



# **Revision of Electricity Rates and Revision of FY 2004 Projections**

September 6, 2004  
Tokyo Electric Power Company



### ***Regarding Forward Looking Statements (Performance Projections)***

*Certain statements in the following presentation regarding Tokyo Electric Power Company's business operations may constitute "forward looking statements." As such, these statements are not historical facts but rather predictions about the future, which inherently involves risks and uncertainties, and these risks and uncertainties could cause the Company's actual results to differ materially from the forward looking statements (performance projections) herein.*



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# 1 Overview of Revision of Electricity Rates and Revision of FY 2004 Projections

## Electricity Rate Revision

**Market Environment**

Intensifying competition { Further liberalization } High-voltage customers contracting for 500 kW or more (from April 2004)  
 Competition between energy sources (self-generation, gas) All high-voltage customers (from April 2005)

**Strengthened competitiveness**

Rates reduced by an annual ¥260 billion (¥120 billion in 2nd half of FY 2004) on October 1.

Increase customer satisfaction through the provision of good-quality, low-priced electricity and services. Offer customers a better lifestyle and a cleaner environment as the front-runner in energy and services.

## Projection of Interim Results

(consolidated, top row; non-consolidated, bottom row)  
(in billion yen)

	Initial projection*	Current revised projection	Comparison	
			Difference	% change
Operating revenues	2,460.0	2,510.0	50.0	2.0
	2,400.0	2,450.0	50.0	2.1
Operating profit	345.0	395.0	50.0	14.5
	340.0	390.0	50.0	14.7
Ordinary profit	260.0	320.0	60.0	23.1
	260.0	320.0	60.0	23.1
Net income	170.0	175.0	5.0	2.9
	170.0	205.0	35.0	20.6

## Projection of FY 2004 Results

(consolidated, top row; non-consolidated, bottom row)  
(in billion yen)

	Initial projection*	Current revised projection	Comparison	
			Difference	% change
Operating revenues	5,030.0	5,050.0	20.0	0.4
	4,890.0	4,800.0	-90.0	-1.8
Operating profit	585.0	510.0	-75.0	-12.8
	570.0	500.0	-70.0	-12.3
Ordinary profit	410.0	355.0	-55.0	-13.4
	400.0	350.0	-50.0	-12.5
Net income	265.0	195.0	-70.0	-26.4
	260.0	225.0	-35.0	-13.5

\* The initial projection was made on May 18, 2004.



## 2-1 Revision of Electricity Rates: Calculation Factors

### Calculation of Costs: Calculation Factors

Cost calculation period	One year (2nd half of FY 2004 and 1st half of FY 2005)
Capital expenditures	¥538.8 billion
Fuel costs	Foreign exchange rate: ¥109/\$; crude oil price \$34.8/bbl (Both figures are the average for April to June 2004 based on customs clearance statistics.)

### Total Costs

		Amount (billion yen)	% of total	
Operating and other expenses	Personnel	465.0	10.4	
	Fuel	726.9	16.2	
	Maintenance	496.0	11.0	
	Capital expenses	Depreciation	788.6	17.6
		Business return	331.4	7.4
		Subtotal	1,120.0	25.0
	Taxes, etc.	364.0	8.1	
	Purchased power	572.3	12.7	
	Others	851.2	19.0	
Total (a)	4,595.4	102.4		
Excluded revenues (b)		108.4	2.4	
Total costs (c=a-b)		4,487.0	100.0	



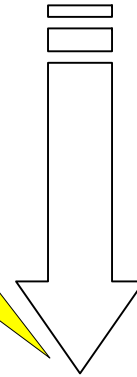
## 2-2 Revision of Electricity Rates: Regulated Segment

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### Regulated Segment

Cumulative reduction of about 40% over 12 times since the provisional reduction of 1986.

Results of past efforts to enhance efficiency and future increases in efficiency factored in



Electricity rate reductions  
(since start of liberalization)  
Reduction of nearly 20%

- Reduction in 2000 -5.32%
- Reduction in 2002 -7.02%
- Current revision -5.21%

Based on current supply contracts, electricity rates are reduced an average of 5.21% or an annual amount of ¥173.8 billion.

