

ANNUAL REPORT 2016

Corporate Profile

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

At present (as of the end of March 2016), Hokuriku Electric Power Company serves approximately 2.13 million customers on contracts, including 1.91 million for lighting service and remaining 0.22 million for power supply service, and its electricity sales amounted to about 27.5 billion kWh.

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

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



Highlights

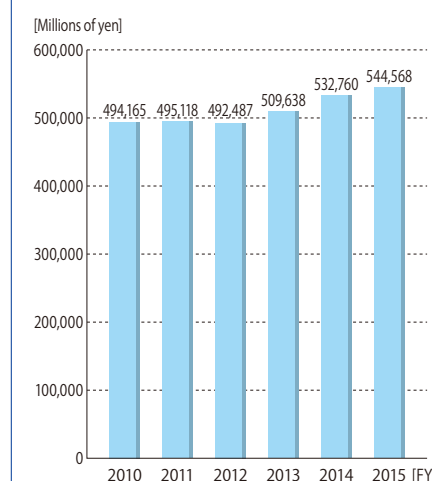
	FY2015	FY2014	FY2015
CONSOLIDATED			
Operating revenue	544,568 millions of yen	532,760 millions of yen	4,832,443 thousands of U.S. dollars
Operating income	38,124 millions of yen	39,959 millions of yen	338,309 thousands of U.S. dollars
Net income	12,891 millions of yen	8,990 millions of yen	114,398 thousands of U.S. dollars
Net income per share	61.74 yen	43.05 yen	0.54 U.S. dollars
Total assets	1,509,393 millions of yen	1,479,451 millions of yen	13,394,214 thousands of U.S. dollars
Electricity sales	27,518 millions of kWh	27,884 millions of kWh	
Number of customers	2,128 thousands	2,117 thousands	
System peak load	5,255 MW	5,258 MW	
Generating capacity	8,074 MW	8,068 MW	
Hydroelectric	1,921 MW	1,914 MW	
Thermal	4,400 MW	4,400 MW	
Nuclear	1,746 MW	1,746 MW	
New energy	8 MW	8 MW	

At the rate of ¥112.69 = U.S.\$1.00

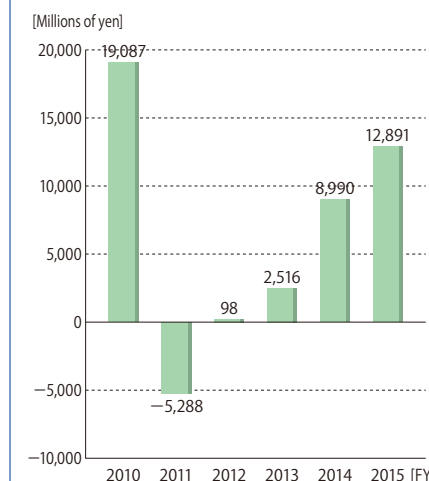
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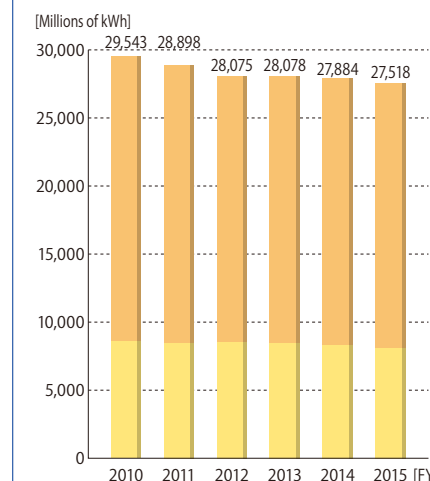
Changes in operating revenue (consolidated)
(6 years from FY2010 through FY2015)



Changes in net income (consolidated)
(6 years from FY2010 through FY2015)



Changes in electricity sales
(6 years from FY2010 through FY2015)



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



Left: Susumu Kyuwa, Chairman of the Board
Right: Yutaka Kanai, Executive President and Representative Director

As the retail electricity market in Japan has been fully liberalized since April this year and legal unbundling of transmission and distribution is scheduled to be carried out from April 2020, the environment surrounding our group has been changed significantly. On the other hand, tight power supply/demand and severe financial situations due to suspended operation of Shika Nuclear Power Station continue and our group will actively put effort into addressing various challenges to cope with such situations,

in order to fulfill a social mission of “ensuring stable supply of low-cost and high-quality energy.”

