



Chubu Electric Power Company Group  
**Annual Report 2014**

# Chubu Electric Power Group delivers the energy that is indispensable for people's lives and so contributes to the development of society.

## Sincere and Sustained Effort

We make a constant and sincere effort to fulfill our unchanging mission and earn the trust of our customers and society.

## Creativity and Spirit of Challenge

We continually act with creativity and an enthusiasm for new challenges in order to pursue excellence in our services and meet the expectations of our customers and society.

## Independence and Cooperation

We work together as individuals showing respect for one another to create a vibrant and dynamic corporate culture.

### Related Information

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In this report, related information can be found on the page indicated with the mark (➡ page 00).

<http://www.chuden.co.jp/english/>

## CONTENTS

### Chubu Electric Power Company Group Annual Report 2014

Chubu Electric Power Group Corporate Philosophy	1
Contents, Editorial Policy	2
Chubu Electric Power Group's Business Foundation	3
Financial Highlights	4
Message from the Chairman and President	5
<b>■ Feature Article</b>	
Measures Implemented at the Hamaoka Nuclear Power Station	7
Measures to Ensure a Stable Supply of Electricity	11
Raising Electricity Rates and Implementing Measures for Higher Management Efficiency	15
<b>■ Basic Ideas on Investments</b>	
19	
<b>■ Specific Management Policies</b>	
Chubu Electric Power Group: "What We Aim For"	20
Business Model	21
Ensure Stable Supply of Low-carbon, High Quality Energy at Reasonable Prices	23
Evolve into a Total Energy Service Corporation	27
Expand Overseas Energy Projects	29
Ensure Business Continuity in the Event of a Large Disaster	31

## Editorial Policy

In order to help all our stakeholders understand the entire scope of our business activities, the Chubu Electric Power Group has comprehensively integrated its financial report and its non-financial report.

The Feature Article section of the report provides coverage of our three priority targets, and focuses on content that is not only vital from the perspective of the Company but also of great interest to stakeholders.

The non-financial report section presents the goals and performance of our CSR activities, the specific content of activities, useful indicators and much more. This section is organized based on the core subjects of ISO 26000 (guidance on social responsibility). The pictograms shown below indicate which core subjects are relevant to which topics in the report:

### ■ ISO 26000's seven core subjects



Organizational governance



Human rights



Labor practices



Environment



Fair operating practices



Consumer issues



Community involvement and development

## Date of Publication

July 2014 (Next report: scheduled for July 2015; previous report: July 2013)

## ■ CSR

Major Activities in Fiscal 2013 and Goals and Plans for 2014	33
Corporate Governance	35
Respect for Human Rights and Work Environment	43
Commitment to Environmental Conservation	47
Ensuring Compliance Management	55
Aiming to Be Customer-friendly	58
Interacting with Local Communities	61
Third-Party Review	65
CSR Performance Indicators	66

## ■ Financial Statistics

Message from General Manager of Finance & Accounting Dept.	67
Summary of Financial Results FY 2013	68
Five-Year Operating Statistics	69
Management Discussion and Analysis of Results	70
Consolidated Balance Sheets	73
Consolidated Statements of Operations	75
Consolidated Statements of Comprehensive Income	76
Consolidated Statements of Changes in Net Assets	77
Consolidated Statements of Cash Flows	78
Notes to Consolidated Financial Statements	79
Independent Auditor's Report	98
Nonconsolidated Balance Sheets	99
Nonconsolidated Statements of Operations	101

## ■ Corporate Data

103

## Non-financial Information

### ■ Scope of this report

#### ○ Organization

Chubu Electric Power Co., Inc. and Group Companies

#### ○ Period

Fiscal year 2013 (April 2013 through March 2014)

(This report also includes information regarding some important events and activities that occurred outside the above period.)

### ■ Guidelines used as references

GRI, Sustainability Reporting Guidelines (4 Version)

Ministry of the Environment, Environmental Reporting Guidelines (2012 Version)

ISO 26000

IIRC, International Integrated Reporting Framework

## About the Forecasts

The future plans and forecasts described in this document are based on information the company possesses at the present time and involve potential risks and uncertainty. Therefore, actual performance or business developments in the future may differ from those described. Examples of potential risks or uncertainty include changes in the economic or competitive circumstances affecting a business sector, fluctuations in fuel prices, or modifications of laws or regulations.

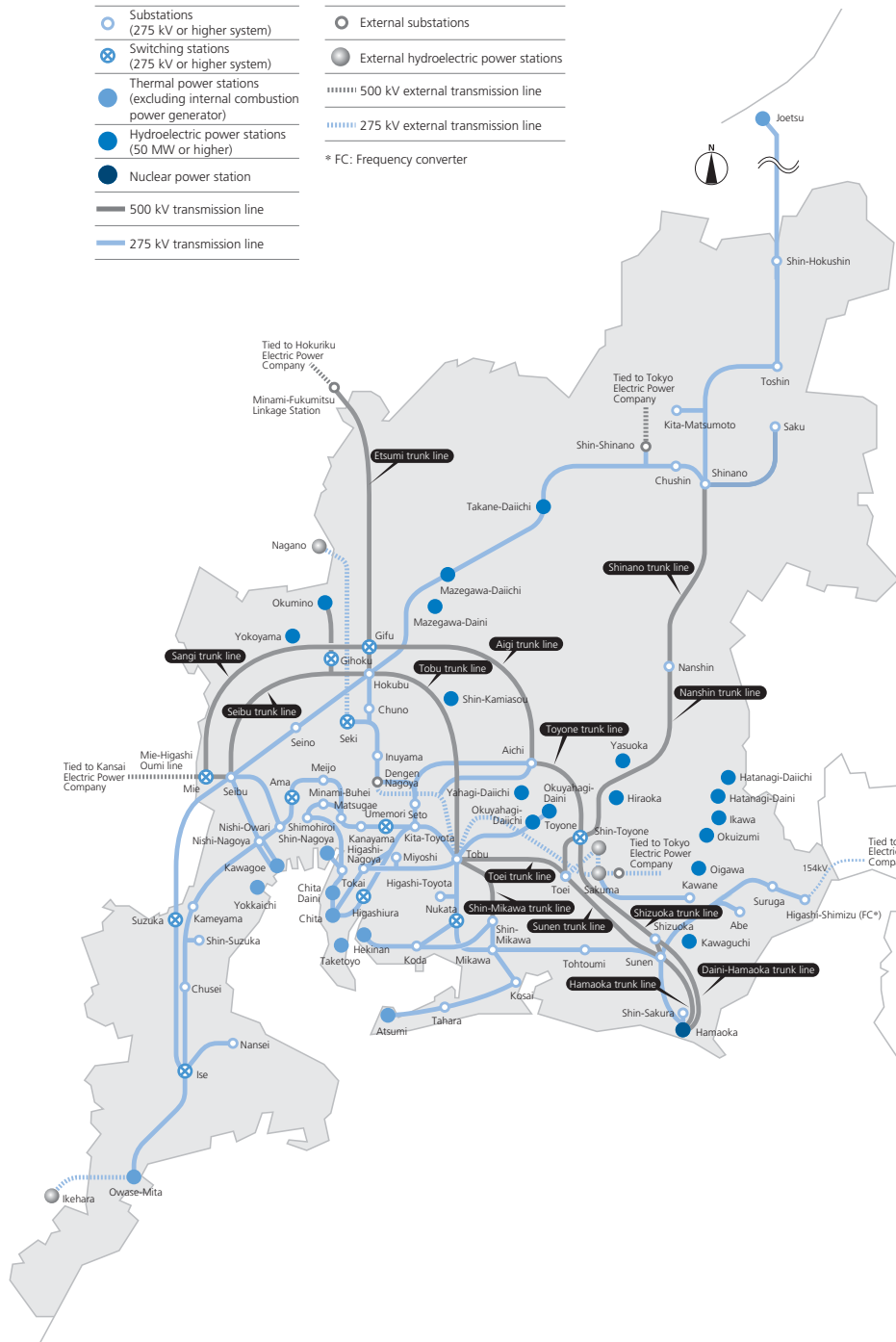
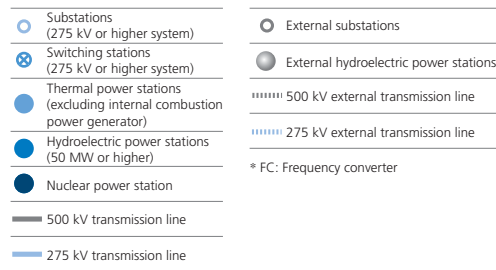
# Chubu Electric Power Group's Business Foundation

Chubu Electric Power Co., Inc. is Japan's third-largest electric power company in power generation capacity, electric energy sold, operating revenues, and total assets.

Chubu Electric Power serves an area of nearly 39,000 square kilometers in five prefectures of central Japan (Chubu, in Japanese), home to some 16 million people. The Chubu region is known as one of Japan's leading manufacturing regions, and many world-class Japanese industries, including manufacturers of automobiles, machine tools, electric components, aircraft, and new materials, are centered here.

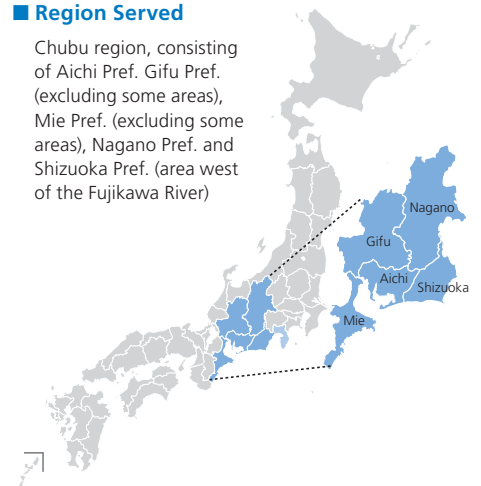
## Schematic Diagram of Chubu Electric Power System (As of March 31, 2014)

\* Facilities for 500 kV and 275 kV are shown here.



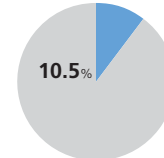
## Region Served

Chubu region, consisting of Aichi Pref. Gifu Pref. (excluding some areas), Mie Pref. (excluding some areas), Nagano Pref. and Shizuoka Pref. (area west of the Fujikawa River)



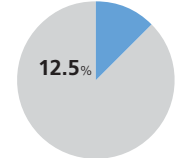
## Area Served

approx. 39,000 km<sup>2</sup>



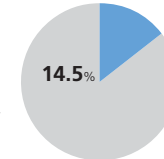
## Population Served

approx. 16 million people



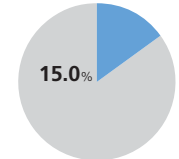
## GDP (Real) (FY 2011)

approx. ¥77 trillion



## Electric Energy Sold

(FY 2013) 127.1 TWh



\* Source: Annual Reports on Prefectural Accounts/Japan, Cabinet Office

\* Chubu Region: Aichi Pref., Gifu Pref., Mie Pref., Shizuoka Pref. and Nagano Pref.

\* Share among 10 electric power companies

## Summary of Facilities (as of March 31, 2014)

Power generation facilities			
Thermal	24,506 MW	(11 locations)	
Hydroelectric	5,232 MW	(185 locations)	
Nuclear	3,617 MW	(1 location)	
Renewable energy	31 MW	(3 locations)	
Total	33,386 MW	(200 locations)	
Transmission facilities	Transmission line	12,250 km	
Route length			
Transformation facilities	Number of substations	941 locations	
Capacity		124,594 million kVA	
		300 MW	
Linkage station		1 location	
Capacity		300 MW	
Distribution facilities	Distribution line length	132,435 km	

\* Frequency conversion facilities listed separately



# Financial Highlights

(Consolidated, the company's fiscal year (FY) is from April 1 to March 31 of the following year in this report.)

## Financial Statistics

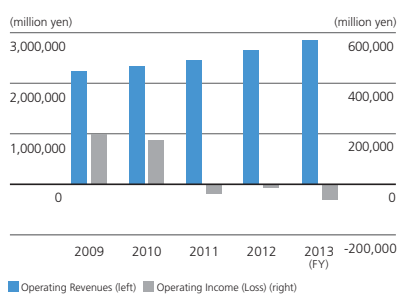
(Millions of yen)

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
For the year ended March 31:					
Operating Revenues	2,238,551	2,330,891	2,449,283	2,648,994	2,842,186
Operating Income (Loss)	200,032	174,237	(37,667)	(14,483)	(60,651)
Ordinary Income (Loss)	178,543	146,274	(67,857)	(43,542)	(92,627)
Net income before taxes	174,841	135,138	(84,487)	(32,298)	(80,673)
Net Income (Loss)	108,558	84,598	(92,195)	(32,161)	(65,327)
Depreciation	297,517	284,046	289,451	276,544	278,705
Capital Investments	272,106	276,713	280,581	332,506	273,038
At the end of the year ended March 31:					
Total Assets	5,299,976	5,331,966	5,647,169	5,882,775	5,782,180
Net Assets	1,675,865	1,698,382	1,548,347	1,491,105	1,437,171
Shareholders' Equity*1	1,637,601	1,660,130	1,511,259	1,453,782	1,401,066
Outstanding Interest-Bearing Debt	2,539,551	2,495,125	2,965,876	3,260,525	3,260,075
Per Share of Common Stock (Yen):					
Net Income (Loss)—Basic	140.47	110.97	(121.67)	(42.45)	(86.23)
Net Assets	2,146.82	2,190.89	1,994.51	1,918.75	1,849.31
Cash Dividends	60	60	60	50	0
Financial Indicators and Cash Flow Data:					
ROA*2(%)	4.0	3.4	(0.6)	(0.0)	(0.9)
ROE (%)	6.7	5.1	(5.8)	(2.2)	(4.6)
Shareholders' Equity Ratio	30.9	31.1	26.8	24.7	24.2
Cash Flows from Operating Activities	539,105	449,755	176,844	227,613	203,742
Cash Flows from Investing Activities	(242,394)	(336,055)	(247,073)	(330,603)	(266,619)
Cash Flows from Financing Activities	(333,496)	(105,088)	422,007	249,560	(23,905)
Cash and Cash Equivalents at End of Period	113,140	121,295	473,162	621,937	536,773

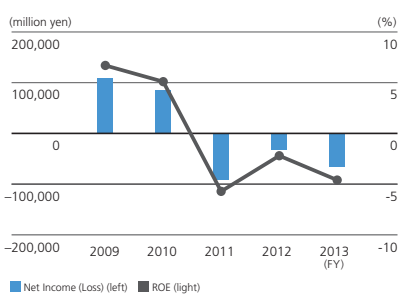
\*1. Shareholders' Equity = Total Net Assets – Minority interests

\*2. ROA (Return on Assets) = Operating income (Ordinary income + Interest) / Average of total assets at beginning and end of fiscal year

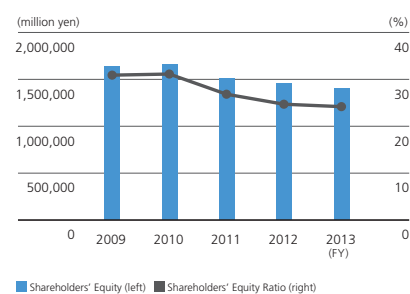
### Operating Revenues/Operating Income (Loss)



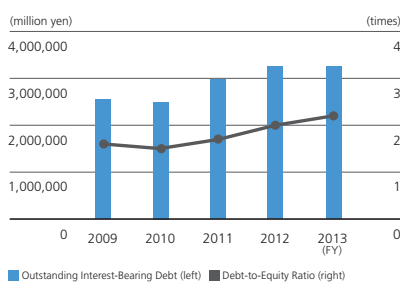
### Net Income/ROE



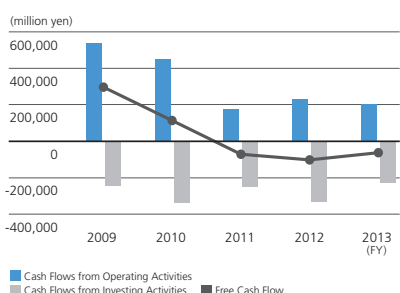
### Shareholders' Equity/Shareholders' Equity Ratio



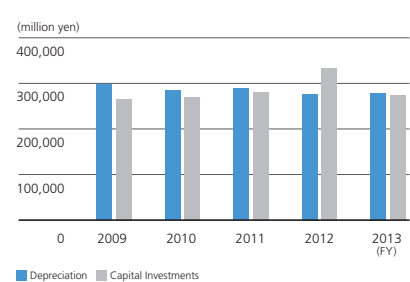
### Outstanding Interest-Bearing Debt/Debt-to-Equity Ratio



### Cash Flows from Operating Activities/Cash Flows from Investing Activities/Free Cash Flow



### Depreciation/Capital Investments



**We will sincerely listen to our stakeholders in order to continue to earn their trust and meet their expectations, while upholding our corporate mission of ensuring the safe and stable supply of electricity.**



**Toshio Mita**  
Chairman of the Board of Directors

**Akihisa Mizuno**  
President & Director

## Introduction

Chubu Electric Power has been in an extremely severe business situation since the May 2011 shutdown of the Hamaoka Nuclear Power Station, due to a substantial increase in fuel costs for thermal power generation.

We have been endeavoring to increase our management efficiency across the company. However, it became difficult for us to cover the cost of ensuring the safe and stable supply of electricity, which is our corporate mission, based on our conventional electricity rates and we therefore had no choice but to raise the rates.

We also did not pay dividends to shareholders in fiscal 2013.

We would like to apologize and ask for the kind understanding of our customers and our shareholders for these results.

In order to continue the safe and stable supply of electricity as our corporate mission, we will further enhance measures to increase the safety of the Hamaoka Nuclear Power Station, secure a stable supply of energy, and to improve management efficiency.

## Increasing the safety of the Hamaoka Nuclear Power Station

In addition to the countermeasures that we have been autonomously taking against earthquakes, tsunamis and severe accidents, we will implement necessary measures to promptly comply with the new regulatory standards set by the Nuclear Regulation Authority.

Also, to increase the safety of the power station, we have been conducting physical reinforcement work while also improving the disaster management system and conducting disaster drills to enhance our disaster preparedness in cooperation with the national and local governments.

We will fully explain these measures to local communities and society at large to gain their understanding, and will further implement measures to increase the safety of the Hamaoka Nuclear Power Station autonomously and on a continual basis, rather than just complying with the new regulatory standards.

## Securing a stable supply of energy

We have been striving to supply electricity to customers in the Chubu region in a stable manner by implementing all possible measures, including continuing to operate older thermal power generators. We have managed to succeed in doing so thanks to the cooperation of our customers in saving electricity in various ways. In the summer of 2014 we expect to be able to secure the minimum required reserve margin for the stable supply of electricity by implementing these supply measures.

This supply stability, however, is not a cast-iron certainty in the face of the continued shutdown of the Hamaoka Nuclear Power Station. We will carry out focused inspections at our power stations and transmission/transformation facilities to continue to fulfill our role of providing a stable supply of electricity to the Chubu region, while also delivering electricity to other power companies if they experience very tight supply conditions, thereby contributing to demand-supply stability nationwide.

## Improving management efficiency

We will make a concerted effort across the Chubu Electric Power Group to reduce procurement costs for materials, equipment and services, improve the efficiency of thermal power generation, procure fuels at cheaper prices, and increase operational efficiency. We will thereby improve our management efficiency as we planned in estimating the power supply cost in consideration of the government's direction to make further efforts to improve efficiency for the approval of electricity rates.

We will continue to implement measures for higher management efficiency to achieve a low-cost structure and increase our competitiveness in the market.

## Core of CSR for the Chubu Electric Power Group

In Japan, the reform of the electricity and gas supply systems is being examined, and the environment surrounding the energy market will change greatly in the future.

In order to continue earning the trust and meeting the expectations of customers and society toward the future, our Group regards these changes as great opportunities and will proactively take growth measures beyond the conventional business framework.

In our Corporate Philosophy we state that the Chubu Electric Power Group delivers the energy indispensable for people's lives and so contributes to the development of society. We continue to consider this public commitment to be our corporate mission and the core of the Group's CSR.

## With our stakeholders

Trust from customers and society provides the basis for the business of our Group, and accordingly we give first priority to sincerely listening to our customers, shareholders, business partners and other stakeholders, earning their trust and meeting their expectations.

We will continue to incorporate the valuable opinions of our stakeholders into our business management to make improvements and steadily meet their expectations.

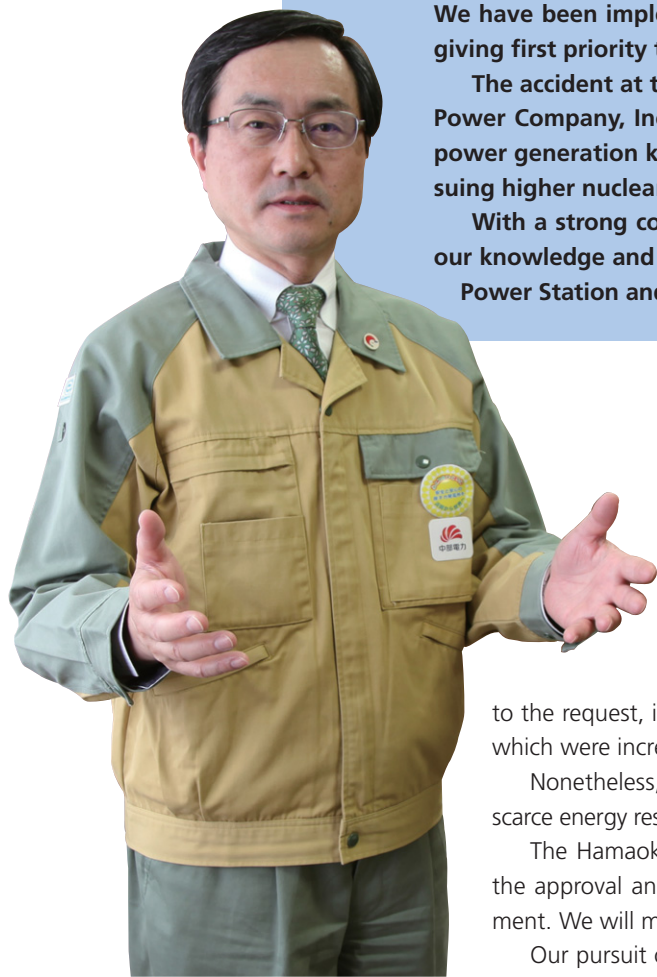
We hope that this report will help foster communication with our stakeholders, and we welcome our readers' frank opinions and comments on the report.

July 2014



# Measures Implemented at the Hamaoka Nuclear Power Station

As stated in the basic energy plan issued by the Cabinet in April 2014, the Japanese government regards nuclear power as an important base-load power source that contributes to the stability of the energy demand-supply structure. For Japan, which has scarce energy resources, to ensure stable energy supply on a long-term basis and solve global environmental issues, it is considered indispensable to use nuclear power plants while giving first priority to safety.



**Chiyoji Kurata**  
 Director  
 Senior Managing Executive  
 Officer & General Manager  
 of Hamaoka Central  
 Administration Office

**We have been implementing measures for the Hamaoka Nuclear Power Station, giving first priority to nuclear safety.**

The accident at the Fukushima Daiichi Nuclear Power Station of Tokyo Electric Power Company, Inc. ("Fukushima accident") made all those engaged in nuclear power generation keenly recognize once more the importance of constantly pursuing higher nuclear safety and acting to attain this goal.

With a strong commitment to preventing similar accidents, we will gather all our knowledge and ability to further improve the safety of the Hamaoka Nuclear Power Station and make it a world-class safe power station.

## To make it the safest nuclear power station in the world

Immediately after the Fukushima accident, we urgently implemented additional safety measures, including installing a portable power source and pumps at the Hamaoka Nuclear Power Station.

Subsequently, however, we received a request from the then-prime minister to shut down the power station. After discussing the matter intensively within the company, we decided to consent to the request, in consideration of the public concerns over nuclear power generation, which were increasing due to the Fukushima accident.

Nonetheless, in order to ensure the stability of power supply in Japan, which has scarce energy resources, the importance of nuclear power generation will never decrease.

The Hamaoka Nuclear Power Station has been operating for about 40 years with the approval and support of local residents, based on the premise of safety management. We will make our best effort to continue to prove worthy of their trust.

Our pursuit of safety will never end. We will continue to work to make the nuclear power station the safest in the world, and rather than merely responding to the new regulatory standards we will promote autonomously and ongoing efforts towards improving safety, while at the same time in order to gain a deeper understanding among local residents and society we will provide clear explanations of the measures implemented at the power station.

### TOPICS

#### Further initiatives towards the voluntary and ongoing improvement of safety in nuclear power

In order to autonomously and continuously improve the safety of nuclear power, we have formulated a 'road map' compiling measures and schedules.

On July 1, 2014, The Chubu Electric Power Company Group's Charter on Nuclear Safety was established, a charter that reflects our stance and ethos concerning nuclear safety initiatives. Simultaneously, we established the Nuclear Safety Improvement Committee, which will be led by the President and CEO. In addition, we will attempt to strengthen governance through the launch of an Advisory Board that will put to good use the opinions of external experts, and promote initiatives that will provide a pillar for boosting risk management and strengthening risk communication.



# Implementing measures to further improve the safety of the Hamaoka Nuclear Power Station

Chubu Electric Power is taking a two-pronged approach to increase the safety of the Hamaoka Nuclear Power Station. While conducting measures on equipment in line with the new regulatory standards to prevent the occurrence of nuclear accidents and to mitigate the impacts and restore the station to its normal status as quickly as possible in the event of a disaster, we are also strengthening our anti-disaster measures.

## Enhancing anti-disaster measures

In order to prevent abnormal radioactive emissions in the event of an incident at the nuclear power station and to suppress and mitigate the impact in the event of such emissions, we are establishing the necessary system and manuals and securing the requisite goods and materials. We will also continue to conduct drills to ensure the effectiveness of these measures and improve our ability to respond to disasters, while enhancing cooperation with the national and local governments and thereby increasing the practicality of our anti-disaster measures.

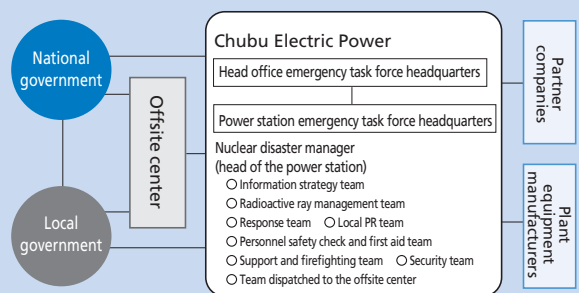
### Disaster management system

We have a disaster management system, based on which we will establish the emergency task force headquarters in the head office and at the power station. These headquarters will collect and share information and issue commands and orders for everyone to take appropriate actions in case of a disaster.

In order to enable us to take a swift and flexible approach in the immediate aftermath of an accident, we have set up permanent organizations for initial responses, which are permanently stationed on sites. We are making every possible effort to further reinforce our system, all around the clock and all around the year.

We have also concluded support agreements with our partner companies and plant equipment manufacturers to ensure that sufficient support will be given to the power station in case of a disaster.

### Disaster management system



### Preparation of manuals

We will continue to prepare and review all necessary manuals related to disasters.



Manuals

### Education and drills

We provide employees with education on the manuals and other material, while conducting drills to ensure that the disaster management system will work effectively in case of a disaster.



Power station emergency task force headquarters

In conducting drills, we repeat the plan, do, check and act (PDCA) cycle on a continual basis to improve our ability to respond to disasters.

### Securing equipment and materials

We have a reserve of equipment so that we can respond to any possible disaster for up to seven days without receiving any outside support, including radiation meters, communication devices and other equipment, as well as food and bedclothes for the staff.



Communication device (Portable satellite phone video conference system)



Repository (for food)



Cable installation exercise (done with the lights turned off)

### Enhancing cooperation with the national and local governments

We are enhancing mutual cooperation with the national and local governments so that we can implement measures in close cooperation with them in the event of a nuclear accident, including collecting and sharing information for the management of the disaster.

Moreover, we will proactively participate in the disaster management drills organized by the national and local governments to further strengthen cooperation with them.



Screening exercise (in Shizuoka Prefecture)

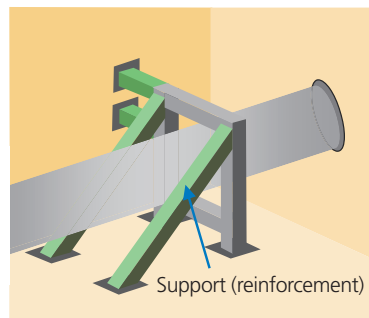
## Implementing further measures on equipment based on new findings and regulations in addition to conventional measures

Chubu Electric Power has long been committed to improving the safety of the Hamaoka Nuclear Power Station based on new findings. With this strong commitment we are implementing measures on equipment in line with the new regulatory standards and based on findings obtained from the accident at the Fukushima Daiichi Nuclear Power Station.

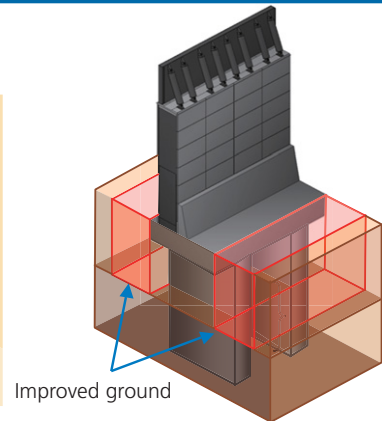
### Measures against Earthquakes

The Hamaoka Nuclear Power Station is designed to have high seismic resistance, and we are also implementing measures against the triple-interrelated Tokai, Tonankai and Nankai Earthquakes.

Further, in line with the new regulatory standards set by the Nuclear Regulation Authority and also in consideration of the various ground motion amplifications identified in the premises based on the ground motion evaluation, we set new ground motion parameters. At present, we are working on alterations of the supports for conduit pipes and electric cables as well as on ground improvement for the breakwater.



Pipe support work



Ground improvement work for the breakwater

### Measures against Tsunamis

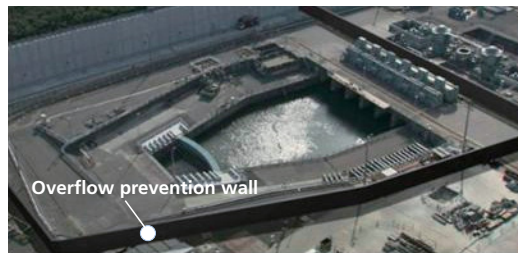
#### Prevention of flooding on the station site

A breakwater (22 m above sea level in height and about 1.6 km in total length) is under construction, and the embankments will be raised to 22–24 m above sea level at each end.

Moreover, in order to prevent seawater from overflowing into the site through the water intake channel connected to the sea via a tunnel, we will erect approximately 4 m-high overflow prevention walls around the water intake ponds.



Breakwater (under construction)



Overflow prevention wall (illustrative image)

#### Prevention of flooding in buildings on the station site

Through the replacement of waterproof doors with watertight doors and the establishment of a double tsunami prevention structure with reinforced doors, the pressure resistance and water-tightness of the buildings are being strengthened to prevent interior flooding.



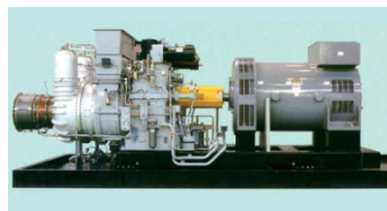
Reinforced door

### Measures against Severe Accidents

We will prevent the occurrence of severe accidents by implementing countermeasures against earthquakes and tsunamis, but will also take measures in consideration of the small possibility that a severe accident will occur, including installing a gas turbine generator in preparation for the possible loss of power sources and installing filter vent equipment to suppress the release and spread of radioactive substances.

#### Gas turbine generator

To prepare for the loss of power supply, we will install a gas turbine generator at a spot 40 meters above sea level, which will be used to drive the reactor cooling pumps and pumps to take seawater for use as cooling water.



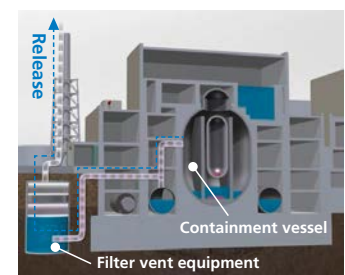
Gas turbine generator



Building that houses the generator

#### Filter vent equipment

Filter vent equipment is used to release high-temperature and high-pressure gas from the containment vessel to prevent damage to it, while reducing the release of cesium and other radioactive particles to 1/1,000 or less compared with equipment without filters.

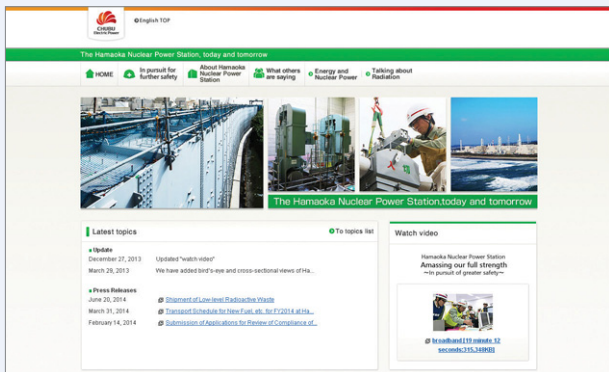




# Fostering communication with the public

We will provide detailed explanations about the measures taken at the Hamaoka Nuclear Power Station.

## Broadening public awareness



Homepage of "The Hamaoka Nuclear Power Station, today and tomorrow" website

### "The Hamaoka Nuclear Power Station, today and tomorrow" website

On this website, we outline the safety improvement measures taken at the station in an easy-to-understand manner using photos and illustrations. We also dispatch information in various forms, including streaming videos to introduce how the breakwater is being constructed and the commitments made by those engaged in the construction work. We also post the opinions given by our customers and continue to provide the newest information on the website.

### Tour of the Hamaoka Nuclear Power Station

We hold tours of the premises of the power station to introduce the range of safety improvement measures implemented at the station to more people. In fiscal 2013, about 33,000 people participated in the tours in total, including local Shizuoka citizens, government officials, company employees, members of various organizations, students, and members of women's groups.



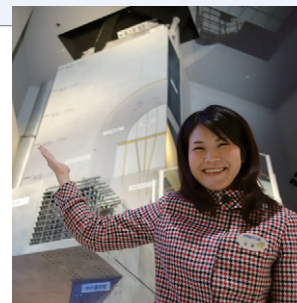
Tour of the power station

## VOICE

### Engaged in PR activities at the Hamaoka Nuclear Power Station Exhibition Center

At the Hamaoka Nuclear Power Station Exhibition Center, we introduce nuclear power generation technology and anti-earthquake and anti-tsunami measures in an intelligible manner to visitors. We welcomed a total of about 244,000 people to the Center last year.

We sometimes receive critical comments from visitors, but we are strongly committed to communicating with and providing explanations to visitors in a straightforward manner to address their concerns about nuclear power generation. We also want to help them understand the energy issues facing Japan through the introduction of nuclear power generation.



**Sayuri Kato**  
Member of the Hamaoka Nuclear Power Station Exhibition Center

## Providing information to local residents

We send mail directly to citizens of Omaezaki City, where the Hamaoka Nuclear Power Station is located, as well as to citizens of Makinohara, Kakegawa and Kikukawa Cities, providing information about the power station. Moreover, we make visits to and hold dialogue with customers who want to be directly briefed on the measures taken at the power station. We also sometimes insert our information leaflets into newspapers distributed in Shizuoka Prefecture.

### Examples of opinions given by customers

- All necessary safety measures should be taken at the power station to prevent the occurrence of an accident similar to the one caused by the tsunami in the Great East Japan Earthquake, even if a tsunami of the same size hits the region.
- The electric power company provided me with a good opportunity to think about nuclear power. I felt it is essential for the company to further improve its technologies and enhance the facilities to ensure 120% safety.



Visit to a customer



Local Communities

# Measures to Ensure a Stable Supply of Electricity

Electricity is essential for households, businesses, and the social activities of the whole community. To ensure a safe and stable supply of electricity in the Chubu region, all members of Chubu Electric Power are committed to fulfilling their duties in all the processes required for power supply, including fuel procurement and power generation, transmission, transformation and distribution.

## Electric Power Supply and Demand Outlook for Summer 2014

Peak load this summer (derived from the one-time peak load during the 2013 heat wave) is estimated to reach 26,440 MW. The calculation of the one-time peak load takes into account impacts of heat waves while estimating that the possible amount of energy saved this summer will be about 1,120 MW\*<sup>1</sup> based on the results of a questionnaire survey conducted in March 2014 at the direction of the national government, and assuming that the annual peak load (three-day average) will be up to 25,210 MW.

Meanwhile, our supply capacity to the Chubu Electric Power service area in August 2014 is estimated to reach 27,370 MW\*<sup>2</sup>. This estimate reflects interchanged power of 1,740 MW\*<sup>3</sup>, which we will supply to other electric power companies facing supply shortages at their request while securing necessary supply capacity for a stable supply in the Chubu region with the launch of the commercial operation of Joetsu Thermal Power Station Unit No. 2-2 in May 2014 (output: 576 MW), continued operation of older thermal power generators, and other measures.

With regard to this summer's supply and demand situation, with the continued cooperation of our customers we

are forecasting an electricity savings effect of 1,120 MW, and expect to be able to secure the reserves ratio that is the yardstick for stable supply.

- \*1. According to a national survey conducted in March 2014, about 80% responded that they could continue energy saving efforts this summer at the same level as last year. Taking into account this finding, we estimate that we will be able to make a 1,120 MW saving with energy saving efforts.
- \*2. In cases where the operation of the nuclear power station will not be resumed. Includes emergency increase in thermal power output.
- \*3. Interchanged power during weekday daytime hours in August 2014

### [Power supply-demand balance in August 2014 (Generating end)]

	Annual peak load (three-day average; temperatures of typical years)	One-time peak load during the 2013 heat wave
Peak load (A)	25,210 MW	26,440 MW
Supply capacity (B)	27,230 MW	27,370 MW
Reserve capacity (B-A)	2,020 MW	930 MW
Reserve margin (%)	8.0%	3.5%

### A request to save electricity

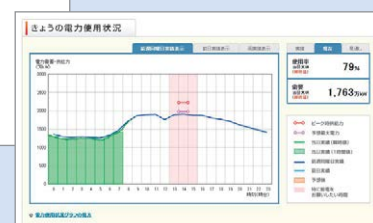
We are sincerely grateful to all of our customers for their efforts to save electricity over a long period of time.

This summer, the government is requesting general electricity saving without giving any concrete numerical target values.

While we understand that it may cause inconvenience to customers, we politely request that, within reason, they continue to make efforts towards saving electricity, especially during the times of day that demand rises, in other words between 13:00 and 16:00 on weekdays.



Request to save electricity (television commercial)



Notification of electricity supply and demand situation (on the website)

### TOPICS Starting to procure electricity through a bidding process

In consideration of the aging of its thermal power stations, Chubu Electric Power decided to start procuring electricity through a bidding process to ensure a stable and economical power supply on a long-term basis. Specifically, we will invite bids for thermal power generation (capacity: 1,000 MW; supply start period: April 2021 to March 2023; supply duration: 15 years in principle; basic utilization rate: 70% to 80%). We will proceed with the necessary procedures to determine successful bidders within fiscal 2014.

Chubu Electric Power itself will participate in the bidding.



## Measures for the Stable Supply of Electricity \* Please also refer to the business model (page 21).

### Fuel procurement

### Procuring liquefied natural gas (LNG) from the United States

We are making an all-out effort to procure LNG through the U.S. Freeport LNG project.



**Akiko Tanba**  
Assistant Manager  
North American LNG Business  
Fuels Department

Through the U.S. Freeport LNG project, we are planning to start importing shale gas liquefied into LNG in 2018.

For the successful implementation of this project, we established a local corporation in Houston in October 2013 and have since been conducting activities across the value chain, aimed at acquiring upstream interests and procuring shale gas, transporting it to the liquefaction facility and exporting the liquefied gas by an LNG carrier to Japan.

Through this project, Chubu Electric Power, which has been an LNG purchaser, will become an LNG producer and seller in the U.S. gas market. We are taking on this new challenge by learning through trial and error to importing U.S. LNG to Japan in a reliable and economical manner. To this end we are proactively making preparations and cooperating with local staff in the United States.



Full view of the Freeport terminal



LNG carrier at the landing pier of the Freeport terminal

### Thermal power generation

### Performing day-to-day maintenance work in a meticulous manner for stable power supply

We are earnestly conducting daily activities to support stable power supply.



**Norikazu Kito**  
Assistant Manager  
Engineering Section  
Joetsu Thermal Power Station  
Thermal Power Administration Center  
Power Generation Division

The Joetsu Thermal Power Station is a state-of-the-art thermal power plant that supports Chubu Electric Power in ensuring stable power supply. All members of the plant are earnestly conducting daily activities in cooperation with each other, fully committed to preventing any problems for the stable operation of the facilities.

As one of the members, I am in charge of the maintenance of power generation equipment. In the regular inspection of the equipment, it is essential to check for abnormalities and make appropriate responses to any identified problems for the stable operation of the equipment until the next regular inspection. Because of the harsh natural environment, the power station has experienced equipment problems that would not occur at power stations located on the Pacific side of Japan, such as salt damage caused by strong wind blowing from the Sea of Japan and the impact of snowfall. In recognition of these problems, we are conducting daily maintenance work in a meticulous manner, with a strong sense of responsibility and a high motivation for the stable supply of electricity.



Regular inspection of the equipment



Full view of the Joetsu Thermal Power Station  
(Joetsu City, Niigata Prefecture)

**Load dispatching**

**To deliver high-quality electricity**

We control the level of generation according to the electricity usage by customers, 24 hours a day, 365 days a year.



**Takahisa Furui**  
Load Dispatching Section I  
Central Load Dispatching Center  
Power System Operations Department  
Power System Division

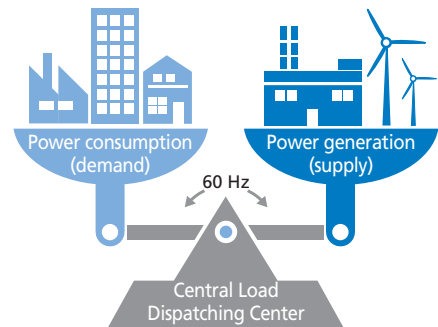
We cannot store a large amount of electricity, and we need to generate (and supply) electricity in levels that correspond to the amount used by customers (demand).

At the Central Load Dispatching Center, we formulate an optimal power generation plan to meet customers' demand, which varies depending upon season and weather, based on past results and experiences and also in consideration of any possible problems and risks. In line with this plan, we give instructions to the thermal power plants, which require time to make preparations for power generation, so that they can generate power as required. We then make adjustments to the output of the thermal and hydraulic power plants in response to those changes in demand.

We repeat training so that we can make prompt and appropriate responses even in case of contingencies, including equipment failures, to ensure the stable supply of electricity.



Central Load Dispatching Center



\* We generate levels of electricity that correspond to the amounts used by customers, and maintain the frequency of electricity at 60 Hz.

**Power transmission**

**Renovation of transmission lines**

We are steadily renovating power transmission lines in residential areas, with the understanding of local residents.



**Kazumasa Nishida**  
Senior Staff, Construction Section  
Higashi-Nagoya Tobu Line Worksite  
Electrical Engineering Technology Center  
Electrical Engineering Department  
Power System Division

In the 275 kV Higashi-Nagoya Tobu transmission line renovation project, we are replacing transmission towers and electric wires of major lines in the quiet residential areas extending from Miyoshi City to Toyota City. Our work includes activities in narrow spaces and under low transmission lines, and we are conducting it with due consideration to the living environment of local residents and in close arrangement with subcontractors, while also taking safety into account. Moreover, we visit houses located near the transmission lines to explain our work and gain the understanding of residents.

The noise prevention walls constructed for the work are covered with posters painted by local children thanks to cooperation from their school. We are also conducting some other activities to foster communication between the workers and local residents. As a result, the workers are now able to chat with local people when they happen to meet them.



Groundwork in a residential area



Transmission line tower and posters painted by local children



## Power transformation

## Bridge to East Japan (50-Hz area): Higashi Shimizu Substation



**Tomoaki Maejima**

Operation Leader  
Higashi Shimizu Substation  
Shizuoka Field Maintenance  
Construction Office  
Shizuoka Regional Office

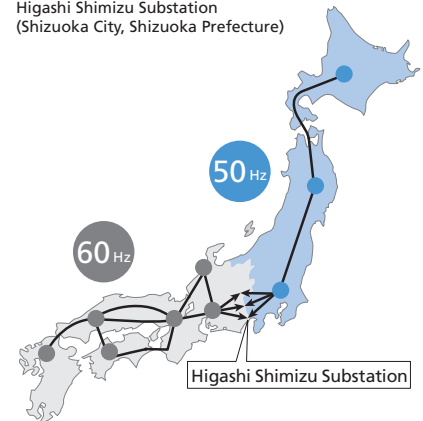
We will ensure successful power interchange across a wide area, serving as a bridge for stable power supply between East and West Japan.

