (at the end of March 2015)

Corporate Resources and Facilities (at the end of March 2015)

Capital (billions of yen)	117.64
Number of employees	4,956
Hydroelectric power capacity (MW)	1,914
Thermal power capacity (MW) (steam and internal combustion engine)	4,400
Nuclear power capacity (MW)	1,746
New energy (MW)	8
Transmission facilities (line length in km)	3,329
Transformation facilities (thousands of kVA)	30,204
Distribution facilities (conductor length in km)	121,944
Number of contracts (thousands) (total of lighting and power contracts)	2,117
Electricity sales (billions of kWh) (for fiscal year)	27.9

Head Office and Branches

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

Directors and Auditors

Chairman of the Board: Susumu Kyuwa

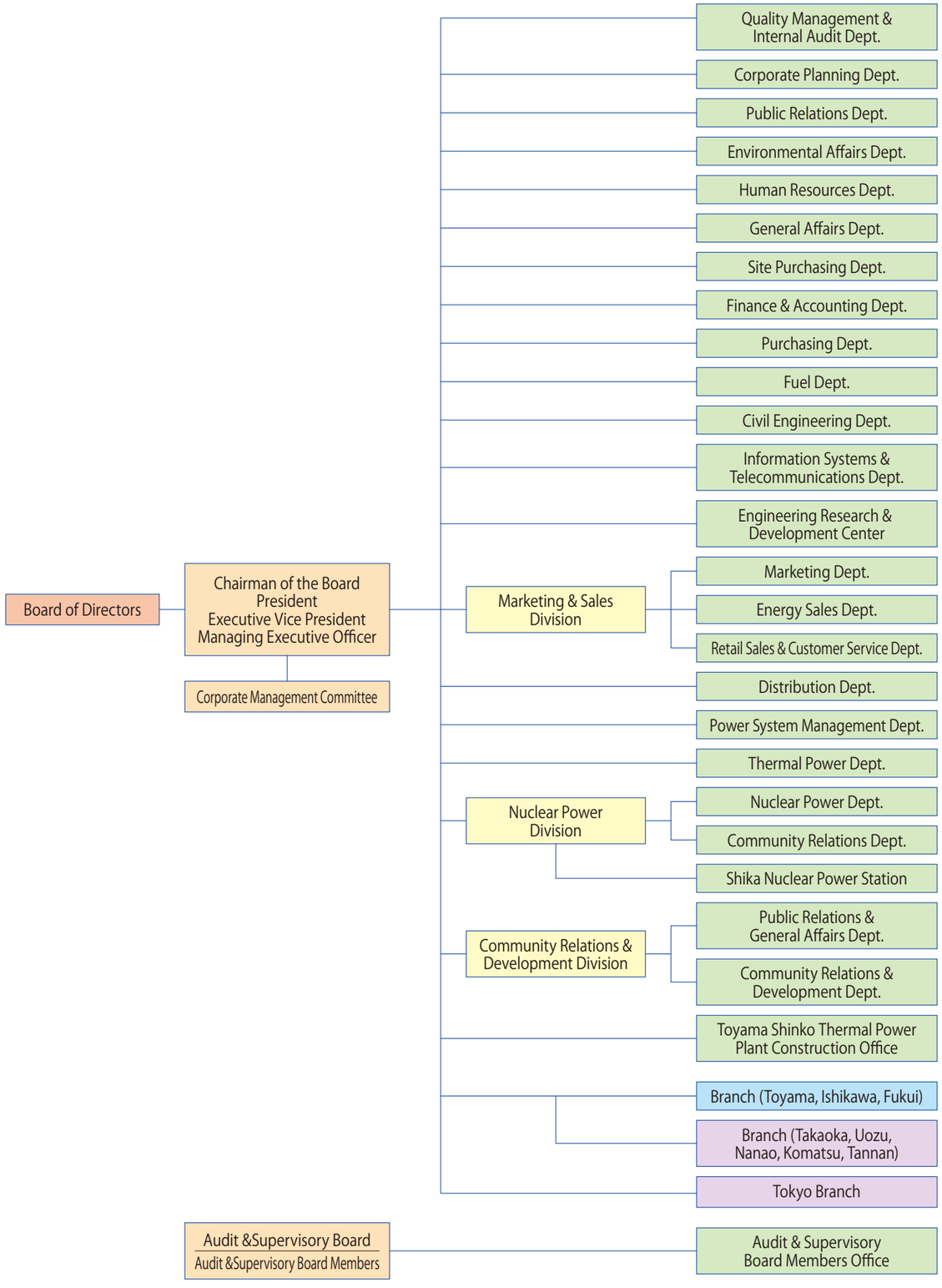
President: Yutaka Kanai

Executive Vice Presidents: Junichi Akamaru, Shigeru Yano, Akizumi Nishino

Managing Executive Officer: Masayuki Horita, Toshiyuki Hasegawa, Shiro Ojima, Yukihiro Takabayashi, Nobuhiko Ishiguro, Akira Miyama, Tatsuo Kawada, Shigeo Takagi