Unit: ¥/kWh

	New unit price	Old unit price	Change	Revision rate
Lighting	20.74	21.94	-1.20	-5.49%
Commercial and industrial	16.32	17.14	-0.82	-4.78%
Lighting and power total	18.72	19.74	-1.02	-5.21%

Note: Above unit prices and revision rates exclude customers in the liberalized retail power market.



## 2-3 Existing Rate Menu (Optional Contracts)

<p>Lighting and low-voltage customers</p>	<p>Time-of-Day Lighting Service (night-time 8-hour and 10-hour type [Otokuna-night-8 and Otokuna-night-10])            Time-of-Use Lighting Service (Denka Josu)            Electric Kitchen House Service (Smile-Cooking Discount)            Low-Voltage High-Load Service            Low-Voltage Load Shift Contract—Heat Storage Type</p>	
<p>Low-voltage and high-voltage customers</p>	<p>Night-Only Service            Second Night-Only Service            Snow Melt Power Service</p>	
<p>High-voltage customers</p>	<p>Light and Power Service Type 2            Time-of-Use Light and Power Service            Time-of-Use Light &amp; Power Service Type 2            Holiday High-Load Light and Power Service            Holiday High-Load Light and Power Service Type 2            Load Shift Contract-Heat Storage Type for Commercial Customers            Electric Kitchen Service for Commercial Customers            Service for All-Electric Commercial Customers</p>	<p>High Voltage Power Service Type 2            Time-of-Use High Voltage Power Service            Time-of-Use High Voltage Power Service Type 2            Holiday High-Load High-Voltage Power Service            Holiday High-Load High-Voltage Power Service Type 2            Load Shift Contract-Heat Storage Type for Industrial Customers</p>
<p>Other</p>	<p>Direct Debit Discount Service            Bulk Prepayment Discount Service</p>	



## 2-4 Revision of Electricity Rates: Retail Wheeling and Self-Service Wheeling

### Retail Wheeling Service Charges

Unit: ¥/kWh

	New unit price	Old unit price	Change	Revision rate
Extra high voltage	2.64 (2.22)	2.85 (2.42)	-0.21	-7.37% (-8.66%)
High voltage	4.99 (4.57)	5.40 (4.98)	-0.41	-7.59% (-8.24%)