The Higashi Shimizu Substation plays an important role in connecting West Japan (60-Hz area) and East Japan (50-Hz area), while serving as a base to supply power to the eastern part of Shizuoka City.

I work on two shifts at the substation, which is operated 24 hours a day, during which I carry out operation and surveillance in order to ensure that in the event that demand and supply in West Japan and East Japan become constrained, equipment trouble is immediately dealt with so that emergency interchange can be carried out and East-West cooperation is not weakened. In addition, in order to ensure that equipment is working normally, I inspect it daily with great care to detect any abnormalities as early as possible, and repeatedly conduct regular drills that give us a feeling of urgency and a sense of mission night and day.



Higashi Shimizu Substation  
(Shizuoka City, Shizuoka Prefecture)



## Power distribution

## Ensuring safe and stable supply of electricity for customers



**Junko Tanaka**

Senior Staff  
Distribution Planning & Construction  
Komaki Customer Service Office  
Nagoya Regional Office

I will introduce what we do in the power distribution sector, which is the technological sector closest to customers.

As members of the power distribution sector, we are engaged in the installation and maintenance of electric poles and wires, recovery from blackouts caused by disasters such as typhoons, and other tasks, as the technological sector closest to customers. We also respond to a range of power use-related requests from customers, including starting/stopping power distribution service for customers who have moved.

As a member of the section, I am in charge of the maintenance and inspection of power distribution equipment as well as tasks related to the cutting of trees located near our power distribution equipment.

I will continue to make efforts for the continuous supply of electricity, which is indispensable for customers to lead their daily lives with peace of mind.



Issuing a distribution line switching order



Inspection of the underground distribution equipment

# Raising Electricity Rates and Implementing Measures for Higher Management Efficiency

We will brief readers on the rise of our electricity rates and measures for higher management efficiency.



**Satoru Katsuno**  
 Representative Director  
 Executive Vice President  
 General Manager of Corporate  
 Planning & Strategy Division

We apologize to customers for the rise in electricity rates and would ask for your kind understanding.

It was a difficult decision for us to raise electricity rates and impose a greater burden on customers. We will make a concerted effort across the Group to improve our management efficiency, while contributing to the development of the region through the safe and stable supply of electricity.

## Rise of electricity rates

The shutdown of the Hamaoka Nuclear Power Station in May 2011 forced us to spend more to procure fuels for thermal power generation, which substantially impacted our financial performance and put us in an extremely severe business situation.

In response, we made a concerted effort for cost reduction through the drastic improvement of management efficiency. However, it became difficult to cover the cost of supplying electricity in a safe and stable manner, which is our biggest corporate mission, based on the conventional rates, even with the maximum improvement of our management efficiency.

Accordingly, we decided to raise electricity rates and subsequently obtained approval for this from the Minister of Economy, Trade and Industry on April 18, 2014.

Chubu Electric Power will further enhance its measures to improve management efficiency without allowing any area to be fenced off for preferential treatment, while doing its best to improve services for customers.

On our website, we provide detailed information about the rise of electricity rates, provide a simulator with which customers can calculate the monetary impact of the rise on their bill, and offer ways to reduce electricity charges and other useful information to customers.  
 (The above-described information and tools are provided only in Japanese.)

The screenshot shows the Chubu Electric Power website interface. At the top, there is a navigation bar with the company logo, a search box, and links for 'よくあるご質問' (Frequently Asked Questions) and 'お問い合わせ' (Contact Us). Below the navigation bar are several menu items: '電気料金・手続き' (Electricity Rates & Procedures), '暮らしのサービス' (Living Services), 'ビジネスサポート' (Business Support), 'エネルギー・環境・原子力' (Energy, Environment, Nuclear), 'キッズ・展示館' (Kids & Exhibition Hall), and 'IR・企業情報' (IR & Corporate Information). The main content area is titled '電気料金の値上げについて' (About Electricity Rate Increases). The text explains that the company has applied for a rate increase to the government, which was approved on May 1, 2014, with an average rate increase of 3.77%. It also mentions that for industrial and high-voltage customers, the rate increase is 7.21% starting from April of the current year. A sidebar on the right contains buttons for '個人のお客さま (規制部門)' (Individual Customers - Regulatory Department), '法人のお客さま (自由化部門)' (Corporate Customers - Liberalization Department), 'プレスリリース' (Press Release), and '値上げ関連資料等' (Materials Related to Rate Increase, etc.).



## Outline of the Rise of Electricity Rates

On May 1, 2014, we raised electricity rates for customers in the regulated sector by an average of 3.77%.

### ■ Monetary impact of the rise on customers in the regulated sector by contract type (on a monthly basis, including taxes and other charges)

Contract type		Payment amount		Balance	Breakdown of the balance			
		April (Tax rate: 5%)	May (Tax rate: 8%)		Rate		Changes in the charges imposed for the use of solar power and other renewable energy sources <sup>*2</sup>	Change in the consumption tax rate
					Rise based on the approved cost	Fuel cost adjustment <sup>*1</sup>		
Households (examples)	Meter rate lighting B Contract capacity: 30 A Amount of use: 300 kWh	¥7,568	¥8,225	¥657 (8.7%)	¥163 (2.2%)	¥171 (2.3%)	¥108 (1.4%)	¥215 (2.8%)
	3 time zone-based lighting (E Life Plan) Contract capacity: 10 kVA Amount of use: 760 kWh	¥15,755	¥17,548	¥1,793 (11.4%)	¥644 (4.1%)	¥433 (2.7%)	¥273 (1.7%)	¥443 (2.8%)
Offices and stores (examples)	Meter rate lighting C Contract capacity: 12 kVA Amount of use: 1,000 kWh	¥28,029	¥31,360	¥3,331 (11.9%)	¥1,605 (5.7%)	¥570 (2.0%)	¥360 (1.3%)	¥796 (2.8%)
	Low-voltage electricity Contract capacity: 8 kW Amount of use: 530 kWh (Power factor: 90%)	¥15,909	¥17,375	¥1,466 (9.2%)	¥525 (3.3%)	¥302 (1.9%)	¥190 (1.2%)	¥449 (2.8%)

Note) For the meter rate lighting B and C and the 3 time zone-based lighting, the discount service for the first payment by bank transfer has been provided.

For the 3 time zone-based lighting, discount services for all-electrified houses and for microcomputer-type heat storage equipment have been provided.

\*1. Adjustment of electricity rates in response to changes made to fuel prices due to external factors, such as changes in the market and foreign exchange rates.

\*2. Based on the feed-in tariff system introduced by the government to foster the use of solar power and other renewable energy sources, customers are required to pay extra charges.

### ■ Rise of electricity rates for customers in the deregulated sector

For customers in the deregulated sector, we had decided to raise the rates by an average of 8.44% from April 1, 2014, but changed the markup rate to 7.21% in consideration of the approval given by the government.

## Measures to Improve Management Efficiency

We are making an all-out effort to reduce the procurement costs for materials, equipment and services, improve the efficiency of thermal power generation, procure fuels at cheaper prices, and increase operational efficiency, so that we can improve our management efficiency as we planned in estimating the power supply cost in consideration of the government's strict assessment policies for the approval of electricity rates.

We will continue to implement measures for higher management efficiency to achieve a low-cost structure and increase our competitiveness in the market.

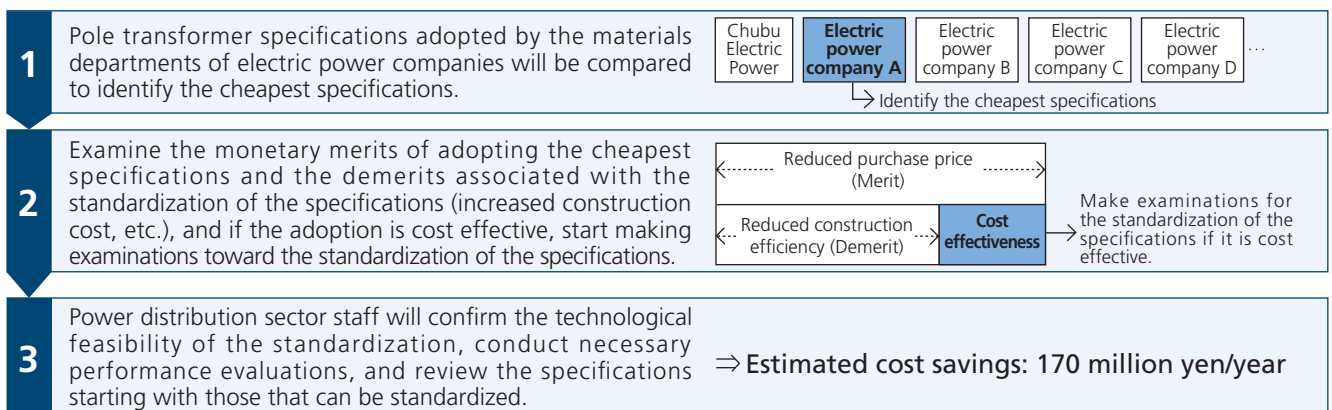


For the measures we are taking to improve heat efficiency, please refer to "Aggressive Adoption of High-Efficiency Combined-Cycle Power Generation Systems" on page 26, and for the measures to procure fuels at reasonable prices, please refer to "More Reliable, Economical and Flexible Fuel Procurement" on page 23.

### Reducing procurement costs by standardizing specifications

We will standardize machinery specifications, which each electric power company has independently set, thereby reducing procurement costs.

#### ■ Specific example: Examination of the standardization of pole-mounted transformer specifications

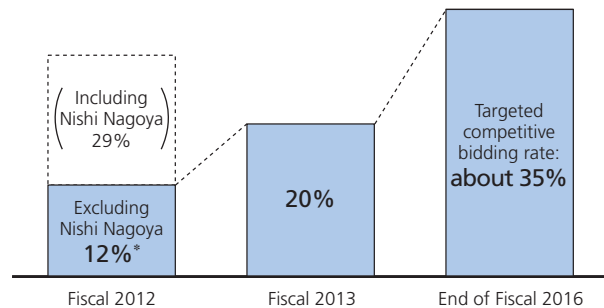


## Expansion of competitive bidding

We procured materials through competitive bidding at the rate of 20% in fiscal 2013.

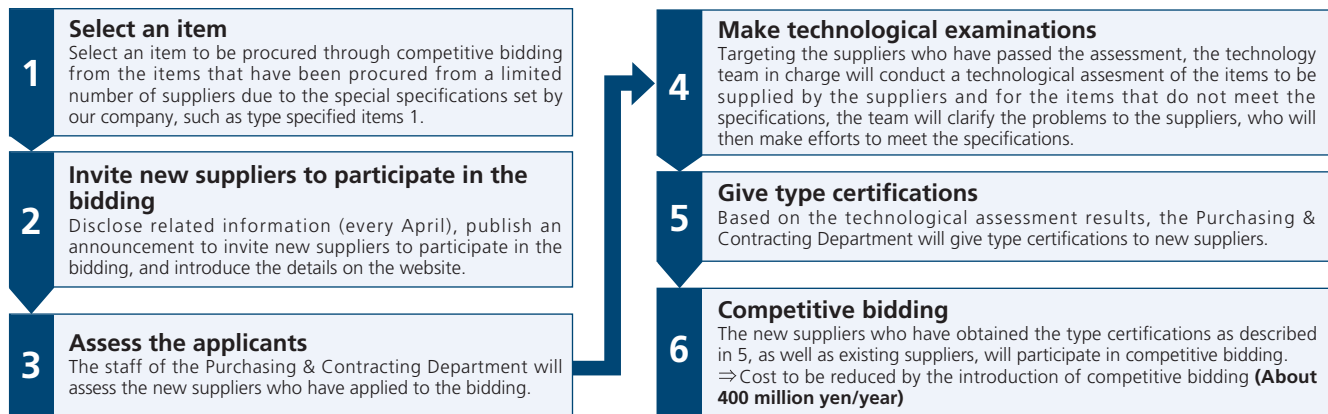
In the future, we will expand competitive bidding for materials, equipment and services, which have been procured from specified suppliers, by disclosing our specifications and further standardizing the specifications in order to eliminate as much as possible restrictions that hinder new suppliers from participating in competitive bidding.

Through these measures we will expand the rate of procurement through competitive bidding to about 35% of the total by the end of fiscal 2016.



Note) Calculated for the procurement of materials, equipment and services in relation to capital investment, repairs, and other costs (outsourcing and waste disposal expenses)  
\* Excluding the one-time large electric power project (Nishi Nagoya No. 7)

### ■ Example of measures: Inviting new suppliers to participate in competitive bidding by disclosing our specifications (illustrative image)



## Improvement of operational efficiency through the introduction of smart meters

Chubu Electric Power has been promoting the prompt introduction of smart meters. We plan to complete the installation of smart meters for general households and other low-voltage customers by fiscal 2022, two years and three months earlier than initially planned.

The introduction of smart meters will allow us to automate meter reading and switch on/off electricity and change the contract capacity by remote control, eliminating the need to work onsite. We will make use of the smart meter functions for higher operational efficiency and will also optimize the transformer capacity to reduce the amount of capital investment.

The use of smart meter functions will also help us provide customers with more flexible contract types, support customers in making efficient use of electricity and enable them to see the amount of power they are using, thereby improving our services to them.

In procuring smart meters, we will standardize the specifications and procure them through competitive bidding. Also for the procurement of smart meter-related systems, we will make full use of external knowledge and the existing infrastructure of other electric power companies to save costs, pursue both higher function and higher quality, and also foster cost reductions through competitive bidding.

### ■ Functions and benefits of smart meters

Major functions	Major benefits
Measurement	<ul style="list-style-type: none"> <li>Can automate meter reading</li> <li>Can switch on/off electricity by remote control</li> <li>Can change the contract capacity by remote control</li> <li>Can optimize the transformer capacity to reduce capital investment</li> </ul>
Communication	<ul style="list-style-type: none"> <li>Can diversify contract types and suppress demand</li> </ul>
Switching	<ul style="list-style-type: none"> <li>Can provide consulting services to help customers save power and choose the optimal contract type</li> <li>Can show the use of electricity by customers</li> </ul>

### ■ Smart meter introduction plan

Customers	Introduction of smart meters
Extra-high voltage and 500 kW or higher voltage	Large factories, department stores and other customers Completed
High voltage but less than 500 kW	Medium-sized factories, office buildings and other customers Began in Jan. 2012 and to be completed by the end of fiscal 2016
Low voltage	General households, merchant stores, small factories and other customers Will begin in Oct. 2014 in some areas, and by July 2015 in all areas, to be completed by the end of fiscal 2022

## Our Replies to Opinions and Questions Raised by Customers about the Rise of Electricity Rates



**Q1** We are already bearing the growing cost of thermal power fuels under the fuel cost adjustment scheme, so surely this rise in electricity rates was unnecessary.

**A**

The fuel cost adjustment scheme is designed to incorporate changes in fuel prices into electricity rates; however, changes in the amount of fuel consumption are not considered under the system.

At present, the consumption of fuels for thermal power generation is increasing because of the full shutdown of the Hamaoka Nuclear Power Station, but electricity charges paid by customers have not been increased to cover the additional fuel cost caused by higher fuel consumption.

In order to ensure the safe and stable supply of electricity as our most important corporate mission, we decided with regret to raise our electricity rates.

**Q2** The rise of electricity rates will have a great impact on households' finances. Have you made any efforts to improve contract types in response?

**A**

We have added the "peak shift lighting" type and also relaxed the conditions necessary for customers to sign an E life Plan contract. We will continue making improvements to contract types to provide customers with more options from which they can choose one suitable for their lifestyle.

On our website, we provide a simulator with which customers can compare various contract types based on their actual use of electricity, in order to identify the type that will lead to lower electricity charges.

In the future we will introduce smart meters, which will clearly show the amount of electricity used by customers, and based on the findings we will provide customers with more diversified contract types to meet their needs.

**Q3** Since you've raised electricity rates, surely we don't need Hamaoka Nuclear Power Station anymore.

**A**

In Japan, with its limited energy resources, in order to deal with rising fossil fuel prices and issues like global warming and at the same time secure stable energy into the future, we believe that we must continue to utilize nuclear power as a vital energy source whilst making a priority of securing safety and the trust of the public.

With regard to the Hamaoka Nuclear Power Station, we are steadily implementing 'hardware' safety improvement measures starting with our ongoing tsunami and earthquake countermeasures, preparing 'software' measures on the disaster prevention side and aiming to adapt as quickly as possible to the new regulatory criteria. Furthermore, with regard to the initiatives of Chubu Electric Power, we believe that nothing is more important than conscientiously explaining our activities to local residents and society at large, and gaining their understanding.

## Basic Ideas on Investments

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At Chubu Electric Power, we anticipate that our difficult financial situation will continue during the ongoing suspension of the operation of the Hamaoka Nuclear Power Plant, although the increase of electricity rates is expected to have a positive impact on our balance sheet and cash flow conditions.

To fulfill our primary mission, ensuring a safe and stable electricity supply, we will continue to make the utmost effort to further improve safety of the nuclear power plant and take various measures to ensure a stable power supply. We will also pursue better operational efficiency in order to return to profitability at the earliest possible juncture, and strengthen our financial position.

At the same time, we will continue to strengthen our efforts to achieve further business growth and build a stronger foundation for sustained future growth, and communicate the progress and achievements of these efforts with our customers and shareholders.

### Indispensable Investments for a Safe and Stable Electricity Supply

We will promptly and steadily implement necessary safety improvement measures for our facilities, including the Hamaoka Nuclear Power Station. We will also build facilities that are indispensable for supplying low-carbon, high-quality energy at reasonable prices in a stable manner.

We will design and implement these initiatives in such a way as to ensure investment efficiency.

### Strategic Investments for Business Growth and Development

To build a stronger foundation for sustained growth in the future, we will make strategic investments for business growth and prosperity while managing the associated risks appropriately.

We will carefully select strategic investments by strictly adopting rigorous criteria.

### Shareholder Return

Our Policy on Shareholder Return, effective July 30, 2012, is as follows:

The company will work to maintain stable dividends after taking account of financial conditions and other factors, while continuously investing in construction and operation of facilities that are essential for a safe and stable supply of electricity.

For FY 2013, no dividends were declared due to the continued severe financial situation. We sincerely regret that we were unable to meet the expectations of our shareholders.

For FY 2014, our forecast assumes there will be no interim dividends, given the necessity for further improvement of management efficiency and financial strength. A forecast of final dividends of the fiscal year has not been determined yet because it is difficult to make an accurate or reasonable forecast at this point in time.



# Chubu Electric Power Group: "What We Aim For"

## Chubu Electric Power Group: "What We Aim For"

**"To be a corporate group that satisfies all energy-related needs and keeps growing"**

On the reform of electricity systems, specific discussions are underway, including the establishment of an organization for wide-area power system operation in 2015, the proposed full liberalization of the electricity retail business by around 2016, and the enhancement of neutrality of the power transmission/distribution sector by around 2018 to 2020.

With regard to this, Chubu Electric Power believes that a competitive marketplace where customers can select freely what service to purchase from whom will encourage electric business operators to innovate and make greater efforts to achieve a stable and efficient power supply, which will eventually result in creating an even better and more customer-friendly power system.

The business environment of the energy sector in Japan will go through a sea change in the future, because the government is considering the reform of not only power systems but also gas service systems to facilitate more active competition.

Considering these ongoing and upcoming changes as a great opportunity for us, we will take aggressive actions to ensure stable power supply, provide a wide range of energy services through competition, and ultimately translate "What We Aim For" into reality.

**Initiative 1** Ensure stable supply of low-carbon, high quality energy at reasonable prices

**Initiative 2** Evolve into a total energy service corporation

**Initiative 3** Expand overseas energy projects

**Initiative 4** Ensure business continuity in the event of a large disaster

### ■ Implementation of power system reform

Stage 1	Around 2015	Establishment of an organization for wide-area power system operation
Stage 2	Around 2016	Full liberalization of the electricity retail business
Stage 3	Around 2018 to 2020	Enhancement of neutrality of the power transmission/distribution sector through legal measures

\* Reportedly, the implementation of the each reform stage involves detailed assessments for problem identification and subsequent problem-solving measures.

# We are pursuing the following business model to be a "corporate group that satisfies all energy-

## Electricity Business

### Fuel procurement

We procure fuel for power generation (LNG, coal, crude oil and others) from supplier countries (Qatar, Australia, Indonesia and others) in a stable and economic manner.

**Load dispatching:** We monitor customers' power use (demand) and the amount of power supply-demand balance, thereby managing the power flow.

### Power generation

We generate power using renewable energy, such as hydroelectric, solar and wind power as well as thermal and nuclear energy.

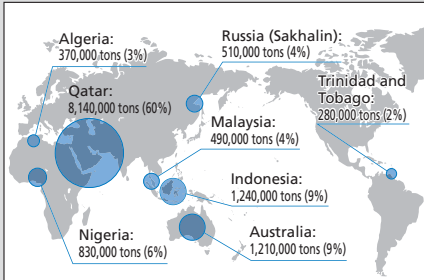
### Power transmission and transformation

We transmit power from our power generation stations to substations via transmission lines and also directly transmit power to large factories and other facilities.

For the stable supply of electricity to customers, we conduct day-to-day maintenance checks on a economic efficiency.



### Major countries from which we procure LNG



### Load dispatching: Monitoring the entire electric power system for supply quality management

We generate electricity on a 24-hour basis, responding to changes in customers' power consumption (by adjusting the output of generators). We also monitor and control the entire power flow.



Central Load Dispatching Center

### Procurement of fuel is equivalent to about 200 LNG tankers per year



Q-MAX LNG carrier Rasheeda

The LNG transported from Qatar by the world's largest 120,000 ton-class carrier, taking two to three weeks, is used up in only 3.5 days.

### Power generation: Full-scale operation of thermal power plants



Kawagoe Thermal Power Station (Kawagoe City, Mie Prefecture)

Following the shutdown of the Hamaoka Nuclear Power Station, we implemented measures to ensure sufficient power supply, including resuming the operation of older thermal power plants. As a result, about 90% of the electricity we supply at present is generated by thermal power facilities.

### Power transmission and transformation distance of 12,000 km with 941 substations



Transmission line tower and a substation

We transmit a vast amount of electricity via transmission lines that exceed 12,000 km in total length, with 941 substations controlling increases and decreases of electric voltage and electric flow.

# related needs and keeps growing.”

generated (supply) to maintain a good

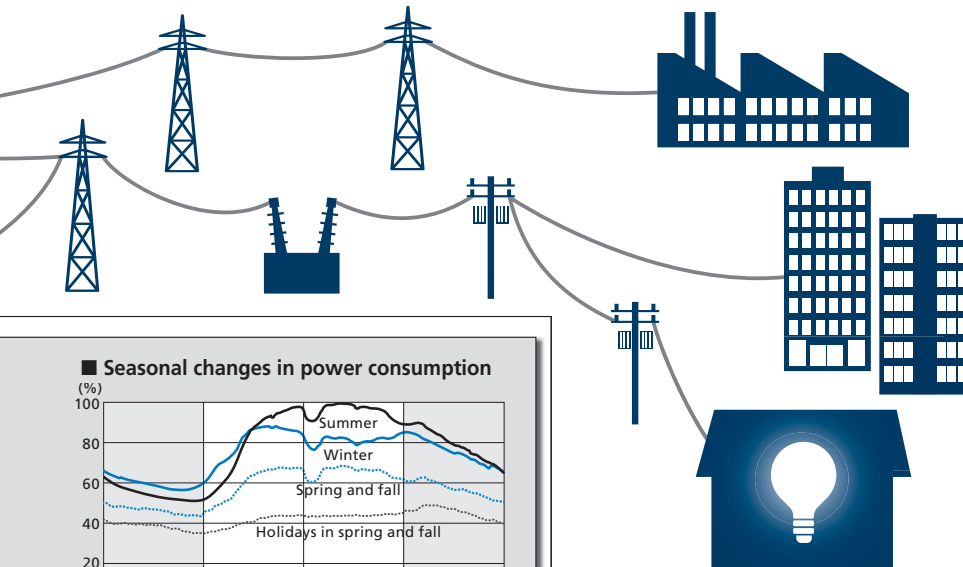
## Power distribution

We deliver power from our substations to our customers, such as general households and factories, via distribution lines.

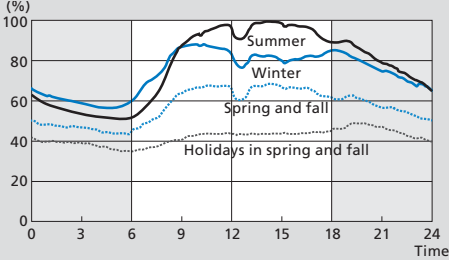
range of facilities, including checks of their

## Customer service

We meet various customer needs, including general households, businesses and corporations, aiming to provide them with a range of high-quality and widely reliable services in a meticulous manner.



■ Seasonal changes in power consumption



Distribution lines with a total length three times the circumference of the Earth



Distribution work

We deliver electricity to each household via power distribution lines that have a total length of about 130,000 km (three times the circumference of the Earth) connected by about 2.8 million power poles.

Customer service: Aiming to be No. 1 in terms of reliability and customer satisfaction



Meeting with a customer

We are committed to ensuring the safe and stable supply of electricity to about 16 million people living in Aichi, Gifu, Mie, Nagano and Shizuoka.

## Using our experience in the electricity business

### Fuel business

We are fostering the acquisition of upstream interests to improve the stability, economy and flexibility of fuel procurement.

### Energy business

We sell gas and LNG and make proposals for optimal energy use through onsite energy services and other services.

### Overseas energy business

Capitalizing on managerial resources accumulated in Japan, such as know-how and human resources, we are fostering power generation and consulting businesses outside Japan.

Measures to achieve “What We Aim For”

➡ Please see page 23–.

# Ensure Stable Supply of Low-carbon, High Quality Energy at Reasonable Prices

Chubu Electric Power makes various efforts to ensure stable supply of low-carbon, high quality energy at reasonable prices. Specifically, we aim to ensure reliable fuel procurement at lower costs by acquiring upstream interests and taking other measures to strengthen the value chain of fuels. We have also started to install highly efficient thermal power stations to curb CO<sub>2</sub> emissions.

## More Reliable, Economical and Flexible Fuel Procurement

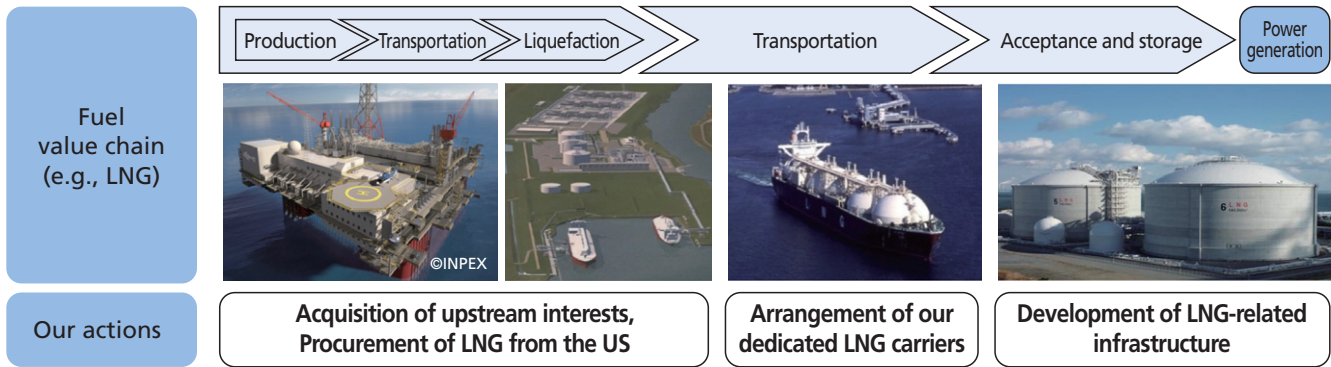
Competition for energy resources is intensifying globally in anticipation of middle- to long-term tight energy supplies due to growing demand in emerging countries and other causes.

To address this situation, we are working to procure fuel in a more reliable and economic manner and strive to increase flexibility in our procurement to ensure a prompt and appropriate response to supply and demand fluctuations.

Traditionally, sellers usually take care of the procurement processes to the point of transportation. We are moving

beyond this through direct involvement in fuel production, purchase, transportation and other processes, through which we aim to strengthen the entire fuel value chain spanning fuel acceptance and electricity generation.

As a result, we can keep ourselves informed about fuel production status and other necessary information, which in turn allows us to secure fuels reliably, mitigate fuel price fluctuation risks, and adjust fuel procurement volume according to supply and demand situations.



## Acquisition of Upstream Interests and Procurement of LNG from the US

As part of our efforts to achieve more reliable, economical and flexible fuel procurement, we are working to acquire upstream interests.

Together with Osaka Gas Co., Ltd., we also executed binding liquefaction tolling agreements with an affiliate of Freeport LNG Expansion, L.P. in July 2012 and pledged to make a capital investment in a gas liquefaction project in the Freeport LNG Project in February 2014.

This capital participation in the project will improve the reliability and flexibility of our fuel procurement. It will allow

us to import American LNG to Japan, and add the US to our list of supply sources. As a producer of LNG, our limitations on LNG delivery destinations will be reduced. By bringing LNG pegged to a new price benchmark, US gas prices, to the Asian LNG market, we also expect to see more diverse price structures and thus economically favorable fuel procurement.

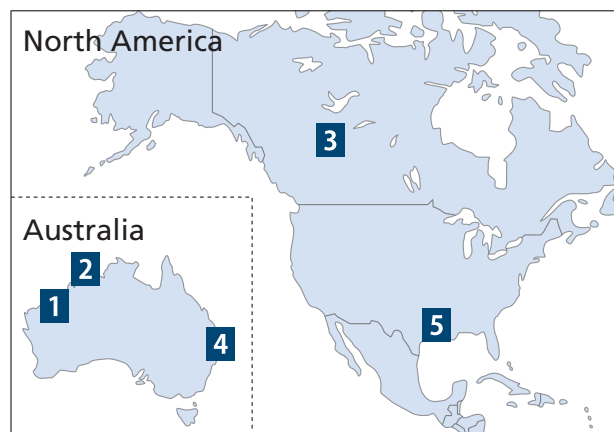
Going forward, we will directly participate in the construction and operation of the project to support its smooth launch and expand our LNG business.

Project	Interest acquisition	Production volume	Start of production
<b>1</b> Gorgon Project (LNG)	0.417%	15 million tons/year	2015
<b>2</b> Ichthys Project (LNG)	0.735%	8.4 million tons/year	2016
<b>3</b> Cordova Project (share gas)	3.75%*	3.5 million tons/year (in LNG)	In production
<b>4</b> Integra Project (coal)	5.95%	3.3 million tons/year	In production

\* Made 7.5% investment in Cordova Gas Resources, a subsidiary of Mitsubishi Corporation, which holds a 50% interest in the Cordova Project.

Project	Interest acquisition	Volume ensured by Chubu Electric Power	Start of liquefaction/processing
<b>5</b> Freeport LNG Project	25%*	2.2 million tons/year	2018

\* Made investment in an affiliate of Freeport LNG Expansion, L.P., the entity in charge of the construction of the first train of the project, with which we have entered into binding liquefaction tolling agreements.





## Joint Procurement of LNG

We have started joint LNG procurement with Korea Gas Corporation ("KOGAS") from Italy-based ENI. For a 5-year period from May 2013 to December 2017, the two companies will purchase a total of 28 shipments of LNG. Under this agreement, procured LNG can be allocated flexibly between the buyers, contributing to further reliability and flexibility in our LNG procurement.

We also signed a memorandum of understanding with the Gas Authority of India Limited ("GAIL"), based on which we will discuss possible joint LNG procurement and other forms of cooperation between the two LNG consumers. While continuing to seek cooperation with domestic and overseas LNG buyers, we will make continued efforts to ensure reliable and economically favorable fuel procurement.

### VOICE

#### Construction of dedicated LNG carriers for Chubu Electric Power

Chubu Electric Power has its own LNG carriers constructed to better respond to the supply-demand situation and reduce transportation costs. Currently, three vessels are being built for our Australian projects. In addition, we will need to add eight more dedicated carriers to our fleet, including those for the Freeport LNG Project in the US.

I am in charge of contract negotiations regarding the arrangement and operations of LNG carriers, discussing with related parties the terms and conditions of ship construction and funding thereof (loans and capital investment), and fleet management after the operation of the constructed ship starts. Some of my duties require technical knowledge, such as ship design and structure, and I endeavor to acquire such knowledge by closely working with technical staff. I also share information obtained from my involvement in contract negotiation processes.

Going forward, I will be working to create a comprehensive scheme for optimal operations, such as building a system that enables efficient, flexible and safe vessel operations.



**Mai Kobayashi**  
LNG Group  
Fuels Department



An LNG carrier under construction

## Strengthening Coal Procurement Capabilities

In April 2010, Chubu Electric Power concentrated all its coal procurement activities at Chubu Energy Trading, Inc. The market information collected by Chubu Energy Trading through its daily contacts and negotiations with sellers and traders facilitates an agile response, allowing efficient procurement that meets the demand-supply situation.

For further enhancement of coal procurement, we transferred the trading execution base in Asia to Chubu

Energy Trading Singapore Pte. Ltd. in April 2012. Singapore is the hub for coal trading in Asia, and thus the center of market information. This transfer has allowed us to collect coal trading information in an even timelier manner and thereby purchase coal in a more competitive way. We will continue to strive to improve our trading skills and build stronger procurement capabilities.

### Message from General Manager of Fuels Department

#### We will strive to improve the reliability, flexibility and economic efficiency of our fuel procurement.

Chubu Electric Power is one of Japan's largest fuels buyers with annual coal purchase of about 10 million tons and annual LNG purchase of about 13 million tons. In fiscal 2013, fuel costs accounted for approximately 50 percent of ordinary expenses.

In recent years, procuring fuels for electricity generation in a reliable and flexible manner and at internationally competitive prices has become even more important, given the necessity of responding to wide swings in fuel volume requirements caused by the operational status of the Hamaoka Nuclear Power Station, the liberalization of the electricity market, and other factors.

In response to such major challenges to our business, we are moving beyond traditional fuel purchasing and entering into new fields, such as fuel transportation and trading, and even LNG production.

To fulfill our commitment to ensuring stable supply of electricity at reasonable prices, Chubu Electric Power will continue to strive to bring the reliability, flexibility and economic efficiency of our fuel procurement to an even higher level.



**Yuji Kakimi**  
Senior Managing Executive Officer  
General Manager of Fuels  
Department and International  
Business Department



## Development of LNG-Related Infrastructure

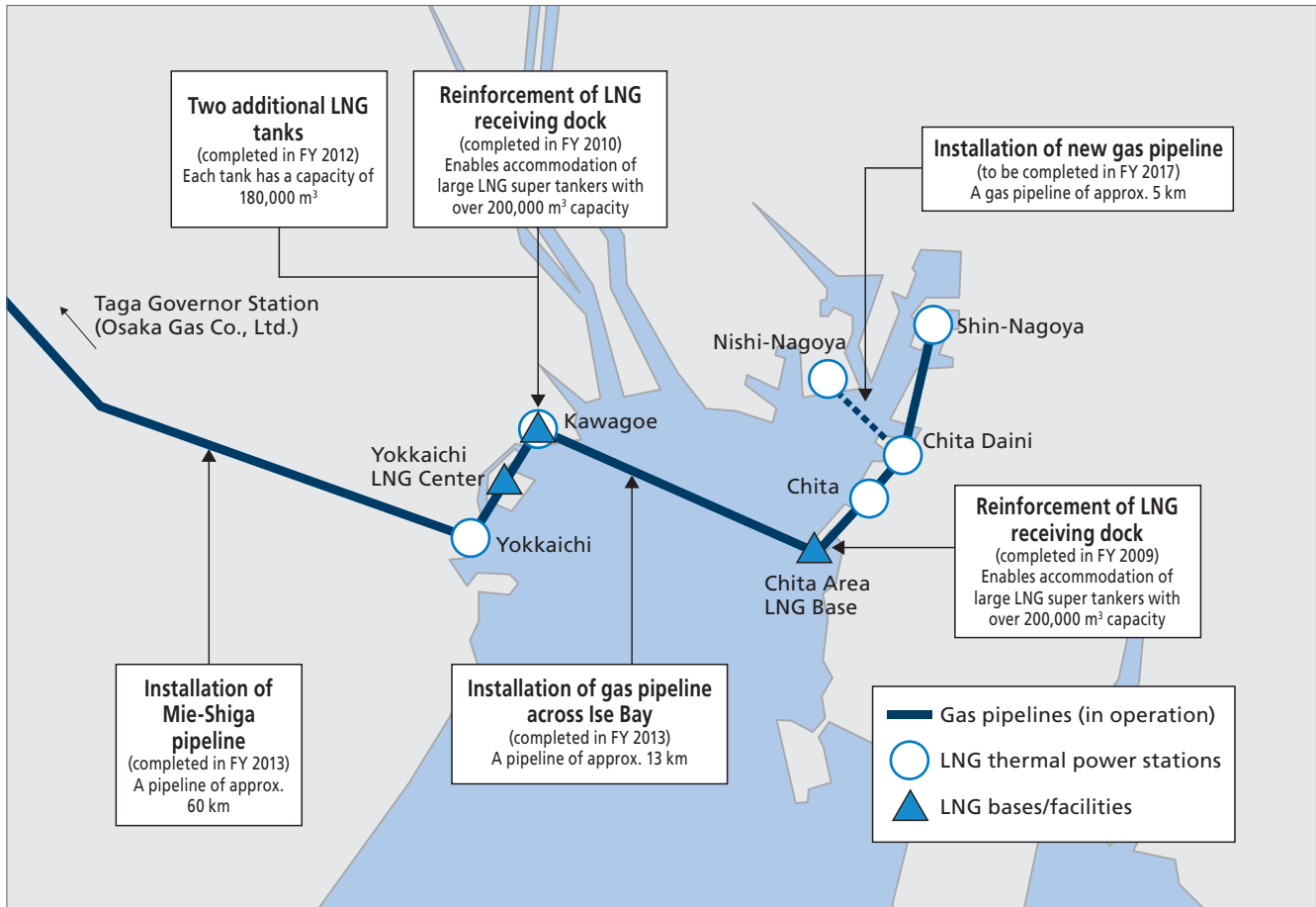
For reliable supply of LNG, Chubu Electric Power works to enhance its LNG-related infrastructure mainly in the Ise Bay area, where many LNG thermal power stations are located.

In recent years, we have focused our efforts on adding more LNG tanks and reinforcing LNG receiving docks to berth larger vessels. In fiscal 2013, we also successfully completed the construction of a pipeline across Ise Bay

as well as the Mie-Shiga Line, creating a collaborative network among LNG bases in and around Ise Bay and thereby achieving greater reliability, economic efficiency, and flexibility in our LNG procurement and supply.

We will be installing a new gas pipeline to supply LNG to Nishi-Nagoya Thermal Power Station Unit No. 7, a highly efficient power generation facility.

### ■ LNG-Related Infrastructure around Ise Bay Area



### TOPICS Safe and reliable acceptance of LNG

#### Accepting the 1000th LNG carrier at Yokkaichi LNG Center

On November 26, 2013, Al Wajbah, a tanker from Qatar, arrived at the LNG center, marking the 1000th vessel we have accepted to date. The milestone was reached 26 years after our first acceptance of a LNG tanker, the Asakemaru, on October 3, 1987.

Through the years, we have handled LNG cargo safely with no accidents or injuries, which we recognize has been made possible by the support from many tanker operators and port operators involved.



Staff of tanker operator and port operators involved in the acceptance of Al Wajbah

## Building a Balanced Portfolio of Power Sources

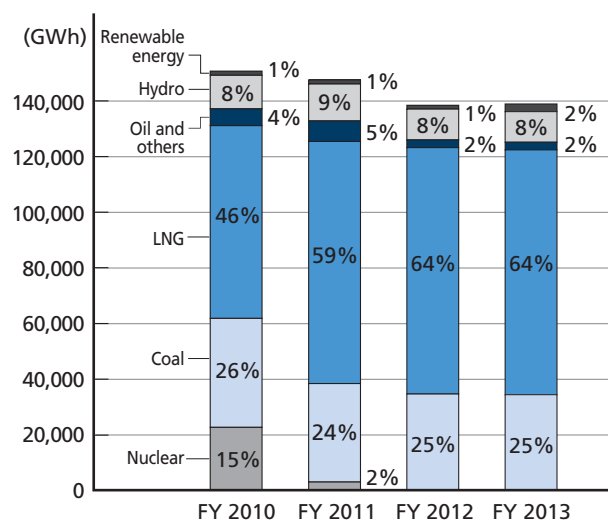
Ensuring stable power supply under any circumstances requires the creation of a well-balanced power generation mix, including nuclear, thermal (coal, LNG, oil, etc.) and renewable energies. Diversification is required not only in terms of power source type but also the age and location of power stations.

At Chubu Electric Power, a large percentage of electricity is generated in thermal power stations, most of which are LNG-based. Currently, our thermal power

stations over 40 years old are generating approx. 4,000 MW, and this number will reach around 9,000 MW in 10 years. These figures indicate that in addition to the development of Nishi-Nagoya Thermal Power Station Unit No. 7, we need to replace older thermal power plants with the latest technology.

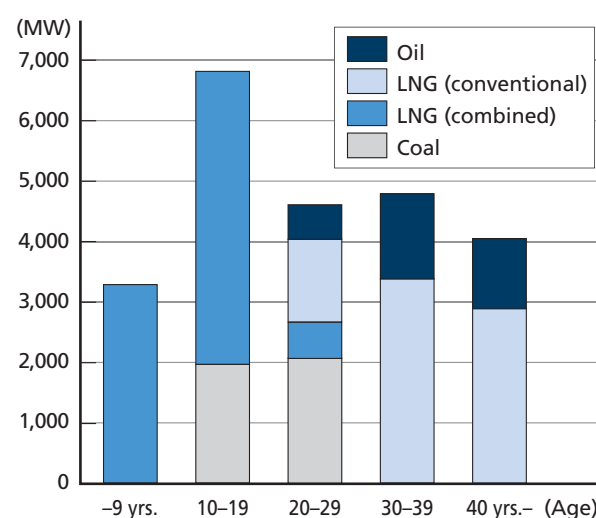
Aiming at construction of new power stations in the near term, we are presently developing bidding procedures for thermal power generators. (➡ page 11)

### Electricity Generation Volume (Generating End) by Source



\* Figures may not tally due to rounding up.

### Ages of Thermal Power Stations (At the End of FY 2013)



## Aggressive Adoption of High-Efficiency Combined-Cycle Power Generation Systems

The installation of high-efficiency combined-cycle power generation systems has been contributing to the improvement of thermal efficiency in thermal power generation, and to the reduction of fuel expenses and CO<sub>2</sub> emissions.

Our portfolio of these types of highly efficient thermal power plants was expanded in May 2014, when Joetsu Thermal Power Station Unit 2-2 started operation. We are also working on the development of Nishi-Nagoya Thermal Power Station Unit No. 7 as one of the world's

most efficient power generation facilities, targeting to start operation in fiscal 2017.

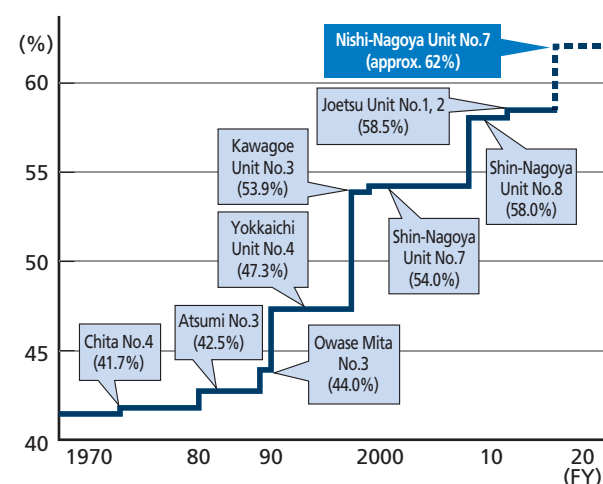
At Nishi-Nagoya Thermal Power Station Unit No. 7, we succeeded in significantly reducing costs by adopting a competitive bidding system that allowed us to make decisions based not only on development costs but also on comprehensive life cycle cost, including fuel and maintenance expenses after starting operation.

### Operation Schedule for High-Efficiency Combined-Cycle Power Generation Systems

	Joetsu Thermal Power Station	Nishi-Nagoya Thermal Power Station Unit No. 7
Capacity	2,380 MW*	2,376 MW
Planned start of operation	Unit 1-1: Jul. 2012 Unit 1-2: Jan. 2013 Unit 2-1: Jul. 2013 Unit 2-2: May 2014	Unit 7-1: Sep. 2017 (TBD) Unit 7-2: Mar. 2018 (TBD)
Thermal efficiency (LHV basis)	58.5%	Approx. 62%
Reduction in LNG consumption	0.6 million ton/year	0.5 million ton/year
Reduction in CO <sub>2</sub> emission	1.6 million ton/year	1.4 million ton/year

\* Emergency output in the event of the occurrence of a steam turbine problem is set at 2,302.72 MW.