Audit & Supervisory Board Members: Koichi Takakuwa, Takamasa Omi, Toshihiko Hosokawa, Etsuko Akiba, Tadaaki Ito

Corporate Organization



List of Affiliated Companies (As of July 1, 2015)

Business field	Name of company	Capital (Millions of yen)	Investment ratio (%)	Date of establishment	Principal businesses
Total energy	The Nihonkai Power Generating Company, Inc.	7,350	100.0	Apr. 15, 1982	Wholesale supply of electricity
	Kurobegawa Denryoku	3,000	50.0	Oct. 20, 1923	Wholesale supply of electricity
	Toyama Kyodo Jikahatsuden Co., Ltd.	1,350	50.0	Apr. 28, 1952	Small-scale electrical power generation
	Hokuriku Lines Co., Ltd.	200	75.0	Aug.31, 2001	Sale of LNG
	Hokuden Partner Service Inc.	20	100.0	Jul. 2, 1990	Maintenance of electrical power equipment and operation of electrical and related facilities
Electricity & Engineering	Hokuriku Plant Services Co., Ltd.	95	100.0	Apr. 1, 1970	Construction of thermal and nuclear power plant equipment
	Hokuden Techno Service	50	100.0	Apr. 1, 1982	Maintenance of hydroelectric power plant and transformer equipment
	Nihonkaikenko Corporation	200	48.0	Mar. 23, 1946	Design and execution of civil engineering and construction projects
	HOKURIKU ELECTRICAL CONSTRUCTION CO., LTD.	3,328	46.8	Oct. 1, 1944	Electrical work
	Hokuden Engineering Consultants Co., Ltd.	50	100.0	Jul. 1, 2001	Research, design, and administration of civil engineering and construction projects
Information & Telecommunication	Hokuriku Telecommunication Network Co., Inc.	6,000	100.0	May 25, 1993	Wide-area Ethernet service and corporate Internet connectivity
	Hokuden Information System Service Company, Inc.	50	100.0	Apr. 1, 1987	Software development and maintenance
	Power and IT Company	495	53.5	Aug. 11, 2009	Data center operations
Environment & Recycling	Nihonkai Environmental Service Inc.	50	100.0	Jan. 10, 1992	Environmental research; design and execution of environmental greening projects
	Japan Ecology and Security Service Company	50	51.0	Jun. 1, 2000	Recycling and storage of confidential documents and archives; sale of paper products
	Plastic Recycling Technology Company	200	51.0	Jul. 10, 2002	Plastic recycling
Life & Office	Hokuden Industry Co., Ltd.	100	100.0	Jun. 1, 1974	Real estate leasing and management, temporary staffing, equipment leasing, operation of the Hyakusen Yokocho online store, and nursing care/ social welfare services
	Hokuriku Electric Power Living Service Co., Ltd.	50	100.0	Jul. 1, 1987	Consulting to promote comfortable, energy-efficient lifestyles
	Hokuriku Denki Shoji Co., Ltd.	10	60.0	Nov. 8, 1949	Telephone pole advertising and travel services
Manufacturing	Nihonkai Concrete Industries Co.	150	80.0	Feb. 4, 1953	Manufacture and sale of concrete poles and piles
	Hokuriku Instrumentation Co., Inc.	30	40.0	Sep. 1, 1970	Manufacture, repair, and testing of power meters and other instrumentation
	Hokuriku Energys Co., Ltd.	48	25.0	Apr. 3, 1981	Manufacture and sale of distribution switches and other equipment
	Hokuriku Electric Co., Ltd.	200	19.8	May 17, 1944	Manufacture and sale of transformers and distribution boards

Power Distribution Network (As of April 2015)

Hokuriku Electric Power Company

15-1 Ushijima-cho, Toyama-shi 930-8686, Japan
http://www.rikuden.co.jp/english/