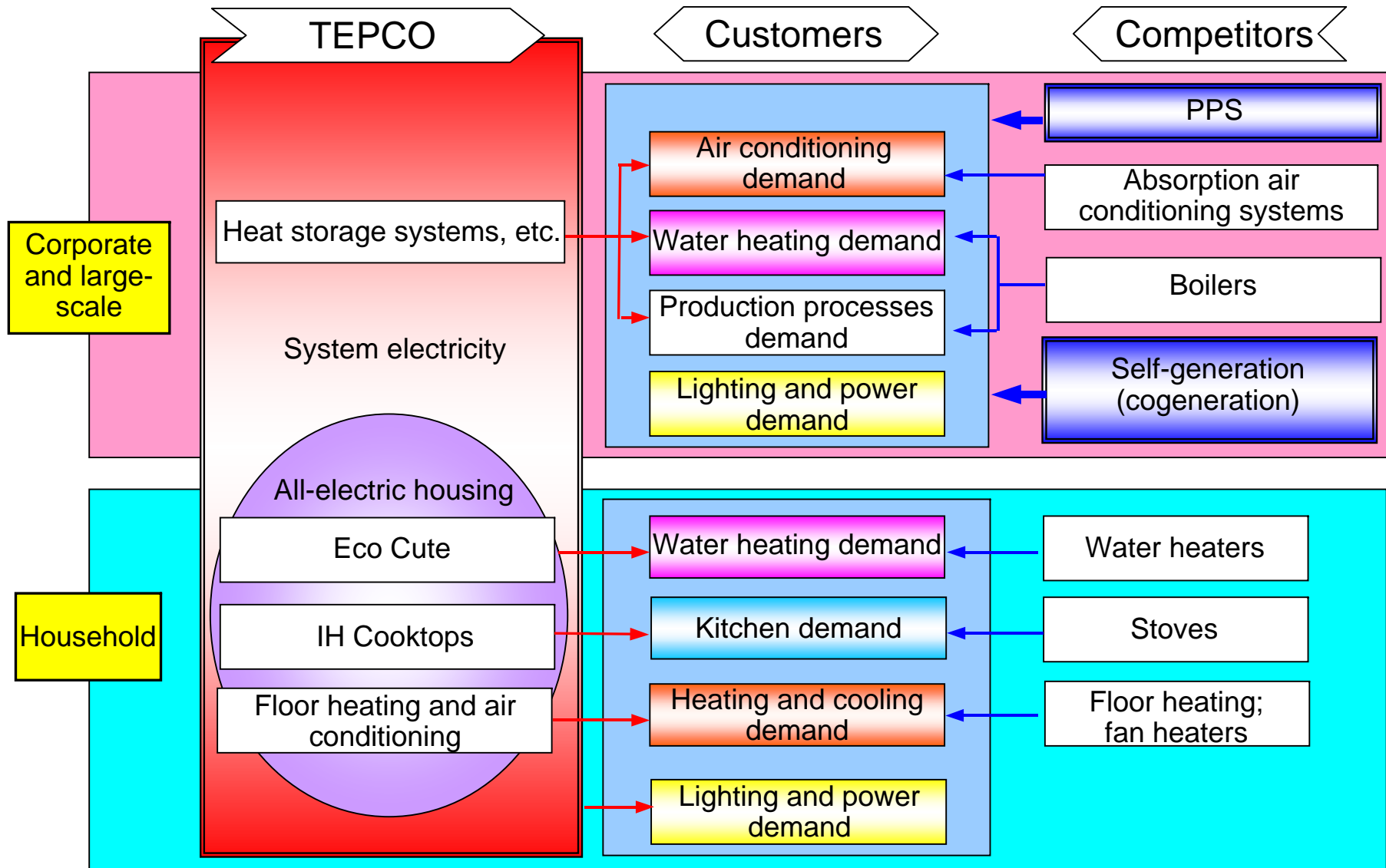
Note: Figures in parentheses exclude the electric power source development promotion tax (¥0.425/kWh).

### Self-Service Wheeling Charge

Unit: ¥/kWh

New unit price	Old unit price	Change
0.29	0.30	0.01







## 1. Objective

Promotion of an understanding of the benefits of the all-electric system, IH Cooktops, and Eco Cute

## 2. Campaign Period

From April 15 to May 31, 2004

## 3. Promotion Program

- Focused publicity campaign using mass media such as TV commercials
- Publicity events around Japan to experience IH cooktops
- Lotteries for people choosing all-electric systems and gifts to accompany signings of purchase agreements
- All-electric housing sales contests for builders
- Sales premiums through tie-ups with equipment makers

## 4. Purchase Agreements Signed for Electrical Equipment during the Campaign

IH Cooktops	approx. 14,000	(4,000)
Electric water heaters	approx. 9,500	(2,000)
Of which, Eco Cute	approx. 6,500	

Note: Figures in parentheses are campaign targets.



# 5-1 Outlook for Interim FY 2004

(in billion yen)

		Operating revenues	Operating profit	Ordinary profit	Net interim income
Initial projection	Consolidated	2,460.0	345.0	260.0	170.0
	Non-consolidated	2,400.0	340.0	260.0	170.0
Current revised projection	Consolidated	2,510.0	395.0	320.0	175.0
	Non-consolidated	2,450.0	390.0	320.0	205.0
Change	Consolidated	50.0	50.0	60.0	5.0
	Non-consolidated	50.0	50.0	60.0	35.0

## Main Factors for the Revision

### 1. Non-consolidated Results: Ordinary profit revised ¥60.0 billion upward

- Increase of electricity revenues +¥45.0 billion ( a hot summer increased sales 3.5 billion kWh above plans )
- Increase of other revenues +¥15.0 billion

Reference: ( Fuel costs about the same as the initial projection )

- Increase from higher electricity sales +¥13.0 billion
- Decrease resulting from lower fuel prices -¥13.0 billion

### 2. Consolidated Results

The effect of non-consolidated results and the effect of POWEREDCOM on consolidated results:

Through the early adoption of asset impairment accounting, an extraordinary loss of ¥29.0 billion will likely be recorded, representing equity interest in an asset impairment loss of about ¥80.0 billion.