### Thermal Efficiency of Thermal Power Generation Facilities (LHV Basis)



# Evolve into a Total Energy Service Corporation

Chubu Electric Power will always aim to provide even better and diversified services and become a trusted and preferred corporate group for our customers.

## New Services to Meet Customer Needs

To meet household customers' demand for smarter use of electricity, Chubu Electric Power launched an online member information service, Club KatEne, in April 2014 to offer various kinds of useful information. We are planning to expand our web-based services such as those using smart meters.

In response to customers' opinions learned through our daily operations, Chubu Electric Power established a new company with Sanyo Homes Corporation to offer residential cleaning and other housekeeping services. The new company, e-Kurashi Co., Ltd., started operation in July 2014.

## Energy Solution Services

In accordance with the changing times, our customers are demanding more diverse and more advanced energy services. Household customers are looking for more savings in energy use, CO<sub>2</sub> emissions and operational costs. Industries seek higher productivity, while businesses (e.g., office buildings and hospitals) need energy supply systems that can withstand natural disasters. To satisfy such evolving customer needs, we have started to offer solution services that employ the best advantages of electricity and gas in order to help customers solve their energy-related issues.

To address issues in industrial areas, which often cannot be solved by applying existing technologies, our solution service even includes the development of new technologies.

## Online Member Information Services (Japanese only)

### Club KatEne for Household Customers



- 1 Customers can monitor online their power consumption status.
- 2 Club KatEne newsletter is available to communicate various ideas for smart electricity usage.
- 3 Many other useful services are available. (e-mail notification service for blackout information, electricity rates, etc. and other services)

### Club BizEne for Corporate Customers



Useful energy use information for businesses, such as solutions to challenges business customers may face and case studies of energy saving initiatives, is available on our website.

## Example

### Achieving higher energy efficiency and better working environment with an arc-type electric heating system

Aisin Takaoka Co., Ltd., a manufacturer of automotive casting parts, wished to improve the energy efficiency and work environment in its casting processes. To meet the long-felt need by this customer, Chubu Electric Power collaborated with Toyota Motor Corporation and Tokuden Co., Ltd. to develop an arc-type ladle heating system, inspired by a "ladle preheating system," where a fire-resistant container called a ladle is used to convey casting iron from the melting furnace to the molding line.

Adopting this arc-type electric heating system to replace the conventional system using gas burners has led to a reduction in energy consumption of about 75% and in running costs by some 60%, as well as the improvement of the working environment.

In recognition of these achievements, we and other co-developers of the system received an award from the Director-General of the Agency for Natural Resources and Energy in the FY 2013 Energy Conservation Grand Prize program.



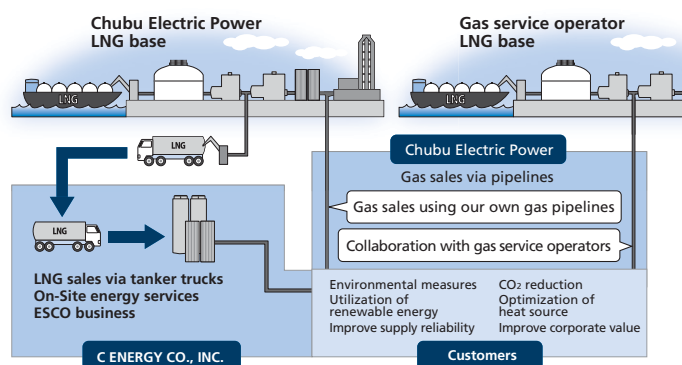
Arc-type ladle heating system adopted by Aishin Takaoka

## Supplying Gas, LNG and On-Site Energy

With growing environmental awareness, more and more businesses are becoming interested in shifting energy fuel from heavy oil to natural gas and LNG, and in the launch of on-site energy generation.

In response to this trend, Chubu Electric Power fully acquired C Energy Co. Inc. in August 2013 to strengthen its group-wide competitiveness and sales capabilities. In October, we transferred a part of our business to this

### ■ Gas and LNG Sales and On-Site Energy Services in Collaboration with Group Companies (Image)



## Selling and Generating Electricity in 50-Hz Areas

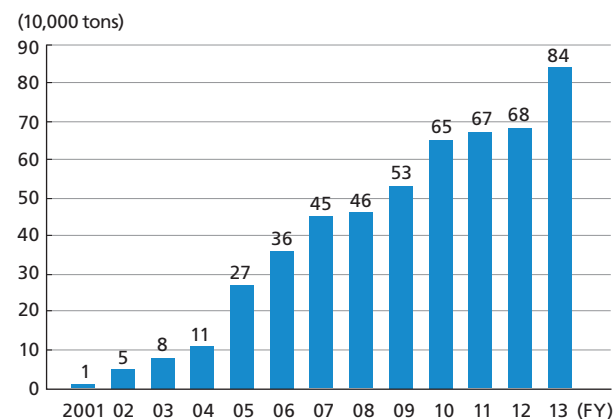
To efficiently obtain the expertise and infrastructure (power sources, customer base, electricity demand-supply management methodologies) required to conduct electricity sales in 50-Hz areas, Chubu Electric Power acquired shares in an independent power supplier, Diamond Power Corporation, in October 2013. We also participated in the establishment of a power generation company, Suzukawa Energy Center Ltd., in September 2013.

Currently, Diamond Power is selling electricity generated by environmentally friendly sources, such as natural gas-based thermal power, biomass, and wind power, in the retail and wholesale markets.

fully-owned subsidiary and provided additional capital to increase its capital strength.

The Chubu Electric Power Group continues to offer energy services that combine gas, LNG and on-site energy to business customers. We support their goals to build a highly reliable energy supply system while cutting energy consumption, CO<sub>2</sub> emissions and operating costs.

### ■ Sales of Gas and LNG



Its CO<sub>2</sub> emission intensity in fiscal 2013 was 0.402 kg-CO<sub>2</sub>/kWh.

Going forward, Diamond Power will sell mainly the electricity purchased from Suzukawa Energy Center in the retail and wholesale markets.

In December 2013, we also established a new power generation company, Hitachinaka Generation Co., Inc., with Tokyo Electric Power Co., Inc. Through these initiatives, Chubu Electric Power will continue to strive to expand its future revenue bases and bring even more benefits to customers.

### Message from General Manager of Customer Service Division

#### We will continue our efforts to offer even better and diversified services to meet customer needs.

When the retail electricity market in Japan is fully liberalized around 2016, all electricity users, including household customers, will be able to select their power companies. This is expected to spur greater competition across the country and further blur the boundaries between energy service categories, such as electricity, gas, and oil.

Anticipating such a future market landscape, we are strengthening our efforts to deliver better and more diversified services. For instance, we have expanded our total energy service, an optimal combination of electricity, gas, LNG, on-site energy and other necessary sources, developed household-related services and other new services, and commenced electricity selling and generation in 50-Hz areas. Aiming to become a trusted and preferred corporate group for our customers, we will continue our utmost efforts to meet customer needs.



**Yutaka Watanabe**  
 Director  
 Senior Managing Executive Officer  
 General Manager of Customer Service Division



# Expand Overseas Energy Projects

To build a solid foundation for sustained future growth, the Chubu Electric Power Group is expanding its power generation, consulting service and other businesses in overseas markets, leveraging its resources including expertise accumulated through domestic operations and human capital.

## Participation in Thermal Power Generation Business

The Chubu Electric Power Group will effectively leverage its knowhow to expand businesses, particularly the gas thermal power business which is rich in opportunities, in an effort to secure long-term, stable earnings. We are also working to strengthen the earnings base through careful management of existing investments.



In Qatar, we have invested in a gas thermal power generation facility to build a multi-faceted relationship that is not limited to fuel procurement. (Gas thermal power generation project in Mesaieed, Qatar)

## Participation in Renewable Energy Power Generation Projects

We participate in power generation projects using renewable energy sources such as wind, solar, hydro and biomass energies. As we participate in this globally spreading power generation enterprise, we pay careful attention to the investment effects to ensure financial profits, while making the largest contribution to reducing CO<sub>2</sub> emissions on a global scale.



Southeast Asia's largest wind power generation project, in which Chubu Electric Power has invested (Nakhon Ratchasima Province, Thailand)

## Development of Consulting Business

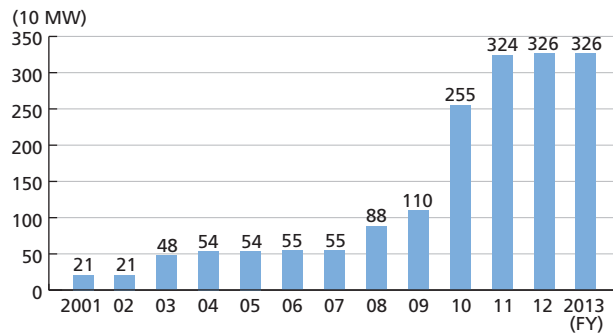
We are developing our consulting business while seeking synergy effects with other energy-related businesses both within and outside Japan, including the maintenance and advancement of technologies, international contributions and reinforcement of our relationship with fuel procurement source regions.

### Overseas Energy Projects at the End of FY 2013

Total cumulative investment*1	Approx. 100 billion yen
Total output contribution*2	Approx. 3,260 MW

\*1. Including investments which have already been committed to but not paid yet  
\*2. Output attributable to Chubu Electric Power in total output from all projects

### Change in Total Output Contribution from Overseas Energy Projects



### VOICE

#### Supporting the development and expansion of power infrastructure in Myanmar

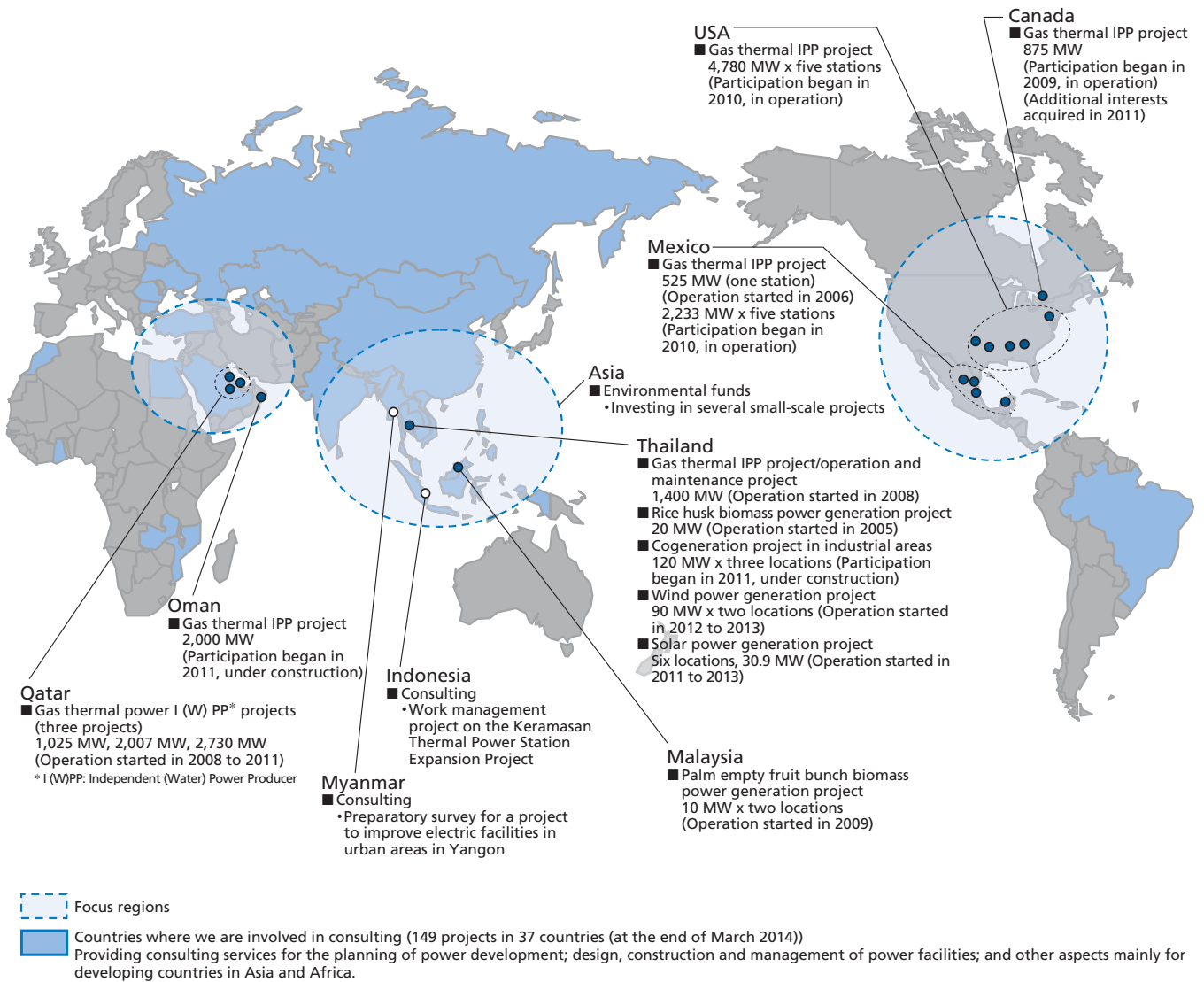
As a power distribution engineer, I was involved in consulting services for a distribution facility improvement project in Myanmar.

In the country, blackouts often occur due to the breakdown of aging distribution facilities, resulting in high levels of power loss in distribution systems. In our on-site survey, I worked with local engineers to inspect distribution facilities and calculated power loss. It was very rewarding to see that my proposals for facilities improvement, which are based on my experience and expertise developed in Chubu Electric Power through its initiatives to improve distribution, were incorporated in improvement plans and contributed to reducing blackouts in Myanmar.



Mina Kobayashi, Consulting and Corporation Group, International Business Department (right), in discussion with local staff

## Major Participation in Overseas Projects



## Message from General Manager of International Business Department

### We are expanding our overseas business to ensure sustained growth in the future.

Chubu Electric Power works to expand its overseas business to achieve revenue growth and in turn ensure sustained growth in the future.

Geographically, our overseas operations place particular focus on regions with great potential for future power demand growth: Asia, North and Central America, and the Middle East. In terms of the types of businesses, we place our focus on thermal power generation, which allows us to leverage our technologies and expertise developed through years of experience in power plant construction and operation and expect stable, long-term revenue generation, as well as renewable energy power generation, the acceleration of which is being encouraged globally. As for thermal power generation, we intend to enter into high-efficiency coal-fired power generation in addition to gas-fired power generation, an area where we have a proven track record. We are also engaged in consulting business, through which we support the development of infrastructure in countries in which we operate and contribute to their development. We also aim at the maintenance and advancement of technological excellence through this business.

We will continue these overseas operations with a close eye on related market development and projects' profitability and risks. At the same time, we will incorporate expertise and experience gained from those overseas projects into our domestic operations to provide even better energy service to our customers.



**Tatsunori Miwada**  
 Executive Officer  
 General Manager of International Business Department

# Ensure Business Continuity in the Event of a Large Disaster

As a group of companies that provides the lifeline service of electricity in the Chubu area, the Chubu Electric Power Group is committed to ensuring business continuity even in the event of a catastrophic disaster. To this end, we have formulated a business continuity plan (BCP), and maintained and improved our emergency response capabilities by using the mechanism of business continuity management (BCM) for continuous improvement.

## Basic Ideas of Business Continuity

### Basic Ideas of Business Continuity at the Chubu Electric Power Group

To achieve its public mission of ensuring a safe and stable supply of energy to its customers, the Chubu Electric Power Group ensures public security and maintains facilities. Even in the event of a large earthquake, the group will make the utmost efforts to minimize impacts of the disaster and recover as early as possible in order to continue business.

1. The Group designs facilities to be highly disaster-resistant and carries out appropriate maintenance.
2. The Group develops a disaster management system to promote restoration of service and ensure public security, while maintaining and improving response capabilities through drills.
3. The Group makes appropriate use of new findings in its constant improvement efforts for a safer and more stable energy supply.

The Chubu Electric Power Group is making collective efforts to improve the resistance and resilience of our facilities against major earthquakes, including a possible Nankai Trough Megaquake, and creating a disaster management system to ensure early recovery from disaster damage. At the same time, we have made the necessary arrangements to secure staff in the event of an emergency and put related procedures and rules in place.

To counter the risks of a Nankai Trough Megaquake (an earthquake with the largest magnitude), we will continue our efforts to become better prepared for and responsive to large disasters by taking necessary measures and actions in cooperation with local governments. Our efforts are guided by the governmental principle of disaster damage mitigation, which calls for minimizing disaster damage, while placing the top priority on protecting people's lives.\*

\* Source: Nankai Trough Megaquake Countermeasures Basic Plan by the Central Disaster Management Council, March 2014

## Development of a Disaster Management System

In the event that a natural disaster occurs or is anticipated to occur shortly, an emergency will be declared immediately and an emergency task force will be set up at each workplace.

We also seek close collaboration with national and regional public service groups, police and fire departments and other agencies on a regular basis in order to be prepared for any disaster, and have established mutual cooperative systems with other power companies.

Furthermore, we have a helicopter that can be used to transport materials, equipment and personnel and a means of information communication via satellite communication networks in the event of a disaster. To aid in the supply of emergency power, we also maintain special power-generation and mobile-transformer vehicles at main business locations.

## TOPICS

### Entering into agreement with the Japan Ground Self-Defense Force

Chubu Electric Power entered into a cooperative agreement with the Eastern Army (covering Shizuoka, Nagano, and others) and the Middle Army (covering Aichi, Mie, Gifu, and others) of the Japan Ground Self-Defense Force (JGSDF) in November 2013 and March 2014, respectively, on building a collaborative partnership and thereby ensuring smooth cooperation in disaster response efforts.

[Outline of Agreement]

1. Holding of regular meetings and collaborative disaster management drills
2. Establishment of an emergency contact network and other information sharing systems
3. Mutual cooperation in the event of a disaster:
  - (1) JGSDF's support for Chubu Electric Power includes:
    - Necessary debris removal and road clearance to restore electricity services
    - Transportation of necessary materials, equipment and personnel
  - (2) Chubu Electric Power's support for JGSDF includes:
    - Supply of electricity to disaster relief effort locations
    - Provision of necessary land, facilities, etc. for relief efforts



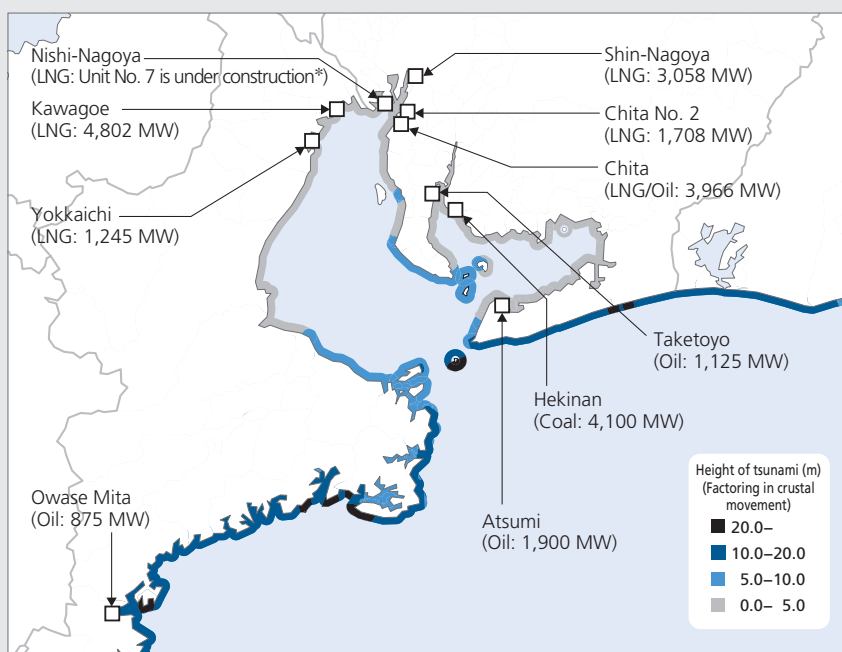
Chubu Electric Power President Mizuno (left) and JGSDF Middle Army Commanding General Horiguchi

## Disaster Management Measures for Facilities

<p>Normal seismic motion (Expected to occur once or twice during the in-service period)</p>	<p>We assume that no serious problems will occur with the function of our facilities designed in accordance with seismic design requirements and guidelines.</p>
<p>Large-scale seismic motion (Inland earthquakes or massive trench-type earthquakes, which have a low probability)</p>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>Measures for early recovery from earthquake damage and ensuring power supply continuity</p> </div> <p><b>[Thermal power plants]</b></p> <ul style="list-style-type: none"> <li>• Improve the seismic tolerance of coal-fired and LNG-fired thermal power facilities (including LNG bases), which will support the supply base of a post-disaster phase</li> <li>• Take anti-liquefaction measures for underground structures that require a long time to repair once damaged, such as water intake and release facilities</li> </ul> <p><b>[Distribution facilities]</b></p> <ul style="list-style-type: none"> <li>• Take anti-tsunami measures for substations which are likely to be flooded</li> <li>• Improve portable substation facilities, and take other necessary measures</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <p>Measures to ensure public safety in the event of an earthquake</p> </div> <p><b>[Thermal power plants]</b></p> <ul style="list-style-type: none"> <li>• Install equipment for emergency separation of fuel carriers from the dock in the event of a tsunami threat (Owase Mita Thermal Power Station)</li> <li>• Move fire-fighting pipes which were installed underground to above ground (Hekinan Thermal Power Station and others)</li> </ul> <p><b>[Hydropower plants]</b></p> <ul style="list-style-type: none"> <li>• Install dampers and other structures on the dam's spillway piers, and take other necessary measures</li> </ul>
<p>Largest-scale seismic motion (Earthquakes with a scientifically possible maximum magnitude, which have an extremely low probability)</p>	<p>In accordance with the governmental principle of disaster damage mitigation, which calls for minimizing disaster damage, while placing the top priority on protecting people's lives, we will continue our efforts to become better prepared for and responsive to large disasters by taking improved measures to ensure public safety and studying ways to secure an electricity supply to major life-support facilities (in cooperation with local government).</p>

### TOPICS

## Tsunami impacts of a Nankai Trough Megaquake on thermal power plants



Data from the first report concerning the distribution of seismic intensity and tsunami height in the event of a megaquake occurring along the Nankai Trough (March 2012)

\*Nishi-Nagoya Thermal Power Station Unit 7-1 and Unit 7-2 are to start their operation in September 2017 and March 2018, respectively.








Many of our thermal power generation facilities are located along the Ise Bay. Generally, tsunamis tend to increase in height upon entering a bay or other narrow place after passing through wide bodies of water. The Ise Bay, however, is relatively wide compared with the narrowness of its entrance, so tsunamis are unlikely to become higher once entering the bay.

According to a report on possible impacts of a tsunami caused by a massive earthquake around the Nankai Trough, published by the Cabinet Office of Japan in August 2012, partial flooding is expected, except at Owase Mita Thermal Power Station in Owase City, Mie Prefecture, but no major impact on the operation and security of thermal power generation facilities is likely.



## Major Activities in Fiscal 2013 and Goals and Plans for 2014

Chubu Electric Power has systems that allow the Company to continually step up the level of and improve its CSR activities through the plan-do-check-act (PDCA) cycle.

Section	Subsection	Relevant Page	Goals and plans for FY 2013
Corporate Governance 	Corporate Governance	pp. 35-39	<ul style="list-style-type: none"> <li>■ Preparation and operation of the internal control system based on the Companies Act.</li> <li>■ Conduct proper internal controls over financial reporting.</li> </ul>
	Risk Management	p. 39	<ul style="list-style-type: none"> <li>■ Continue implementing the risk management flow in the management plan development process.</li> <li>■ Strengthen BCP measures and promote BCM.</li> </ul>
	Information Management	p. 40	<ul style="list-style-type: none"> <li>■ Continue systematic information management.</li> </ul>
	CSR Management	p. 41, p. 46	<ul style="list-style-type: none"> <li>■ Conduct the Executive Caravan program for direct dialogues between management and employees.</li> <li>■ Promote the Corporate Philosophy through various training programs.</li> </ul>
	Communication with Stakeholders	p. 42	<ul style="list-style-type: none"> <li>■ Further promote interactive communication with stakeholders.</li> <li>■ Implement dialogues with a diverse array of stakeholders.</li> </ul>
Respect for Human Rights and Work Environment  	Ensuring Active Engagement of Diverse Employees	pp. 43-44	<ul style="list-style-type: none"> <li>■ Continue employee education to promote human rights awareness and prevent harassment and continue seminars on human rights.</li> <li>■ Continue activities aimed at developing the corporate culture where female employees and all staff members can fully utilize their individual capabilities.</li> <li>■ Continue efforts to promote work-life balance.</li> </ul>
	Development of Human Resources	p. 45	<ul style="list-style-type: none"> <li>■ Continue to conduct training for specific positions (e.g., new employees, managers) and optional training.</li> <li>■ Continue measures to support employees' voluntary efforts for self-development.</li> </ul>
	Ensuring the Safety and Health of Employees	p. 46	<ul style="list-style-type: none"> <li>■ Continue efforts to prevent traffic and industrial accidents.</li> <li>■ Continue measures to promote mental health care and prevent health problems associated with overwork.</li> </ul>
Commitment to Environmental Conservation 	Promoting Environmental Management	pp. 47-49	<ul style="list-style-type: none"> <li>■ Promote efficient environmental management that fits the business conditions of each Group company.</li> <li>■ Create an environmental education curriculum for all employees through the environmental education trainers system.</li> </ul>
	Building a Low-Carbon Society	p. 50	<ul style="list-style-type: none"> <li>■ Continue activities to combat global warming through comprehensive measures on both supply and demand.</li> <li>■ Promoting energy saving by reducing electricity use at the company offices</li> </ul>
	Creating a Recycling Society	pp. 51-52	<ul style="list-style-type: none"> <li>■ Achieve an external landfill waste ratio of less than 1%.</li> <li>■ Treat at least 6,693 kl of insulation oil and 106,920 pole mounted transformers containing low-level PCBs</li> </ul>
	Conserving the Local Environment	pp. 53-54	<ul style="list-style-type: none"> <li>■ Implement an environmental assessment for the Nishi-Nagoya Thermal Power Station (Unit No. 7), for which construction is slated to start in December 2013.</li> </ul>
Ensuring Compliance Management 	Compliance	pp. 55-56	<ul style="list-style-type: none"> <li>■ Support independent activities and take measures for new issues.</li> <li>■ Continue providing employees with education to raise awareness and combat insider trading.</li> </ul>
	Intellectual Property	p. 56	<ul style="list-style-type: none"> <li>■ Enhance knowledge and awareness of intellectual property.</li> </ul>
	Fair and Equitable Transactions	p. 57	<ul style="list-style-type: none"> <li>■ Promote procurement activities according to the Chubu Electric Power Group Basic Procurement Policy.</li> <li>■ Ensure sufficient interactive communication with business partners.</li> </ul>
Aiming to Be Customer-friendly 	Working for Customer Satisfaction	pp. 58-60	<ul style="list-style-type: none"> <li>■ Continue improving our business operations by reflecting customer feedback.</li> <li>■ Continue customer service improvement measures.</li> </ul>
Interacting with Local Communities 	Contribution to Communities	pp. 61-64	<ul style="list-style-type: none"> <li>■ Continue social contribution according to the Basic Corporate Citizenship Policies of the Chubu Electric Power Group.</li> </ul>

\* Please refer to the Action Plan on our website for more details of the medium-term goals (FY 2020) of our environmental activities.



Evaluation Criteria: ○: The measure was implemented as planned, achieving satisfactory results.  
 △: The measure was implemented as planned, but the goal was not achieved or unresolved issues remain.  
 ×: The measure was not implemented as planned.

Major activities for FY 2013	Evaluation	Goals and plans for FY 2014
<ul style="list-style-type: none"> <li>Internal audits were conducted for Group companies in and outside Japan to enhance internal control across the Group.</li> <li>Each department conducted self-inspections and internal audits for each financial report.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue preparation and operation of the internal control system based on the Companies Act.</li> <li>Conduct proper internal controls over financial reporting.</li> </ul>
<ul style="list-style-type: none"> <li>Proper risk management was implemented at the Corporate Planning &amp; Strategy Division and other divisions, and included measures such as the identification of important risks and the introduction of countermeasures against each risk.</li> <li>Group-wide BCPs were established and regular monitoring was conducted following the BCM scheme.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue implementing the risk management flow in the management plan development process.</li> <li>Strengthen BCP measures and promote BCM.</li> </ul>
<ul style="list-style-type: none"> <li>To ensure strict information management, inspections were carried out at major operation sites and Group companies to check how information is managed and related training and awareness raising tools were provided.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue systematic information management.</li> </ul>
<ul style="list-style-type: none"> <li>The program was held in all operation sites and the management and employees shared their understanding of Chubu Electric Power's business environment and challenges.</li> <li>Installation activities were conducted through training and internal publications.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue the Executive Caravan program for direct dialogues between the management and employees.</li> <li>Continue promoting the Corporate Philosophy through various training programs.</li> </ul>
<ul style="list-style-type: none"> <li>Dialogue with stakeholders was implemented across the Company to discuss energy issues.</li> <li>Dialogue with a diverse array of stakeholders, such as opinion exchanges with Mie University and consumer affairs specialists, was implemented.</li> </ul>	○	<ul style="list-style-type: none"> <li>Further promote interactive communication with stakeholders.</li> <li>Continue implementing dialogue with a diverse array of stakeholders.</li> </ul>
<ul style="list-style-type: none"> <li>Employee education to promote human rights awareness and prevent harassment were conducted, and seminars on human rights were held. (Total participants: 1,353)</li> <li>Training sessions were provided for managers and female employees, and site visits were conducted for awareness raising.</li> <li>"No overtime day" was set up and other activities were conducted to build a more stimulating work environment.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue employee education to promote human rights awareness and prevent harassment and continue seminars on human rights.</li> <li>Conduct activities aimed at developing the corporate culture where all employees regardless of gender, age, disabilities, etc. can fully utilize their individual capabilities.</li> <li>Continue efforts to promote work-life balance.</li> </ul>
<ul style="list-style-type: none"> <li>Training was implemented for newcomers, new senior staff, prospective managerial employees, and other levels of employees.</li> <li>565 employees took part in external correspondence courses, and 201 employees were supported to acquire a new qualification.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue to conduct training for specific positions (e.g., new employees, managers) and optional training for those who received supervisors' recommendation.</li> <li>Support employees' voluntary efforts for self-development.</li> </ul>
<ul style="list-style-type: none"> <li>Safety patrols based on the Corporate Labor Safety and Well-Being Campaign Policies were conducted and safety instructions were provided to contracted companies.</li> <li>Mental health education classes and extra medical checkups were continued to protect employees from health problems associated with overwork.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue efforts to prevent traffic and industrial accidents.</li> <li>Continue measures to promote mental health care and prevent health problems associated with overwork.</li> </ul>
<ul style="list-style-type: none"> <li>Group-wide measures, including CO<sub>2</sub> reduction, were promoted through the Chubu Electric Power Group Environmental Measures Committee, opinion exchange sessions were conducted taking examples from each company, and a study tour was carried out at the Hamaoka Nuclear Power Station.</li> <li>Environmental education was implemented at all operation sites by the 445 environmental education trainers designated for FY 2013.</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote efficient environmental management that fits the business conditions of each group company.</li> <li>Create an environmental education curriculum for all employees through the environmental education trainers system.</li> </ul>
<ul style="list-style-type: none"> <li>CO<sub>2</sub> emission intensity: 0.513 kg-CO<sub>2</sub>/kWh</li> <li>Electricity use</li> <li>In summer months (July to September): 5.3% reduction during peak hours*1</li> <li>In winter months (December to March): 4.3% reduction*2</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue activities to combat global warming through comprehensive measures on both supply and demand.</li> <li>Promoting energy saving by reducing electricity use at the company offices</li> </ul>
<ul style="list-style-type: none"> <li>External landfill waste ratio: 0.8%</li> <li>6,423 kl of insulation oil and 107,372 pole-mounted transformers containing low-level PCBs were treated.</li> </ul>	△	<ul style="list-style-type: none"> <li>Achieve an external landfill waste ratio of less than 1%.</li> <li>Treat at least 6,467 kl of insulation oil and 108,720 pole mounted transformers containing low-level PCBs.</li> </ul>
<ul style="list-style-type: none"> <li>A report on the results of an environmental assessment was published for public disclosure in August 2013 and the environmental assessment was completed. (Construction was started in January 2014)</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue multi-faceted activities to conserve biodiversity.</li> </ul>
<ul style="list-style-type: none"> <li>Various measures to ensure compliance were taken, including employee surveys to assess the status quo and identify issues.</li> <li>Bribery prevention systems, including the Foreign Official Bribery Prevention Committee, were established.</li> <li>Online training is provided to employees working in the departments that deal with critical management information.</li> </ul>	△ *3	<ul style="list-style-type: none"> <li>Promote compliance awareness across the Group.</li> <li>Continue providing employees with education to raise awareness and combat insider trading.</li> </ul>
<ul style="list-style-type: none"> <li>Intellectual property seminars were provided at Head Office, regional offices, and other sites to enhance employees' knowledge and awareness of intellectual property (Total participants including those using Intranet sessions: approx. 670).</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue enhancing knowledge and awareness of intellectual property.</li> </ul>
<ul style="list-style-type: none"> <li>New business partners were provided with an explanation on the Chubu Electric Power Group Basic Procurement Policy, and requested to practice CSR.</li> <li>Procurement overview briefing sessions were held to build a stronger partnership with business partners (546 participants from 299 companies).</li> </ul>	○	<ul style="list-style-type: none"> <li>Promote procurement activities according to the Chubu Electric Power Group Basic Procurement Policy.</li> <li>Ensure sufficient interactive communication with business partners.</li> </ul>
<ul style="list-style-type: none"> <li>Operational improvement was implemented after customer feedback was discussed and advice from third parties was taken into account.</li> <li>Various customer service improvement measures were implemented, such as the web-based disclosure of recovery status and expected recovery time in the event of a disaster.</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue improving our business operations by reflecting customer feedback.</li> <li>Continue customer service improvement measures.</li> </ul>
<ul style="list-style-type: none"> <li>Various activities were carried out centering around the key areas of "Ensuring Local Welfare and Peace of Mind," "Environmental Conservation," "Educating the Next Generation," and "Cultural and Sports Activities."</li> </ul>	○	<ul style="list-style-type: none"> <li>Continue social contribution according to the Basic Corporate Citizenship Policies of the Chubu Electric Power Group.</li> </ul>

\*1. 60 operation sites.

\*2. 62 operation sites from December to February and 61 operation sites in March.

\*3. Although various efforts to ensure compliance were made as planned, the evaluation result was "△" due to the occurrences of misconduct at certain Group companies (page 56).



Organizational Governance

# Corporate Governance

We are committed to keeping Chubu Electric Power a corporation that our stakeholders trust and choose above others.

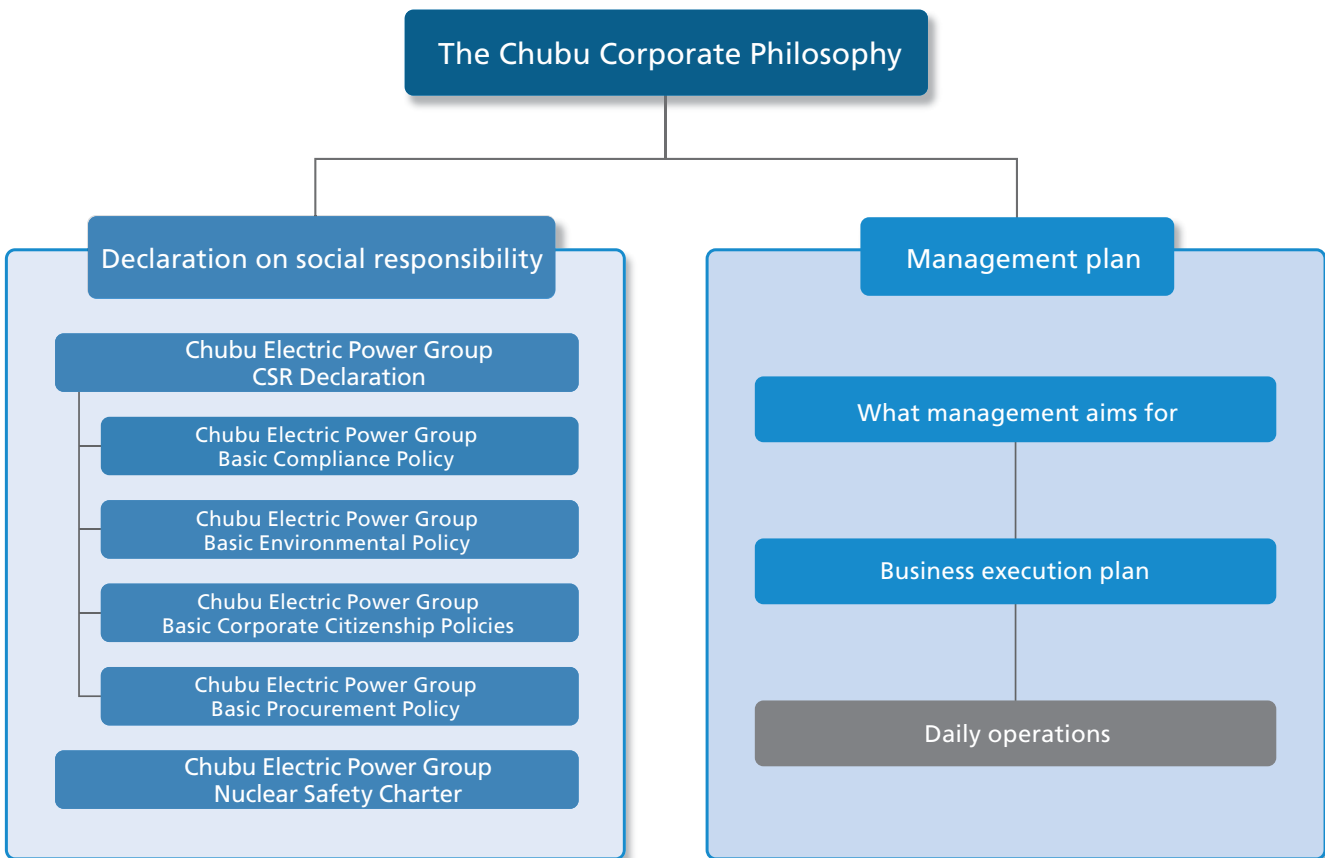
To that end, we are making every effort to raise corporate governance to a higher level of enhancement with fairness and transparency as central priorities.

## The Chubu Corporate Philosophy and CSR

We believe that the Chubu Electric Power Group can fulfill its social responsibility only when each employee understands the Chubu Corporate Philosophy (➡ page 01) established in February 2011 and puts it into practice in their everyday work.

In order to facilitate employees' understanding of the Philosophy, its relationship with daily operations, as well as its position in relation to the CSR Declaration and each basic policy, are clarified in a systematic manner as shown below.

### [Relationship between the Corporate Philosophy and the CSR Declaration/management plan]



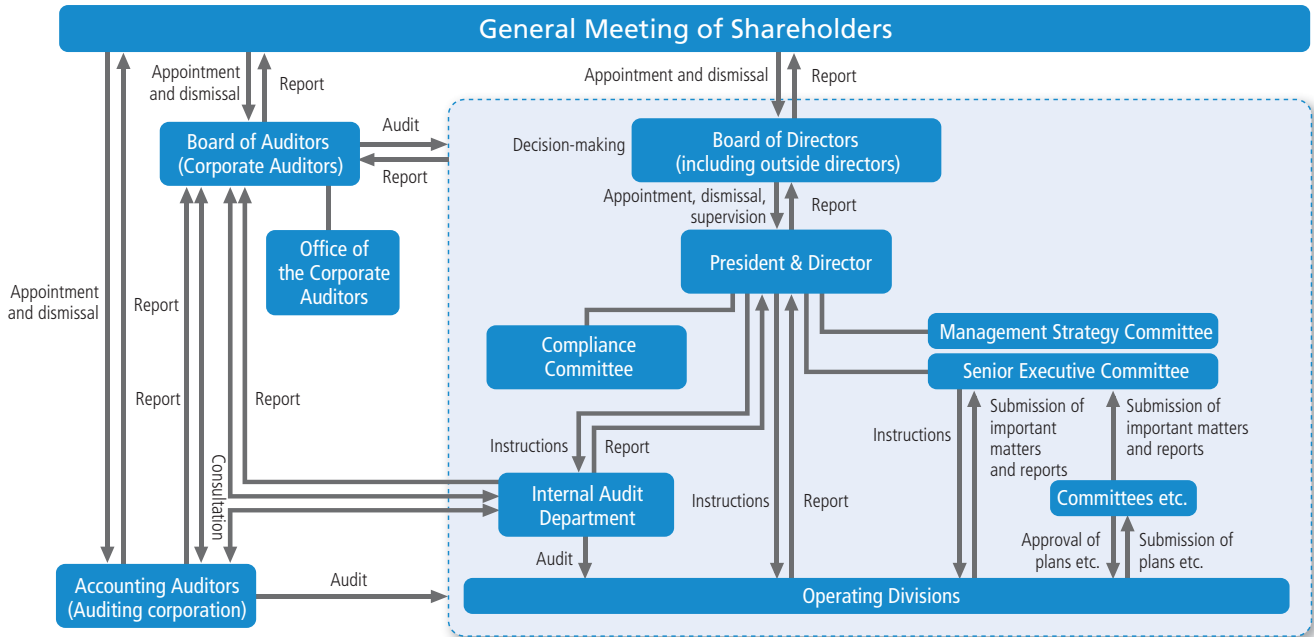
## Corporate Governance Structure

In addition to the corporate bodies prescribed by the Japanese Companies Act (such as a board of directors, board of auditors, and corporate auditors), Chubu Electric Power's governance structure includes a Management Strategy Committee and Senior Executive Committee.





■ Chubu Electric Power's Corporate Governance Framework



The Board of Directors meets monthly in principle to discuss and decide important matters of management and items governed by law or the articles of incorporation. The Board also hears progress reports to monitor as they execute their duties. Additionally, outside directors have been appointed in order to enhance monitoring functions. Including its two outside directors, the Board of Directors consists of 12 people, 11 men and one woman.

The Senior Executive Committee, comprised of the President, Vice Presidents, General Managers and other executive officers, meets once a week in principle for preliminary deliberation of items on the agenda of the Board of Directors and to discuss other important business matters. Meanwhile, the Management Strategy Committee composed of representative directors and other officers discusses the course of action in medium- to long-term management. Matters requiring special attention are submitted to the Senior Executive Committee and the Board of Directors.

We have adopted an executive officer system to ensure that management's decision-making and supervision duties are separate from the execution side and to help accelerate execution. Substantial authority is delegated from the president to the managing executive officers with other responsibilities who serve as general managers, and the execution of duties in specified areas is completed by persons at or below the rank of general manager. When necessary, reports regarding how their duties are being executed are provided to the Senior Executive Committee and the Board of Directors. Furthermore, to ensure that our management system is capable of responding quickly to changes in the business environment and that management responsibilities and executive responsibilities are clear, directors, managing executive officers and executive officers serve a one-year term.

The Board of Auditors works to allocate the roles of the Corporate Auditors and share information in order to conduct

audits more systematically and efficiently. It also issues decisions and approvals regarding matters of law and the items prescribed by the articles of incorporation. Four of the six Corporate Auditors are Outside Corporate Auditors, and the Board consists of five men and one woman.

Corporate Auditors audit every aspect of the performance of duties by the Directors, for which purpose they deepen their understanding of the Directors, the internal audit divisions, and operating divisions, attend meetings of the Board of Directors and other important meetings, hear from the Directors regarding the performance of their duties, and examine the circumstances of the Company's operations and finances. They also perform their duties for the purpose of thoroughly monitoring and verifying resolutions made by the Board of Directors regarding establishment of systems to ensure the quality of corporate administration and the operating status of the system (internal control) developed by such resolutions. With regard to subsidiaries, we maintain communication and share information with their directors and auditors, and keep ourselves informed of their business activities whenever necessary. Our Corporate Auditors include those who have been engaged in accounting work for many years and possess a high level of expertise in finance and accounting. There are also 11 staff members working under the Corporate Auditors.

The Internal Audit Department (35 staff members), which is under the direct control of the president and independent of the operating divisions, is responsible for internal audits. It performs audits on the activities of the operating divisions such as quality control for safety at nuclear power plants, basing its perspective on internal control system (including internal controls over financial reporting) effectiveness and CSR. The results of each of these initiatives are reported to the president and presented as advisory admonishments to relevant divisions to encourage continuous improvement.



## Directors and Corporate Auditors (as of July 1, 2014)

### ■ Chairman of the Board of Directors



**Toshio Mita**

### ■ President & Director



**Akihisa Mizuno**

### ■ Director, Executive Vice President



**Masatoshi Sakaguchi**  
General Manager of Nuclear Power Division



**Kazuhiro Matsubara**  
General Manager of Legal Affairs Dept.  
General Affairs Dept.  
Finance & Accounting Dept.  
Purchasing & Contracting Dept.  
and Information Systems Dept.