Then, through steady engagement of every one of us in such effort with keeping our group's CSR philosophy and code of conduct in mind, we aim to create “Hokuriku Electric Power Group that will serve as your trustworthy and chosen partner.”

We aim to realize early restart of Shika Nuclear Power Station.

In order to stably deliver low-cost and high-quality energy to our customers and respond to expectations of local communities, shareholders, investors and vendors, early resumption of Shika Nuclear Power Station operation is essential.

As for the seams in the site of Shika Nuclear Power Station, we provide reasonable scientific explanation on our survey result at the place of review on conformity to the new regulatory standards and strive to take a steady step for operation resumption.

Also, as for safety improvement work at Shika Nuclear Power Station, we are now in the process of enhancing the content of the work for further safety improvement and we will proceed with the work safely and steadily.

And, we provide the people in the local communities with careful explanations in a thoughtful manner to gain their understanding for achievement of early resumption of operation.

We ensure stable supply of electricity.

Amid the availability factor of our hydroelectric and thermal power stations remains high due to the suspended operation of Shika Nuclear Power Station, we make our utmost efforts to stably deliver electric power by implementing every possible measure including rescheduling repair work, etc.

Moreover, for stable supply of electricity and further development of power sources using less carbon resources over the medium- and long-term, we proceed with construction work of LNG-fired Unit 1 of Toyama Shinko Thermal Power Station which is planned to start its operation in FY2018. Furthermore, in order to increase power production, we set a new goal to steadily accumulate our efforts such as refurbishment of the existing hydroelectric power facilities, etc.

On the other hand, replacement work for the facilities installed in the high-growth period of the Japanese economy will reach a peak. Accordingly, we use our efforts to level long-term replacement plans and to ensure our systems of human resources and work execution for maintaining proper functions of facilities and stable supply.

We respond to customer needs more properly.

Under a competitive environment following the full liberalization of the retail electricity market, we continue to make every possible effort for improving managerial efficiency with considering safety as the first priority and for maintaining the current electricity rate level to the extent possible.

Also, we respond to customer needs more properly through new electricity rate tariff and enhancement of our services including “Hoku-link” membership service.

In addition, we use our management resources such as total services that combine electricity and LNG sale as far as possible, we conduct comprehensive energy business, including support for customers concerning optimum energy use.

We exert our efforts that are trusted by our stakeholders.

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

We will strictly ensure compliance with laws and regulations and conduct fair transactions with putting highest priority on safety in every operation and effort. And, we will have interactive discussions with the people in the local communities and continuously carry out environmental preservation activities to gain the trust from our stakeholders.

Every one of our group employees carefully hear your voice and realize CSR management.

September 2016

Susumu Kyuwa
Chairman of the Board

Yutaka Kanai
Executive President and Representative Director

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

Also, the combined gross domestic product of the three prefectures in the Hokuriku region - Toyama, Ishikawa and Fukui - reached about ¥12 trillion (in nominal terms in FY2013), which is equivalent to the GDP level of New Zealand, Hungary, etc.