## 5-2 Outlook for FY 2004

(in billion yen)

		Operating revenues	Operating profit	Ordinary profit	Net interim income
Initial projection	Consolidated	5,030.0	585.0	410.0	265.0
	Non-consolidated	4,890.0	570.0	400.0	260.0
Current revised projection	Consolidated	5,050.0	510.0	355.0	195.0
	Non-consolidated	4,800.0	500.0	350.0	225.0
Change	Consolidated	20.0	-75.0	-55.0	-70.0
	Non-consolidated	-90.0	-70.0	-50.0	-35.0

### Main Factors for the Revision

#### 1. Non-consolidated results: Ordinary profit revised ¥50.0 billion downward

<p>Factors Increasing Profit: +¥80.0 billion</p> <ul style="list-style-type: none"> <li>Increase of interim ordinary profit +¥60.0 billion</li> <li>Increase of electricity revenues resulting from higher sales volume +¥45.0 billion</li> <li>Increase of other revenues +¥15.0 billion</li> <li>Decrease of maintenance costs +¥20.0 billion</li> </ul> <p>(Due to factors including revision of periodic inspections at nuclear power plants)</p>	<p>Factors Reducing Profit: -¥130.0 billion</p> <ul style="list-style-type: none"> <li>Decrease of electricity revenues -¥120.0 billion</li> <li>(Decrease resulting from rate reduction)</li> <li>Increase of fuel costs -¥10.0 billion</li> </ul>
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#### 2. Consolidated Results

The effect of non-consolidated results and the effect of POWEREDCOM on consolidated results:

The inclusion of a new subsidiary is expected to increase operating revenues about ¥110.0 billion and decrease ordinary profit ¥3.0 billion and net income ¥32.0 billion. (Includes a loss of about ¥29.0 billion, representing equity interest in the early adoption of asset impairment accounting in the interim period.)



## 5-3 Revision of Electricity Sales Outlook, Key Factors, and Financial Influence

### Electricity Sales Outlook

Unit: billion yen/kWh

		1st half projection		Difference (A-B)	2nd half projection	Full year projection		Difference (A-B)
		Current (A)	Initial (B)			Current (A)	Initial (B)	
Other than eligible customers' use	Lighting	44.3	(43.1)	1.2	47.8	92.1	(90.9)	1.2
	Commercial use	22.9	(22.8)	0.1	21.3	44.2	(44.1)	0.1
	Low voltage	6.1	(5.5)	0.6	5.1	11.2	(10.6)	0.6
	High voltage A	10.0	(9.6)	0.4	9.6	19.6	(19.2)	0.4
	Lighting and power total	84.7	(82.4)	2.3	85.1	169.8	(167.5)	2.3
Eligible customers' use		60.0	(58.8)	1.2	55.7	115.7	(114.5)	1.2
Total		144.7	(141.2)	3.5	140.8	285.5	(282.0)	3.5

Note: Initial projections have not changed for the 2nd half.

### Key Factors

	Current projection			Initial projection
	Full year	1st half	2nd half	Full year
Foreign exchange rate (interbank; ¥/\$)	approx. 110	approx. 110	approx. 110	approx. 115
Crude oil prices (All Japan CIF; \$/bbl)	approx. 40	approx. 36	approx. 43	approx. 35
Nuclear power plant capacity utilization ratio (%)	approx. 70	approx. 70	approx. 70	approx. 70

### Financial Influence

	Current projection	Initial projection
Foreign exchange rate (interbank; ¥/\$)	approx. 75	approx. 75
Crude oil prices (All Japan CIF; \$/bbl)	approx. 230	approx. 220
Nuclear power plant capacity utilization ratio (%)	approx. 65	approx. 65