**Tomohiko Ohno**  
General Manager of Secretarial Services Dept.  
Corporate Communication Dept.  
Personnel Dept.  
and Affiliated Business Management & Development Dept.



**Satoru Katsuno**  
General Manager of Corporate Planning & Strategy Division

### ■ Director, Senior Managing Executive Officer

**Yutaka Watanabe** (General Manager of Customer Service Division)

**Masanori Matsuura** (General Manager of Land Affairs Dept., Telecommunications Engineering Dept., and General Manager of Power System Division)

**Chiyoji Kurata** (General Manager of Hamaoka Central Administration Office and affiliated with Environmental Affairs & Plant Siting Division)

**Kozo Ban** (General Manager of Power Generation Division)

### ■ Senior Corporate Auditor (full-time)

**Hidetaka Tomita**

### ■ Corporate Auditors (full-time)

**Masato Harada**

### ■ Outside Corporate Auditors



**Toshiko Aburada**  
Supervisor  
Japan Association of Consumer Affairs Specialists (JACAS)



**Kenji Matsuo**  
Special Advisor  
Meiji Yasuda Life Insurance Company

### ■ Outside Directors



**Hideko Katsumata**  
Executive Director and Chief Operating Officer  
Japan Center for International Exchange (JCIE)



**Yoshifumi Iwata**  
Honorary Advisor  
IBIDEN Co., Ltd.



**Shigehisa Sao**  
Lawyer



**Tokuichi Okaya**  
President  
Okaya & Co., Ltd.



## Outside Directors and Outside Corporate Auditors

At Chubu Electric Power, two outside directors and four outside corporate auditors have been appointed. There is no risk of these outside officers having any conflict of interest with shareholders, and they are responsible for supervising or auditing the management of the Company independently

of the Company's executives and based on their own experiences and insight acquired through their respective careers. The outside officers are registered as independent directors/auditors in all the financial instruments exchanges on which the Company is listed.

### Reason for the Appointment and Activity Status of Outside Directors

Name	Reason for appointment	Activity status in fiscal 2013
Hideko Katsumata (☞ p. 40)	Ms. Hideko Katsumata has the personality and insight suitable for the post of outside director, and is expected to fulfill her management supervision functions based on her wealth of experience and acumen regarding international political, economic and social issues, which she has acquired through her long career with the Japan Center for International Exchange (JCIE).	Attendance at the Board of Directors meetings 13 out of 15 meetings
Yoshifumi Iwata	Mr. Yoshifumi Iwata has the personality and insight suitable for the post of outside director, and is expected, as a business management expert, to fulfill his management supervision functions based on his wealth of experience and acumen acquired through his long career in the management of IBIDEN Co., Ltd.	Attendance at the Board of Directors meetings 9 out of 11 meetings (after appointment on June 26, 2013)

### Reason for the Appointment and Activity Status of Outside Corporate Auditors

Name	Reason for appointment	Activity status in fiscal 2013
Toshiko Aburada	Ms. Toshiko Aburada has the personality and insight suitable for the post of outside corporate auditor, and is expected—as an expert in consumer affairs, an area related closely to the electric power business—to fulfill her auditing function based on her wealth of experience and acumen acquired through her long career with the Japan Association of Consumer Affairs Specialists (JACAS).	Attendance at the Board of Directors meetings All 15 meetings Attendance at the Board of Auditors All 13 meetings
Kenji Matsuo	Mr. Kenji Matsuo has the personality and insight suitable for the post of outside corporate auditor, and is expected, as a business management expert, to fulfill his auditing function based on his wealth of experience and acumen acquired through his long career in the management of the Meiji Yasuda Life Insurance Company.	Attendance at the Board of Directors meetings 14 out of 15 meetings Attendance at the Board of Auditors All 13 meetings
Shigehisa Sao	Mr. Shigehisa Sao has the personality and insight suitable for the post of outside corporate auditor and, as a lawyer, possesses broad legal knowledge and experience. He is expected to fulfill his auditing function based on his wealth of professional experience and acumen acquired through his long career in the field of law.	Attendance at the Board of Directors meetings 14 out of 15 meetings Attendance at the Board of Auditors All 13 meetings
Tokuichi Okaya	Mr. Tokuichi Okaya has the personality and insight suitable for the post of outside corporate auditor, and is expected, as a business management expert, to fulfill his auditing function based on his wealth of experience and acumen acquired through his long career in the management of Okaya & Co., Ltd.	Attendance at the Board of Directors meetings 14 out of 15 meetings Attendance at the Board of Auditors All 13 meetings



# Internal Controls

## Preparation and Operation of Internal Control System

Chubu Electric Power established the Systems for Ensuring Proper Conduct of Business Operations as its basic philosophy regarding the development of an internal control system. The Systems are reviewed whenever changes in our business environment dictate it necessary, while at the same time reports are made to the Board of Directors each year regarding how the systems are being maintained and operated.

The Chubu Electric Power Group has a department responsible for oversight of Group companies' internal controls. This department formulates business strategies and policies applicable to the entire Group, and manages Group companies.

By conducting internal audits for our consolidated sub-

idiaries, among other activities, the department supports Group companies to establish and execute internal controls.

## Internal Controls over Financial Reporting

Concerning internal controls required by the Financial Instruments and Exchange Act, Chubu Electric Power has prepared and is operating a system to visualize, confirm, and evaluate important business processes relating to financial reporting. We will continue to appropriately manage the internal control system pertaining to financial reporting.

# Risk Management

Chubu Electric Power seeks to prevent risks for the Company as a whole as well as for each of its divisions, and has organizations, authority and internal regulations in place to ensure prior transfer of risks as well as to mitigate risks after their occurrence.

Specifically, risks that can have a serious impact on management are subject to risk management protocol and other internal regulations. Based on these regulations, the Corporate Planning & Strategy Division and the various individual divisions are to ascertain and evaluate such risks, which are to be reported at Management Meetings. They are also then to formulate and implement management plans and business operation plans incorporating risk countermeasures. In the event of an emergency or other such

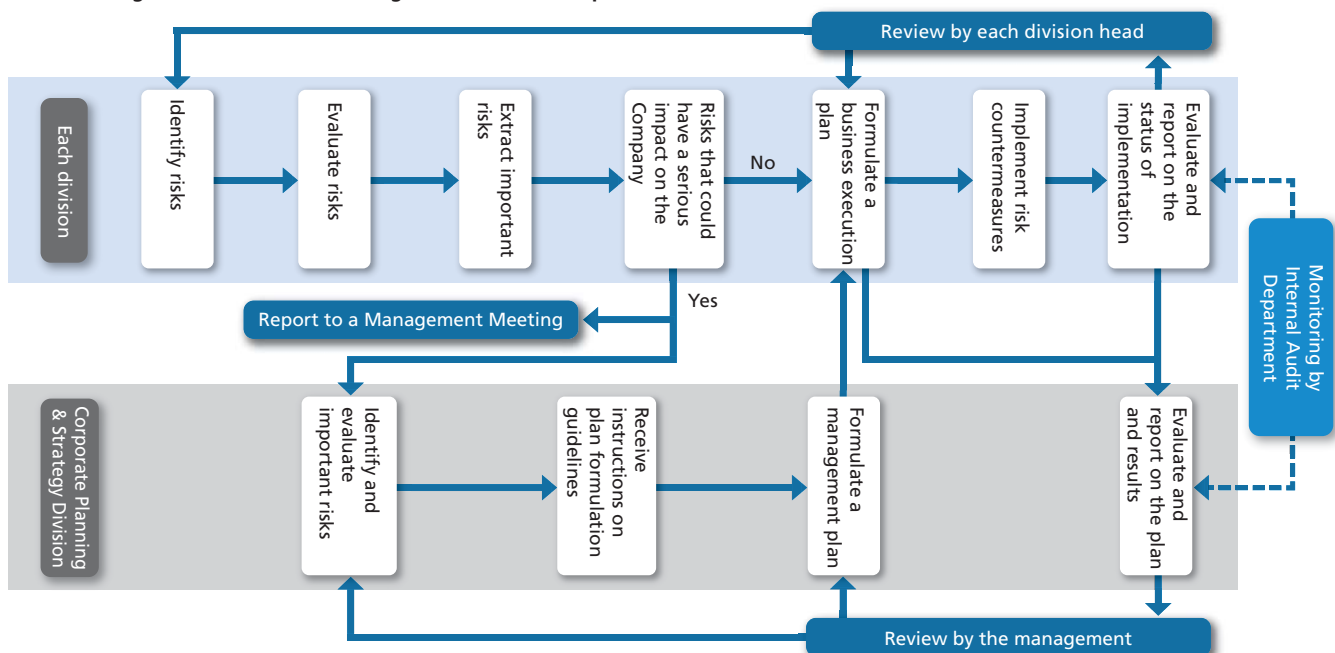
event that could have a serious impact on the Company's assets or credibility, actions are to be taken in accordance with disaster countermeasure procedures, crisis management regulations, and other regulations. Such actions include reporting to command posts, emergency response and restoration procedures for damage control.

Since the establishment of our business continuity plans in fiscal 2012, we have been checking the state of responses through regular monitoring under the business continuity management (BCM) framework in order to maintain and improve our business continuity capabilities.

➡ Initiative 4: Ensure Business Continuity in the Event of a Large Disaster on page 31

➡ Business and Other Risks on page 71

■ Risk Management Flow in the Management Plan Development Process







# Information Management

## Systematic Management

Based on the belief that proper management of information is an essential element for maintaining its social trust and ensuring quick and accurate business operations, Chubu Electric Power has developed relevant rules and established a department dedicated to information management. In addition to calling for employees to handle information carefully, the department undertakes various other activities to assure Group-wide systematic management of information, including inspections of major Group companies to check how they manage information and enhancement of their information security awareness.

In order to prevent unauthorized disclosure of important electronic information that is considered likely to cause serious damage to the Company if divulged, we have introduced technologies to protect information from leakage and taken other measures to ensure the security of the entire information system. We are also making utmost efforts to ensure that large volumes of personal information received from customers and others are handled properly, by creating a basic personal information privacy policy based on the Act on the Protection of Personal Information.

## Establishment of the Chubu Electric Power Group IT Promotion Council

We have established the Chubu Electric Power Group IT Promotion Council to facilitate the utilization of the optimum information technology across the group, and

declared a "Joint Statement on Information Security," as a base of our information security measures, in order to strengthen information management of the entire group.

## Specific Information Management Measures Taken by Chubu Electric Power

### ● Organizational countermeasures

A department responsible for promoting proper information management has been established under the information management officer appointed by the president, and information management supervisors are allocated to each workplace to build a systematic company-wide information management framework.

### ● Human countermeasures

Various programs are implemented to enhance employees' awareness of the importance of information management, such as new employee training, e-learning programs, and education of information management supervisors.

### ● Physical countermeasures

Areas where employees work are kept locked and separate from areas accessible to non-Company personnel.

### ● Technical countermeasures

Computer viruses and unauthorized access are deterred, while computer access is controlled by IC card, and recorded and analyzed.

## Message from one of our outside directors

### My expectations toward Chubu Electric Power

When I took the position of outside director, Chubu Electric Power was in the process of implementing a management structure reform that involved the reduction of the number of directors and the introduction of an executive officer system, while focusing on fairness and transparency as central management issues. As the Company was undergoing this change, I felt that my expected role as an outside director was to provide perspectives as a person with a broad international view, as a general citizen, and as a woman. I have been supporting the innovation of the Company from these perspectives ever since.

Although the electric power industry's main business arena is Japan, Chubu Electric Power has been actively expanding its presence overseas with a broad international view. This actually helped the Company to quickly procure additional liquefied natural gas (LNG) from Qatar and other countries when the operation of the Hamaoka Nuclear Power Station was suspended after the Great East Japan Earthquake, allowing the Company to fulfill its responsibility to maintain a stable supply of energy.

In terms of the policy for general citizens and women (diversity), Chubu Electric Power has been working to create opportunities for women who wish to work more actively by, among many other efforts, establishing the Female Activities Promotion Office\* in 2007.

When I talk with female employees and when I see women working actively in power stations and other sites, I feel that diversity awareness has penetrated the Company deeply. It is encouraging to see female employees communicating actively with citizens and trying hard to work based on the perspective of citizens.

Chubu Electric Power has been facing severe financial conditions since the 2011 earthquake disaster, registering a deficit for three consecutive years. However, electric power generation is still one of the most crucial industries, one that underpins the development of society. As an outside director, I will continue to support the Company in its efforts to create a more open workplace, value diverse perspectives, and contribute to the development of society through the stable supply of energy.

\* The office was renamed "Diversity Promotion Office" in July 2013 to support more diverse human resources. (page 43)



**Hideko Katsumata**

Outside Director  
Executive Director and Chief  
Operating Officer of the Japan Center  
for International Exchange (JCIE)  
and an outside director of Chubu  
Electric Power since 2007

Organizational  
GovernanceCommunity  
Involvement  
and  
Development

# Chubu Electric Power CSR Declaration and CSR Promotion Framework

## Fulfilling our responsibilities and meeting public expectations

Chubu Electric Power Group, as a group of sustainably growing businesses meeting a wide range of energy needs, contributes to the development of a sustainable society by giving top priority to safety and striving to both provide a stable supply of energy and protect the global environment. We aim to accomplish these goals by allowing the individuality of group companies to be fully expressed while achieving group synergy in enterprises within our core competence in energy.

We manage our businesses in a fair and sincere manner by observing national and international laws, regulations and social rules and by respecting corporate ethics and giving priority to dialogue with all our stakeholders and maintaining high levels of transparency and openness in our business activities.

Customers	We are committed to providing our customers with safe, reliable, convenient and affordable energy services, as well as other services of value that meet their needs.
Shareholders and Investors	We are striving to maintain and increase profits for our shareholders and investors through efficient management and effective investment.
Local Communities	We are determined to contribute to sustainable local development in partnership with local communities.
Business Partners	We promise to deal fairly with our suppliers as equal business partners.
Employees	We respect individuals and are endeavoring to create a cheerful and motivating workplace.

At Chubu Electric Power, important CSR concerns are deliberated on by the CSR Promotion Council, which comprises the heads of all Company divisions, and the results are reported to the Senior Executive Committee. The CSR & Business Reform Promotion Group has also been established

in the Corporate Planning & Strategy Division to promote CSR activities. The Company is also in close collaboration with its Group companies and shares information regularly for promoting CSR.

## Stakeholder Dialogue

Local  
Communities

### Exchanging Opinions with Mie University

As a part of its industry-academia collaboration initiatives, and in order to promote pioneering work regarding the environment, Chubu Electric Power holds a meeting each year to exchange opinions with Mie University, a national institution enthusiastic about university social responsibility (USR).

#### ■ Feedback from participants and Chubu Electric Power's response

- It is a very important step for the Company, where male employees account for an overwhelming majority, to implement measures to promote female employees' engagement in the Company's business.



#### Chubu Electric Power's response

The Female Activities Promotion Office was developed into the Diversity Promotion Office in July 2013. (➡ page 43)

- Cylinder charts for consolidated operating revenues and other data in the Financial Statistics section are difficult to understand.



#### Chubu Electric Power's response

Arrows and other graphics were inserted into the charts to clarify the changes in revenues and other statistics. (➡ page 68)



Participants actively exchanging opinions at Mie University

# Communication with Stakeholders

Chubu Electric Power works to continuously improve its CSR efforts through dialogues with customers, shareholders and investors, local communities, business partners, and employees.

## Timely and Appropriate Information Disclosure

In order to fulfill its accountability, Chubu Electric Power discloses information in a timely and appropriate manner through means such as regular press conferences with the president and press releases on the Chubu website.

Furthermore, in order to gain a deeper understanding with regard to electric power systems and the Company's business activities, we publicize information about domestic and overseas energy topics and our initiatives on our website and in information magazines, and also use these tools to enrich communication with our stakeholders.



Our quarterly information magazine "Ba" (<http://ba.chuden.jp>)

The magazine is published in the hope that it will provide a forum for everyone to think about the future of electricity with us.



"Denki No Ashita" is one of our web journals (<http://dna.chuden.jp>)

The journal introduces various initiatives taken by Chubu Electric Power to deliver the energy that is indispensable for people's lives.

## VOICE

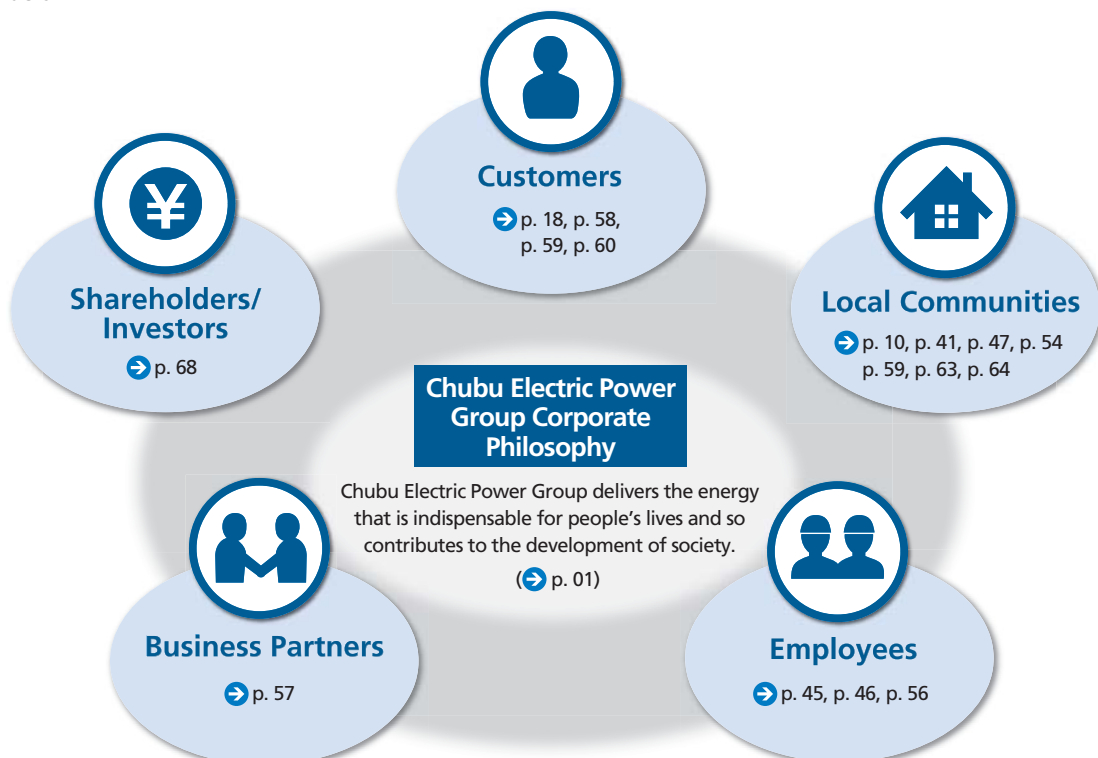
### Browse like a magazine

"Denki No Ashita" is an online journal launched for the purpose of communicating our dedication to a stable supply of energy, which has highlighted nearly 30 topics at the time of writing. The Company's activities range widely from the procurement of fuels to the delivery of electricity to customers, and we select and focus on one of these activities as a topic for each issue and examine it in depth. We make sure that even technical topics that tend to be complicated will be easier to understand by utilizing many photographs and illustrations. Please browse the journals casually like a magazine. We are also planning to introduce our new projects in a timely manner while answering customers' concerns.



**Satoko Umino**  
Senior Staff  
Production Group  
Corporate Communication  
Department

## Stakeholders





# Respect for Human Rights and Work Environment

Chubu Electric Power works to create a work environment and a culture where the ability and aptitude of each employee is respected and diverse employees can fully display their individuality.

We also continually improve our support system for employees to ensure that they can work comfortably without any health or safety concerns.

## Ensuring Active Engagement of Diverse Employees

### From Female Activities Promotion Office to Diversity Promotion Office

As part of our efforts to respond to the changes in the social environment such as the declining birthrate, aging population, decreasing labor force, and diversified consumer needs, we are promoting diversity\* to ensure that each employee will fully exercise their ability regardless of their gender, age, disability, etc.

As the first step of these efforts, we established the Female Activities Promotion Office in July 2007 to support

female employees in their career development and in balancing work and childrearing. The office was renewed under the new name "Diversity Promotion Office" in July 2013 to expand its support for more diverse employees.

\*Diversity means providing opportunities for diverse employees to fully demonstrate their ability in their respective workplaces. This enables companies to come up with new ideas, enhance operational efficiency, and increase their competitiveness.

### Respect for Human Rights

In order to fulfill our corporate social responsibility to build a society in which all human rights are respected, Chubu Electric Power has formulated a Human Rights Awareness and Education Policy, and set up Individual Rights Awareness Promotion Committees at our Head Office and regional offices.

In concrete terms, pursuant to the promotion plan approved by the Individual Rights Awareness Promotion Committees, we provide employees—new employees and managers alike—with education in the spheres of human rights awareness and harassment prevention. We also organize lecture meetings about human rights for executives and managers throughout the Group.

Harassment consultation desks have also been established

within the Company and at a specialist organization outside the Company to deal with a range of problems.

#### Human Rights Awareness and Education Policy

1. We conduct initiatives to deepen correct understanding and awareness among employees, etc., in regards to problems of human rights (e.g., problems of social integration and discrimination based on disability, nationality, gender, etc.).
2. We perform awareness-raising initiatives on problems of social integration, understanding this to be an important part of human rights issues.
3. Our awareness-raising initiatives are systematic and continuous.

### Message from General Manager of Personnel Department

#### Aspiring to become a corporate group in which employees value their diversity for their mutual growth



**Toshiharu Nakagawa**  
Executive Officer  
General Manager of Personnel  
Department

In order for us to realize sustainable development, we definitely need a broad diversity of human resources including capable and motivated women, experienced older people, and disabled people who are eager to take on new challenges. This is the reason that we decided to establish the Diversity Promotion Office in place of the Female Activities Promotion Office to expand support, not just for women but for more diverse human resources.

We will also continue offering flexible employment arrangements as before, while providing lectures, training, and other educational programs to renew employees' awareness and develop their skills, in order to create a work environment in which every employee can feel positive and motivated.

We aspire to become a corporate group that respects human rights and works to create a sound culture, where the safety and health of employees are given first priority and employees value their diverse individualities, values, and opinions more than ever for their mutual growth.





Human Rights Labor Practices

### Hiring Challenged People

At Chuden Wing Co., Ltd., established in 2001, 74 challenged individuals (as of June 1, 2014) are working in printing, marketing of gifts, gardening and so on in keeping with Chuden Wing's business philosophy of "coexistence" and "respect for people."

### Hiring Seniors

In order to make wide and effective use of the excellent capabilities of people at retirement age, the Company has a "senior staff system" for rehiring employees who have reached mandatory retirement age. As of fiscal 2013 there were 197 rehired employees at the Company. We also hold training (Self-help training) for older employees to review their careers and help them to re-acknowledge their own abilities and strengths so that they can maintain motivation and skills and work vigorously, even after they reach 60 years of age.

### Supporting Female Employees

Training sessions targeted at female employees and managers are planned and implemented, such as the role model forum for female employees in their fourth to sixth year of service, as well as career advancement training for working mothers. These training sessions provide participants with opportunities to plan their career and form an ideal vision for their future.

#### TOPICS

#### Commended by the government for our efforts for gender equality

Since 1999, the Ministry of Health, Labour and Welfare has annually presented the Corporation Awards for the Promotion of Gender Equality and Good Work-Life Balance to companies that set an example in their efforts to make better use of female workers' potential and support a better balance between work and child-raising or nursing care.

We received the FY 2013 Aichi Labor Bureau Director Award for Excellence in the category of gender equality.



Career advancement training for working mothers

### Measures for Creating a Rewarding Workplace

Achieving work-life balance	<ul style="list-style-type: none"> <li>• The planned holiday and designated workday system gives employees flexibility in choosing when and for how long they will work in the following month.</li> <li>• Life-Support Leave is provided for employees who will participate in volunteer activities and social commitments, recover from illness or injury, care for their family, or take part in school events.</li> </ul>
Support system for childcare and nursing care	<ul style="list-style-type: none"> <li>• The childcare leave system allows employees to take leave until the day their child turns two and work shorter hours until the last day of the fiscal year in which their child is a first grader in elementary school.</li> <li>• The Nursing Care Leave System lets employees take time off for two years or work short hours.</li> </ul>
Creating an open workplace	<ul style="list-style-type: none"> <li>• The workplace support program provides employees of each workplace with hands-on learning for communication improvement and other purposes.</li> <li>• A system is in place to effectively encourage employees to propose their ideas for the improvement of business operations and ensure that commendations are given to those who deserve recognition.</li> </ul>

\* Please refer to CSR Performance Indicators (page 66) for the indicators for the measures for creating a rewarding workplace.

### Collaboration with External Organizations

In collaboration with other companies in the Chubu region, the Chubu Diversity Net was established with the goal of sharing information about diversity promotion and case studies among the member companies. As of March 2014, the Net consisted of 77 member companies and organizations, and its activities include the hosting of forums, joint cross-industry training sessions and lecture meetings aimed at senior management.

We also organized the Chubu Electric Power Group Diversity Promotion Training in February 2014 to consolidate joint efforts to promote diversity across the Group.

### Favorable Labor-Management Relations

A union shop system is adopted at Chubu Electric Power, and all employees except for managers are members of the Chubu Electric Power Workers Union. The management and the union hold Joint Management Council Meetings as needed to discuss management plans and important policies, and exchange opinions regularly through other opportunities to maintain favorable relations.



Human Rights Labor Practices

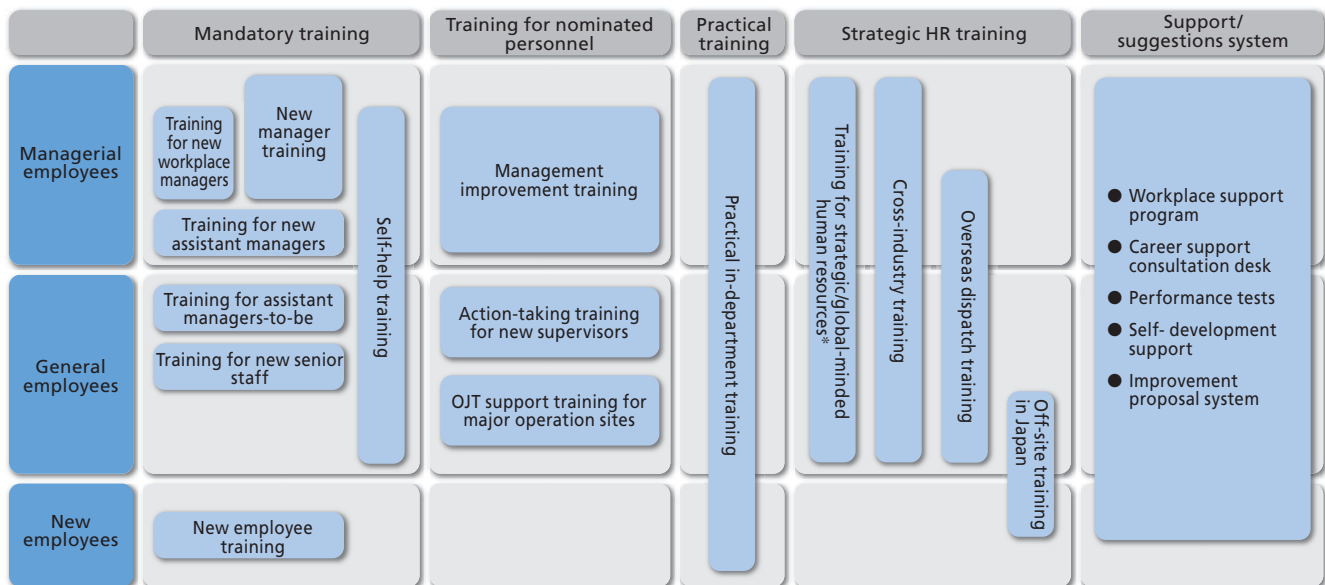
# Development of Human Resources

Chubu Electric Power works to develop the next generation of human resources by encouraging supervisors to give instructions on a daily basis and holding interviews with individual employees semiannually to set targets and challenges.

## Training Programs Available for Various Purposes

In addition to practical training to acquire specialized knowledge and skills, training for employees at different levels including new personnel and people in executive posts, management and leadership training for personnel nominated by their superiors, and other programs are systematically conducted to foster human resources who can contribute to social development through our business.

### Overview of Training & Education Support Program



\* Training in finance, management analysis, and other subjects

### Employment Statistics

	Men	Women
Number of employees	15,704 (89%)	1,855 (11%)
Average age	41	38
Average years of service	22	17
Numbers in managerial positions	5,857 (98%)	97 (2%)
Persons newly hired	387 (85%)	66 (15%)

The figures are as of March 31, 2014. "Persons newly hired" are those who joined the Company in April 2014.

## Support for Self Development

We also provide support for voluntary efforts by employees towards self-development, and have set up a consultation desk where employees can seek advice regarding their career, in order to back up their progress.

### Support for Self Development (fiscal 2013)

External correspondence courses	565
Support for acquisition of qualifications	201

## Collaboration among Group Companies

To promote human resources development across the entire Group, we have established the Chubu Electric Power Group Education Promotion Council to consolidate collaboration among Group companies to make our education system even more effective.

### VOICE

#### Utilizing what I learned from training for my duties Employees

My main duty at Chuden CTI is to support customers in the maintenance and operation of their backbone systems and the renewal of their websites. The job frequently involves communicating with customers, and I felt the need to learn how to make communication clearer and easier to understand. This is the reason that I participated in the logical thinking training organized by the Chubu Electric Power Group Education Promotion Council.

During this training, I realized the importance and difficulty of communicating logically while experiencing group work with other trainees of different ages and from different work environments. I will continue brushing up my logical, easy-to-understand communication skills through my work.



**Tomomi Hattori**  
Technology and Business Solution Division  
Chuden CTI Co., Ltd.



# Ensuring the Safety and Health of Employees

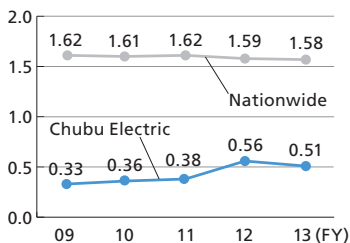
Chubu Electric Power regards the safety and health of employees as the foundation of the Company and works actively to prevent accidents and help employees maintain and improve their health.

<b>Labor Safety and Well-Being Campaign Policies</b>	<ul style="list-style-type: none"> <li>• The Company holds a Corporate Labor Safety and Well-Being Campaign Policies Meeting each year to decide on company-wide policies.</li> <li>• Based on these policies, regional offices establish their own health and safety policies, while operation sites create their own health and safety activity plans, and carry out various effective measures.</li> </ul>
<b>Carrying out safety activities in collaboration with Group companies</b>	<ul style="list-style-type: none"> <li>• Group companies share and update information on safety regularly to prevent accidents before they occur.</li> <li>• To eradicate accidents among contractors, we hold ad-hoc conferences composed of the departments of Group companies in charge of safety and those that contract out work as needed under our Safety and Well-Being Campaign Policies.</li> <li>• At these conferences, policies on how to advise contractors on preventing accidents are determined to ensure that our safety advice will be thorough and appropriate.</li> </ul>
<b>Promoting Mental Health</b>	<ul style="list-style-type: none"> <li>• Our industrial health care staff and outside counselors provide health care for our employees. We also give training to managers for the early detection and treatment of employees' mental and physical health problems.</li> <li>• We provide managers with education on mental health.</li> <li>• To ensure a smooth return to work for employees who have been absent from work due to illness, we have a system in place to help them become reaccustomed to the working environment.</li> <li>• We also have a system to support reinstated employees, which involves increasing their workload slowly in accordance with a reinstatement support program created for each employee.</li> </ul>
<b>Promoting Physical Health</b>	<ul style="list-style-type: none"> <li>• We provide employees with health advice and information to help them make lifestyle changes that will prevent metabolic syndrome and other lifestyle diseases, and maintain and improve their physical health.</li> <li>• We make sure that every employee receives face-to-face advice from occupational physicians to prevent harm to their health from overwork.</li> <li>• We provide training to managers to encourage them to pay greater attention to their own and their staff's health.</li> </ul>

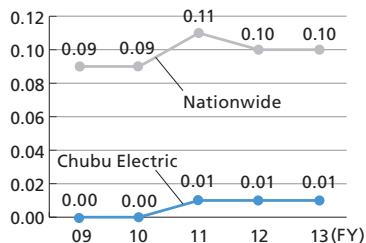
\* Please refer to CSR Performance Indicators (page 66) for the indicators for the measures for "Ensuring the Safety and Health of Employees."

## Industrial Accident Frequency and Accident Severity

Accident frequency\*1



Accident severity\*2



\*1. Accident frequency: Numbers of persons killed or seriously injured (with at least one day of leave) by industrial accidents per million working hours  
 \*2. Accident severity: Numbers of days of work lost by industrial accidents per 1,000 working hours (figures less than 0.005 are recorded as 0.00.)

## Stakeholder Dialogue

### Executive Caravan—Direct Dialogue between Management and Employees



From May to June 2014, Chubu Electric Power's management team visited all the Company's places of business as a part of the "Executive Caravan," and exchanged opinions with personnel about the Company's efforts for enhancing operational efficiency following the hike in electricity charges, initiatives for safety measures at the Hamaoka Nuclear Power Station, efforts to improve management efficiency, responses to the government's Electricity System Reform, and other topics.

The frank exchanges of opinions between the management and personnel help to reduce the sense of distance between the boardroom and the workplace, create a sense of unity between them, and lead to better motivation among employees.

#### Opinions cited by employees during the Executive Caravan

- We face mutually conflicting demands—promotion of greater efficiency and the securing of a stable electricity supply, and while we feel these are difficult at the same time they give us a sense of fulfillment.
- With regard to the explanation of countermeasures to improve safety at the Hamaoka Nuclear Power Station, each and every member of our personnel is making the most of interaction with local people, and providing explanations in the belief that it is important to do so honestly and straightforwardly.



At an Executive Caravan led by Vice President Ohno (Kariya Local Maintenance Office, Okazaki Regional Office)



Environment

Community Involvement and Development

# Commitment to Environmental Conservation

The responsibility of Chubu Electric Power is to achieve 5 (Safety) + 3E's (Energy security, Economy, Environmental conservation) simultaneously during the process of delivering energy.

## Promoting Environmental Management

### Chubu Electric Power Group Basic Environmental Policy

Chubu Electric Power considers the environment protection to be one of the Group's most important issues, and established the Chubu Electric Power Group Environmental Declaration in April 2004. This declaration was reviewed in March 2011 when the Corporate Philosophy was established, and reissued as the Chubu Electric Power Group Basic Environmental Policy.

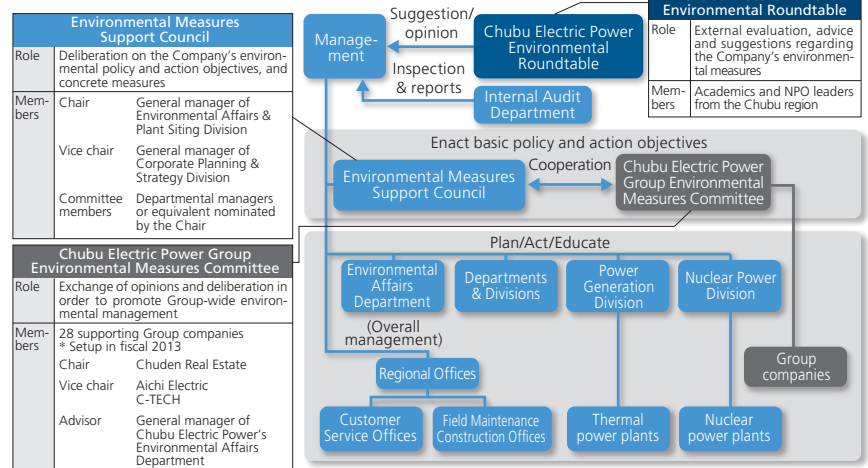
Based on this policy, we formulated an Action Plan of our specific activity goals, and are striving, among other things, to promote zero emission power sources, efficient use of resources and energy, concern for ecosystems in our business activities, the three R's (reduce, reuse, recycle), and the development of human resources who show concern for the environment in their actions.

#### Chubu Electric Power Group Basic Environmental Policy (excerpt)

As a member of the energy industry, the Chubu Electric Power Group practices responsible environmental management and contributes to the development of a sustainable society by working to protect the global environment with employees who act on their own initiative.

1. We aim to achieve a low carbon society.
2. We endeavor to coexist with nature.
3. We aim to achieve a recycling society.
4. We strengthen our connections to local communities and the world.

#### Regime for Protecting the Global Environment



Environmental Measures Support Council	
Role	Deliberation on the Company's environmental policy and action objectives, and concrete measures
Members	Chair: General manager of Environmental Affairs & Plant Siting Division Vice chair: General manager of Corporate Planning & Strategy Division Committee members: Departmental managers or equivalent nominated by the Chair

Chubu Electric Power Group Environmental Measures Committee	
Role	Exchange of opinions and deliberation in order to promote Group-wide environmental management
Members	28 supporting Group companies * Setup in fiscal 2013 Chair: Chuden Real Estate Vice chair: Aichi Electric C-TECH Advisor: General manager of Chubu Electric Power's Environmental Affairs Department

#### Stakeholder Dialogue

#### Chubu Electric Power Environmental Roundtable

The Company established the Chubu Electric Power Environmental Roundtable in order to receive expert advice and suggestions on its planned and implemented environmental measures.

The 12th and 13th events were organized in June 2013 and June 2014, respectively. In these sessions, committee members visited the Tokuyama Hydroelectric Power Station in 2013, and Mega Solar Shimizu and the Higashi-Shimizu Substation in 2014; following the facility tour, they provided their views and advice on our initiatives for promoting renewable energies as well as a stable electricity supply.

#### Major comments from members

- Appropriate public communication is necessary to facilitate accurate understanding about renewable energies among general consumers, not only emphasizing benefits but describing limitations as well. One prevailing source for optimism is that increased use of solar power can simply solve the energy security issue, which lacks the scientific recognition that solar power generation output is largely influenced by the amount of sunlight, often lowering operation efficiency.
- I sadly feel that public concern over the global warming issue is rapidly declining after the 2011 disaster and nuclear accident that triggered serious electricity shortages nationwide. The issue of power source should not be simply limited to a choice between nuclear energy or renewables, but needs to involve diligent planning from wider and longer-term perspectives to achieve an optimal energy mix and build viable electricity supply systems that can minimize dependence on fossil fuel sources.



Local Communities



Committee members visiting the Higashi-Shimizu Substation (to see frequency converter systems)

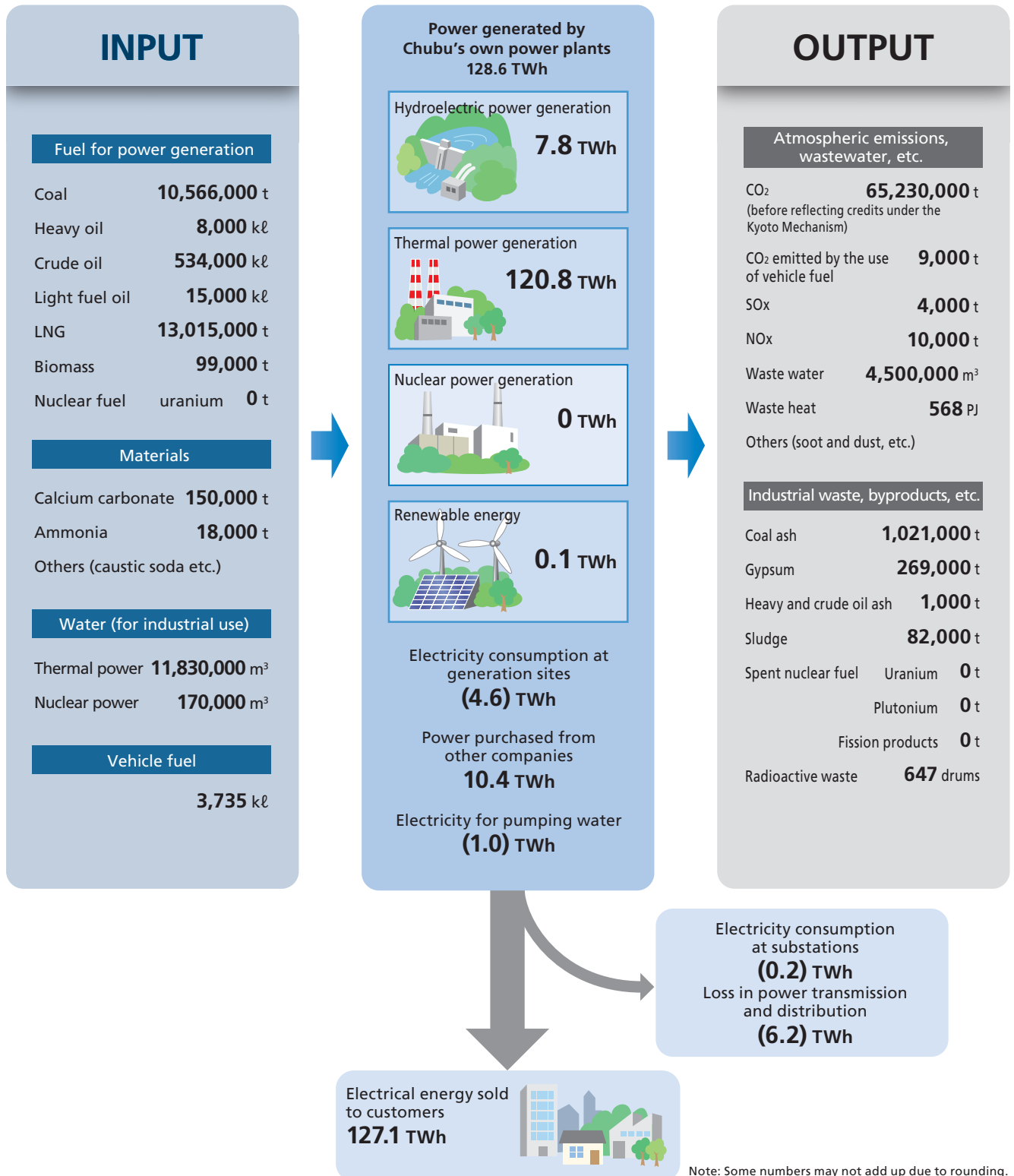
#### Members of the Chubu Electric Power Environmental Roundtable (honorifics omitted, in no particular order)

Ichiro Yamamoto (Chair)	Trustee and Vice-President, Nagoya University; Professor, Graduate School of Engineering, Nagoya University
Tadashi Aburaya	Chairman, Mie Prefecture Environmental Conservation Agency
Masayo Kishida	President, NPO Partnership Support Center
Toshihiro Kitada	Principal, Gifu National College of Technology
Keiko Kunimura	Director, Nagoya City Waterside Research Group
Noriyuki Kobayashi	Associate Professor, Graduate School of Engineering, Nagoya University
Atsuko Hayakawa	NPO Weather Caster Network
Susumu Hayashi	Professor Emeritus, Gifu University



## Environmental Inputs and Outputs Across Our Business

Chubu Electric Power ascertains fuel and materials inputs related to its business as well as the entire environmental impact stemming from business activities in a number of forms including CO<sub>2</sub>, effluents and waste, and always strives to establish targets and reduce their environmental impact.





Environment

## Environmental Accounting

We are continually working to improve our environmental accounting as a way to achieve both efficient management and environmental conservation, while disclosing the accounting results within and outside the Company to communicate our efforts to protect the environment and the specific activities we have undertaken.

\* Bases of environmental accounting  
Please refer to the 2005 edition of the Environmental Accounting Guidelines (issued by the Ministry of the Environment)  
Target period: Fiscal 2013  
Scope of calculations: All operation sites of Chubu Electric Power

### Environmental Conservation Costs

Environmental conservation investments amounted to 42 billion yen, representing 18.7% of our capital investment. Expenses totaled 47 billion yen.

Category	Item	Investment (in 100 millions of yen)			Expenses (in 100 millions of yen)		
		FY 2012	FY 2013	Change	FY 2012	FY 2013	Change
Preserving the global environment	Preventing global warming and preserving the ozone layer	196	131	(65)	7	6	(1)
Preserving regional environments	Preventing air pollution, water pollution, etc.	74	63	(11)	84	82	(2)
Resource recycling	Resource conservation, measures for industrial waste and radioactive material	27	19	(8)	322	318	(3)
Social programs	International cooperation, landscape protection, greening, preserving the natural environment, etc.	213	202	(11)	3	2	(1)
Others	Research and development, countermeasures against environmental damage, etc.	4	6	2	65	61	(4)
Total		514	420	(94)	481	470	(11)
Percentage of total capital investment		17.1	18.7	—	—	—	—

Note: The totals may not match because figures are rounded off to the nearest 100 million yen.

#### Basis for calculation

- Investments and expenses related to preventing, reducing and/or avoiding environmental impact, removing the impact, putting right any damage, and other activities instrumental to these are measured.
- Beginning with this report, the calculation methods were changed; for example, depreciation and expenses associated with purchase following the introduction of the feed-in tariff scheme for renewable energy (July 2012) are excluded. Accordingly, the figures for the previous year were recalculated.
  - For the items in environmental conservation costs, "purchase of low environmental impact products, etc.," "management programs," "research and development," and "countermeasures for environmental damage" are included in "others."

### Environmental Conservation Benefit

Category		Item	FY 2012	FY 2013
Preserving the global environment	Preventing global warming	CO <sub>2</sub> emissions intensity Before reflecting Kyoto Mechanism credits, etc. After reflecting Kyoto Mechanism credits, etc.	0.516 kg-CO <sub>2</sub> /kWh 0.373 kg-CO <sub>2</sub> /kWh	0.513 kg-CO <sub>2</sub> /kWh *
		SF <sub>6</sub> recovery rate (at inspection time)	99.6%	99.1%
		SO <sub>x</sub> emissions (thermal power)	0.03 g/kWh	0.04 g/kWh
Preserving regional environments	Preventing air pollution	NO <sub>x</sub> emissions (thermal power)	0.08 g/kWh	0.08 g/kWh
		Industrial waste measures	External landfill waste	14,000 t
Resource recycling	General waste measures	Waste paper recovery rate	89.3%	88.7%
		Social programs	Landscape protection	Total length of underground power distribution cables laid
	Greening	Green areas at power plants	2.398 million m <sup>2</sup>	2.31 million m <sup>2</sup>

Note: These figures indicate the level (numerical targets etc.) of the reduction/avoidance of environmental impact accomplished and the level of environmental improvement achieved with regard to environmental conservation cost items.

\* The figure for CO<sub>2</sub> emissions intensity after reflecting the credits specified in the Act on Promotion of Global Warming Countermeasures is currently being calculated and will be published after it is completed.

### Economic Benefit Associated with Environmental Conservation Activities

Category		Item	Amount (in 100 millions of yen)	
			FY 2012	FY 2013
Preserving the global environment	Preventing global warming	Fuel cost reductions due to change in gross thermal efficiency of thermal power plants, etc.	197	172
Resource recycling	Industrial waste measures	Income from selling waste oil, metal scrap, and other valuables, etc.	83	89

Note: These figures represent changes in gains from the recycling of gypsum and other waste and expenses related to environmental conservation.

## Environmental Management

The Chubu Electric Power Group implements environmental management activities based on the ISO 14001 (2004) standards, in line with the Group Basic Environmental Policy and the Action Plan that states its environmental action objectives. Hamaoka Nuclear Power Station has been externally accredited to the international certification criteria and other operating sites pursue their own self-declared environmental management activities adapted to each type of business. For these activities, third-party inspections are performed as necessary to confirm compliance with applicable laws and regulations. In addition, as a way to ensure thoroughness of its environmental management, the Company has established an environmental education system designed to provide training to all employees through the environmental education trainers appointed each year by the head of each operation site.



Third-party inspection performed at the Insulation Oil Recycling Center



# Building a Low-Carbon Society

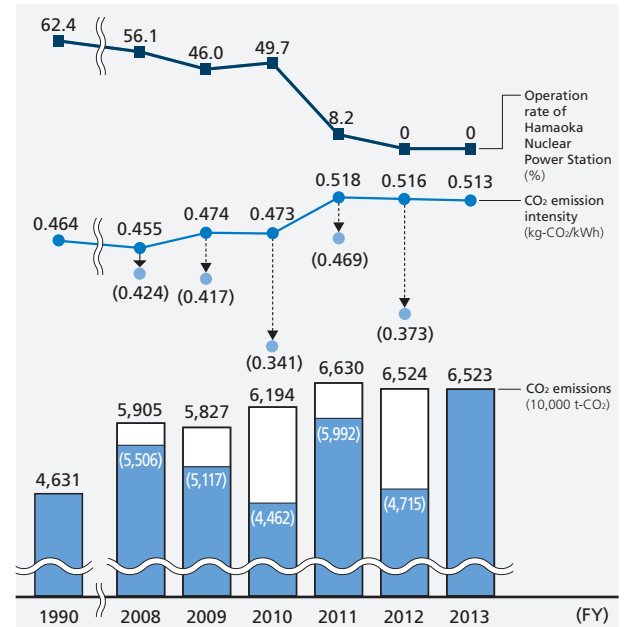
Chubu Electric Power is committed to contributing to building a low-carbon society with a view to mitigating global warming and other climate change problems. Intent upon fulfilling its commitment, the Company has implemented initiatives on both supply and demand, including improving thermal efficiency of thermal power stations and promoting use of renewable energy.

The Company considers securing safety as its absolute priority, and pursues the optimal energy mix from the perspective of energy security, economic efficiency and the environmental conservation ("S+3E"). We will continue to work hard to curb CO<sub>2</sub> emissions under this policy.

Our CO<sub>2</sub> emission intensity in fiscal 2013 (CO<sub>2</sub> emissions per kWh of electricity produced) was 0.513 kg-CO<sub>2</sub>/kWh (actual emission intensity\*), unchanged from the actual 2012 level.

\* The CO<sub>2</sub> emission intensities that reflect credits obtained from the methods stipulated in the Act on Promotion of Global Warming Countermeasures are yet to be determined. The data will be announced at the earliest possible opportunity after it is established.

## CO<sub>2</sub> Emission Trends



Note: The values in parentheses represent the CO<sub>2</sub> emission intensity reflecting credits obtained.

## Energy Saving Initiatives

### Improving energy-saving functions of the company building

Chubu Electric Power's Atsuta Building implemented a plan directed to establish an energy-efficient facility with superior environmental features for the building's secondary large-scale renovation project after its construction in 1971. Specifically, the Company employed new co-developed energy source equipment that is highly efficient within a wide power range, raised efficiency in thermal storage by improving existing water heater storage tanks, and reviewed and optimized air conditioning operations based on operating hours and usage. Together with other improvements, we reduced energy consumption of the energy source equipment and air conditioning system by 54%, and achieved a 17% reduction for the entire building compared to the pre-renovation level. These achievements were highly evaluated and the building was given a Renewal Award by the Society of Heating, Air-Conditioning and Sanitary Engineers of Japan (SHASE).

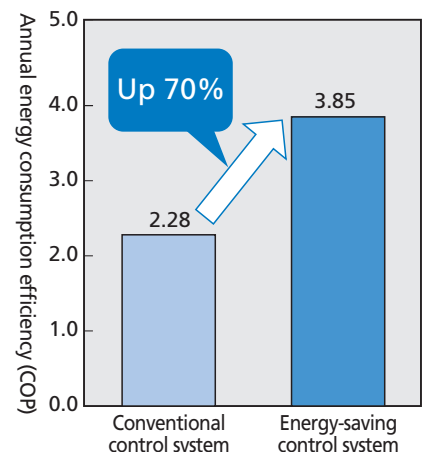


Renovated, energy-efficient, Atsuta Building (Atsuta-ku, Nagoya City)

### R&D on energy-saving controls of multiple air-conditioning systems for buildings

Under the R&D Project on Next-Generation Heat Pump Systems, a program hosted by the New Energy and Industrial Technology Development Organization (NEDO), Chubu Electric Power has formed a team with Mie University, Nihon Sekkei, Inc. and Daikin Industries, Ltd. to jointly study and develop technologies aimed at raising annual average energy consumption efficiency (COP: coefficient of performance) for multiple air-conditioning systems for buildings. Conventional systems control indoor and outdoor units independently, which tends to waste energy by causing excessive performance against the air-conditioning load. To remedy this problem, the team has developed a system that enables coordinated control of indoor and outdoor units to optimize performance in response to changing air-conditioning load, achieving a substantial reduction in annual energy consumption efficiency (COP). This energy-saving control system has had its effect verified in assessments based on results of demonstration tests on buildings, reporting a 70% increase in COP compared to conventional systems. This innovative technology, which can curtail CO<sub>2</sub> emissions as well as annual electricity consumption by approximately 40%, will be adopted in multiple air-conditioning systems for buildings to be launched in the future.

### Assessment Based on Results of Demonstration Tests on Buildings, etc.





Environment

# Promoting Renewable Energies

Renewable energies are low-carbon, and precious domestic energy sources for a country like Japan that has a very low rate of energy self-sufficiency.

Aiming to expand use of renewable energies, the Chubu Electric Power Group will step up development activities and cost-cutting efforts while purchasing renewable energy power primarily based on the national feed-in tariff scheme.

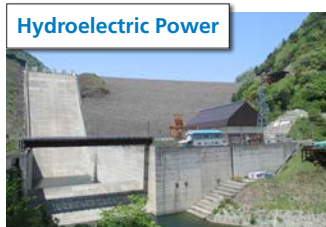
A major issue of power generation from renewable energy sources, including wind and solar energy, is that output can be substantially influenced by weather. To lower risks entailed in an expanded proportion of those potentially unstable power sources to the service area's total energy supply, we will work to effective develop measures for stable supply and strengthen interconnection capabilities.



**Solar Power**  
Solar Farm Toyohashi  
(C-TECH, Toyohashi City, Aichi Prefecture)



**Wind Power**  
Wind Park Misato  
(C-TECH, Tsu City, Mie Prefecture)



**Hydroelectric Power**  
Tokuyama Hydroelectric Power Station  
(Ibigawa-cho, Ibi District, Gifu Prefecture)



**Biomass Power Generation**  
Hekinan Thermal Power Station  
(Hekinan City, Aichi Prefecture)  
\* Biomass-coal co-fired

## ■ Solar and Wind Powered Electricity Supply Capacity (as of the end of fiscal 2013)

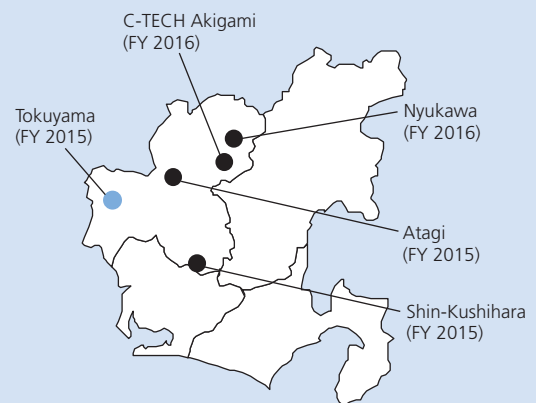
	Group total development (MW)*	Purchase by the Company (MW)
Solar power	48	2,206
Wind power	94	208

\* Total including the entire capacity for joint projects

## Ongoing hydroelectric power development projects

The total hydroelectric power generation capacity of Chubu Electric Power is 5,232 MW as of the end of fiscal 2013. Additional development projects are underway to expand the generation capacity, as illustrated below.

- Conventional hydroelectric power station
- Regular water-flow release hydroelectric power station
- Scheduled start of commercial operation is indicated in the parentheses.



\* Three other projects are planned in addition to the above.

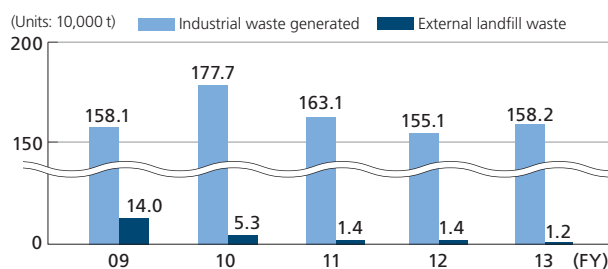
# Creating a Recycling Society

## Promoting the 3Rs

With a target of reducing the amount of our waste that has to be sent for landfill disposal outside of the company to be less than 1% we are working on 3R initiatives to reduce, reuse and recycle.

Waste generated by our facilities amounted to 1,582,000 tons in fiscal 2013, of which the amount of waste sent to external landfills was reduced to 12,000 tons.

## ■ Industrial Waste and External Landfill Waste



## ■ Industrial Waste, Waste By-Products and Amount Recycled (Chubu Electric Power: fiscal 2013)

(Units: 10,000 t)

	Amount generated	Amount recycled	External landfill waste
Coal ash	102.1	102.1	0.0
Heavy and crude oil ash	0.1	0.1	0.0
Gypsum	26.9	26.9	0.0
Sludge (including solidified sludge)*1	8.2	2.4	0.1
Waste plastic	0.4	0.2	0.2
Metal scrap	4.8	4.8	0.0
Glass and ceramic scrap	0.3	0.1	0.2
Construction debris	13.0	12.5	0.5
Other**2	2.4	2.1	0.1
Total	158.2	151.1	1.2

\*1. In-house landfill waste (used as fill): 56,000 t

\*2. Industrial waste specified as toxic, waste oil, etc.

Note: The totals may not match because the figures have been rounded off.





## Project to Convert Sewage Sludge into Fuel

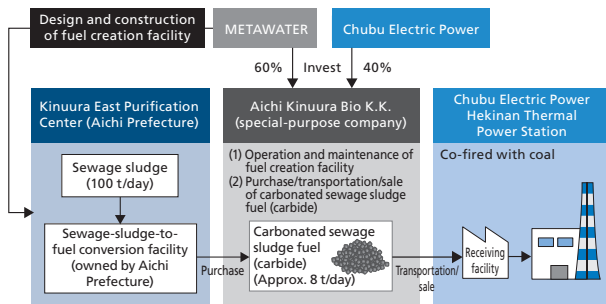
In partnership with METAWATER Co., Ltd., Chubu Electric Power launched a project to produce fuel from sewage sludge in April 2012.

In the project, sludge produced in a sewage purification center is carbonized and transformed into biomass fuel, which is then used in the Hekinan Thermal Power Station. In addition to promoting the recycling of sewage sludge, the project aims to contribute to reduction of greenhouse gas emissions. Through this project, GHG emissions in fiscal 2013 have decreased approximately 10,800 tons (CO<sub>2</sub> equivalent).

### Facility Outline

Sludge processing capability	100 tons per day
Projected sludge processing volume	33,000 tons per year
Volume of carbonized sewage sludge fuel produced	Approx. 2,700 tons per year
Project term	April 2012 to March 2032 (20 years)

### Project Outline



## Promoting Green Procurement

Chubu Electric Power started its green procurement initiative in fiscal 2003, and has expanded it to include office supplies and electric power equipment and materials. The green procurement ratio for office supplies in fiscal 2013 was 99.4%. We will continue these efforts throughout the Group with the aim of building a recycling society.

## Chemical Substances Management

### Control of Substances Designated in the Pollutant Release and Transfer Register (PRTR)\*

Chubu Electric Power monitors the volume of specific chemical substances (PRTR-designated substances) released and transferred in accordance with the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof ("PRTR Law"), while ensuring that these substances are under proper control within the Company according to appropriate manuals and other documentation.

\* Pollutant Release and Transfer Register (PRTR): A system in which data on harmful chemical substances are monitored, compiled, and published. These data include the sources and amounts of harmful chemical substances released into the environment, as well as the amounts of these chemical substances transferred outside the enterprise in the form of waste.

### Investigation Results on the Use of PRTR-Designated Substances (Chubu Electric Power: fiscal 2013)

(Units: t)

Substance	Major applications	Amount handled	Amount released		Amount transferred
			To atmosphere	To water	
Asbestos	Insulation and soundproofing materials	8.7	0	0	8.7
Ethylbenzene	Fuel for power generation, coating	46.0	19.7	0	0
Ferric chloride	Flocculant	117.5	0	0	0
Xylene	Fuel for power generation, coating	216.5	28.2	0	0.1
Styrene	Coatings	10.8	10.8	0	0
Toluene	Fuel for power generation, coating	86.0	9.8	0	<0.1
Hydrazine	Feed-water treatment	3.3	<0.1	<0.1	0
Benzene	Fuel for power generation	341.5	0.3	0	0.3
Methylnaphthalene	Fuel for power generation and boilers	90.5	0.5	0	0

### Treatment of PCB

At its Insulation Oil Recycling Center in Nagoya City and Transformer Recycling Center in Tobishima Village, Aichi Prefecture, Chubu Electric Power is working hard on the detoxification of low-level PCBs mistakenly contained in pole-mounted transformers, as well as the disposal of used transformers.

For transformers and other devices that use insulation oil containing high-level PCBs, we commission treatment to the Japan Environmental Safety Corporation (JESCO), thereby disposing of toxic substances properly.

### PCB Treatment Results as of March 31, 2014

Insulation Oil Recycling Center	Approx. 53,000 kl (about 88% completed)
Transformer Recycling Center	Approx. 590,000 transformers (about 77% completed)

### Asbestos Usage

At Chubu Electric Power, spray-on coatings containing asbestos used in some of our buildings as soundproofing, insulation and fireproofing materials are removed systematically. Products containing asbestos used in some of our generator facilities' sealing and other materials are also being gradually replaced by asbestos-free products during periodical inspections and repair.

### Preventing Soil Pollution

Chubu Electric Power is working on preventing soil pollution according to the Soil Pollution Prevention Guidelines established by the Company. In addition to making sure that our actions comply with relevant laws, regulations, and ordinances, we also deal with any problems that are not subject to legislation, when they are identified clearly as soil pollution, based on the appropriate legislation.



## Protecting Biodiversity

Chubu Electric Power is endeavoring to protect biodiversity by implementing a range of initiatives that include developing relevant technologies, taking measures to protect wildlife in areas surrounding facility construction sites, removing invasive alien species, and supporting forest thinning activities.

### ■ Technology Development

#### Seagrass seed/sapling production and bed creation

We have established technologies to produce seeds and saplings and create beds for seagrass species, such as eelgrass (*Zostera marina*) and kajime algae (*Ecklonia cava*), whose beds serve as home to a variety of fish and shellfish, thus playing an important role in sustaining a marine ecosystem. Our technologies for building kajime beds were employed in seagrass bed creation projects involved in the construction of Chubu Centrair International Airport.

#### Protection of endangered species

For conserving endangered plant species, including *sarumenebine* (*Calanthe tricarinata*, a variety of orchid), *kyomarusyakunage* (*Rhododendron japonheptamerum*, a rhododendron found only in Japan), and *tadesumire* (*Viola thibaudieri*, a type of violet), that have been identified on the Company's land and areas surrounding our electric power facilities, we have clarified the physiology and ecology of these scarce plants and established technologies for their reproduction.

#### Biotelemetry

In order to alleviate the impact caused by river structures, typically dams, to local aquatic ecologies, we have built a biotelemetry technology to monitor and analyze the behavior of water creatures. Our technology was adopted in a number of survey projects, including those of tracking movements of *Carassius auratus grandoculis*, a fish endemic to Lake Biwa and monitoring fish behavior in the Kinokawa River (Nara and Wakayama Prefectures).

#### Conservation of Birds of Prey on Construction Sites

To protect birds of prey identified on and around the construction site of the Tokuyama Hydroelectric Power Station and transmission lines, we are conducting construction work so that it does not affect the birds' life and habitats, following specialist instructions mainly from the Japan Falconiforms Center.

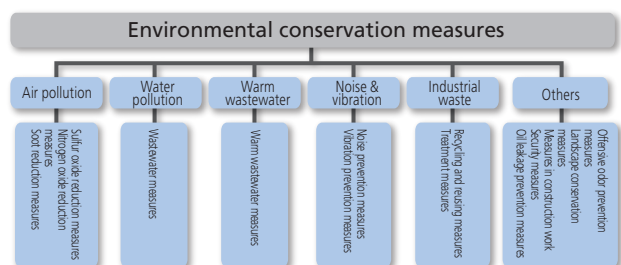
#### Morino Chonai-Kai—Thinning the Forest

Supporting an environmental initiative that promotes forest thinning through the use of paper, the price of which includes funds for thinning, Chubu Electric Power acts as the secretariat for the Chubu region. Also, we are leading thinning projects in Komagane City, Nagano Prefecture, in cooperation with 74 supporting companies.

## Environmental Conservation Measures

For conserving the environment of the surrounding areas, Chubu Electric Power implements a variety of measures based on agreements with local governments for environmental preservation and pollution control. We also conduct monitoring surveys of the surrounding areas, verifying that there is no ongoing impact on the local environment resulting from our operation. For compliance with environmental laws and regulations, no violation was identified in the Chubu Electric Power Group during fiscal 2013. We will continue environmental conservation efforts, appropriately observing relevant laws and regulations.

### ■ Classification of Environmental Conservation Measures



### ■ Environmental assessment for the Nishi-Nagoya Thermal Power Station Refurbishment Plan

Nishi-Nagoya Thermal Power Station commenced operation in 1970 with Units 1 and 2 (220 MW each in capacity) going into commission to supply petroleum-fired steam-power generated electricity. Following four decades in service since then, playing an essential role in ensuring stable electricity supply in and around Nagoya City, the power station's four old units (1-4, with a total capacity of 1,190 MW) are planned to be replaced by high-efficiency, LNG-fired combined cycle facilities, with a view to contributing to conservation of the global environment. For preservation of the local environment, we examined and planned a diverse array of measures relating to methods of constructing and operating power generation facilities, and conducted environmental impact assessments in accordance with the Environmental Impact Assessment Act and the Electricity Business Act before launching this project. Determining from assessment results that the new facilities would pose a minimal risk of causing impact to the surrounding environment, we started construction work in January 2014. Prior to initiating the work, the evaluation processes and results were summarized into an environmental assessment document, which was submitted in August 2013 to be published and examined, thereby completing the environmental assessment procedures.

[Comment from the project leader]

The Nishi-Nagoya Thermal Power Station Refurbishment Plan was Chubu Electric Power's first project subjected to environmental assessments in 15 years and the first-ever project subjected to environmental assessments made under the Environmental Impact Assessment Act that was enacted in 1997 (effective in 1999). Although few members of the Environmental Assessment Group had experience in such assessments, the Group members and relevant employees made concerted efforts and successfully completed the almost two-and-a-half year assessment procedures. I now feel a great sense of accomplishment having engaged in the first step of the new plant construction project and seamlessly moved it to the next stage.



**Takashi Nagao**

Senior Staff  
Environmental Assessment  
Group  
Environmental Affairs  
Department



# Promoting Environmental Education

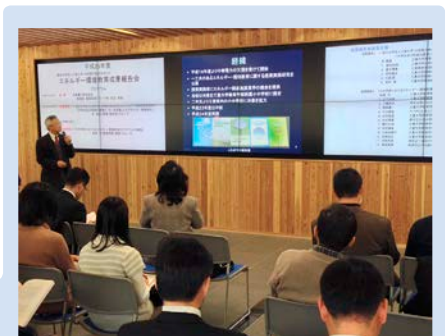
The UNESCO World Conference on Education for Sustainable Development (ESD) will take place in Nagoya City in November 2014. Chubu Electric Power, already promoting environmental education for years, agrees with ESD, the key concept of this international movement.

## 1 Energy and environment education in partnership with Mie University

Chubu Electric Power has offered education programs on the theme of energy and the environment since 2007 in cooperation with two scholars at Mie University, namely, Prof. Hye-Sook Park, executive vice president, and Prof. Mamoru Matsuoka of the Faculty of Education. In fiscal 2013, in a UNESCO World Conference partnership project, we organized a number of plans, specifically, site tours of energy-related facilities for local university students and environmental activists as well as a curriculum development project in which a total of 13 primary and junior high school teachers developed energy and environment-themed classes within the existing subject categories (Japanese language, social studies, natural science, arts and crafts, among others).

### Comment from a project partner

Pursuing energy development and environmental protection at the same time is not easy. In order to accurately understand this complicated issue, comprehensive study from different angles is important. We cannot present simple answers to children, but should help them learn essential viewpoints and approaches to this critical, long-standing theme.



**Mamoru Matsuoka**

Professor  
Faculty of Education, Mie University

## 2 Energy and the Environment Course at Nagoya Open University of the Environment

The Company has offered a course focusing on the issue of energy and the environment since 2004, as a partner of Nagoya Open University of the Environment, a local community-business-government collaborative education project. In fiscal 2013, a total of 47 university and graduate students attended the course, within which they visit different types of power stations (thermal, nuclear, solar) and other energy-related facilities and exchanged opinions and views.

### Comment from a participant

Since the occurrence of the 2011 disaster-triggered nuclear accident, I have simply supported the policy of fully shifting to renewable energies as soon as possible. The course has made me realize that the electricity supply issue is more complicated than I thought, involving the need to comprehensively consider multiple aspects such as energy security and safety, economic efficiency, and environmental conservation.



## 3 Supporting NPO activities through the internal ECO Points program

Chubu Electric Power launched an ECO Points program in 2006, intending to encourage employees and their families to voluntarily take environmentally aware actions by providing points for a variety of eco-friendly activities performed at home and in local communities. In 2009 we began to utilize accumulated ECO points to support external social action programs. In fiscal 2013, we gave donations to eight NPOs, contributing to mangrove restoration efforts in Vietnam, and environmental education programs for Filipino school children, among others, through their activities.

### Comment from an NPO representative

We talked to Filipino children about Chubu Electric Power's sympathetic cooperation in the activities when teaching them using instruction materials donated by the company.



**Aya Yoshida**

ICAN (authorized NPO)

## 4 Chuden Forester program

The Chuden Forester program was launched in 2005 by Chubu Electric Power to provide employees of Group companies with opportunities to learn forest thinning skills and knowledge. Over nine years since its launch, a total of 190 Chuden Foresters have completed the course, acquiring abilities to engage in local activities for helping forestry preservation. Major activities performed by Chuden Foresters in 2013 include teaching about forestry preservation to local elementary school pupils and participation in forest thinning activities in many parts of the region.

### Comment from a Chuden Forester

I will work to contribute to forestation and forest preservation, wishing to give back to the earth.



**Yoshihiro Ashizawa**

Chuden Forester completing the eighth-year course

(⇒ Please refer to page 62 for "Educating the Next Generation.")



# Ensuring Compliance Management

The Chubu Electric Power Group is committed to compliance with laws and regulations, internal rules, and corporate ethics to gain the trust and support of society.

## Compliance

### Chubu Electric Power Group Basic Compliance Policy (excerpt)

The continued existence and development of an enterprise depends most of all on winning the trust of society, including customers, shareholders and the community. Understanding that “without compliance there is no trust, and without trust there is no growth,” the Chubu Electric Power Group fosters a corporate culture of action with compliance, and aims to be a “good corporate citizen” trusted and supported by society. To achieve this, we act in accordance with the following principles.

- Thorough Compliance**  
 We comply with the law, internal rules and corporate ethics.
- Fair and Sincere Corporate Activities**  
 We treat our customers, business partners and local communities fairly.
- Proper Information Management and Disclosure**  
 We handle information strictly and make timely information disclosures.
- Establishing a Sound Corporate Culture**  
 We respect human rights and provide for a sound business culture.
- Maintaining a Healthy Relationship with the Government and Authorities**  
 We are careful to refrain from activities that would cast doubt on the propriety of our business activities.
- Proper Management and Utilization of Assets**  
 We administer and use our assets in a proper fashion and as intended.
- Environmental Conservation**  
 We strive to protect the global environment.
- Assuring Safety, Hygiene and Security**  
 We strive to maintain a safe, healthy and secure work environment.

### Compliance Promotion System

In December 2002 Chubu Electric Power established a company-wide compliance promotion system under the direction of the Compliance Committee chaired by the Company’s President. Furthermore, we conduct a wide variety of activities to firmly establish the need for compliance in our employees’ minds.

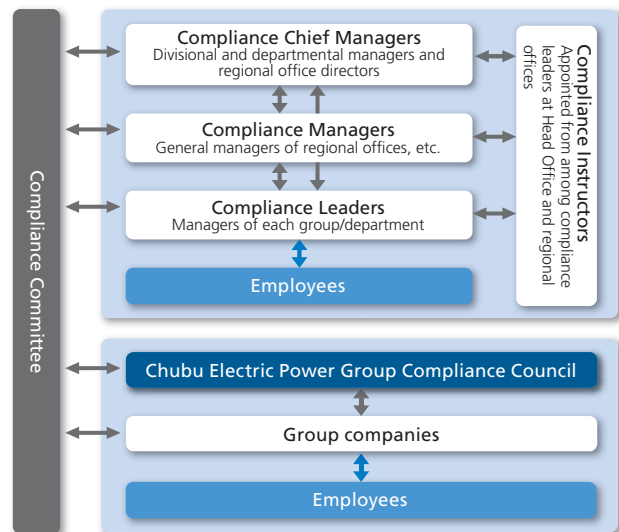
Part of these activities are carried out by each division to raise the employees’ awareness of compliance, with a view to preventing insider trading and workplace harassment and promoting proper information management.

Group-wide efforts are led by the Chubu Electric Power Group Compliance Council established in April 2003 and comprised of the presidents of Group companies. Under the direction of the Council, each company systematically works to promote compliance, particularly by enhancing its employees’ awareness of the theme.

### Helplines—Points of Contact for Compliance Queries

We operate a Helpline for Chubu Electric Power and a Joint Helpline for Group companies to prevent illegal, unfair, and unethical acts and ensure compliance. Both serve as points of contact for employees, temporary workers, and business partners with concerns about compliance issues. The Helpline for Chubu Electric Power is established both

### ■ Compliance Promotion System



in and outside the Company at the Compliance Promotion Office and at a law office, respectively. To ensure effective operation of the function, appropriate measures are taken to protect inquirers and respect their requests regarding the queries.

In fiscal 2013, our helplines received 48 queries in total.

### Commitment to Prevent Bribes Being Offered to Foreign Public Officials

Chubu Electric Power and Group companies have developed systems to prevent involvement in bribery of foreign officials. Key functions include rules established in February 2013 by the Company to prohibit bribery of

foreign officials and others, as well as the Foreign Official Bribery Prevention Committee organized under the Compliance Committee in April 2013.





### Recent cases of misconduct and recurrence prevention measures

**■ TOENEC CORPORATION inappropriately overbilled for a power distribution network construction project.**

**[Case summary]**

TOENEC improperly underworked against the agreed plan for construction work commissioned by Chubu Electric Power and billed the Company for the falsely-claimed full completion of the work.

**[Background factors]**

- Chubu Electric Power's post-completion inspection system inadequate for identifying defective construction process
- TOENEC lacking compliance awareness

**[Measures for recurrence prevention]**

- Improving the inspection system to include measures for preventing inappropriate billing and claims, such as requiring in-progress construction photography
- Providing training to raise compliance awareness

**■ Chuden Haiden Support Co., Ltd. violated the administrative obligation of applying for permission for road occupancy**

**[Case summary]**

Chuden Haiden Support falsified and neglected applications for government permission for road occupancy required to install power supply equipment, and reported the full completion of the work.

**[Background factors]**

- Chubu Electric Power's inspection system inadequate for identifying falsified permissions. Chubu Electric Power's failure to confirm application status and results.
- Inadequate understanding and management of basic administrative obligations and requirements regarding business operation
- Responsible persons lacking compliance awareness

**[Measures for recurrence prevention]**

- Creating an operation manual that describes operation management responsibilities
- Providing training to increase understanding of applicable administrative requirements and obligations
- Providing training to raise compliance awareness

**TOPICS**

**Initiatives for ensuring compliance throughout the Group**



Employees

The Chubu Electric Power Group implements initiatives to ensure compliance by strengthening employees' awareness. In fiscal 2013, in response to misconduct cases identified in Group companies, discussion sessions were organized for employees of Chubu Electric Power and Group companies concerned to share ideas on effective improvement and preventive measures through a case study approach.

**■ Major feedback from participants**

- The discussion session was a meaningful opportunity for me to deepen understanding of what to refer to as a guide and how to act to ensure compliance.
- It is essential for individual employees to independently work to understand relevant rules. At the same time, it is also important to create workplaces that can encourage younger employees to ask experienced co-workers for advice and advanced knowledge.



Employees of Chubu Electric Power and TOENEC exchanging opinions in a compliance-themed session

## Intellectual Property

With regard to intellectual property, Chubu Electric Power focuses on the priority actions (enumerated in the box at right) to protect the Company's competitiveness, avoid any restriction being imposed on the Company's business by rights exercised by other parties, and prevent us from infringing on other parties' intellectual property rights.

1. Always acquire the rights to the results of technological research and development and any operational innovations
2. Search for intellectual property rights owned by others
3. Improve knowledge and awareness of intellectual property
4. Increase the strength of the Group's collective intellectual property

<p><b>Intellectual Property Seminar</b></p>	<p>Intellectual property seminars are provided for employees as a means of enhancing their knowledge of intellectual property and their awareness of the importance of not infringing on others' rights. In fiscal 2013, seminars were held at 10 locations including regional offices, and about 670 employees in total took part in the seminars and in our internal online seminars.</p>
<p><b>Group-wide Efforts to Safeguard Intellectual Property</b></p>	<p>To strengthen the ability to deal with intellectual property issues across the Group, Chubu Electric Power and its Group companies regularly meet to study various aspects of, and share information on, intellectual property. Chubu Electric Power also has a support system for Group companies to help them solve problems concerning intellectual property.</p>



## Fair and Equitable Transactions

### Chubu Electric Power Group Basic Procurement Policy

The Chubu Electric Power Group has established a Basic Procurement Policy in order to promote CSR-conscious procurement and to ensure that the procured products and services are of high quality and at a reasonable cost.

When starting transactions with a new business partner, Chubu Electric Power explains its procurement policy and makes clear that our partners will be required to fulfill their CSR obligations so that both parties can achieve continuous growth in partnership.

Our website also provides details in Japanese and English on our procurement procedures, supplier registration process, and other information in an easy-to-understand manner.

### Chubu Electric Power Group Basic Procurement Policy (excerpt)

- Total Compliance
- Safety Assurance
- Mitigate Environmental Burden
- Open Door Policy
- Fair and Honest Procurement
- Work in Partnership

### Enhancing Communication with Business Partners

We actively share information and maintain good communications with our business partners so that both sides can develop and grow together.

At the start of each year, we hold a procurement overview briefing session to explain our management plans and CSR practices, including compliance promotion activities, and offer information on our procurement plans. The fiscal 2014 briefing was attended by 546 persons from 299 companies.

We also take careful note of the opinions of business partners through surveys conducted at the briefings and a permanent inquiry desk that offers support for procurement transactions, and work to resolve any issues raised to develop a stronger relationship of trust.



Executive Vice President Matsubara giving explanations at the procurement overview briefing session

#### VOICE

### Working to forge trustful partnerships

Chubu Electric Power has held a procurement overview briefing session every year since 2007. We work to organize the event so it will ensure the satisfaction of participants. Part of this effort relates to selecting agendas. In addition to essential themes to be discussed by the Company, we select topics expected to meet the interests of participating business partners, and explain them in an easy-to-understand manner. For the fiscal 2014 agendas, in relation to our procurement plan for materials and equipment, two high-profile issues were chosen to be included: the planned increase of electricity rates; and the application with the Nuclear Regulation Authority for conformity assessment under the new regulatory standards for the Hamaoka Nuclear Power Station Unit 4.

Another important participant-oriented measure is to conduct feedback questionnaires as a means of mutual communication. Collected opinions and requests, including complaints and criticisms, are precious information that we examine for each issue in order to take improvement actions. We summarize survey results to share with our partners, with a view to enhancing relationships of mutual trust.

We will continue working to build trustful partnerships through sincere communication activities, using opportunities including procurement overview briefing sessions.



Business Partners



**Noriyoshi Watanabe**

Senior Staff  
Planning & International  
Procurement Group  
Purchasing & Contracting  
Department



# Aiming to Be Customer-friendly

Chubu Electric Power holds customers' opinions and requests in high regard, and strives to offer superior services that will meet the diverse needs of our customers.

## Working for Customer Satisfaction

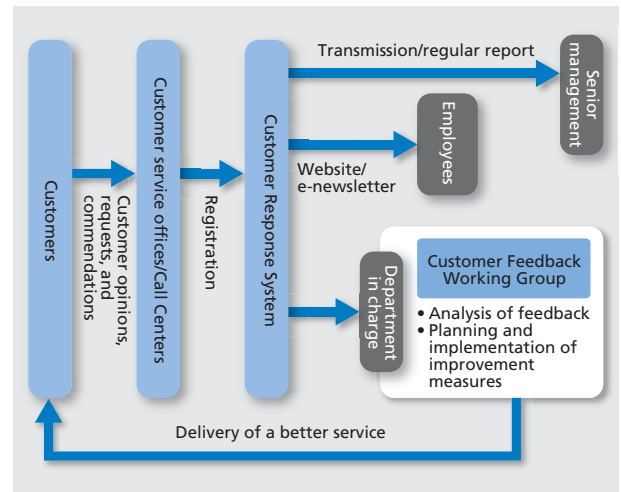
### Utilization of Customer Feedback

To provide our customers with more satisfying service, customer comments and opinions taken at customer service offices and over the telephone are entered in our Customer Response System and the information is shared with all employees.

Comments registered from customers are discussed at the Customer Feedback Working Group held regularly at each department of the Customer Service Division, so that the feedback will lead to improvements in operations and customer service under the direct guidance of the manager of each department in the division.

A total of 1,093 customer comments were registered in fiscal 2013.

■ Flow for Utilizing Customer Feedback



### Example of Improvement Based on Customer Feedback Including recovery progress and recovery time goals in online power outage information



**Customer feedback**

I suggest that power outage information that Chubu Electric Power provides on its website at the time of electric failure should include specific recovery information.

**Improvement**

In the event of power failure within the Chubu Electric Power service area, the Company promptly provides relevant information, including the time of occurrence and affected areas, via its dedicated web pages for PCs and mobile devices. In response to requests from customers, we have begun to provide additional information on ongoing recovery progress and recovery time goals in the event of massive service failure caused by disasters such as a large-scale typhoon (starting in fiscal 2013).



To access the power outage information page via mobile devices, use the QR code provided at right.



The mobile access is available through qualified connection services: i-mode; EZweb; and Yahoo! Keitai. Some models may not support the function.



## For Household Customers

To accommodate the various needs of individual household customers, we have established local customer service offices and centers, which mainly process a range of user applications while receiving and responding to inquiries.

As part of our efforts to facilitate more efficient and smoother operation, processes involved in changing residence are centrally handled in our Call Centers located in Nagoya and Gifu, while online application systems have been introduced.

## For Corporate Customers

For customers with contracts for high-voltage electricity of 500 kW or more, specialist sales representatives (account managers) and technical specialists (solution staff) who provide support for efficient use of electricity are on call in each region to meet the varying energy needs of our customers.

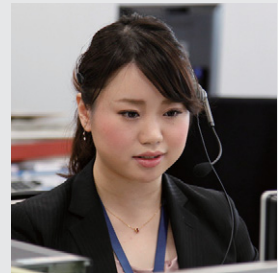
For customers using less than 500 kW of high-volume electricity, the staff at customer service offices and the Customer Center (Large Accounts) respond to a variety of inquiries and provide useful information.

## VOICE

### Aiming to enhance customer service

The Customer Center (Large Accounts) specializes in serving corporate customers (an approximate total of 100,000 accounts) using less than 500 kW of high-volume electricity in our service area. Our major services include offering helpful information online or by direct mail for proposing optimal rate plans and introducing effective energy-saving methods as well as responding to a wide range of inquiries from the customers.

To fulfill my responsibilities, I am working to attend to individual customers sincerely, showing respect for their views and needs. In the belief that explaining and suggesting our plans and ideas in a sincere manner with consideration of their interests will win long-lasting trust, I will continue endeavoring to raise service quality.



**Yuka Suzaki**

Customer Center (Large Accounts)  
Customer Service & Sales (Large Accounts) Department  
Customer Service Division

## Stakeholder Dialogue

### Exchange Opinions with Consumer Specialists

With the intention to incorporate customers' views when planning improvement of our services, Chubu Electric Power actively creates opportunities to listen to objective comments and advice from external parties as an approach to understanding the customer viewpoint. In June 2014, we held a session to exchange opinions with members of the Central Japan Branch of the Nippon Association of Consumer Specialists (NACS).

#### ■ Major opinions of participants

##### [Regarding the explanation on the electricity rate increase to customers]

- Detailed information is provided in Chubu Electric Power's leaflets and on website; however, most people do not read them carefully. I want Chubu Electric Power to provide information in such a way that customers can understand the content better and more easily.
- Chubu Electric Power should know its information materials and notices contain a large amount of jargon and are hard for the general public to understand.

##### [Regarding Club KatEne, a Web service for customers (households)]

- With regard to this service, there are many issues to be solved. For example, membership registration procedures are too complex, and some services are available only for a limited time.
- The service that enables customers to see their past power consumption in a graph format is very helpful. I think Chubu Electric Power should publicize this service in a more proactive way.

##### [Communication efforts regarding important matters such as a nuclear power station]

- Many people have concerns about unexpected events that might affect the nuclear power station. It is preferable that Chubu Electric Power discloses information on the risk factors pertaining to the nuclear power station at the time of an emergency. Such communication efforts will help people engage in in-depth discussion and gain more understanding about the nuclear power station.



Exchanging opinions with consumer specialists





# Customer Opinions of Chubu Electric Power

The Great East Japan Earthquake drastically changed the environment surrounding electric power companies. Chubu Electric Power is no exception, and has received many opinions from customers, including harsh criticism.

We take these precious opinions very seriously, and will continue our efforts to build a relationship of trust with customers by actively disclosing information and promoting interactive communication.

Opinion	Response
<p>How can I save more electricity?</p>	<p>We offer an energy saving simulation program on our website that allows customers to calculate how much energy savings and electricity charge reduction are possible for each electrical appliance by simply selecting and ticking household energy saving measure options. We also offer a simulation program to calculate how much amperage customers use in their homes. This program helps customers to decide which amp service is most appropriate for them.</p> <p>When using these tools, please have your monthly meter reading card (notice of electricity consumption) at hand.</p> <p>Please visit our website, as it provides other information useful for saving energy and reducing electricity charges.</p>
<p>The electricity bill includes a renewable energy power promotion surcharge and a solar power surcharge. Are customers required to pay these surcharges?</p>	<p>The two surcharges are set based on the national feed-in tariff scheme for renewable energy introduced by the government to promote use of renewable energy. Under this scheme, electric utility companies purchase electricity generated from renewable sources and pass on the expenses to their customers. The purchased green power is included in electricity supplied to users and the payment value is determined according to individual billing amounts. For more details, please refer to the related page of our website.</p>
<p>I would like to know Chubu Electric Power's views on how to dispose of high-level radioactive nuclear waste resulting from nuclear power generation.</p>	<p>The approach proposed as currently the most workable for disposing of high-level radioactive nuclear waste is geological disposal. In Japan, supporting this internationally accepted theory, the Nuclear Waste Management Organization of Japan (NUMO) is working as a leading organization to develop projects for geological disposal of high-level radioactive nuclear waste.</p> <p>Also, as stated in the recent basic energy policy, the government is expected to spearhead efforts for developing geological disposal projects. We think this approach will lead to safe, secure and effective solutions.</p> <p>Chubu Electric Power will support the government and NUMO in promoting these projects while working to encourage public understanding of those efforts.</p>

➔ Please refer to page 18 for opinions and responses regarding the "rise of electric rates."

## Chubu Electric Power actively publicizes information through the following websites and magazine.

■ **Chubu Electric Power's website:**  
<http://www.chuden.co.jp/english/>

■ **Special website:**  
**"The Hamaoka Nuclear Power Station, today and tomorrow"**  
<http://hamaoka.chuden.jp/english/>

■ **E-magazine "Denki No Ashita"**  
<http://dna.chuden.jp/>

■ **Chubu Electric Power's official Twitter account**  
 Account name: @Official\_Chuden

\* Please note that we do not follow or Tweet to particular account names.

■ **Information magazine "Ba" (quarterly publication)**  
<http://ba.chuden.jp/>

\* Please visit the above website for inquiries about the magazine, application for subscription, etc.

If you have any comments or inquiries, please contact: <http://www.chuden.co.jp/english/contactus/>



# Interacting with Local Communities

The Chubu Electric Power Group values communication with local residents and strives to meet their expectations, and engages in a variety of activities as a member of society to contribute to the sustainable development of communities.

## Contribution to Communities

### Basic Corporate Citizenship Policies of the Chubu Electric Power Group

Based on the Basic Corporate Citizenship Policies of the Chubu Electric Power Group, we are striving to fulfill our responsibilities as a good corporate citizen by actively contributing to the sustainable development of local communities.

#### Basic Corporate Citizenship Policies of the Chubu Electric Power Group (excerpt)

- (1) Value dialogue and partnership as we contribute to building better communities and society.
- (2) Take the initiative in support, not only through social contribution as a corporate group but also by respecting the voluntary efforts of employees.
- (3) Make the details of our corporate citizenship activities widely known and work for ongoing improvements.

#### <Key Areas>

- Ensuring local welfare and peace of mind
- Environmental conservation
- Education of the next generation
- Cultural and sports activities

### Ensuring Local Welfare and Peace of Mind

The Chubu Electric Power Group is committed to promoting greater safety and security in local communities by fully utilizing its technologies, facilities, and other resources.

#### Campaign on the Safe Use of Electricity

During the "Safe Use of Electric Power Month" in August every year and the nationwide "Autumn Fire Prevention Campaign," Chubu Electric Power's customer service offices check electrical facilities at various cultural assets and electrical wiring at senior people's residences.



Electrical inspection at the Zenkoji Temple in Nagano City, Nagano Prefecture, performed jointly by the Electric Works Federation and the Chubu Electrical Safety Services Foundation.

### Activities at Operation Sites

Our customer service offices, field maintenance construction offices, power plants, and other operation sites help create local communities that are safer and more comfortable to live in through cooperation with local residents.

As part of those efforts, Chubu Electric Power Minato Branch organized an emergency drill at the request of Tochi Nursery School, located in its service area. In the drill session, around 100 children practiced evacuation and sheltering in the branch building in accordance with the evacuation plan prepared against a tsunami. The nursery school expressed their appreciation for our cooperation in essential training for emergency action.



Tochi Nursery School children practice evacuation and sheltering in the Chubu Electric Power Minato Branch building (Minato-ku, Nagoya City)

### Environmental Conservation

The Chubu Electric Power Group is working to contribute to environmental conservation in cooperation with local communities and residents.

#### Green Curtain

Chubu Electric Power is conducting a Green Curtain Campaign to reduce electricity consumption in each household during the summer. For this campaign, we give away seeds for morning glory, bitter gourds, and other climbing plants to our customers so that they can grow them to cover windows.

More than 20 years after its launch in 1992, the campaign is spreading across the country to reduce CO<sub>2</sub> emissions and provide an opportunity to think about global environmental problems, an expansion of what was originally just an energy-saving practice for the hottest season.



Green curtain developed at the East Plaza Ikomai Hall (Togo Town, Aichi County)

### Memorial Tree-Planting Vouchers

Since 2001, Chubu Electric Power has been conducting a campaign in which the Company presents memorial tree-planting vouchers to the winning entrants of a lottery in the hope that it will give them an opportunity to think about the environment. Using the voucher, the winners can receive a sapling on their designated memorial day.

The winners can choose from one of three options: (1) receiving a sapling for themselves; (2) giving a sapling to someone important to them; or (3) donating a sapling to a Japanese/overseas tree-planting organization. From fiscal 2013, donations to the Hamadori area in Fukushima Prefecture or Rikuzentakata City in Iwate Prefecture, a city known for its "miracle lone pine tree" which survived the 2011 tsunami disaster, have been added to option (3) above as a means of supporting the reconstruction of the Tohoku region.



Tree-planting on the top of Mt. Gozaishodake (Komono Town, Mie Prefecture)

### Partnerships with Other Enterprises (EPOC Initiatives)

The Environmental Partnership Organizing Club (EPOC) is an environmental advocacy organization founded by 14 local enterprises including Chubu Electric Power in 2000 with the aim of supporting the building of a sustainable economic system. As of March 31, 2014, 258 companies are participating.

<http://www.epoc.gr.jp/english/>

### Educating the Next Generation

Chubu Electric Power provides a wide range of education and support programs to inspire children's and students' interest in energy and environmental issues.

#### Traveling Classes and Study Tours

Chubu Electric Power employees are sent on assignment to elementary and junior high schools as traveling instructors. They organize electrical experiment laboratory sessions to introduce the mechanisms of power generation, hold introductory classes on radiation, and teach the importance of energy and environmental preservation, working to teach inspiring, easy-to-understand lessons on these scientific themes.



Traveling class at Tahara City Kiyota Elementary School in Aichi Prefecture

We also offer study tours to customer service offices, power plants, substations, and other facilities to introduce various activities and roles undertaken by the Company.



Elementary school students learning about power distribution operation in a study tour program held at Naka Branch

#### ■ Results for Fiscal 2013

Traveling Classes	381 classes 15,534 participants
Study Tours	593 tours 17,610 participants





Environment

Community  
Involvement  
and  
Development

### Publication of a School Wall Newspaper, the *Denki Kodomo (Electricity and Children)* Series

Since its foundation in 1951, Chubu Electric Power has been publishing a science-themed wall newspaper on a monthly basis and distributing it mainly to elementary schools, hoping to inspire interest among young students in learning about energy and other science topics. The monthly publication is designed to introduce various fields of natural science, using familiar scientific observations to capture children's interest and providing easy-to-understand descriptions combined with photos and illustrations.

Distributed to an approximate total of 3,100 organizations, including:

- Approximately 2,400 public elementary schools in the prefectures of Aichi, Gifu, Mie, Nagano and Shizuoka (western side of the Fujikawa River); and
- Approximately 700 local education boards, libraries and foster homes

### Cultural and Sports Activities

The Chubu Electric Power Group is actively involved in activities to preserve and support local culture and art, as well as to promote sports, so as to help make local communities even more vibrant and attractive.

### Supporting Preservation of a Designated Cultural Property (Natural Treasure)

Chubu Electric Power supports efforts for preserving local cultural assets. As an example, the Fujieda Customer Service Office, in cooperation with the Yaizu City government, has performed disinfectant spraying to the pine tree of the Gyokudenin Temple, a city-designated cultural property (natural treasure), every year since 1982. Through the annual activity of taking care of the city's tallest Japanese black pine tree with an age estimated at 600 years, the branch helps preserve the symbolic treasure of the local community.



Disinfectant spraying to the pine tree of the Gyokudenin Temple from an aerial work platform owned by Chubu Electric Power

### VOICE

#### The *Denki Kodomo (Electricity and Children)* Series is a helpful classroom tool.

Local  
Communities

At Sakashita Elementary School, the school wall newspaper published by Chubu Electric Power helps classroom lessons in various forms, ranging from a learning hook to materials for research projects and review activities. The publication is attractively designed to provide easy-to-understand descriptions combined with beautiful photos and illustrations, drawing children to the paper posted on the wall with many pausing to read stories. During class, particularly in natural science and social studies, students often refer to articles they have read in relation to the subject being studied.

We appreciate Chubu Electric Power for offering the inspiring tool that helps students develop the pleasure of learning. We expect the project will be maintained to continue inspiring local school children.



**Mr. Munetaka Imada**  
Teacher/School business manager  
Kasugai City Sakashita Elementary School

### Partnerships with Universities

Chubu Electric Power is collaborating with universities in the Chubu region to conduct various projects that will assist local sustainable development.

An example of this collaboration is a donation to Nagoya University for installing the Energy Disaster Prevention (Chubu Electric Power) Endowed Research Division at the university's Disaster Mitigation Research Center. Two specialists needed for the research are also on loan to the division from the Company. We decided to cooperate with the project because, as a lifeline for the Chubu region, we find ourselves in complete agreement with the purpose of the division to increase the region's capability to prevent disasters through the safe and stable supply of power.

In addition, we concluded a comprehensive partnership agreement with Mie University in fiscal 2005 as part of industry-academia collaboration to connect the university's education and research results and our business activities.

(➡ page 41, 54)





## Initiatives by Group Companies

### Chuden Wing Co., Ltd.

In an effort to support the redevelopment plan of Higashiyama Zoo and Botanical Gardens in Nagoya City, challenged employees participated in the Hanaippai project organized as part of the local redevelopment plan, creating flower beds in the entrance areas of the botanical gardens.



Challenged employees creating flower beds in Higashiyama Zoo and Botanical Gardens (Chikusa-ku, Nagoya City)

### Chuden Real Estate Co., Ltd.

At the request of Gujo City's education board, Chuden Real Estate participates in local activities for preserving a giant cypress in Itoshiro, an ancient tree estimated to be 1,800 years old and designated as a special national treasure.



Investigating the decaying part of the old cypress, using arborist technologies (Gujo City, Gifu Prefecture)

### C-TECH CORPORATION

In support of the Kids' ISO 14000 Programme led by the Mie Prefectural government to promote environmental education, C-TECH has sent its employees to local elementary schools every year since 2007, where the visiting instructors teach about renewable energy, including mechanisms of wind power generation.



Environmental education class offered at Nagano Elementary School (Tsu City, Mie Prefecture)

### TOENEC CORPORATION

As part of its local contribution activities, every year since 2005 TOENEC has performed cleaning of facilities, inspection of electrical equipment and so on, utilizing its machines and skills, at homes for people with disabilities and foster homes.



Tree-trimming at Sarashina Fukushien foster home (Nagano City, Nagano Prefecture)

### Stakeholder Dialogue

#### Exchanging Opinions with Female Customer Monitors

Chubu Electric Power has launched a female customer monitor program in which the Company provides information on its business and energy plans to women monitors and receives opinions and requests from them. For this purpose, we organize various forms of communication opportunities.

In a recent dialogue session held in January 2014, we explained our future energy policies and electricity rate schemes and options to a total of 53 monitors from five prefectures in our service areas (Aichi, Shizuoka, Mie, Gifu, Nagano). The session included a presentation by Ms. Yumiko Nishimoto, Director General of Happy Road Net, an NPO that proactively works to support the reconstruction of Fukushima by promoting local development activities including cherry tree planting campaigns. This was followed by a substantial discussion with the participants.



#### ■ Major opinions of participants

- I was impressed by the sincere attitude and efforts of Chubu Electric Power to ensure stable power supply. I understand the importance of expanding a network of serious efforts for solving energy issues.
- I am satisfied that a lot of my questions have been answered today. Particularly, the technicalities of the electricity rate scheme, a focus of my concerns, are clear now.
- I suggest that a similar dialogue session can be offered to invite men and children to join women to discuss things together.



**Third-Party  
Review**

## On the coverage related to CSR in the Chubu Electric Power Company Group Annual Report 2014

### 1. CSR management at Chubu Electric Power

In this year's report, three themes are selected for feature articles: Hamaoka Nuclear Power Station, stable supply of electricity, and the electricity rates increase and higher management efficiency. I find the themes selected are consistent with the top priority issues of Chubu Electric Power (the "Company") and with issues of great public concern.

I have also heard that the Company responded to feedback received from stakeholder dialogues by starting to provide an overview of its business operations in the form of a business model. As this example indicates, the Company listens to a wide range of stakeholders in order to understand its expectations from society through two-way communication activities, and responds seriously to the feedback received. The Company's performance on stakeholder management has made steady progress, which I find commendable.

Beginning with last year's report, the Company discloses its CSR performance indicators. While the new disclosure initiative is welcomed, the report would be improved further and made more transparent by adding disclosure on performance evaluation against the indicators selected and goals established. I look forward to seeing an improvement in this regard in future reports.

I believe that featuring the management's messages together with their photos is another positive feature of this report. I am appreciative of the managers' expressing their opinions on the thematic issues, which I applaud as an excellent measure to ensure accountability. In this report, employees also have a visible presence, which I commend as testifying that the Company considers employees as important assets and important stakeholders.



**Hitoshi Okada**

Senior Researcher, Institute for Environmental Management Accounting  
Professor, Hiroshima University of Economics

Institute for Environmental Management Accounting (IEMA)  
The Institute was established in April 2003 in order to support corporate environmental management, through a collaboration between internationally active environmental accounting and environmental auditing researchers and certified public accountants with a profound knowledge of these fields.

### 2. Efforts to improve safety at Hamaoka Nuclear Power Station and information disclosure

As in previous editions, this year's report discloses information on various measures for safety at the Hamaoka Nuclear Power Station in an easy-to-understand feature article. In addition, the Company actively communicates those measures via various media and opportunities, such as on its website, in direct mailings to and dialogue meetings with local governments, tours at the nuclear power station and the Hamaoka Nuclear Exhibition Center, and employees' communication activities with customers. I believe that such a sincere attitude toward societal expectations represents the Company's commitment to fulfilling its social responsibilities regarding transparency and information disclosure by an electric power company.

In February 2014, the Company submitted an application with the Nuclear Regulation Authority for conformity assessment for the Hamaoka Nuclear Power Station Unit 4. Going forward, I hope the Company will continue its stakeholder dialogue activities in a sincere manner, as well as disclose information on issues of public concern in a transparent manner, thereby fulfilling its accountability. I believe making such continuous efforts will lead to building greater public trust and confidence in the Company's operational activities, including the operation of the nuclear power plant.

### In response to the third party opinions

We are very grateful to have received the invaluable opinions of Professor Okada. With the environment surrounding the electricity business dramatically changing, Chubu Electric Power is making its utmost efforts to provide impartial and highly transparent information to stakeholders and actively communicate with them through many two-way dialogue activities. While we are delighted to see that Professor Okada has recognized these efforts as positive findings, we will take his comments on the improvement opportunities seriously and will incorporate them into our future CSR activities.

Always keeping in mind that our operations are built upon the trust of customers and society, Chubu Electric Power will continue to listen to its stakeholders, incorporate their feedback into our business operations, and steadily make necessary improvements so that we are able to continue to live up to their expectations and trust.



**Hitoshi Mizutani**

General Manager of Corporate Planning & Strategy Division

# CSR Performance Indicators

			Units	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	
Corporate Governance	Corporate Governance	Development and operation of internal control	—	Generally developed and operated properly	Generally developed and operated properly	Generally developed and operated properly	Generally developed and operated properly	Generally developed and operated properly	
	Communication with Stakeholders	Institutional investors/analysts	Company briefing	sessions	3	2	3	3	2
			Facility tour	tours	2	2	2	6	4
		Private investors	Company briefing	sessions	2	2	0	3	2
	Individual shareholders	Facility tour	tours	9	10	20	15	14	
Respect for Human Rights and Work Environment	Creating a Rewarding Workplace	Hours worked per employee		hours	2,017	2,030	2,036	2,027	1,989
		Number of days taken as paid annual leave per person		days	15.1	14.5	15.2	14.2	14.4
		Number of persons taking childcare leave	Male	persons	6	12	11	6	6
			Female	persons	157	143	155	172	155
		Number of persons taking nursing care leave	Male	persons	1	6	3	1	1
	Female		persons	2	2	6	2	1	
	Percentage of employees who are physically/mentally challenged*1		%	2.26	1.95	1.95	2.07	2.10	
Ensuring the Safety and Health of Employees	Number of industrial accidents (Chubu Electric Power employees)*2		accidents	13	21	26	85	92	
	Number of industrial accidents (Contractors)		accidents	38	63	50	50	41	
Commitment to Environmental Conservation	Building a Low-Carbon Society	CO <sub>2</sub> emissions intensity (excluding Kyoto Mechanism credits, etc.) (including Kyoto Mechanism credits, etc.)	kg-CO <sub>2</sub> /kWh	0.474 0.417	0.473 0.341	0.518 0.469	0.516 0.373	0.513 *3	
	Creating a Recycling Society	Amount of waste generated		10 thousand tons	158.1	177.7	163.1	155.1	158.2
		Amount of waste recycled		10 thousand tons	139.0	165.9	155.6	147.7	151.1
		Amount of external landfill waste		10 thousand tons	14.0	5.3	1.4	1.4	1.2
	Conserving the Local Environment	SO <sub>x</sub> emissions (Thermal power generation)		g/kWh	0.04	0.05	0.05	0.03	0.04
		NO <sub>x</sub> emissions (Thermal power generation)		g/kWh	0.08	0.08	0.08	0.08	0.08
Ensuring Compliance Management	Compliance	Number of queries received via the Helpline		queries	39	50	49	58	48
	Intellectual Property	Number of patent applications filed		applications	101	85	52	65	44
		Number of patents owned		patents	741	775	776	807	712
	Fair and Equitable Transactions	Number of participants in procurement overview briefing		persons	369	430	Cancelled due to the disaster	536	546
Number of inquiries received from suppliers		inquiries	143	93	111	89	95		
Aiming to Be Customer-friendly	Working for Customer Satisfaction	Annual average of failure/outage time per household*4		minutes	40	3	35	46	13
		Number of calls received at the Call Center		One thousand calls	1,382	1,421	1,325	1,445	1,914
		Percentage of calls answered at the Call Center		%	92.1	88.1	97.9	97.2	96.8
Interacting with Local Communities	Contribution to Communities	Number of traveling classes held		classes	435	458	418	408	381
		Number of study tours offered		tours	212	283	321	306	593

\*1. The figures indicated are those as of June 1 in the next fiscal year.

\*2. The definition of "accidents" at Chubu Electric Power was changed in fiscal 2012 from "when an employee receives continuous medical treatment" to "when an employee receives medical treatment."

\*3. The CO<sub>2</sub> discharge rates reflecting the credits and so on according to the methods stipulated in the Law Concerning the Promotion of Measures to Cope with Global Warming are currently under calculation, and will be published as soon as they have been compiled.

\*4. The number of failure/outage minutes in fiscal 2009, 2011 and 2012 are high due to the large number of typhoons that severely affected the region.



# Financial



**Kazuhiro Matsubara**

Director  
Executive Vice President

In FY 2013, consolidated operating revenues increased by 193.1 billion yen over the previous fiscal year to 2,842.1 billion yen, because of such factors as increase in electricity sales revenues due mainly to an increase in electricity sales volume and an increase in fuel cost adjustment charges. As for a consolidated ordinary income and loss account, while an increase in electric power sales was observed, a rise in fuel prices due to the weaker yen and other factors caused an ordinary loss of 92.6 billion yen, representing a deterioration of 49.0 billion yen over the previous fiscal year.

Regarding the performance outlook for FY 2014, both consolidated and non-consolidated operating revenues are expected to increase by the effect of an increase in electricity sales revenues due to the electricity rates hike. The Company forecasts to report profit on operating and ordinary account for both consolidated and non-consolidated bases for the first time in four years since FY2010, due to its continued efforts for maximum management efficiency toward the turnaround as well as due to increase in revenues resulting from the electricity rates hike.

The entire company will work with no areas considered off limits, to further strengthen our initiative for management efficiency.

Message from General Manager of Finance & Accounting Dept. ....	67
Summary of Financial Results FY 2013 .....	68
Five-Year Operating Statistics .....	69
Management Discussion and Analysis of Results .....	70
Consolidated Balance Sheets.....	73
Consolidated Statements of Operations .....	75
Consolidated Statements of Comprehensive Income .....	76
Consolidated Statements of Changes in Net Assets .....	77
Consolidated Statements of Cash Flows.....	78
Notes to Consolidated Financial Statements .....	79
Independent Auditor's Report .....	98
Nonconsolidated Balance Sheets .....	99
Nonconsolidated Statements of Operations.....	101

\* Financial figures presented on pages 67 and 68 have been rounded down to the nearest hundred million.

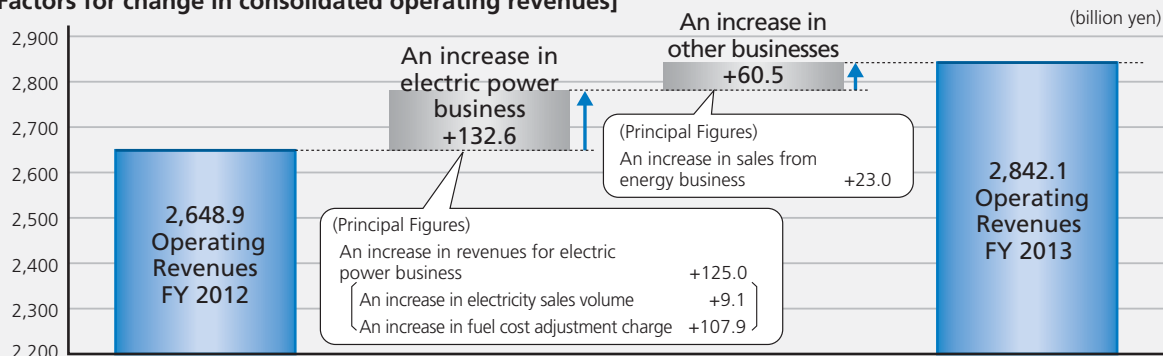


# Summary of Financial Results FY 2013

## Consolidated Operating Revenues

Operating revenues increased by ¥193.1 billion from the previous fiscal year to ¥2,842.1 billion, because of such factors as increase in electricity sales revenues due to an increase in electricity sales volume in electric power business, an increase in fuel cost adjustment charge, and increase of energy business revenue in other businesses.

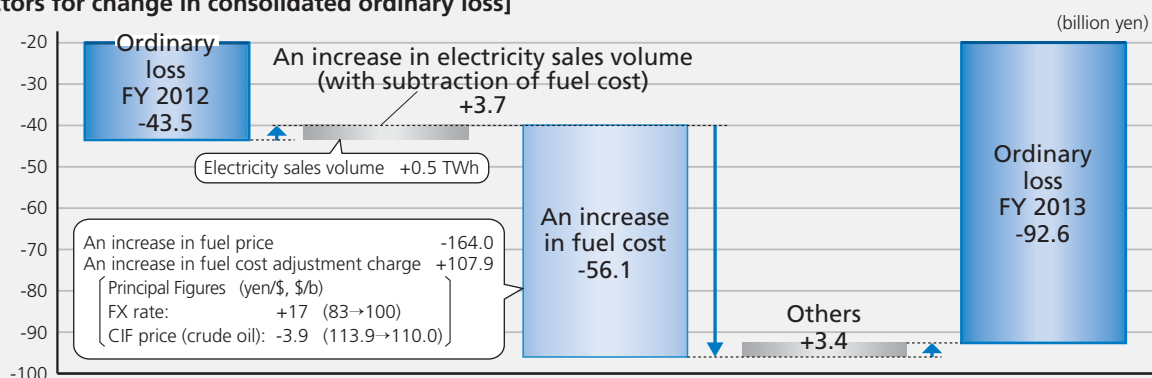
### [Factors for change in consolidated operating revenues]



## Consolidated Ordinary Income (Loss)

As for ordinary income and loss, while an increase in electric power sales was observed (plus ¥3.7 billion with subtraction of fuel cost) in the electric power business, a rise in fuel prices due to the weaker yen resulted in an adverse effect amounting to ¥56.1 billion, causing an ordinary loss of ¥92.6 billion, which represented a deterioration of ¥49.0 billion from the previous fiscal year.

### [Factors for change in consolidated ordinary loss]



## Dialog with shareholders and investors



Shareholders & Investors

### ● Opinions from shareholders and investors

I want the company to carry our further efficiency improvements in its management and so on, and devote itself to improving financial performance with a view to resumption of dividend payments.

### ● Chubu Electric Power's way of thinking and direction of its responses

By raising electricity rates and making efforts to cut costs in which we have not set aside any area for preferential treatment, Chubu Electric Power has become able to see the prospects of a certain degree of profitability. However, in order to further raise that level and make it stable we will need to continue taking initiatives for an even deeper efficiency in our management.

We will continue in the future to make cross-company efforts towards thorough efficiency, thereby doing our utmost to respond to the expectations of all our shareholders and investors.

## VOICE

### Aiming for the trust of shareholders and investors

In the IR Section of the Finance & Accounting Department where I work I am involved on a day-to-day basis in communicating with capital market specialists such as institutional investors. Recently, as the environment surrounding the energy market becomes increasingly opaque, there has been a particular rise in the need for disclosing information even more quickly and accurately than before.

That's why by responding appropriately to the needs of shareholders and investors I will continue to do my best to enthusiastically communicate with them, so that my work leads to a sense of trust towards our company.



Ayaka Odake

IR Section  
Finance & Accounting  
Dept.

## Five-Year Operating Statistics

The company's fiscal year (FY) is from April 1 to March 31 of the following year.

Electric Energy Sold		(GWh)				
		FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
Customers Under Regulation	Electric Lighting	35,029	37,256	35,872	35,492	35,265
	Electric Power	6,419	6,695	6,359	6,124	5,984
Total		41,448	43,951	42,231	41,616	41,249
Customers Under Liberalization	Commercial power	23,079	23,627	22,234	22,304	22,305
	Industrial power, etc.	58,322	63,333	63,432	62,632	63,516
Total		81,401	86,960	85,666	84,936	85,821
<b>Total Electric Energy Sold</b>		<b>122,849</b>	<b>130,911</b>	<b>127,897</b>	<b>126,552</b>	<b>127,070</b>

Breakdown of Industrial Large-lot Demand Electric Energy Sold		(GWh)				
Mining and Industry						
Mining		50	47	47	41	42
Manufacturing Industry	Foods	2,546	2,657	2,664	2,679	2,749
	Textiles	963	1,093	1,046	959	950
	Pulps and Papers	1,522	1,602	1,631	1,537	1,548
	Chemicals	2,666	2,758	2,898	2,865	2,694
	Oil and Coal Products	76	109	127	148	181
	Rubber	667	719	716	676	682
	Glass and Ceramics	2,137	2,604	2,657	2,519	2,461
	Steel	4,893	6,141	6,554	6,273	6,339
	Nonferrous Metals	1,291	1,530	1,409	1,327	1,334
	Machinery	18,701	20,178	20,250	20,501	21,273
	Others	5,202	5,484	5,447	5,304	5,411
	Subtotal	40,664	44,875	45,399	44,788	45,622
Total		40,714	44,922	45,446	44,829	45,664
Others	Railways	2,703	2,673	2,633	2,569	2,600
	Others	3,244	3,245	3,245	3,259	3,249
	Total	5,947	5,918	5,878	5,828	5,849
<b>Grand Total</b>		<b>46,661</b>	<b>50,840</b>	<b>51,324</b>	<b>50,657</b>	<b>51,513</b>

Electric Energy Supplied		(GWh)				
Internally-generated Power		114,972	123,723	127,965	130,838	128,639
	Hydroelectric	8,609	8,776	9,297	7,846	7,828
	Thermal	92,232	99,601	115,995	122,936	120,759
	Nuclear	14,129	15,318	2,616	—	—
	Renewable Energy	2	28	57	56	52
Interchanged, Purchased Power (Net)		20,053	19,594	12,336	7,465	10,371
Power Used for Pumped Storage		(1,246)	(978)	(1,336)	(1,163)	(986)
<b>Total Electric Energy Supplied</b>		<b>133,779</b>	<b>142,339</b>	<b>138,965</b>	<b>137,140</b>	<b>138,024</b>

Generating Capacity		(MW)				
Hydroelectric		5,219	5,219	5,218	5,225	5,232
Thermal		23,903	23,969	23,969	25,159	24,506
Nuclear		3,504	3,617	3,617	3,617	3,617
Renewable Energy		6	23	31	31	31
<b>Total Generating Capacity</b>		<b>32,632</b>	<b>32,828</b>	<b>32,835</b>	<b>34,032</b>	<b>33,386</b>
Annual Peak Load (Three-day Average of Generating End)		23,881	26,982	25,015	24,574	25,635

Number of Employees		(number of persons)				
Consolidated		29,116	29,583	29,774	30,847	30,888
Non-Consolidated		15,507	15,769	15,845	16,723	16,854

\* The number of employee includes temporary employee (excluding limited term employees) from FY 2012.

## Management Discussion and Analysis of Results

### Analysis of Operating Results

#### Electric Power Business

Electricity sales increased to 127.1 TWh, up 0.4% over the previous year, although electricity conservation is here to stay, demand from industrial users increased due to a rise in production by mechanical manufacturers.

Demand for electric lighting decreased by 0.6% to 35.3 TWh because electricity conservation is here to stay. Demand for electric power decreased by 2.3% to 6.0 TWh, because of a decrease in number of contracts.

Demand for commercial power amounted to 22.3 TWh, almost the same as in FY 2012. Demand for industrial users increased by 1.4% to 63.5 TWh, because of a rise in production by mechanical manufacturers.

#### Electric Energy Sold

	FY 2013 (A)	FY 2012 (B)	Change (A-B)	(TWh, %) Change (A-B)/B
Demand from customers under regulation				
Electric lighting	35.3	35.5	(0.2)	(0.6)
Electric power	6.0	6.2	(0.2)	(2.3)
Subtotal	41.3	41.7	(0.4)	(0.9)
Demand from customers under liberalization				
Commercial power	22.3	22.3	0.0	0.0
Industrial power, etc.	63.5	62.6	0.9	1.4
Subtotal	85.8	84.9	0.9	1.0
Total	127.1	126.6	0.5	0.4

As to electricity power supply, hydroelectric power output remained unchanged from the previous fiscal year while the operation of all reactors at the Hamaoka Nuclear Power Station was suspended.

On the other hand, interchanged power and purchased power increased by 2.9 TWh over the previous fiscal year due to a decrease in supply of interchange power to other power utilities.

As a result, thermal power output decreased by 2.2 TWh over the previous period.

#### Electric Energy Supplied

	FY 2013 (A)	FY 2012 (B)	Change (A-B)	(TWh, %) Change (A-B)/B
Internally generated				
Hydroelectric power	7.8	7.8	(0.0)	(0.2)
<flow rate>	<95.7>	<94.8>	<0.9>	
Thermal power	120.7	122.9	(2.2)	(1.8)
Nuclear power	-	-	-	-
<utilization rate>	<>	<>	<>	
Renewable energy	0.1	0.1	(0.0)	(5.4)
Interchanged, Purchased power	10.4	7.5	2.9	38.9
Power used for pumped storage	(1.0)	(1.2)	0.2	(15.2)
Total	138.0	137.1	0.9	0.6

In terms of revenue, operating revenue increased by 132.6 billion yen to 2,560.4 billion yen over the previous fiscal year, due mainly to an increase in electricity sales revenues resulting from an increase in electricity sales volume and fuel cost adjustment charge.

Operating expenses increased by 184.0 billion yen to 2,630.4 billion yen over the previous fiscal year, due mainly to an increase in fuel costs caused by a rise in fuel price associated with a weaker yen.

As a result, we recorded operating loss of 70.1 billion yen, a 51.4 billion yen change for the worse compared with the previous fiscal year.

#### Other Businesses

Sales increased by 60.5 billion yen to 281.8 billion yen owing to an increase in sales from energy business, along with construction related subsidiaries and other factors.

Operating expenses increased by 55.3 billion yen to 272.4 billion yen.

As a result, we recorded operating income of 9.4 billion yen, a 5.2 billion yen improvement compared with the previous fiscal year.

#### Ordinary Income (Loss)

Non-operating revenue increased by 1.2 billion yen over the previous fiscal year to 20.1 billion yen. In combination with sales, the ordinary revenue in total increased by 194.4 billion yen over the previous fiscal year, to 2,862.3 billion yen.

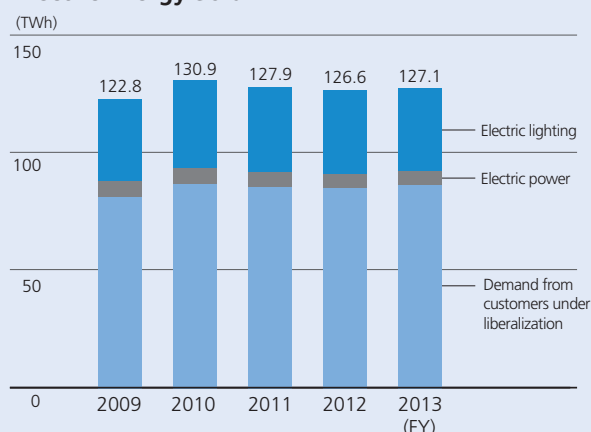
Meanwhile, non-operating expenses increased by 4.1 billion yen to 52.1 billion yen. Combined with operating expenses, total ordinary expenses increased by 243.5 billion yen year on year, to 2,954.9 billion yen.

As a result, we recorded ordinary loss of 92.6 billion yen, a 49.1 billion yen change for the worse compared with the previous fiscal year.

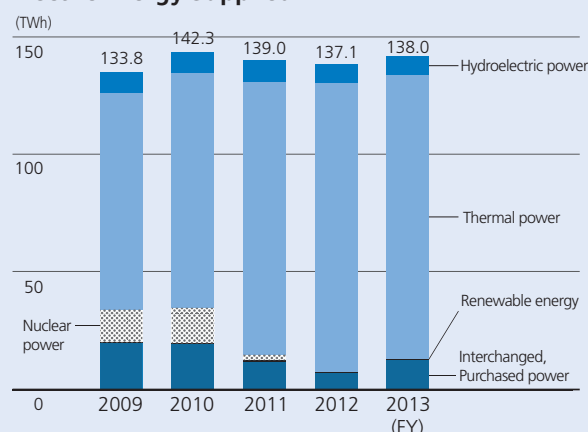
#### Net Income (Loss)

As a result, we recorded net loss of 65.3 billion yen, a 33.2 billion yen change for the worse compared with the previous fiscal year.

#### Electric Energy Sold



#### Electric Energy Supplied



## Analysis of Financial Standing

### (1) Assets

Noncurrent assets decreased to 4,778.5 billion yen, down 41.7 billion yen over the previous year, because of a decrease of electric utility plant and equipment, due to progress of depreciation.

Current assets decreased by 58.8 billion yen to 1,003.7 billion yen, despite an increase of trade notes and accounts receivable, due to decrease in short-term investments.

As a result of the above, total assets decreased by 100.6 billion yen to 5,782.2 billion yen compared with the previous year end.

### (2) Liabilities

Total liabilities decreased by 46.7 billion yen from the end of the previous fiscal year to 4,345.0 billion yen, due to such factors as a decrease in trade notes and accounts payable.

### (3) Net assets

Total net assets decreased by 53.9 billion yen from the end of the previous fiscal year to 1,437.2 billion yen due to such factor as net loss.

As a result, the shareholders' equity ratio was 24.2%.

## Analysis of Cash Flows

Cash flow from operating activities decreased to 203.7 billion, down 23.9 billion yen from the previous year, due mainly to an increase in fuel expenses resulting from a rise in fuel price associated with a weaker yen, which could not offset an increase in electricity utility operating revenue in electric power business driven by an increase in electricity sales volume and fuel cost adjustment charge.

Cash outflow from investment activities decreased by 64.0 billion yen over the previous fiscal year to 266.6 billion yen. The change is mainly due to a decrease in payments for the acquisition of noncurrent assets.

As a result, free cash flow improved by 40.1 billion yen from the previous fiscal year to -62.9 billion yen.

Cash flow from financing activities decreased by 273.5 billion yen over the previous fiscal year to -23.9 billion yen due to such factors as a decrease in proceeds from long-term loans payable and an increase in expenses for repayment of long-term loans payable.

Consequently, the amount of cash and cash equivalents at end of fiscal year under review decreased by 85.2 billion yen from the end of previous fiscal year.

Furthermore, total outstanding interest-bearing debt at end of fiscal year under review decreased by 0.5 billion yen from end of previous fiscal year to 3,260.1 billion yen.

## Capital Investments

In the electric power business, capital investments amounted to ¥224.7 billion in the fiscal year ended March 31, 2014 as a result of our efforts to pursue a maximum level of management efficiency, including procurement cost reduction by increasing competitive tendering when placing orders, while securing a stable supply of electric power and public security.

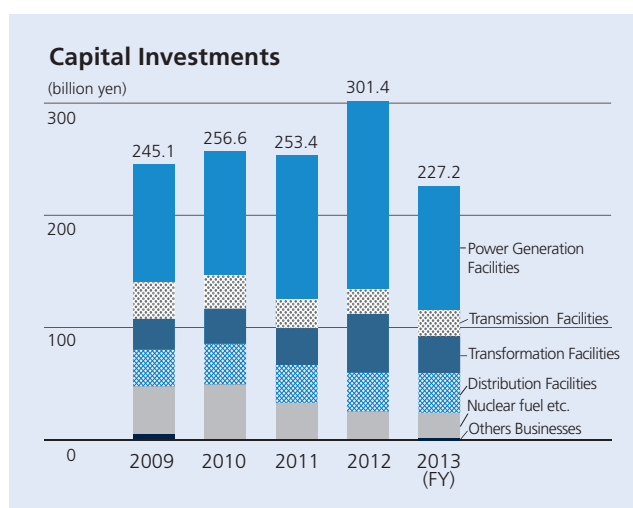
Regarding other businesses, capital investments amounted to ¥48.3 billion, including ¥19.7 billion for the energy business and ¥28.6 billion for other businesses. The aggregate amount of capital investments of the Group as a whole totaled ¥273.0 billion.

### (Reference)

#### Fiscal 2013 Capital Investments (Nonconsolidated)

Item	(billion yen)
Electric Power Business	
Power Generation Facilities	110.9
Power Transmission Facilities	
Transmission Facilities	23.6
Transformation Facilities	32.4
Distribution Facilities	35.5
Total	91.5
Other	22.3
Total	224.7
Other Businesses	
Energy Business	2.5
Other	0
Total	2.5
Grand Total	227.2

\* The above figures do not include consumption tax.



## Business and Other Risks

Of all the variables affecting the Chubu Electric Group's performance and financial standing, the primary factors most likely to have a major effect on investors' decisions are listed below.

Forward-looking statements in this report are based on facts and conditions as of the date of this report (in July 2014). Actual results may differ, affected by the government's future energy policy and revision of electricity business system.

### (1) Risks of the economic environment

#### 1) Economic and weather conditions

In the electric power business, which is at the core of the Chubu Electric Group's business, the volume of electricity sales fluctuates due to economic and temperature, and consequently, the performance of the Chubu Electric Group could potentially be affected.

In addition, the amount of yearly precipitation affects the amount of hydro electric power output, which impacts our power-generating costs. Chubu Electric, however, has set aside a reserve for fluctuation in water levels, which allows the company to make a certain adjustment against such impact within balance of the reserve, thus limits the effect on performance.

#### 2) Changes in fuel prices, etc.

As Chubu Electric Group depends on imports of such fuels as liquefied natural gas (LNG), coal and crude oil from overseas, fuel expenses in electricity business could be affected by fuel prices and fluctuations in the currency exchange market. However, since the fluctuations of fuel prices within certain range could potentially be reflected in electricity rates



under “Fuel-cost Adjustment System”, the impact of these factors on performance should be mitigated.

Meanwhile, performance of the Chubu Electric Group could also potentially be affected by the fluctuation in fuel expenses in the cases where: fuel becomes difficult to procure, for example, because of fluctuating supply and demand, supplier facility and/or operational issues, or changes in the political situation.

### 3) Changes in interest rates

The balance of interest-bearing debts at the Chubu Electric Group stood at 3,260.1 billion yen at the end of March 2014, an amount equivalent to 56.4% of our total assets. Interest payments on this debt are susceptible to market interest rates, and thus, the group’s performance could potentially be affected.

Of these interest-bearing debts, however, 89.3% comes from long-term funds (bonds and long-term loans), and most of these funding were procured at fixed interest rates. So the effect of interest rate changes is considered limited.

Part of the corporate pension plan assets, held by our group, could potentially affect the group’s performance as their market value fluctuates in tandem with movements in stock prices and interest rates, among other factors.

## (2) Risks associated with Chubu Electric Group business activities

### 1) Suspension of electricity generating facilities

The Company has suspended operation of all reactors at the Hamaoka Nuclear Power Station. It has formerly implemented both tsunami and severe accident countermeasures on a voluntary basis. In addition, based on the new regulatory standards, which came into effect in July 2013 (hereinafter referred to as “new regulatory standards”), the Company has been taking additional countermeasures and other actions against tornado, fire and severe accident as well as earthquake, with the goal of completing works at Reactors No. 4 and No. 3 by the end of September 2015 and September 2016, respectively. The Company submitted an application in February 2014 for Reactor No. 4 for a review to verify compliance with the new regulatory standards. In addition, as for Reactor No. 5, the Company has also continuously been examining all the necessary steps that need to be taken. Furthermore, the Company has enhanced disaster prevention system, put in place disaster prevention equipment, and promoted cooperation with the central government and local governments in which these reactors are located, with the aim of improving the disaster prevention measures further.

The Company is putting all its efforts into ensuring the stable supply of electricity after suspension of operation of all reactors at the Hamaoka Nuclear Power Station. Specifically, we have taken various measures to meet demand, such as continuous operation of aging thermal generators, while requesting our customers to save electricity. Our performance is expected to be affected by a substantial increase in fuel costs due to replacement of nuclear power with thermal power.

Providing the complete power supply system from power generation to distribution, the Chubu Electric Group strives to develop and maintain optimum facilities that ensure stable delivery of high quality electricity economically, while working to establish disaster-resistant systems by taking measures against large-scale earthquakes.

However, if supply facilities of the Company or other power companies from which we receive power supply are shut down because of a large-scale disaster, an accident or terrorism and an obstacle to fuel procurement, our operational results may be affected.

### 2) Nuclear power back-end costs, etc.

The back-end business of nuclear power takes an extremely long time period and has many uncertainties. To prepare for the future backend costs, based on the rules set by the government, Chubu Electric has set aside provision for reprocessing of irradiated nuclear fuel and provision for preparation of the reprocessing of irradiated nuclear fuel.

Even so, the costs of nuclear fuel cycles, including back-end costs, may vary depending on regulatory reform, changes in estimates of future expenses (mandated and voluntary), and the operating status of reprocessing facilities. As a result, company performance may potentially be affected.

### 3) Changes in the competitive environment

The Government of Japan is addressing the Electricity System Reform, focusing on the steps including: establishment of the organization for nationwide coordination of transmission operators, full liberalization of

entry to electricity retail business; further securing neutrality of the power transmission/distribution sector, and others. In addition, the supply and demand structure in the energy market could change drastically toward the realization of new energy mix, depending on several factors, such as, expanded use of renewable energies; promotion of natural gas; drastic strengthening of energy conservation, and so forth.

Given this situation, the Chubu Electric Group is exerting its maximum effort to enhance business efficiency, and is conducting proactive sales initiatives to respond precisely to customer needs. Even so, future amendments in regulations and changes to supply-demand structure could potentially have an effect on our performance.

### 4) Regulatory amendments for global environment protection, etc.

Global warming issues have caught more attention from global society. The group has recognized growing importance to contribute to the achievement of “low carbon society” through taking measures actively toward reduction of CO<sub>2</sub> emission in electric power business.

Based on above recognition, the group has established the “Chubu Electric Power Group Basic Environmental Policy”. Under its detailed protocol designated as “Action Plan”, the group is working systematically to use resources efficiently and reduce the burden on the environment. However, the group’s performance could potentially be affected by the future trend of tightening environmental regulations, among other factors.

### 5) Businesses other than electric power

The Chubu Electric Group focuses on electricity, gas and on-site energy supply as its core business areas. We are engaged in a wide range of businesses, including overseas energy business, taking advantage of our accumulated know-how in domestic businesses, constructions for expanding and securing electricity-related facilities, and manufacturing of materials and equipment for our core businesses. These businesses are subject to changing business environments, including increasing competition with other enterprises, and could potentially affect performance if they fail to produce the results expected by the Chubu Electric Group.

## (3) Other risks

### 1) Compliance

The Chubu Electric Group strives for strict compliance by establishing the Chubu Electric Group Compliance Basic Policy, which relates to compliance with laws, regulations and social rules.

If any event against compliance occurs within or in connection with the organization, the reputation of the Chubu Electric Group may be damaged and its operational results may be adversely affected.

### 2) Information leaks

The Chubu Electric Group comply with the relevant laws, maintains internal systems and establishes rules on information handling to ensure proper management of personal and other critical information. We have also increased information system security as well as employee training for this purpose.

However, in case information leak occurs and the direct cost of responding to the situation and loss of public trust in the Group arises, the group performance could potentially be affected.

## Consolidated Balance Sheets

Chubu Electric Power Company, Incorporated and Subsidiaries  
As of March 31, 2014 and 2013

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2014	March 31, 2013	March 31, 2014
<b>Property, Plant and Equipment:</b>			
Property, plant and equipment, at cost	¥13,448,427	¥13,387,437	\$130,719,547
Construction in progress	291,894	318,543	2,837,228
	13,740,321	13,705,980	133,556,775
Less:			
Contributions in aid of construction	(172,723)	(168,307)	(1,678,878)
Accumulated depreciation	(9,809,692)	(9,707,958)	(95,350,817)
	(9,982,415)	(9,876,265)	(97,029,695)
Total Property, Plant and Equipment, Net (Notes 8 and 12)	3,757,906	3,829,715	36,527,080
<b>Nuclear Fuel:</b>			
Loaded nuclear fuel	40,040	40,040	389,191
Nuclear fuel in processing	205,057	213,602	1,993,167
Total Nuclear Fuel	245,097	253,642	2,382,358
<b>Investments and Other Long-term Assets:</b>			
Long-term investments (Notes 9, 10 and 12)	288,757	274,821	2,806,736
Fund for reprocessing of irradiated nuclear fuel (Note 9)	204,946	216,825	1,992,088
Asset for retirement benefits (Note 13)	14,721	–	143,089
Deferred tax assets (Note 19)	256,580	235,900	2,493,974
Other (Note 12)	11,840	11,159	115,085
Allowance for doubtful accounts	(1,363)	(1,831)	(13,248)
Total Investments and Other Long-term Assets	775,481	736,874	7,537,724
<b>Current Assets:</b>			
Cash and deposits (Notes 7, 9 and 12)	140,574	117,229	1,366,388
Trade notes and accounts receivable (Note 9)	230,210	199,730	2,237,656
Allowance for doubtful accounts	(1,294)	(1,728)	(12,578)
Short-term investments (Notes 7 and 10)	414,091	515,042	4,024,990
Inventories (Note 11)	120,335	132,893	1,169,664
Deferred tax assets (Note 19)	22,816	25,422	221,773
Other (Note 12)	76,965	73,956	748,104
Total Current Assets	1,003,697	1,062,544	9,755,997
<b>Total Assets</b> (Notes 12 and 24)	¥ 5,782,181	¥ 5,882,775	\$ 56,203,159

The accompanying notes to the consolidated financial statements are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2014	March 31, 2013	March 31, 2014
<b>Long-term Liabilities:</b>			
Long-term debt (Notes 9 and 12)	¥2,621,397	¥2,680,730	\$25,480,142
Employee retirement benefit liability (Note 13)	–	192,482	–
Reserve for reprocessing of irradiated nuclear fuel	221,922	235,222	2,157,096
Reserve for preparation for reprocessing of irradiated nuclear fuel	15,405	14,813	149,737
Reserve for loss in conjunction with discontinued operations of nuclear power plants	22,769	31,125	221,316
Liability for retirement benefits (Note 13)	200,456	–	1,948,445
Asset retirement obligations (Note 15)	191,255	221,289	1,859,010
Other (Notes 12 and 19)	78,890	59,064	766,816
Total Long-term Liabilities	3,352,094	3,434,725	32,582,562
<b>Current Liabilities:</b>			
Current portion of long-term debt and other (Notes 9 and 12)	298,841	242,699	2,904,753
Short-term borrowings (Notes 9 and 12)	342,281	340,213	3,326,993
Trade notes and accounts payable (Note 9)	146,279	162,793	1,421,841
Income taxes payable and other	34,899	30,886	339,220
Other (Notes 9 and 15)	165,206	169,705	1,605,813
Total Current Liabilities	987,506	946,296	9,598,620
<b>Reserve for Fluctuation in Water Levels</b>	5,409	10,649	52,576
Total Liabilities	4,345,009	4,391,670	42,233,758
<b>Commitments and Contingent Liabilities</b> (Note 17)			
<b>Net Assets</b> (Note 18):			
Common stock	430,777	430,777	4,187,179
Capital surplus	70,777	70,777	687,957
Retained earnings	854,924	939,197	8,309,915
Treasury stock, at cost	(591)	(515)	(5,745)
Total Shareholders' Equity	1,355,887	1,440,236	13,179,306
Accumulated other comprehensive income:			
Net unrealized gains on available-for-sale securities	27,011	19,526	262,549
Net deferred losses on hedging instruments (Note 16)	(3,518)	(8,819)	(34,195)
Foreign currency translation adjustments	19,048	2,840	185,148
Accumulated adjustments for retirement benefits	2,639	–	25,651
Total Accumulated Other Comprehensive Income	45,180	13,547	439,153
Minority interests	36,105	37,322	350,942
Total Net Assets	1,437,172	1,491,105	13,969,401
<b>Total Liabilities and Net Assets</b>	¥5,782,181	¥5,882,775	\$56,203,159

# Consolidated Statements of Operations

Chubu Electric Power Company, Incorporated and Subsidiaries  
For the Years Ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2014	March 31, 2013	March 31, 2014
<b>Operating Revenues:</b>			
Electricity	¥2,560,376	¥2,427,728	\$24,887,014
Other	281,811	221,266	2,739,220
Total Operating Revenues (Note 24)	2,842,187	2,648,994	27,626,234
<b>Operating Expenses:</b>			
Electricity (Note 20)	2,630,447	2,446,423	25,568,108
Other	272,391	217,055	2,647,657
Total Operating Expenses	2,902,838	2,663,478	28,215,765
<b>Operating Loss</b> (Note 24)	(60,651)	(14,484)	(589,531)
<b>Other (Income) Expenses:</b>			
Interest expense	42,236	40,837	410,537
Reversal of reserve for loss in conjunction with discontinued operations of nuclear power plants (Note 21)	(6,714)	(7,402)	(65,261)
Other, net	(10,259)	(11,779)	(99,718)
Total Other Expenses, Net	25,263	21,656	245,558
<b>Loss Before Provision of Reserve for Fluctuation in Water Levels, Income Taxes and Minority Interests</b>	(85,914)	(36,140)	(835,089)
<b>Reversal of Reserve for Fluctuation in Water Levels</b>	(5,240)	(3,841)	(50,933)
<b>Loss Before Income Taxes and Minority Interests</b>	(80,674)	(32,299)	(784,156)
<b>Income Taxes:</b>			
Current	4,626	5,194	44,965
Deferred	(21,510)	(5,633)	(209,078)
Total Income Taxes	(16,884)	(439)	(164,113)
<b>Loss Before Minority Interests</b>	(63,790)	(31,860)	(620,043)
<b>Minority Interests in Earnings of Subsidiaries</b>	1,538	301	14,949
<b>Net Loss</b>	¥ (65,328)	¥ (32,161)	\$ (634,992)

	Yen		U.S. dollars (Note 1)
	March 31, 2014	March 31, 2013	March 31, 2014
<b>Per Share of Common Stock:</b>			
Net loss-basic	¥ (86.23)	¥ (42.45)	\$ (0.84)
Cash dividends	0.00	50.00	0.00

The accompanying notes to the consolidated financial statements are an integral part of these statements.



## Consolidated Statements of Comprehensive Income

Chubu Electric Power Company, Incorporated and Subsidiaries  
For the Years Ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2014	March 31, 2013	March 31, 2014
<b>Loss Before Minority Interests</b>	¥(63,790)	¥(31,860)	\$(620,043)
<b>Other Comprehensive Income:</b>			
Net changes in unrealized gains on available-for-sale securities	8,193	8,569	79,637
Net changes in deferred gains (losses) on hedging instruments	1,575	(709)	15,309
Net changes in foreign currency translation adjustments	8,141	6,443	79,131
Share of other comprehensive income of affiliates accounted for using equity method	11,906	2,476	115,727
Total Other Comprehensive Income (Note 22)	29,815	16,779	289,804
<b>Comprehensive Income</b>	¥(33,975)	¥(15,081)	\$(330,239)
Comprehensive income attributable to:			
Owners of the parent	¥(36,333)	¥(15,758)	\$(353,159)
Minority interests	2,358	677	22,920

# Consolidated Statements of Changes in Net Assets

Chubu Electric Power Company, Incorporated and Subsidiaries  
For the Years Ended March 31, 2014 and 2013

Millions of yen

	Number of shares of common stock issued	Shareholders' equity				Total shareholders' equity	Accumulated other comprehensive income					Total accumulated other comprehensive income	Minority interests	Total net assets
		Common stock	Capital surplus	Retained earnings	Treasury stock		Net unrealized gains on available-for-sale securities	Net deferred gains (losses) on hedging instruments	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits				
<b>Balance at April 1, 2012</b>	758,000,000	¥430,777	¥70,777	¥1,013,041	¥(479)	¥1,514,116	¥11,276	¥(5,845)	¥(8,288)	¥ -	¥(2,857)	¥37,088	¥1,548,347	
Net loss	-	-	-	(32,161)	-	(32,161)	-	-	-	-	-	-	(32,161)	
Cash dividends	-	-	-	(41,678)	-	(41,678)	-	-	-	-	-	-	(41,678)	
Purchase of treasury stock	-	-	-	-	(47)	(47)	-	-	-	-	-	-	(47)	
Disposal of treasury stock	-	-	-	(5)	11	6	-	-	-	-	-	-	6	
Net changes other than shareholders' equity	-	-	-	-	-	-	8,250	(2,974)	11,128	-	16,404	234	16,638	
<b>Balance at March 31, 2013</b>	758,000,000	¥430,777	¥70,777	¥ 939,197	¥(515)	¥1,440,236	¥19,526	¥(8,819)	¥ 2,840	¥ -	¥13,547	¥37,322	¥1,491,105	

Millions of yen

	Number of shares of common stock issued	Shareholders' equity				Total shareholders' equity	Accumulated other comprehensive income					Total accumulated other comprehensive income	Minority interests	Total net assets
		Common stock	Capital surplus	Retained earnings	Treasury stock		Net unrealized gains on available-for-sale securities	Net deferred gains (losses) on hedging instruments	Foreign currency translation adjustments	Accumulated adjustments for retirement benefits				
<b>Balance at April 1, 2013</b>	758,000,000	¥430,777	¥70,777	¥ 939,197	¥(515)	¥1,440,236	¥19,526	¥(8,819)	¥ 2,840	¥ -	¥13,547	¥37,322	¥1,491,105	
Net loss	-	-	-	(65,328)	-	(65,328)	-	-	-	-	-	-	(65,328)	
Cash dividends	-	-	-	(18,944)	-	(18,944)	-	-	-	-	-	-	(18,944)	
Purchase of treasury stock	-	-	-	-	(80)	(80)	-	-	-	-	-	-	(80)	
Disposal of treasury stock	-	-	-	(1)	4	3	-	-	-	-	-	-	3	
Net changes other than shareholders' equity	-	-	-	-	-	-	7,485	5,301	16,208	2,639	31,633	(1,217)	30,416	
<b>Balance at March 31, 2014</b>	758,000,000	¥430,777	¥70,777	¥ 854,924	¥(591)	¥1,355,887	¥27,011	¥(3,518)	¥19,048	¥2,639	¥45,180	¥36,105	¥1,437,172	

Thousands of U.S. dollars (Note 1)

<b>Balance at April 1, 2013</b>		\$4,187,179	\$687,957	\$9,129,054	\$(5,006)	\$13,999,184	\$189,794	\$(85,721)	\$ 27,605	\$ -	\$131,678	\$362,772	\$14,493,634
Net loss		-	-	(634,992)	-	(634,992)	-	-	-	-	-	-	(634,992)
Cash dividends		-	-	(184,137)	-	(184,137)	-	-	-	-	-	-	(184,137)
Purchase of treasury stock		-	-	-	(778)	(778)	-	-	-	-	-	-	(778)
Disposal of treasury stock		-	-	(10)	39	29	-	-	-	-	-	-	29
Net changes other than shareholders' equity		-	-	-	-	-	72,755	51,526	157,543	25,651	307,475	(11,830)	295,645
<b>Balance at March 31, 2014</b>		\$4,187,179	\$687,957	\$8,309,915	\$(5,745)	\$13,179,306	\$262,549	\$(34,195)	\$185,148	\$25,651	\$439,153	\$350,942	\$13,969,401

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Consolidated Statements of Cash Flows

Chubu Electric Power Company, Incorporated and Subsidiaries  
For the Years Ended March 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1)
	March 31, 2014	March 31, 2013	March 31, 2014
<b>Cash Flows from Operating Activities:</b>			
Loss before income taxes and minority interests	¥ (80,674)	¥ (32,299)	\$ (784,156)
Adjustments for:			
Depreciation and amortization	278,705	276,544	2,709,030
Decommissioning costs of nuclear power units	2,155	1,792	20,947
Loss on disposal of property, plant and equipment	8,243	9,053	80,122
Decrease in employee retirement benefit liability	–	(15,612)	–
Net change in liability and asset for retirement benefits	(5,856)	–	(56,921)
Decrease in reserve for reprocessing of irradiated nuclear fuel	(13,300)	(12,520)	(129,277)
Increase in reserve for preparation for reprocessing of irradiated nuclear fuel	592	570	5,754
Decrease in reserve for loss in conjunction with discontinued operations of nuclear power plants	(8,356)	(8,241)	(81,221)
Decrease in reserve for fluctuation in water levels	(5,240)	(3,841)	(50,933)
Interest and dividend income	(6,916)	(6,544)	(67,224)
Interest expense	42,236	40,837	410,537
Decrease in fund for reprocessing of irradiated nuclear fuel	11,878	12,342	115,455
Increase in trade notes and accounts receivable	(28,844)	(18,307)	(280,365)
Decrease (increase) in inventories	12,558	(32,233)	122,064
Decrease (increase) in trade notes and accounts payable	(18,175)	24,182	(176,662)
Other	51,286	31,887	498,503
Subtotal	240,292	267,610	2,335,653
Interest and dividends received	9,943	7,994	96,646
Interest paid	(42,376)	(40,146)	(411,897)
Income taxes paid	(4,117)	(7,845)	(40,017)
<b>Net Cash Provided by Operating Activities</b>	<b>203,742</b>	<b>227,613</b>	<b>1,980,385</b>
<b>Cash Flows from Investing Activities:</b>			
Purchases of property, plant and equipment	(268,091)	(329,166)	(2,605,861)
Payments for investments and other long-term assets	(235,354)	(44,359)	(2,287,656)
Proceeds from investments and other long-term assets	243,408	40,244	2,365,941
Proceeds from purchases of investments in subsidiaries resulting in charge in scope of consolidation	458	–	4,452
Other	(7,041)	2,678	(68,439)
<b>Net Cash Used in Investing Activities</b>	<b>(266,620)</b>	<b>(330,603)</b>	<b>(2,591,563)</b>
<b>Cash Flows from Financing Activities:</b>			
Proceeds from issuance of bonds	19,934	19,950	193,760
Redemption of bonds	(166,000)	(183,000)	(1,613,530)
Proceeds from long-term borrowings	210,322	514,162	2,044,343
Repayment of long-term borrowings	(67,139)	(56,799)	(652,595)
Proceeds from short-term borrowings	369,381	363,207	3,590,406
Repayment of short-term borrowings	(367,019)	(362,929)	(3,567,447)
Purchase of treasury stock	(80)	(47)	(778)
Dividends paid	(18,970)	(41,608)	(184,390)
Dividends paid to minority shareholders	(482)	(494)	(4,685)
Other	(3,852)	(2,881)	(37,442)
<b>Net Cash (used in) Provided by Financing Activities</b>	<b>(23,905)</b>	<b>249,561</b>	<b>(232,358)</b>
<b>Effect of Exchange Rate Changes on Cash and Cash Equivalents</b>	<b>1,620</b>	<b>2,203</b>	<b>15,747</b>
<b>Net Decrease (increase) in Cash and Cash Equivalents</b>	<b>(85,163)</b>	<b>148,774</b>	<b>(827,789)</b>
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<b>621,937</b>	<b>473,163</b>	<b>6,045,266</b>
<b>Cash and Cash Equivalents at End of the Year (Note 7)</b>	<b>¥536,774</b>	<b>¥621,937</b>	<b>\$5,217,477</b>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

# Notes to Consolidated Financial Statements

## ▶ 1. Basis of Consolidated Financial Statements

### (a) Basis of presenting the consolidated financial statements

The consolidated financial statements of Chubu Electric Power Company, Incorporated (the "Company") and its subsidiaries (together with the Company, the "Chubu Electric Group") have been prepared as required by the provisions set forth in the Japanese Corporate Law, the Financial Instruments and Exchange Law of Japan, the accounting regulations applicable to the electric power industry and on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS").

These consolidated financial statements are compiled from the original consolidated financial statements in Japanese, prepared by the Company as required by the Financial Instruments and Exchange Law of Japan and submitted to the Director of Kanto Finance Bureau in Japan.

### (b) U.S. dollar amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and notes thereto present the arithmetic results of translating yen amounts into U.S. dollar amounts on a basis of ¥102.88 to U.S. \$1.00, the prevailing exchange rate at the fiscal year-end. The inclusion of the dollar amounts is solely for convenience of the reader and is not intended to imply that the assets and liabilities originating in Japanese yen have been or could readily be converted, realized or settled in U.S. dollars at the above rate or at any other rate.

## ▶ 2. Summary of Significant Accounting Policies

### (a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries. Investments in all affiliates are accounted for by the equity method. The differences between the acquisition cost of investments in subsidiaries and affiliates and the underlying equity in their net assets adjusted based on the fair value at the time of acquisition are principally deferred and amortized over certain periods within twenty years on a straight-line basis. All significant intercompany transactions and accounts are eliminated on consolidation.

The Company's overseas subsidiaries close their books at December 31, three months earlier than the Company and its domestic subsidiaries. Chubu Energy Trading Singapore Pte. Ltd. closes its books at March 31 for consolidation reporting purposes

and the Company consolidates the financial statements at March 31. The Company consolidates the financial statements of the other overseas subsidiaries as of their fiscal year-end. Significant transactions for the period between the subsidiaries' year-end and the Company's year-end are adjusted for on consolidation. The financial statements of significant overseas subsidiaries are prepared in accordance with either IFRS or U.S. generally accepted accounting principles, with adjustments for the specified five items as required by "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" and "Practical Solution on Unification of Accounting Policies Applied to Affiliates Accounted for by the Equity Method" issued by the Accounting Standards Board of Japan ("ASBJ").

The number of subsidiaries and affiliates at March 31, 2014 and 2013 was as follows:

	March 31, 2014	March 31, 2013
Subsidiaries:		
Domestic	26	24
Overseas	22	20
Affiliates	39	38

### (b) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment is computed by the declining balance method over the estimated useful life of the asset. Contributions in aid of construction are deducted from the depreciable costs of the assets.

at cost determined by the moving average method. Adjustments in the carrying values of individual securities are charged to loss through write-downs when a decline in fair value is deemed other than temporary. The cost of securities is computed by the moving average method.

### (c) Nuclear fuel and amortization

Nuclear fuel is stated at cost, less amortization. The amortization of loaded nuclear fuel is computed based on the quantity of energy produced for the generation of electricity in accordance with the provisions prescribed by the regulatory authorities.

### (e) Derivatives and hedge accounting

Derivatives are valued at fair value if hedge accounting is not appropriate or when there is no hedging designation, and the gains and losses on the derivatives are recognized in current earnings. Certain transactions classified as hedging transactions are accounted for under a deferral method, whereby unrealized gains and losses on the hedging instruments are carried as accumulated other comprehensive income on the balance sheet and the net changes are recognized as other comprehensive income on the consolidated statements of comprehensive income until the losses and gains on the hedged items are realized. Foreign exchange forward contracts are accounted for by translating foreign currency denominated assets and liabilities at contract rates as an interim measure if certain hedging criteria are met. According to the special treatment permitted by the accounting standard for financial instruments in Japan, interest rate swaps are not valued at fair value. Rather, the net amount received or paid is added to or deducted from the interest expense on the hedged items if certain conditions are met. With the exception of a subsidiary engaged in fuel trading, the Chubu Electric Group enters into derivative transactions only with respect to assets and liabilities generated through the Chubu Electric Group's operations

### (d) Investments and marketable securities

The Chubu Electric Group classifies certain investments in debt and equity securities as "trading," "held-to-maturity" or "available-for-sale," the classification of which determines the respective accounting methods to be used to account for the investments as stipulated by the accounting standard for financial instruments. The Chubu Electric Group had no trading securities in the fiscal years under review. Held-to-maturity securities are stated at amortized cost. Available-for-sale securities with market quotations are stated at fair value, and net unrealized gains and losses on these securities are reported as accumulated other comprehensive income, net of applicable income taxes. Available-for sale securities without available market quotations are carried



and to hedge exposure to fluctuations in exchange rates, interest rates and fuel prices.

#### (f) Inventories

Inventories consist of fuel, materials, supplies and construction work-in-process. Fuel is stated at the lower of cost, determined principally by the periodic average method, or net realizable value.

#### (g) Allowance for doubtful accounts

An allowance for doubtful accounts has been provided for at the aggregate amount of estimated credit loss for doubtful or troubled receivables based on a financial review of certain individual accounts and a general reserve for other receivables based on the historical loss experience for a certain past period.

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

Until March 31, 2005, reserve for the reprocessing of irradiated nuclear fuel was recorded at an amount equal to 60% of the cost that would be required to reprocess all the Company's irradiated nuclear fuel. However, the ministerial ordinance that had regulated reserve for the reprocessing of irradiated nuclear fuel was repealed by the "Ministerial Ordinance to Repeal the Existing Ordinance Set for Reserve for Reprocessing of Irradiated Nuclear Fuel" (Ordinance No. 83 of the Ministry of Economy, Trade and Industry, 2005) and the accounting regulations applicable to the electric power industry (Ordinance No. 57 of the Ministry of International Trade and Industry, 1965). Subsequently, expenses related to back-end businesses such as the disposal of equipment installed in reprocessing facilities for which there are no estimations available are provided based on reasonable valuation measures, according to the mid-term report titled "Economic Measures to Deal with Backend Business" (published by the Electric Industry Committee, a subcommittee of the Advisory Committee on Energy and Natural Resources, on August 30, 2004). Accordingly, effective April 1, 2005, the Company adopted the new accounting regulations to determine the reserve for the reprocessing of irradiated nuclear fuel. Pursuant to these regulations, the Company determines and provides the reserve as of the year-end based on the Company's estimates of the cost of reprocessing actually planned.

Because of the difference that has arisen due to the accounting change specified by Article 2 of the supplementary provision in the Ordinance Revising the Accounting Regulations for Japanese Electric Utility Companies (Ministry of Economy, Trade and Industry Ordinance No. 92, 2005), ¥124,568 million is being allocated on a straight-line basis as operating expense over 15 years from the year ended March 31, 2006. The amount determined by Article 2 changed when the Spent Nuclear Fuel Reprocessing Fund Act (Ministry of Economy, Trade and Industry Ordinance No. 84, June 13, 2007) was put into effect in the year ended March 31, 2009. After this change, ¥98,982 million is being treated as operating expense allocated using the straight-line method over 12 years from the year ended March 31, 2009. The unrecognized difference from this estimate amounted to ¥49,491 million (\$481,056 thousand) and ¥57,739 million at March 31, 2014 and 2013, respectively.

The Company provides for the cost estimated for reprocessing spent fuel with a specific reprocessing plan from the fiscal year following the period in which it is generated, in accordance with the accounting regulations applicable to the electric power industry. The unrecognized difference from this estimate amounted to a debit balance of ¥10,352 million (\$100,622 thousand) and a credit balance of ¥4,301 million at March 31, 2014 and 2013, respectively.

#### (i) Reserve for preparation for reprocessing of irradiated nuclear fuel

A reserve for preparation for reprocessing of irradiated nuclear fuel is provided as a portion of the estimated costs needed to reprocess the irradiated nuclear fuel without a definite plan for reprocessing. The amount of reserve recorded for a particular year, including the years ended March 31, 2014 and 2013, is the amount recognized as attributable to that period.

#### (j) Reserve for loss in conjunction with discontinued operations of nuclear power plants

In the years ended March 31, 2014 and 2013, a reasonable estimate was made as a reserve for possible future expenses and losses related to the decommissioning of electric generating facilities that followed the termination of operations at Hamaoka Reactors No. 1 and No. 2.

#### (k) Reserve for fluctuation in water levels

The Company recognizes reserve at the amount required under the Japanese Electric Utility Law to stabilize its income position for fluctuation in water levels.

#### (l) Employee retirement benefits

To cover the payment of retirement benefits to employees, the difference between the amount of retirement benefit obligations and the value of plan assets has been recognized as a liability for retirement benefits (an asset for retirement benefits if the value of plan assets exceeds the amount of retirement benefit obligations).

##### (a) Method of allocation of estimated retirement benefits

To calculate retirement benefit obligations, the straight-line method is used to allocate estimated retirement benefits (some subsidiaries use the point based method).

##### (b) Actuarial gains and losses and prior service cost amortized in expenses

Prior service cost is amortized using the straight-line method over certain periods (3 years for the Company and 5 to 15 years for subsidiaries), which are within the average of the estimated remaining service years of the employees as of the year in which such cost arises. Actuarial gains and losses are amortized using the straight-line method (some subsidiaries use the declining balance method) over certain periods (3 years for the Company and 3 to 15 years for subsidiaries), which are within the average of the estimated remaining service years of the employees as of the year after such gains and losses arise (the year in which such gains and losses arise for some subsidiaries).

#### (m) Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

#### (n) Research and development costs

Research and development costs included in operating expenses for the years ended March 31, 2014 and 2013 amounted to ¥9,274 million (\$90,144 thousand) and ¥10,588 million, respectively.

#### (o) Income taxes

Income taxes are accounted for by the asset-liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the differences between the carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to be applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the promulgation date of the relevant law.

#### (p) Translation of foreign currency accounts

Receivables, payables and securities, other than stocks of subsidiaries and certain other securities, are translated into Japanese yen at the prevailing exchange rate at the fiscal year-end. Transactions in foreign currencies are translated based on the prevailing exchange rate on the transaction date. Resulting foreign exchange translation gains and losses are included in the consolidated statements of operations.

For financial statement items of the overseas subsidiaries and affiliates, all asset and liability accounts are translated into Japanese yen by applying the exchange rate in effect at the respective fiscal year-end. All income and expense accounts are translated at the average rate of exchange prevailing during the year. Translation differences are reported in the consolidated balance sheets as foreign currency translation adjustments in accumulated other comprehensive income after allocating the portion attributable to minority interests, and the net change is recognized as other comprehensive income on the consolidated statement of comprehensive income.

#### (q) Per share information

Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of shares outstanding during the year. Cash dividends per share shown for each fiscal year in the consolidated statements of operations represent dividends declared as applicable to the respective year.

### ▶ 3. Changes in Accounting Policies

Effective from the year ended March 31, 2014, the Company and its subsidiaries have applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 of May 17, 2012 (hereinafter, "Statement No. 26")) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 of May 17, 2012 (hereinafter, "Guidance No. 25")), except Article 35 of Statement No. 26 and Article 67 of Guidance No. 25, and actuarial gains and losses and past service costs that were yet to be recognized are recognized and the difference between retirement benefit obligations and plan assets are recognized as a liability for retirement benefits (an asset for retirement benefits if the value of plan assets exceed the amount of retirement benefit obligations).

In accordance with Article 37 of Statement No. 26, the effect of the change in accounting policies arising from the initial application is recognized in accumulated adjustments for retirement benefit in accumulated other comprehensive income. As a result of the application, a liability for retirement benefits in the amount of ¥11,234 million (\$109,195 thousand), an asset for retirement benefits in the amount of ¥11,436 million (\$111,159 thousand) and accumulated other comprehensive income in the amount of ¥2,639 million (\$25,651 thousand) have been recognized at the end of the current fiscal year.

### ▶ 4. Changes in Accounting Policies Which Are Difficult to Distinguish from Changes in Accounting Estimates

(a) Effective from the year ended March 31, 2013, in accordance with an amendment to the corporate tax law, the Company and its domestic subsidiaries have changed their depreciation method for property, plant and equipment. Assets acquired on or after April 1, 2012 are depreciated using the method prescribed in the amended corporate tax law. Due to this change in depreciation method, depreciation, operating loss and loss before income taxes and minority interests were each ¥8,203 million less than the amount that would have been reported without the change.

(b) The asset retirement cost corresponding to the asset retirement obligations in relation to the decommissioning of specified nuclear power plants had been recorded in tangible fixed assets based on the estimated total cost of decommissioning the nuclear power plants and had been expensed based on the amount of electricity supplied by nuclear power generation in accordance with "Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Units" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989). However, on October 1, 2013, "Ministerial Ordinance for the Setting of Reserve for Decommissioning of Nuclear Power Units" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25,

1989) was revised after the enforcement of "Ministerial Ordinance for Partial Revision of the Accounting Rule for the Electricity Business" (Ordinance No. 52 of the Ministry of Economy, Trade and Industry, September 30, 2013). On enforcement of the Ordinance, the depreciation method was changed from the above-mentioned method to the straight-line method over the period (the operational period plus the safe storage period). Consequently, operating loss, and loss before income taxes and minority interests for the fiscal year ended March 31, 2014 increased by ¥4,050 million (\$39,366 thousand) compared with amounts that would have been reported under the previous method.

We had estimated the expected operation period to calculate the asset retirement obligations in relation to the decommissioning of specified nuclear power plants with the operational period that provides the basis for determining the estimated total amount of electricity generated. However, on enforcement of the Ordinance, the above-mentioned period was extended to the safe storage period. Consequently, asset retirement obligations and asset value equivalent to the amount of asset retirement obligations included in nuclear generating facilities decreased by ¥29,327 million (\$285,060 thousand) compared with amounts that would have been reported under the previous method.

### ▶ 5. Accounting Standards not Effective in the Year Ended March 31, 2014

- Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, issued on May 17, 2012)
- Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, issued on May 17, 2012)

#### (a) Summary

The Accounting Standard for Retirement Benefits was amended to apply the method of recognizing net defined benefit liability (or net defined benefit asset if the amount of pension assets exceeds the amount of retirement benefit obligations) as calculated by deducting the amount of pension assets from retirement benefit obligations.

Under the amended rules, actuarial gains and losses and past service costs that were yet to be recognized in profit or loss are recognized within the net asset section, after adjusting for tax effects, and the deficit or surplus is recognized as a liability or asset without any adjustments. For determining the method of

attributing expected benefit to periods, the new standard allows a choice of a benefit formula basis or straight-line basis. The method for determining the discount rate has also been amended.

#### (b) Effective dates

Amendments related to the determination of retirement benefit obligations and current service costs are effective from the beginning of annual periods ending on or after March 31, 2015. It should be noted, however, that the accounting standards and guidance other than the relevant amended provisions have already been applied in their entirety.

#### (c) Effect of application of the standard

The Company and its subsidiaries are currently in the process of determining the effects of these new standards on the consolidated financial statements.

### ▶ 6. Additional Information

In the wake of the enforcement on October 1, 2013 of the "Ministerial Ordinance regarding Partial Amendments to the Accounting Standards for the Electricity Business, etc." (Ordinance No. 52 of the Ministry of Economy, Trade and Industry, September 30, 2013, hereinafter, the "Ordinance regarding Partial Amendments") and the amendments to the "Accounting Standards for the Electricity Business" (Ordinance No. 57 of the Ministry of International Trade and Industry, June 15, 1965), it

has been required on and after the enforcement date to include the noncurrent assets necessary for the decommission of nuclear reactors as well as noncurrent assets necessary to be maintained and managed even after discontinuing the operation of nuclear reactors in the nuclear power plants. This change shall not be applied retroactively as provided by the Ordinance regarding Partial Amendments.

There is no impact from this change.

## ▶ 7. Cash and Cash Equivalents

For the consolidated statements of cash flows, reconciliation between cash and cash equivalents and cash balances on the consolidated balance sheets was as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Cash and deposits	¥140,574	¥117,229	\$1,366,388
Time deposits with an original maturity of more than three months included in cash and deposits	(16,435)	(6,127)	(159,749)
Short-term investments with an original maturity of three months or less	412,635	510,835	4,010,838
Cash and cash equivalents	¥536,774	¥621,937	\$5,217,477

## ▶ 8. Property, Plant and Equipment

The major classifications of property, plant and equipment at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Hydroelectric power production facilities	¥ 244,993	¥ 252,279	\$ 2,381,347
Thermal power production facilities	665,629	644,289	6,469,955
Nuclear power production facilities	194,877	240,699	1,894,217
Transmission facilities	821,194	854,293	7,982,057
Transformation facilities	411,638	411,921	4,001,147
Distribution facilities	784,140	787,850	7,621,890
General facilities	114,339	120,851	1,111,382
Other electricity related to property, plant and equipment	7,151	8,013	69,508
Other property, plant and equipment	222,051	190,977	2,158,349
Construction in progress	291,894	318,543	2,837,228
Total	¥3,757,906	¥3,829,715	\$36,527,080

Calculated according to the accounting principles and practices generally accepted in Japan, accumulated gains on the receipt of contributions in aid of real property construction deducted

from the original acquisition costs amounted to ¥172,723 million (\$1,678,878 thousand) and ¥168,307 million at March 31, 2014 and 2013, respectively.

## ▶ 9. Financial Instruments

### (a) Items related to financial instruments

#### (1) Policy initiatives for financial instruments

The Chubu Electric Group raises funds for the equipment necessary to run its core electric power business through bond issues, bank loans and other means. Short-term working capital is secured principally through short-term borrowing and its fund management is restricted to low-risk assets such as certificates of deposit.

Derivative transactions are used to manage risk arising from the Chubu Electric Group's operations and are not used for speculative purposes. A subsidiary engaged in fuel trading may enter into derivative transactions for the purpose of ensuring a stable fuel supply to the Chubu Electric Group.

#### (2) Breakdown of financial instruments and associated risks

Short-term and long-term investments include certificates of deposit and shares in domestic companies acquired for aiding business operations or regional development and shares in overseas companies, bond holdings of subsidiaries and other instruments acquired for tapping into new earnings sources and other purposes. These securities, and bonds etc., are exposed to risks arising from changes in market prices.

Reserve for reprocessing irradiated nuclear fuel comprises funds allocated under provisions of the Law on the Creation and Management of Reserve Funds for the Reprocessing of Spent Fuel at Nuclear Power Stations (Article 48, May 20, 2005).

Trade notes and accounts receivable are exposed to customer credit risks.

Most of the Chubu Electric Group's interest-bearing debt balance consists of bonds and long-term funds holdings from

long-term borrowings principally for electric utility plant and equipment funding. However, related interest rate fluctuations have a minimal impact on earnings because most funds are raised at fixed interest rates.

Trade notes and accounts payable for operating debts are almost all due within one year.

Derivative transactions consist of foreign exchange forward contracts for meeting fuel supply obligations, commodity swaps and commodity options for the purpose of avoiding losses from future volatility in currency markets and fuel prices for fuel supplies and currency swaps and interest rate swaps for financial liabilities accompanied by fund raising in order to avoid losses from future volatility in currency markets and interest rates on financial liabilities. Hedging methods and hedging objectives in hedge accounting, hedging policies, effective valuation methods for hedges, and other related items are described in Note 2(e), Summary of Significant Accounting Policies—Derivatives and hedge accounting. A subsidiary engaged in fuel trading enters into commodity forward contracts, commodity future contracts and commodity swaps transactions. Some trading positions are exposed to risks arising from fuel price volatility.

#### (3) Risk management system for financial instruments

##### 1) Credit risk management

For trade accounts receivable arising from electricity bills, due dates and account balances are managed for each customer based on terms and conditions for electricity supply.

For derivative transactions, financial institutions and other enterprises with high credit ratings are selected and credit standing

is assessed even after transaction contracts are completed. A subsidiary engaged in fuel trading manages credit risk by regularly assessing the credit information and fair value of the accounts of each counterparty.

## 2) Market risk management

For marketable securities, the fair value of the securities and the financial and operating conditions of the issuers are regularly assessed. Derivative transactions are enacted and managed based on the Company's internal rules established for authorizing trades and for managing and reporting them. A trade management department independently handles transactions and approves contract amounts (notional and other value) for each transaction by classification. For a subsidiary engaged in fuel trading, a management committee of the Company monitors approved transactions to ensure they are enacted according to agreed upon parameters. In addition, the subsidiary's transactions are strictly managed on a daily basis using Value at Risk (VaR) and other controls, and the subsidiary is in the process of building stronger frameworks for risk management.

## (b) Fair value of financial instruments

Differences between the valuation amounts of financial instruments as they appear on the consolidated balance sheets and their fair

## 3) Volatility risk management in financing

Financing plans are formulated and daily receipts and payments are validated for managing risk.

## (4) Supplementary explanation of fair value for financial instruments

The fair value of financial instruments are based on market prices or reasonable alternative assessments if there is no market price. Since some variable factors are used in assessing value, the amounts calculated can change based on different assumptions that are applied. Derivative contract amounts noted below in "(b) Fair value of financial instruments" do not denote the market risk from the derivatives themselves. In addition, fair value and valuation gains and losses are reasonably quoted amounts based on market indicators for valuations and other measures. They are not necessarily amounts that would be received or paid in the future.

values as of March 31, 2014 and 2013 are shown below. Items with fair values that were extremely difficult to determine were not included (See Note 2).

As of March 31, 2014	Millions of yen		
	Carrying value	Fair value	Difference
<b>Assets:</b>			
(1) Marketable securities	¥ 493,348	¥ 489,378	¥ (3,970)
(2) Fund for reprocessing of irradiated nuclear fuel	204,946	204,946	–
(3) Cash and deposits	140,574	140,574	–
(4) Trade notes and accounts receivable	230,210	230,210	–
<b>Liabilities:</b>			
(5) Bonds*1	¥ 868,586	¥ 908,716	¥40,130
(6) Long-term borrowings*1	2,041,734	2,097,140	55,406
(7) Short-term borrowings	342,281	342,281	–
(8) Trade notes and accounts payable	146,279	146,279	–
(9) Derivative transactions*2	1,470	1,470	–

As of March 31, 2013	Millions of yen		
	Carrying value	Fair value	Difference
<b>Assets:</b>			
(1) Marketable securities	¥ 581,034	¥ 577,411	¥ (3,623)
(2) Fund for reprocessing of irradiated nuclear fuel	216,825	216,825	–
(3) Cash and deposits	117,229	117,229	–
(4) Trade notes and accounts receivable	199,730	199,730	–
<b>Liabilities:</b>			
(5) Bonds*1	¥1,014,572	¥1,059,551	¥44,979
(6) Long-term borrowings*1	1,898,552	1,942,422	43,870
(7) Short-term borrowings	340,213	340,213	–
(8) Trade notes and accounts payable	162,793	162,793	–
(9) Derivative transactions*2	58	58	–

As of March 31, 2014	Thousands of U.S. dollars		
	Carrying value	Fair value	Difference
<b>Assets:</b>			
(1) Marketable securities	\$ 4,795,373	\$ 4,756,785	\$ (38,588)
(2) Fund for reprocessing of irradiated nuclear fuel	1,992,088	1,992,088	–
(3) Cash and deposits	1,366,388	1,366,388	–
(4) Trade notes and accounts receivable	2,237,656	2,237,656	–
<b>Liabilities:</b>			
(5) Bonds*1	\$ 8,442,710	\$ 8,832,776	\$390,066
(6) Long-term borrowings*1	19,845,781	20,384,331	538,550
(7) Short-term borrowings	3,326,993	3,326,993	–
(8) Trade notes and accounts payable	1,421,841	1,421,841	–
(9) Derivative transactions*2	14,288	14,288	–

\*1 (5) Bonds and (6) Long-term borrowings include scheduled redemptions within one year.

\*2 The amounts denote net liabilities and obligations resulting from derivative transactions.



## (Note 1) Methods for calculating the fair value of financial instruments, marketable securities and derivative transactions

### (1) Marketable securities

The value of equity securities is determined from stock market prices and bonds from their market prices or prices quoted by financial institutions. The fair value of marketable securities settled in the short-term such as certificates of deposit are presented by their book prices because their market prices are almost equal to them. See Note 8, Marketable Securities and Investments Securities, for purposes of retaining holdings.

### (2) Fund for reprocessing of irradiated nuclear fuel

Assets are allocated as stipulated under the Law on the Creation and Management of Reserve Funds for the Reprocessing of Spent Fuel at Nuclear Power Stations (Article 48, May 20, 2005). Redemptions must meet requirements under the Ministry of Economy, Trade and Industry's plans for redeeming funds for reprocessing irradiated nuclear fuel. Since the carrying value is based on the current value of assets that are scheduled to be redeemed in the future according to plans at the end of the consolidated accounting period, the fair value is derived from the carrying value.

### (3) Cash and deposits and

### (4) Trade notes and accounts receivable

For cash and deposits, trade notes and accounts receivable, the carrying value is used for fair value because the accounts will be settled in the near future, meaning the fair value is largely equivalent to the carrying value.

### (5) Bonds

Bonds with market prices are valued by the market price, and bonds without market prices are valued based on terms projected as if they were being newly issued. Some bonds are subject to special foreign exchange forward contracts or interest rate swaps in the allocation process. These are valued based on the same terms and conditions applied to derivative transactions.

### (6) Long-term borrowings

The values of long-term borrowings are calculated using terms as if the borrowings were new loans. Some borrowings are subject to special foreign exchange forward contracts or interest rate swaps in the allocation process. These are valued based on the same terms and conditions applied to derivative transactions.

### (7) Short-term borrowings and

### (8) Trade notes and accounts payable

For short-term borrowings and trade notes and accounts payable, the carrying value is used for these amounts because the accounts will be settled in the near future, meaning the fair value is largely equivalent to the carrying value.

### (9) Derivative transactions

Refer to Note 16, Derivatives.

## (Note 2) Financial instruments for which assessing fair value are extremely difficult to determine.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Unlisted stocks, etc	¥196,621	¥190,740	\$1,911,168

These financial instruments do not have market prices and estimating their future cash flows would require considerable costs.

Consequently, these securities are not included in "(1) Marketable securities" above.

**(Note 3) Anticipated redemption schedule for monetary instruments and securities with maturity dates subsequent to the fiscal year-end.**

As of March 31, 2014:	Millions of yen			
	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
Securities: Held-to-maturity debt securities: National and local government bonds, etc.	¥ 600	¥3,099	¥ –	¥ –
Corporate bonds	500	2,400	1,100	–
Other	100	1,998	200	850
Available-for-sale securities with maturity dates:				
Debt securities: National and local government bonds, etc.	–	–	–	–
Corporate bonds	–	–	325	237
Other	2	292	101	370
Other	412,000	–	–	–
Fund for reprocessing of irradiated nuclear fuel*	23,687	–	–	–
Cash and deposits	140,574	–	–	–
Trade notes and accounts receivable	230,203	7	–	–
<b>Total</b>	<b>¥807,666</b>	<b>¥7,796</b>	<b>¥1,726</b>	<b>¥1,457</b>

As of March 31, 2013:	Millions of yen			
	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
Securities: Held-to-maturity debt securities: National and local government bonds, etc.	¥ 399	¥3,499	¥ 200	¥ –
Corporate bonds	200	2,300	1,700	–
Other	–	1,897	600	850
Available-for-sale securities with maturity dates:				
Debt securities: National and local government bonds, etc.	–	–	–	–
Corporate bonds	403	–	327	237
Other	41	278	290	549
Other	510,000	–	–	–
Fund for reprocessing of irradiated nuclear fuel*	23,376	–	–	–
Cash and deposits	117,229	–	–	–
Trade notes and accounts receivable	199,587	143	–	–
<b>Total</b>	<b>¥851,235</b>	<b>¥8,117</b>	<b>¥3,117</b>	<b>¥1,636</b>

As of March 31, 2014:	Thousands of U.S. dollars			
	Within 1 year	Over 1 year through 5 years	Over 5 years through 10 years	Over 10 years
Securities: Held-to-maturity debt securities: National and local government bonds, etc.	\$ 5,832	\$30,123	\$ –	\$ –
Corporate bonds	4,860	23,328	10,692	–
Other	972	19,421	1,944	8,262
Available-for-sale securities with maturity dates:				
Debt securities: National and local government bonds, etc.	–	–	–	–
Corporate bonds	–	–	3,159	2,304
Other	19	2,838	982	3,596
Other	4,004,666	–	–	–
Fund for reprocessing of irradiated nuclear fuel*	230,239	–	–	–
Cash and deposits	1,366,388	–	–	–
Trade notes and accounts receivable	2,237,588	68	–	–
<b>Total</b>	<b>\$7,850,564</b>	<b>\$75,778</b>	<b>\$16,777</b>	<b>\$14,162</b>

\* Anticipated redemption of the funds for reprocessing of irradiated nuclear fuel over more than one year is not disclosed due to contract requirements and other considerations.

**(Note 4) Anticipated redemption schedule for bonds, long-term borrowings and other interest-bearing debt subsequent to the fiscal year-end.**

As of March 31, 2014:	Millions of yen					
	Within 1 year	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
Bonds	¥170,000	¥110,000	¥124,500	¥123,800	¥151,050	¥ 189,260
Long-term borrowings	118,924	206,332	269,902	248,616	205,419	992,541
Short-term borrowings	342,281	–	–	–	–	–
<b>Total</b>	<b>¥631,205</b>	<b>¥316,332</b>	<b>¥394,402</b>	<b>¥372,416</b>	<b>¥356,469</b>	<b>¥1,181,801</b>

As of March 31, 2013:	Millions of yen					
	Within 1 year	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
Bonds	¥166,000	¥170,000	¥110,000	¥124,500	¥123,800	¥ 320,310
Long-term borrowings	66,394	117,012	204,400	264,104	178,823	1,067,819
Short-term borrowings	340,213	–	–	–	–	–
<b>Total</b>	<b>¥ 572,607</b>	<b>¥287,012</b>	<b>¥314,400</b>	<b>¥388,604</b>	<b>¥302,623</b>	<b>¥1,388,129</b>

As of March 31, 2014:	Thousands of U.S. dollars					
	Within 1 year	Over 1 year through 2 years	Over 2 years through 3 years	Over 3 years through 4 years	Over 4 years through 5 years	Over 5 years
Bonds	\$1,652,410	\$1,069,207	\$1,210,148	\$1,203,344	\$1,468,215	\$ 1,839,619
Long-term borrowings	1,155,949	2,005,560	2,623,464	2,416,563	1,996,686	9,647,560
Short-term borrowings	3,326,993	–	–	–	–	–
<b>Total</b>	<b>\$6,135,352</b>	<b>\$3,074,767</b>	<b>\$3,833,612</b>	<b>\$3,619,907</b>	<b>\$3,464,901</b>	<b>\$11,487,179</b>

## ▶ 10. Marketable Securities and Investments Securities

Held-to-maturity debt securities at March 31, 2014 and 2013 were as follows:

		Millions of yen		
As of March 31, 2014		Carrying value	Fair value	Difference
Securities whose fair value exceeds carrying value:				
National and local government bonds, etc.		¥ 3,699	¥ 3,837	¥ 138
Corporate bonds		2,800	2,941	141
Other		2,298	2,422	124
Subtotal		8,797	9,200	403
Securities whose carrying value exceeds fair value:				
National and local government bonds, etc.		–	–	–
Corporate bonds		1,200	1,163	(37)
Other		850	754	(96)
Subtotal		2,050	1,917	(133)
Total		¥10,847	¥11,117	¥ 270
As of March 31, 2013		Millions of yen		
Securities whose fair value exceeds carrying value:				
National and local government bonds, etc.		¥ 4,099	¥ 4,294	¥ 195
Corporate bonds		2,799	2,947	148
Other		2,497	2,647	150
Subtotal		9,395	9,888	493
Securities whose carrying value exceeds fair value:				
National and local government bonds, etc.		–	–	–
Corporate bonds		1,400	1,331	(69)
Other		850	717	(133)
Subtotal		2,250	2,048	(202)
Total		¥11,645	¥11,936	¥ 291
As of March 31, 2014		Thousands of U.S. dollars		
Securities whose fair value exceeds carrying value:				
National and local government bonds, etc.		\$ 35,955	\$ 37,296	\$ 1,341
Corporate bonds		27,216	28,587	1,371
Other		22,337	23,542	1,205
Subtotal		85,508	89,425	3,917
Securities whose carrying value exceeds fair value:				
National and local government bonds, etc.		–	–	–
Corporate bonds		11,664	11,304	(360)
Other		8,262	7,329	(933)
Subtotal		19,926	18,633	(1,293)
Total		\$105,434	\$108,058	\$ 2,624

Available-for-sales securities at March 31, 2014 and 2013 were as follows:

		Millions of yen		
As of March 31, 2014		Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds acquisition cost:				
Stocks		¥ 58,565	¥ 18,181	¥40,384
Bonds				
National and local government bonds, etc.		–	–	–
Corporate bonds		562	499	63
Other		415	389	26
Other		–	–	–
Subtotal		59,542	19,069	40,473
Securities whose acquisition cost exceeds carrying value:				
Stocks		2,091	2,361	(270)
Bonds				
National and local government bonds, etc.		–	–	–
Corporate bonds		–	–	–
Other		426	440	(14)
Other		412,677	412,685	(8)
Subtotal		415,194	415,486	(292)
Total		¥474,736	¥434,555	¥40,181
As of March 31, 2013		Millions of yen		
Securities whose carrying value exceeds acquisition cost:				
Stocks		¥ 46,289	¥ 17,658	¥28,631
Bonds				
National and local government bonds, etc.		–	–	–
Corporate bonds		966	899	67
Other		221	193	28
Other		–	–	–
Subtotal		47,476	18,750	28,726
Securities whose acquisition cost exceeds carrying value:				
Stocks		2,605	2,838	(233)
Bonds				
National and local government bonds, etc.		–	–	–
Corporate bonds		–	–	–
Other		1,027	1,076	(49)
Other		510,877	510,885	(8)
Subtotal		514,509	514,799	(290)
Total		¥561,985	¥533,549	¥28,436

As of March 31, 2014	Thousands of U.S. dollars		
	Carrying value	Acquisition cost	Difference
Securities whose carrying value exceeds acquisition cost:			
Stocks	\$ 569,255	\$ 176,721	\$392,534
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	5,463	4,850	613
Other	4,034	3,781	253
Other	–	–	–
Subtotal	578,752	185,352	393,400
Securities whose acquisition cost exceeds carrying value:			
Stocks	20,325	22,949	(2,624)
Bonds			
National and local government bonds, etc.	–	–	–
Corporate bonds	–	–	–
Other	4,141	4,277	(136)
Other	4,011,246	4,011,324	(78)
Subtotal	4,035,712	4,038,550	(2,838)
Total	\$4,614,464	\$4,223,902	\$390,562

## ► 11. Inventories

Inventories at March 31, 2014 and 2013 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Merchandise and finished products	¥ 2,974	¥ 3,161	\$ 28,907
Work-in-process	4,942	4,437	48,037
Raw materials and supplies	112,419	125,295	1,092,720
Total	¥120,335	¥132,893	\$1,169,664

## ► 12. Long-term Debt and Short-term Debt

At March 31, 2014 and 2013, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Bonds:			
Domestic issue:			
0.566% to 4.0%, maturing serially through 2028	¥ 868,586	¥ 928,572	\$ 8,442,710
Floating rate, maturing serially through 2013	–	81,000	–
Overseas issue:			
0.76%, maturing serially through 2013 (payable in euros/yen)	–	5,000	–
Loans from the Development Bank of Japan, other banks and insurance companies, due through 2033	2,041,734	1,898,552	19,845,781
Lease obligations	14,025	7,414	136,324
Subtotal	2,924,345	2,920,538	28,424,815
Less current portion of long-term debt	(290,503)	(234,960)	(2,823,707)
Total	¥2,633,842	¥2,685,578	\$25,601,108

At March 31, 2014 and 2013, all assets of the Company were subject to certain statutory preferential rights as collateral for loans from the Development Bank of Japan in the amount of ¥424,253 million (\$4,123,766 thousand) and ¥390,897 million, respectively, and for bonds (including those assigned under debt assumption agreements) of ¥1,384,230 million (\$13,454,802 thousand) and ¥1,566,430 million, respectively.

At March 31, 2014 and 2013, property, plant and equipment of certain subsidiaries pledged as collateral for some of long-term debt amounted to ¥701 million (\$6,814 thousand) and ¥790 million, respectively.

At March 31, 2014 and 2013, assets which were pledged as collateral for long-term loans from financial institutions to investees of certain subsidiaries consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Property, plant and equipment	¥ 3,774	¥ –	\$ 36,684
Construction in progress	3,152	–	30,638
Long-term investments	9,386	6,080	91,233
Other investments	40,428	42,614	392,963
Cash and deposits	5,056	–	49,145
Other current assets	74	–	719



At March 31, 2014 and 2013, short-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Short-term borrowings	¥342,281	¥340,213	\$3,326,993

Short-term borrowings consisted mainly of bank loans bearing an average interest rate of 0.359% per annum at March 31, 2014.

### ▶ 13. Employee Retirement Benefits

The Chubu Electric Group has defined benefit pension plans, lump-sum retirement benefit plans and defined contribution retirement plans. The Company may pay premium severance benefits to its retiring employees.

The liability for employee retirement benefits at March 31, 2013 consisted of the following:

	Millions of yen
Projected benefit obligation*	¥ 587,727
Fair value of pension plan assets at end of year	(387,664)
	200,063
Unrecognized actuarial differences	(19,169)
Unrecognized prior service cost	10,895
Prepaid pension cost	(693)
Employee retirement benefit liability	¥ 192,482

\* Projected benefit obligation of certain subsidiaries was calculated using the simplified calculation method permitted by the accounting standard for employee retirement benefits in Japan.

The components of net periodic retirement benefit expense for the year ended March 31, 2013 was as follows:

	Millions of yen
Components of net periodic retirement benefit expense:	
Service cost* <sup>1</sup>	¥15,563
Interest cost	11,063
Expected return on pension plan assets	(7,397)
Amortization of actuarial differences	(4,743)
Amortization of prior service cost	(10,538)
Net periodic retirement benefit expense* <sup>2</sup>	3,948
Loss on transition to a defined contribution pension plan	–
Other* <sup>3</sup>	2,702
Total	¥ 6,650

\*<sup>1</sup> Net periodic retirement benefit expense of subsidiaries which have adopted the simplified calculation method is appropriated into service cost.

\*<sup>2</sup> Premium severance benefits etc., which amounted to ¥3,438 million for the year ended 31, 2013 were not appropriated into net periodic retirement benefit expense.

\*<sup>3</sup> "Other" is the contributions paid to the defined contribution pension plan.

Major assumptions used in the calculation of the above amounts for the year ended March 31, 2013 were as follows:

Method of allocation of estimated retirement benefits	(Company)	Straight-line method
	(Subsidiaries)	Straight-line method, Point based method
Discount rate	(Company)	1.4%
	(Subsidiaries)	1.2–1.8%
Expected rate of return on pension plan assets	(Company)	2.0%
	(Subsidiaries)	0.5–2.5%
Amortization period for prior service cost	(Company)	3 years
	(Subsidiaries)	5 and 15 years
Amortization period for actuarial differences	(Company)	3 years
	(Subsidiaries)	3, 5 and 15 years

Information about employee retirement benefits for the year ended March 31, 2014 was as follows:

#### Defined benefit plans

(a) Movement in retirement benefit obligations except plans applying the simplified method

	Millions of yen	Thousands of U.S. dollars
Balance at April 1, 2013	¥582,081	\$5,657,864
Service cost	16,163	157,105
Interest cost	8,052	78,266
Actuarial loss	361	3,509
Benefits paid	(29,276)	(284,565)
Other	(6)	(58)
Balance at March 31, 2014	¥577,375	\$5,612,121

## (b) Movements in plan assets except plans applying the simplified method

	Millions of yen	Thousands of U.S. dollars
Balance at April 1, 2013	¥386,457	\$3,756,386
Expected return on plan assets	7,781	75,632
Actuarial gain	13,758	133,728
Contributions paid by the employer	9,925	96,472
Benefits paid	(21,843)	(212,315)
Other	1	10
Balance at March 31, 2014	¥396,079	\$3,849,913

## (c) Movement in liability for retirement benefits of defined benefit plans applying the simplified method

	Millions of yen	Thousands of U.S. dollars
Balance at April 1, 2013	¥4,439	\$43,147
Retirement benefit costs	694	6,746
Benefits paid	(526)	(5,113)
Contributions paid by the employer	(167)	(1,623)
Other	(1)	(10)
Balance at March 31, 2014	¥4,439	\$43,147

## (d) Reconciliation from retirement benefit obligations and plan assets to liability (asset) for retirement benefits including plans applying the simplified method

	Millions of yen	Thousands of U.S. dollars
Funded retirement benefit obligations	¥ 401,883	\$ 3,906,328
Plan assets	(397,436)	(3,863,103)
	4,447	43,225
Unfunded retirement benefit obligations	181,288	1,762,131
Total net liability for retirement benefits at March 31, 2014	185,735	1,805,356
Liability for retirement benefits	200,456	1,948,445
Asset for retirement benefits	(14,721)	(143,089)
Total net liability for retirement benefits at March 31, 2014	¥ 185,735	\$ 1,805,356

## (e) Retirement benefit costs

	Millions of yen	Thousands of U.S. dollars
Service cost	¥ 16,163	\$ 157,105
Interest cost	8,051	78,256
Expected return on plan assets	(7,781)	(75,632)
Net actuarial loss amortization	5,764	56,026
Prior service costs amortization	(10,684)	(103,849)
Retirement benefit costs based on the simplified method	695	6,756
Other	2,137	20,772
Total retirement benefit costs for the fiscal year ended March 31, 2014	¥ 14,345	\$ 139,434

## (f) Accumulated adjustments for retirement benefits

	Millions of yen	Thousands of U.S. dollars
Actuarial gains and losses that are yet to be recognized	¥(210)	\$(2,041)
Past service costs that are yet to be recognized	8	78
Total balance at March 31, 2014	¥(202)	\$(1,963)

## (g) Plan assets

## (1) Plan assets comprises:

Bond	54%
General accounts of life insurance companies	29%
Stock	13%
Other	4%
Total	100%

## (2) Long-term expected rate of return

Asset allocations, historical returns, operating policy, marketing trends and other have been considered in determining the long-term expected rate of return.

(h) Actuarial assumptions

The principle actuarial assumptions at March 31, 2014 were as follows:

Discount rate	(Company)	1.4%
	(Subsidiaries)	0.7–1.5%
Long-term expected rate of return	(Company)	2.0%
	(Subsidiaries)	0.5–2.5%

#### Defined contribution plans

Contributions to defined contribution plans required by the Company and its subsidiaries amounted to ¥2,720 million (\$26,439 thousand) for the year ended March 31, 2014.

## ▶ 14. Lease Transactions

### (a) Lessee

Future lease payments under non-cancelable operating leases at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Within 1 year	¥26	¥ 82	\$253
Over 1 year	35	61	340
Total	¥61	¥143	\$593

### (b) Lessor

Future lease commitments to be received under non-cancelable operating leases at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Within 1 year	¥ 286	¥ 286	\$ 2,780
Over 1 year	1,408	1,694	13,686
Total	¥1,694	¥1,980	\$16,466

## ▶ 15. Asset Retirement Obligations

### (a) Overview of Asset Retirement Obligations

Asset retirement obligations are recorded mainly in conjunction with measures to decommission specified nuclear power plants under the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors" (Act No. 166 of June 10, 1957). The asset retirement cost corresponding to the asset retirement obligations in relation to the decommissioning of specified nuclear power plants is recorded in tangible fixed assets based on the estimated total cost of decommissioning nuclear power plants and is expensed based on the amount of electricity supplied by nuclear power generation in accordance with the previous of "Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Plants" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989).

The asset retirement cost corresponding to the asset retirement obligations in relation to the decommissioning of specified nuclear power plants had been recorded in tangible fixed assets based on the estimated total cost of decommissioning the nuclear power plants and had been expensed based on the amount of electricity supplied by nuclear power generation in accordance with "Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Units" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989). However, on October 1, 2013, "Ministerial Ordinance

for the Setting of Reserve for Decommissioning of Nuclear Power Units" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989) was revised after the enforcement of "Ministerial Ordinance for Partial Revision of the Accounting Rule for the Electricity Business" (Ordinance No. 52 of the Ministry of Economy, Trade and Industry, September 30, 2013). On enforcement of the Ordinance, the depreciation method was changed from the above-mentioned method to the straight-line method over the period (the operational period plus the safe storage period).

### (b) Method for calculating monetary amounts of asset retirement obligations

With regard to the decommissioning of specified nuclear power plants, the monetary amount of asset retirement obligations is calculated based on a discount rate of 2.3% and the useful life based on the operational period of the nuclear power generation facilities that provide the basis for determining the estimated total amount of electricity generated as prescribed by "Ministerial Ordinance for the Setting of Reserves for the Decommissioning of Nuclear Power Plants" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989).

## (c) Net increase (decrease) in asset retirement obligations for the fiscal year

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Balance at beginning of year	¥221,339	¥219,188	\$2,151,429
Reductions due to execution of asset retirement obligations	(3,047)	(3,571)	(29,617)
Amount arising from change in the discount period*	(29,327)	–	(285,060)
Other	2,296	5,722	22,317
Balance at end of year	¥191,261	¥221,339	\$1,859,069

\* Previously, the estimated useful life used for determining asset retirement obligation related to the decommission of specified nuclear power plants was the operating period used as the basis for calculating the estimated total amount of electricity generated. On and after the date of enforcement of the Ordinance regarding Partial Amendments, however, the relevant period has been changed to the operating period plus the additional safety storage period. As a result, the amount corresponding to the relevant impact of this change is stated.

## ▶ 16. Derivatives

The Chubu Electric Group enters into derivative financial instruments, including interest rate swaps, foreign exchange forward contracts, currency swaps, commodity future contracts, commodity

swaps, commodity options and commodity forward contracts. The Chubu Electric Group's derivative financial instruments outstanding at March 31, 2014 and 2013 were as follows:

## (a) Derivatives for which hedge accounting is not applied

As of March 31, 2014	Contract amount		Fair value	Unrealized gains and losses
	Total	More than 1 year		
Commodity future contracts:				
Long position	¥ 31	¥ –	¥ (1)	¥ (1)
Short position	–	–	–	–
Commodity swaps and options contracts:				
Receive floating, pay fixed	803	511	283	283
Commodity swaps:				
Receive floating, pay fixed	21,326	662	(4,286)	(4,286)
Receive fixed, pay floating	17,621	278	3,214	3,214
Commodity forward contracts:				
Long position	6,377	–	(602)	(602)
Short position	4,459	–	725	725
Total	¥ –	¥ –	¥ (667)	¥ (667)

As of March 31, 2013	Millions of yen			
Commodity future contracts:				
Long position	¥ –	¥ –	¥ –	¥ –
Short position	902	–	113	113
Commodity swaps and options contracts:				
Receive floating, pay fixed	1,095	804	245	245
Commodity swaps:				
Receive floating, pay fixed	31,227	11,592	(4,998)	(4,998)
Receive fixed, pay floating	29,978	8,760	4,670	4,670
Commodity forward contracts:				
Long position	5,493	–	(317)	(317)
Short position	3,735	–	165	165
Total	¥ –	¥ –	¥ (122)	¥ (122)

As of March 31, 2014	Thousands of U.S. dollars			
Commodity future contracts:				
Long position	\$ 292	\$ –	\$ (10)	\$ (10)
Short position	–	–	–	–
Commodity swaps and options contracts:				
Receive floating, pay fixed	7,805	4,967	2,751	2,751
Commodity swaps:				
Receive floating, pay fixed	207,290	6,435	(41,660)	(41,660)
Receive fixed, pay floating	171,277	2,702	31,240	31,240
Commodity forward contracts:				
Long position	61,985	–	(5,851)	(5,851)
Short position	43,342	–	7,047	7,047
Total	\$ –	\$ –	\$ (6,483)	\$ (6,483)



## (b) Derivatives for which hedge accounting is applied

As of March 31, 2014		Contract amount		Fair value
		Total	More than 1 year	
General treatment:	Hedged items			
Foreign exchange forward contracts:				
Long position	Trade accounts payable (forecasted transactions)	¥ -	¥ -	¥ -
Interest rate swaps:				
Receive floating, pay fixed	Long-term debt	806,000	302,000	(5,872)
Receive fixed, pay floating	Long-term debt	50,000	50,000	4,926
Commodity swaps:				
Receive floating, pay fixed	Other operating expenses	8,390	5,565	3,083
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps	Long-term debt	20,225	20,000	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term debt	64,252	60,664	*
<b>Total</b>		<b>¥ -</b>	<b>¥ -</b>	<b>¥ 2,137</b>

As of March 31, 2013		Contract amount		Fair value
		Total	More than 1 year	
General treatment:	Hedged items			
Foreign exchange forward contracts:				
Long position	Trade accounts payable (forecasted transactions)	¥ 15,000	¥ -	¥ (51)
Interest rate swaps:				
Receive floating, pay fixed	Long-term debt	806,000	806,000	(8,617)
Receive fixed, pay floating	Long-term debt	50,000	50,000	5,859
Commodity swaps:				
Receive floating, pay fixed	Other operating expenses	11,276	8,391	2,872
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps	Long-term debt	20,485	20,225	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term debt	84,240	2,852	*
<b>Total</b>		<b>¥ -</b>	<b>¥ -</b>	<b>¥ 63</b>

As of March 31, 2014		Contract amount		Fair value
		Total	More than 1 year	
General treatment:	Hedged items			
Foreign exchange forward contracts:				
Long position	Trade accounts payable (forecasted transactions)	\$ -	\$ -	\$ -
Interest rate swaps:				
Receive floating, pay fixed	Long-term debt	7,834,370	2,935,459	(57,076)
Receive fixed, pay floating	Long-term debt	486,003	486,003	47,881
Commodity swaps:				
Receive floating, pay fixed	Other operating expenses	81,551	54,092	29,967
Allocation of gain/loss on foreign exchange forward contracts and others:				
Currency swaps	Long-term debt	196,588	194,401	*
Special treatment of interest rate swaps:				
Interest rate swaps:				
Receive floating, pay fixed	Long-term debt	624,533	589,658	*
<b>Total</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,772</b>

\* For the allocation method of currency swaps and special treatment of interest rate swaps, the fair value was included in fair value of the respective hedged items.  
(Note) The fair value of derivative transactions is measured at the quoted price obtained from the financial institution.

## ▶ 17. Contingent Liabilities

As of March 31, 2014 and 2013, contingent liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Guarantees of bonds and loans of companies and others:			
Japan Nuclear Fuel Limited	¥122,532	¥120,581	\$1,191,019
Guarantees of housing and other loans for employees	83,550	89,595	812,111
The Japan Atomic Power Company	38,095	38,095	370,286
Other companies	40,036	31,035	389,152
Guarantees related to electricity purchase agreements for affiliates and other companies	12,506	8,829	121,559
The amount borne by other joint and several obligors out of joint and several obligations against the fulfillment of payment obligations associated with connection and supply contracts	1,894	–	18,410
Recourse under debt assumption agreements	515,620	551,820	5,011,858

## ▶ 18. Net Assets

The authorized number of shares of common stock without par value is 1,190 million. At both March 31, 2014 and 2013, the number of shares of common stock issued was 758,000,000. At March 31, 2014 and 2013, the number of shares of treasury stock held by the Chubu Electric Group was 385,894 and 328,238, respectively.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must

be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Law, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the nonconsolidated financial statements of the Company in accordance with Japanese laws and regulations.

Since the Company posted a huge net loss for the year ended March 31, 2014, due mainly to an increase in fuel costs associated with the suspension of operations at all reactors at Hamaoka Nuclear Power, there was no year-end dividend and interim dividend.

## ▶ 19. Income Taxes

The tax effects of temporary differences that give rise to deferred tax assets and liabilities at March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Deferred tax assets:			
Tax loss carried forward	¥ 85,735	¥ 51,226	\$ 833,350
Employee retirement benefit liability	–	60,862	–
Liability for retirement benefits	63,106	–	613,394
Depreciation	35,353	35,170	343,633
Asset retirement obligations	34,086	43,187	331,318
Depreciation of easement rights	23,325	20,785	226,721
Intercompany unrealized profits	18,460	18,768	179,432
Impairment loss on fixed assets	15,760	16,867	153,188
Other	84,505	86,988	821,394
Total gross deferred tax assets	360,330	333,853	3,502,430
Less valuation allowance	(42,859)	(39,491)	(416,592)
Total deferred tax assets	317,471	294,362	3,085,838
Deferred tax liabilities:			
Net unrealized gains on available-for-sale securities	10,416	6,770	101,244
Asset retirement costs corresponding to asset retirement obligations	8,067	16,905	78,412
Asset for retirement benefits	4,384	–	42,613
Market valuation differences on subsidiaries	4,291	4,326	41,709
Reserve for special depreciation	3,862	–	37,539
Other	8,225	5,190	79,947
Total deferred tax liabilities	39,245	33,191	381,464
Net deferred tax assets	¥278,226	¥261,171	\$2,704,374

At March 31, 2014 and 2013, deferred tax assets and liabilities were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Deferred tax assets:			
Noncurrent	¥256,580	¥235,900	\$2,493,974
Current	22,816	25,422	221,773
Deferred tax liability:			
Noncurrent	1,170	151	11,373

In assessing the realizability of deferred tax assets, management of the Chubu Electric Group considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of the future taxable income during the periods in which those temporary differences become deductible.

Details of the difference between the statutory income tax rate and the effective income tax rate for the years ended March 31, 2014 and 2013 are omitted because a loss before income taxes and minority interests was recorded for both years.

"Act on Partial Amendment to the Income Tax Act" (Act No. 10,

2014) was promulgated on March 31, 2014, and accordingly, Special Corporate Tax for Reconstruction has been abolished from the fiscal year beginning on or after April 1, 2014. Due to this change, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities for the temporary differences expected to be either deductible taxable or expired in the fiscal year beginning on April 1, 2014, has been revised. As a result of this change in tax rate, deferred tax assets decreased by ¥2,691 million (\$26,157 thousand), deferred income taxes increased by ¥2,718 million (\$26,419 thousand) and accumulated other comprehensive income increased by ¥40 million (\$389 thousand).

## ▶ 20. Operating Expenses

Operating expenses in the electricity business for the years ended March 31, 2014 and 2013 were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Salaries	¥ 135,092	¥ 143,344	\$ 1,313,103
Retirement benefits	10,293	2,992	100,049
Fuel	1,314,105	1,194,820	12,773,182
Maintenance	202,254	220,004	1,965,921
Subcontracting fees	113,141	104,162	1,099,738
Depreciation	262,110	260,298	2,547,725
Other	601,287	531,492	5,844,547
Subtotal	2,638,282	2,457,112	25,644,265
Adjustment	(7,835)	(10,689)	(76,157)
Total	¥2,630,447	¥2,446,423	\$25,568,108

## ▶ 21. Reversal of Reserve for Loss in Conjunction with Discontinued Operations of Nuclear Power Plants

A reasonable estimate was made as a reserve for possible future expenses and losses related to the decommissioning of electric generating facilities that followed the termination of operations at Hamaoka Reactors No. 1 and 2. In the year ended March 31, 2014

and 2013, the difference between the estimate and actual amount was recognized as other income in connection with the conclusion of an agreement for processing some of the nuclear fuel.

## ▶ 22. Accounting Standards for Presentation of Comprehensive Income

Amounts reclassified as net loss is the current period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
Net unrealized gains on available-for-sale securities:			
Increase during the year	¥11,746	¥11,701	\$114,172
Reclassification adjustments	155	186	1,507
Subtotal, before tax	11,901	11,887	115,679
Tax expense	(3,708)	(3,318)	(36,042)
Subtotal, net of tax	8,193	8,569	79,637
Net deferred losses on hedging instruments:			
Increase during the year	5,103	2,267	49,601
Reclassification adjustments	(2,846)	(3,276)	(27,663)
Subtotal, before tax	2,257	(1,009)	21,938
Tax (expense) or benefit	(682)	300	(6,629)
Subtotal, net of tax	1,575	(709)	15,309
Foreign currency translation adjustments:			
Increase during the year	8,141	6,612	79,131
Reclassification adjustments	–	(169)	–
Subtotal, before tax	8,141	6,443	79,131
Tax (expense) or benefit	–	–	–
Subtotal, net of tax	8,141	6,443	79,131
Share of other comprehensive income of affiliates accounted for using equity method:			
Increase during the year	9,593	1,975	93,245
Reclassification adjustments	1,314	262	12,772
Acquisition cost adjustment of assets	999	239	9,710
Subtotal, net of tax	11,906	2,476	115,727
Total other comprehensive income	¥29,815	¥16,779	\$289,804

## ▶ 23. Related Party Transactions

Significant transactions of the Company and its subsidiaries with corporate auditors for the years ended March 31, 2014 and 2013 were as follows:

Kenji Matsuo (Corporate Auditor of the Company)

Kenji Matsuo, who is a Corporate auditor of the Company, is concurrently the president of Meiji Yasuda Life Insurance Company. The Company borrowed from Meiji Yasuda Life Insurance Company with an interest rate that was reasonably determined considering the market rate of interest. The amount of the transactions stated herein covers the period up to the date of his resignation on July 19, 2013.

	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
The Company's transactions during the year:			
New borrowings	¥10,000	¥ 50,000	\$97,201
Payment of interest	1,243	3,722	12,082
Balances at the fiscal year-end:			
Long-term debt	–	233,290	–



## ▶ 24. Segment Information

The reporting segments are constituent business units of the Chubu Electric Power Group for which separate financial information is obtained and examined regularly by the Board of Directors of the Company to evaluate business performance. The Group's core operations are based on the twin pillars of the Electric power business and the Energy business, which mainly entails the supply of gas and on-site energy. Our business activities also include the application of our know-how (developed in the domestic sector) to energy projects overseas, construction for the development

and maintenance of electric utilities-related facilities, and the manufacturing of materials and machinery for these facilities. The Group's reporting segments are classified into "Electric power" and "Energy" based on the areas of operation described above. The Electric power segment covers the supply of electric power. The Energy segment covers energy services such as the sale of gas and liquefied natural gas (LNG) and the provision of co-generation systems, among others. Information by segment for the years ended March 31, 2014 and 2013 was as follows:

							Millions of yen	
Year ended March 31, 2014	Electric power	Energy	Subtotal	Other	Total	Adjustment	Consolidated	
Operating revenues:								
External customers	¥2,560,376	¥84,923	¥2,645,299	¥196,888	¥2,842,187	¥ –	¥2,842,187	
Intersegment	1,653	606	2,259	318,837	321,096	(321,096)	–	
Total	2,562,029	85,529	2,647,558	515,725	3,163,283	(321,096)	2,842,187	
Operating (loss) income	¥ (76,253)	¥ 380	¥ (75,873)	¥ 15,086	¥ (60,787)	¥ 136	¥ (60,651)	
Total assets								
Depreciation and amortization	¥5,219,074	¥87,405	¥5,306,479	¥755,609	¥6,062,088	¥(279,907)	¥5,782,181	
Increase in tangible and intangible fixed assets	262,193	3,048	265,241	17,597	282,838	(4,133)	278,705	
	224,703	19,711	244,414	28,625	273,039	(4,408)	268,631	

							Millions of yen	
Year ended March 31, 2013	Electric power	Energy	Subtotal	Other	Total	Adjustment	Consolidated	
Operating revenues:								
External customers	¥2,427,728	¥61,852	¥2,489,580	¥159,414	¥2,648,994	¥ –	¥2,648,994	
Intersegment	2,112	104	2,216	331,852	334,068	(334,068)	–	
Total	2,429,840	61,956	2,491,796	491,266	2,983,062	(334,068)	2,648,994	
Operating (loss) income	¥ (27,272)	¥ (1,905)	¥ (29,177)	¥ 15,696	¥ (13,481)	¥ (1,003)	¥ (14,484)	
Total assets								
Depreciation and amortization	¥5,390,176	¥50,381	¥5,440,557	¥710,381	¥6,150,938	¥(268,163)	¥5,882,775	
Increase in tangible and intangible fixed assets	260,398	1,795	262,193	18,533	280,726	(4,182)	276,544	
	300,187	4,146	304,333	28,173	332,506	(5,330)	327,176	

							Thousands of U.S. dollars	
Year ended March 31, 2014	Electric power	Energy	Subtotal	Other	Total	Adjustment	Consolidated	
Operating revenues:								
External customers	\$24,887,014	\$825,457	\$25,712,471	\$1,913,763	\$27,626,234	\$ –	\$27,626,234	
Intersegment	16,067	5,890	21,957	3,099,116	3,121,073	(3,121,073)	–	
Total	24,903,081	831,347	25,734,428	5,012,879	30,747,307	(3,121,073)	27,626,234	
Operating (loss) income	\$ (741,184)	\$ 3,694	\$ (737,490)	\$ 146,637	\$ (590,853)	\$ 1,322	\$ (589,531)	
Total assets								
Depreciation and amortization	\$50,729,724	\$849,582	\$51,579,306	\$7,344,566	\$58,923,872	\$(2,720,713)	\$56,203,159	
Increase in tangible and intangible fixed assets	2,548,532	29,627	2,578,159	171,044	2,749,203	(40,173)	2,709,030	
	2,184,127	191,592	2,375,719	278,237	2,653,956	(42,846)	2,611,110	

**(a) Method for calculating operating revenues, income and loss, assets and other amounts for each reporting segment**

The accounting treatment and methods for the reporting segments are consistent with the accounting treatment and methods described in Note 2, Summary of Significant Accounting Policies. Segment income or loss for each reporting segment is presented on an operating income basis. All transactions between segments are on an arm's length basis.

**(b) Change in reporting segments**

- (1) As described in Note 4, in accordance with the amendment in Corporate Tax Law, from the year ending March 31, 2013, the Company and its domestic subsidiaries have changed their depreciation method for property, plant and equipments acquired on or after April 1, 2012. The depreciation method for the reporting segment has been changed to reflect the amendment in Corporate Tax Law. As a result loss for the Electric power segment and the Energy segment was ¥8,056 million and ¥18 million less, respectively, and income for the Other segment ¥128 million more than the amounts that would have been reported without the change.
- (2) As described in Note 4, the asset retirement cost corresponding to the asset retirement obligations in relation to the decommissioning of specified nuclear power plants had been recorded in tangible fixed assets based on the estimated total cost of decommissioning the nuclear power plants and had been expensed based on the amount of electricity supplied by nuclear power generation in accordance with "Ministerial Ordinance for the Setting of Reserve for the Decommissioning of Nuclear Power Units" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989). However, on October 1, 2013, "Ministerial Ordinance for the Setting of Reserve for Decommissioning of Nuclear Power Units" (Ordinance No. 30 of the Ministry of International Trade and Industry, May 25, 1989) was revised after the enforcement of "Ministerial Ordinance for Partial Revision of the Accounting Rule for the Electricity Business" (Ordinance No. 52 of the Ministry of Economy, Trade and Industry, September 30, 2013). On enforcement of the Ordinance, the depreciation method was changed from the above-mentioned method to the straight-line method over the period (the operational period plus the safe storage period). As a result, loss for the Electric power segment was by ¥4,050 million more than the amounts that would have been reported without the change.

**(c) Information about products and services**

The Company has omitted disclosure of information for each product and service because similar information is disclosed in the segment information above.

**(d) Information by geographic regions**

- (1) Operating revenues  
The Company has omitted disclosure of information for operating revenues because operating revenues to external customers in Japan account for more than 90% of the amount of operating revenues reported in the consolidated statements of operations.
- (2) Property, plant and equipment  
The Company has omitted disclosure of information for property, plant and equipment because property, plant and equipment in Japan account for more than 90% of the amount of property, plant and equipment reported in the consolidated balance sheets.

**(e) Information about major customers**

The Company has not disclosed information about major customers because no customer contributed 10% or more to operating revenues in the consolidated statements of operations.

**(f) Impairment losses on fixed assets, amortization of goodwill and the unamortized balance and gains arising from negative goodwill**

The Company has omitted information by segment on impairment loss on fixed assets, amortization of goodwill and the unamortized balance and gains arising from negative goodwill due to the negligible importance of this information.

## Independent Auditor's Report



### Independent Auditor's Report

To the Board of Directors of Chubu Electric Power Company, Incorporated:

We have audited the accompanying consolidated financial statements of Chubu Electric Power Company, Incorporated (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as of March 31, 2014 and 2013, and the consolidated statements of operations, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

#### **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 such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and 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 our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control 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, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 present fairly, in all material respects, the financial position of the Company and its subsidiaries as of March 31, 2014 and 2013, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

#### **Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 4 to the consolidated financial statements, from the year ended March 31, 2013, in accordance with the amendment to the corporate tax law, the Company and its domestic subsidiaries have changed their depreciation method for property, plant and equipment. Assets acquired on or after April 1, 2012 are depreciated using the method prescribed in the amended corporate tax law.

#### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2014 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

July 4, 2014  
Nagoya, Japan

KPMG AZSA LLC

# Nonconsolidated Balance Sheets

Chubu Electric Power Company, Incorporated  
As of March 31, 2014 and 2013

ASSETS	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
<b>Property, Plant and Equipment:</b>			
Property, plant and equipment, at cost	¥13,066,864	¥13,027,692	\$127,010,731
Construction in progress	264,902	301,862	2,574,864
	13,331,766	13,329,554	129,585,595
Less:			
Contributions in aid of construction	(161,098)	(157,412)	(1,565,883)
Accumulated depreciation	(9,570,844)	(9,472,860)	(93,029,199)
	(9,731,942)	(9,630,272)	(94,595,082)
Total Property, Plant and Equipment, Net	3,599,824	3,699,282	34,990,513
<b>Nuclear Fuel:</b>			
Loaded nuclear fuel	40,040	40,040	389,191
Nuclear fuel in processing	205,057	213,602	1,993,167
Total Nuclear Fuel	245,097	253,642	2,382,358
<b>Investments and Other Long-term Assets:</b>			
Long-term investments	349,352	325,040	3,395,723
Fund for reprocessing of irradiated nuclear fuel	204,946	216,825	1,992,088
Deferred tax assets	225,264	201,970	2,189,580
Other	13,987	11,240	135,955
Allowance for doubtful accounts	(265)	(278)	(2,576)
Total Investments and Other Long-term Assets	793,284	754,797	7,710,770
<b>Current Assets:</b>			
Cash and deposits	66,873	63,453	650,010
Trade notes and accounts receivable	165,935	142,739	1,612,899
Allowance for doubtful accounts	(1,111)	(1,127)	(10,799)
Inventories	108,773	121,727	1,057,280
Deferred tax assets	16,960	18,805	164,852
Other	438,896	539,489	4,266,096
Total Current Assets	796,326	885,086	7,740,338
<b>Total Assets</b>	<b>¥ 5,434,531</b>	<b>¥ 5,592,807</b>	<b>\$ 52,823,979</b>



LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars
	March 31, 2014	March 31, 2013	March 31, 2014
<b>Long-term Liabilities:</b>			
Long-term debt	¥2,590,976	¥2,664,511	\$25,184,448
Employee retirement benefit liability	145,339	147,075	1,412,704
Reserve for reprocessing of irradiated nuclear fuel	221,922	235,222	2,157,096
Reserve for preparation for reprocessing of irradiated nuclear fuel	15,405	14,813	149,738
Reserve for loss in conjunction with discontinued operations of nuclear power plants	22,769	31,125	221,316
Asset retirement obligations	190,076	220,768	1,847,550
Other	66,000	54,753	641,524
Total Long-term Liabilities	3,252,487	3,368,267	31,614,376
<b>Current Liabilities:</b>			
Current portion of long-term debt and other	290,494	233,241	2,823,620
Short-term borrowings	334,400	334,400	3,250,389
Trade notes and accounts payable	84,463	102,588	820,985
Other	270,602	268,853	2,630,268
Total Current Liabilities	979,959	939,082	9,525,262
<b>Reserve for Fluctuation in Water Levels</b>	5,409	10,649	52,576
Total Liabilities	4,237,855	4,317,998	41,192,214
<b>Net Assets:</b>			
Common stock	430,777	430,777	4,187,179
Capital surplus	70,690	70,690	687,111
Retained earnings	668,631	754,854	6,499,135
Treasury stock, at cost	(535)	(459)	(5,200)
Total Shareholders' Equity	1,169,563	1,255,862	11,368,225
Valuation and translation adjustments	27,113	18,947	263,540
Total Net Assets	1,196,676	1,274,809	11,631,765
<b>Total Liabilities and Net Assets</b>	¥5,434,531	¥5,592,807	\$52,823,979





# Corporate Data

(As of March 31, 2014)

## Corporate Profile

<b>Corporate name:</b>	Chubu Electric Power Co., Inc.
<b>Headquarters:</b>	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi 461-8680, Japan
<b>Date of establishment:</b>	May 1st, 1951
<b>Capital:</b>	¥430,777,362,600
<b>Number of employees:</b>	17,559
<b>Number of shares issued:</b>	758,000,000
<b>Number of shareholders:</b>	310,903
<b>Independent auditor:</b>	KPMG AZSA LLC
<b>Stock markets traded:</b>	Tokyo Stock Exchange, Inc. Nagoya Stock Exchange, Inc. (Securities ID code: 9502)
<b>Administrator of shareholder registry:</b>	Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8212, Japan

## Overseas Offices

### Washington Office

900 17th Street N.W., Suite 1220,  
Washington, D.C. 20006, U.S.A.  
Tel: +1-202-775-1960

### London Office

Nightingale House, 65 Curzon Street,  
London W1J 8PE, U.K.  
Tel: +44-20-7409-0142

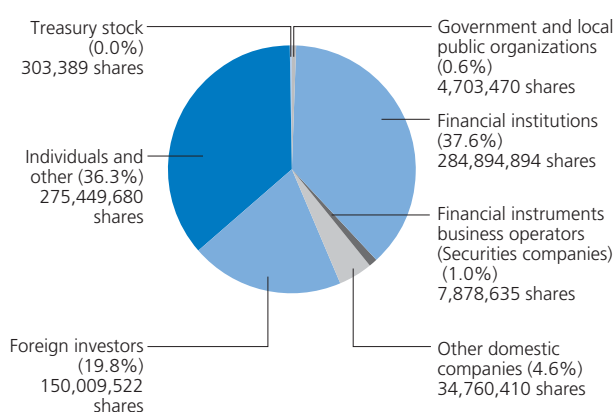
### Doha Office

4th Floor, Salam Tower, Al Corniche  
P.O. Box 22470, Doha-QATAR  
Tel: +974-4483-6680

## Main Business Locations

<b>Headquarters:</b>	1 Higashi-shincho, Higashi-ku, Nagoya, Aichi
<b>Nagoya Regional Office:</b>	2-12-14 Chiyoda, Naka-ku, Nagoya, Aichi
<b>Shizuoka Regional Office:</b>	2-4-1 Hontoori, Aoi-ku, Shizuoka
<b>Mie Regional Office:</b>	2-21 Marunouchi, Tsu, Mie
<b>Gifu Regional Office:</b>	2-5 Mieji-cho, Gifu
<b>Nagano Regional Office:</b>	18 Yanagimachi, Nagano
<b>Okazaki Regional Office:</b>	7 Daidou Higashi, Tosaki-cho, Okazaki, Aichi
<b>Tokyo Regional Office:</b>	2-2-1 Uchisaiwai-cho, Chiyoda-ku, Tokyo

## Composition of Shareholders



## Principal Shareholders

Name	Number of shares owned (thousands)	Ownership percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd.	62,389	8.23
The Master Trust Bank of Japan, Ltd.	49,247	6.50
Meiji Yasuda Life Insurance Company	39,462	5.21
Nippon Life Insurance Company	30,996	4.09
Chubu Electric Employees' Shareholders Association	19,405	2.56
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15,304	2.02
Sumitomo Mitsui Banking Corporation	14,943	1.97
Kochi Shinkin Bank	12,218	1.61
Mizuho Bank, Ltd.	10,564	1.39
The Dai-ichi Life Insurance Company, Limited	8,000	1.06
Total	262,532	34.63

Note: The numbers of shares held by Japan Trustee Services Bank, Ltd. and The Master Trust Bank of Japan, Ltd. (62,389,000 and 49,247,000, respectively) are related to their trust services.



## Energy Business

- C ENERGY CO., INC.
- Minami Enshu Pipeline Co., Ltd.
- Hokuriku Erunesu Co., Ltd.\*1

## Overseas Energy Businesses

- Chubu Electric Power Company International B.V.
- Chubu Electric Power Company U.S.A. Inc.
- Chubu Electric Power (Thailand) Co.,Ltd.
- Chubu Electric Power Goreway B.V.
- Chubu Electric Power Falcon B.V.
- Chubu Electric Power Thailand SPP B.V.
- Chubu Electric Power Sur B.V.
- Chubu Electric Power Korat B.V.
- Chubu Electric Power Gem B.V.
- Compañía de Generación Valladolid, S. de R.L. de C.V.
- Compañía de Operación Valladolid, S. de R.L. de C.V.
- TC Generation, LLC
- Chubu Ratchaburi Electric Services Co.,Ltd.
- A.T. Biopower Co.,Ltd.
- Goreway Power Station Holdings ULC
- Chubu TT Energy Management Inc.
- MT Falcon Holdings Company, S.A.P.I. de C.V.
- First Korat Wind Co.,Ltd.
- K.R. Two Co.,Ltd.
- Phoenix Power Company SAOC
- Phoenix Operation and Maintenance Company LLC
- TAC Energy Co.,Ltd.
- Gunkul Powergen Company Limited
- J Cricket Holdings, LLC

## IT/Telecommunications

- Chuden CTI Co., Ltd.
- Chubu Telecommunications Co., Inc.
- Community Network Center Inc.
- Omaezaki Cable Television
- CHUBU CABLE NETWORK COMPANY, INCORPORATED

## Construction

- Chubu Plant Service Co., Ltd.
- C-TECH CORPORATION
- TOENEC CORPORATION
- TOENEC Service Co., Ltd.
- TOENEC CONSTRUCTION (SHANGHAI) CO., LTD.
- TOENEC (THAILAND) CO., LTD.
- TOENEC PHILIPPINES INCORPORATED

## Manufacturing

- CHUBU SEIKI Co., Ltd.
- TOKAI CONCRETE INDUSTRIES Co., Ltd.
- AICHI KINZOKU KOGYO Co., Ltd.
- AICHI ELECTRIC Co., Ltd.

- Chubu Liquid Oxygen Co., Ltd.
- Chita Tansan Co., Ltd.

## Transportation

- Chuden Transportation Service Co., Ltd.
- SHIN-NIHON HELICOPTER Co., Ltd.

## Real Estate

- Chuden Real Estate Co., Ltd.

## Services and Others

- Chuden Auto Lease Co., Ltd.
- Chubu Cryogenics Co., Ltd.
- Chuden Wing Co., Ltd.
- Toho Industry Co., Ltd.\*2
- CHUDEN BUSINESS SUPPORT Co., Ltd.
- Chuden Haiden Support Co., Ltd.
- Chubu Energy Trading, Inc.
- Chita L.N.G. Co., Ltd.
- Techno Chubu Co., Ltd.
- Chuden Disaster Prevention Co., Ltd.
- CHUDEN KOGYO Co., Ltd.
- Chita Berth Co., Inc.
- AOYAMA-KOGEN WIND FARM CO., LTD.
- FILLTECH CORPORATION
- Saku Ohisama Solar Power Limited Business Partnership
- Hitachinaka Generation Co., Inc.
- Diamond Power Corporation
- Chubu Energy Trading Singapore Pte Ltd.
- Chubu Electric Power Australia Pty Ltd.
- Chubu Electric Power Company Global Resources B.V.
- Chubu Electric Power Gorgon Pty.Ltd.
- Chubu Electric Power Integra Pty Ltd.
- Chubu Electric Power Cordova Gas Ltd.
- Chubu Electric Power Ichthys Pty Ltd.
- Chubu Electric Power Exploration Pty Ltd.
- Chubu US Energy Inc.
- Chubu US Gas Trading, LLC
- Nagoya City Energy Co., Ltd.
- Aichi Kinuura Bio K.K.
- Hamamatsu D.H.C. Co., Ltd.
- Nagoya Energy Service Co., Ltd.
- Charging Network Development Organization, LLC.
- Centrair Energy Supply Co., Ltd.
- KASUMI BERTH CO., INC.
- Ogaki School Lunch Support Co., Inc.
- PFI Toyokawa Hoisaijyo Co., Ltd.
- Tahara Solar Co., Ltd.
- Camberwell Coal Joint Venture
- RHA Pastoral Company Pty Ltd.

(As of March 31, 2014)

\*1. Shares transferred in June 2014 and capital ties dissolved.

\*2. Shares transferred in July 2014 and company removed from scope of affiliates.

## Chubu Electric Power Co., Inc.

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