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

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

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

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

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

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

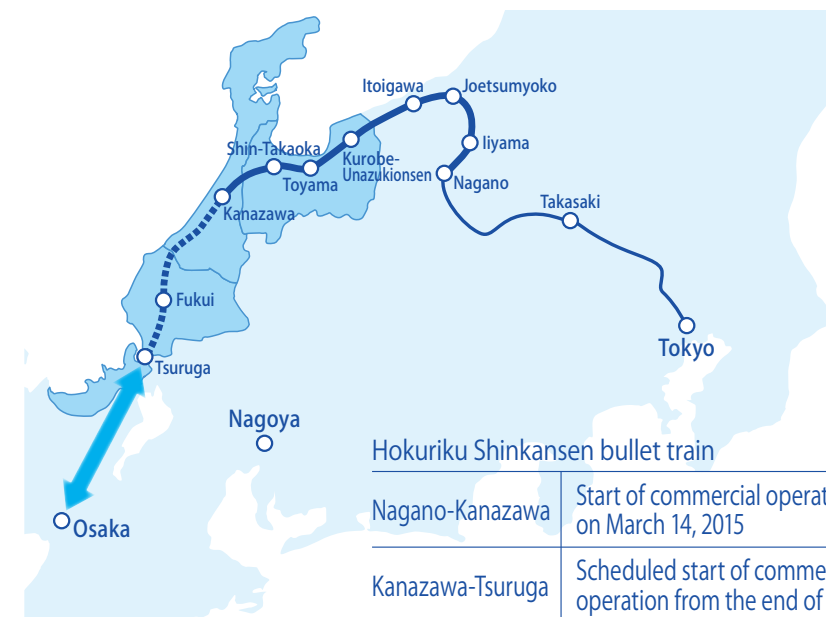
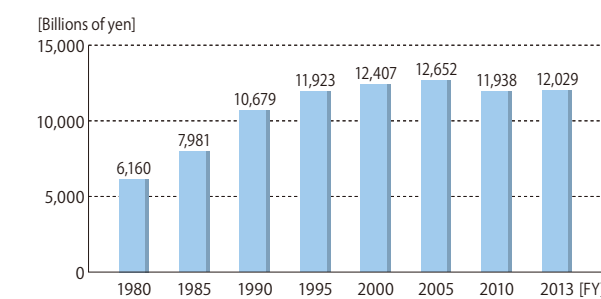


Tateyama chain of mountains (picture taken from Toyama-shi)

Hokuriku has a rich cultural heritage and a wealth of scenic and historic sites, and many traditional crafts fostered by the cultural climate of the region are still thriving.

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

Changes in gross domestic product of the Hokuriku region



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

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

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



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

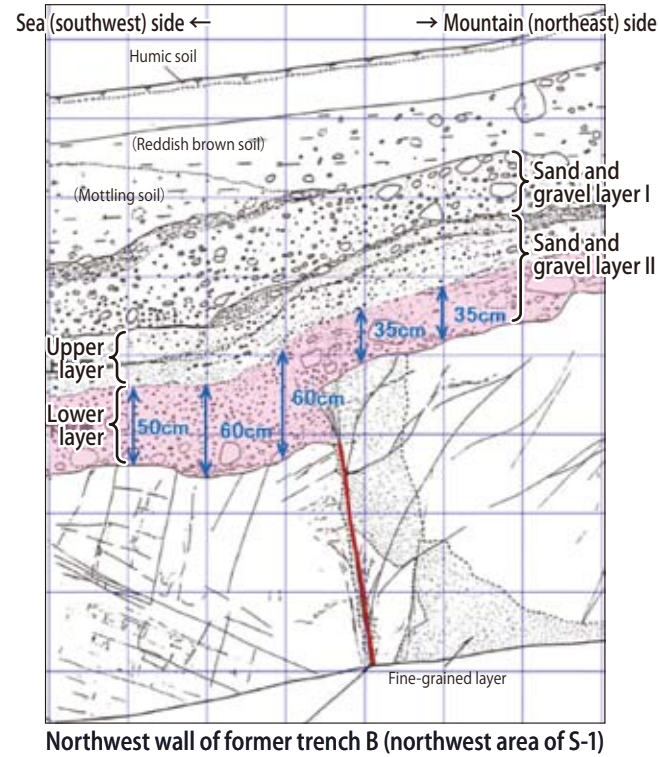
Accurate response to seam problems in Shika Nuclear Power Station site

For evaluation of the seams in the site of Shika Nuclear Power Station of Hokuriku Electric Power Company, discussions have been made at the knowledgeable persons meeting of the Nuclear Regulation Authority (NRA) for more than two years since February 2014. In April 2016, the evaluation document was submitted by the knowledgeable persons meeting and NRA received it.

The evaluation document mentions that “the evaluation this time is conducted based on the limited materials and data. Thus, since more data are needed for more accurate and assured evaluation,” six items of “future challenges” are presented (see page 5).

The safety of Shika Nuclear Power Station will be reviewed anew at the stage of review on conformity to the new regulatory standards with reference to this evaluation document.

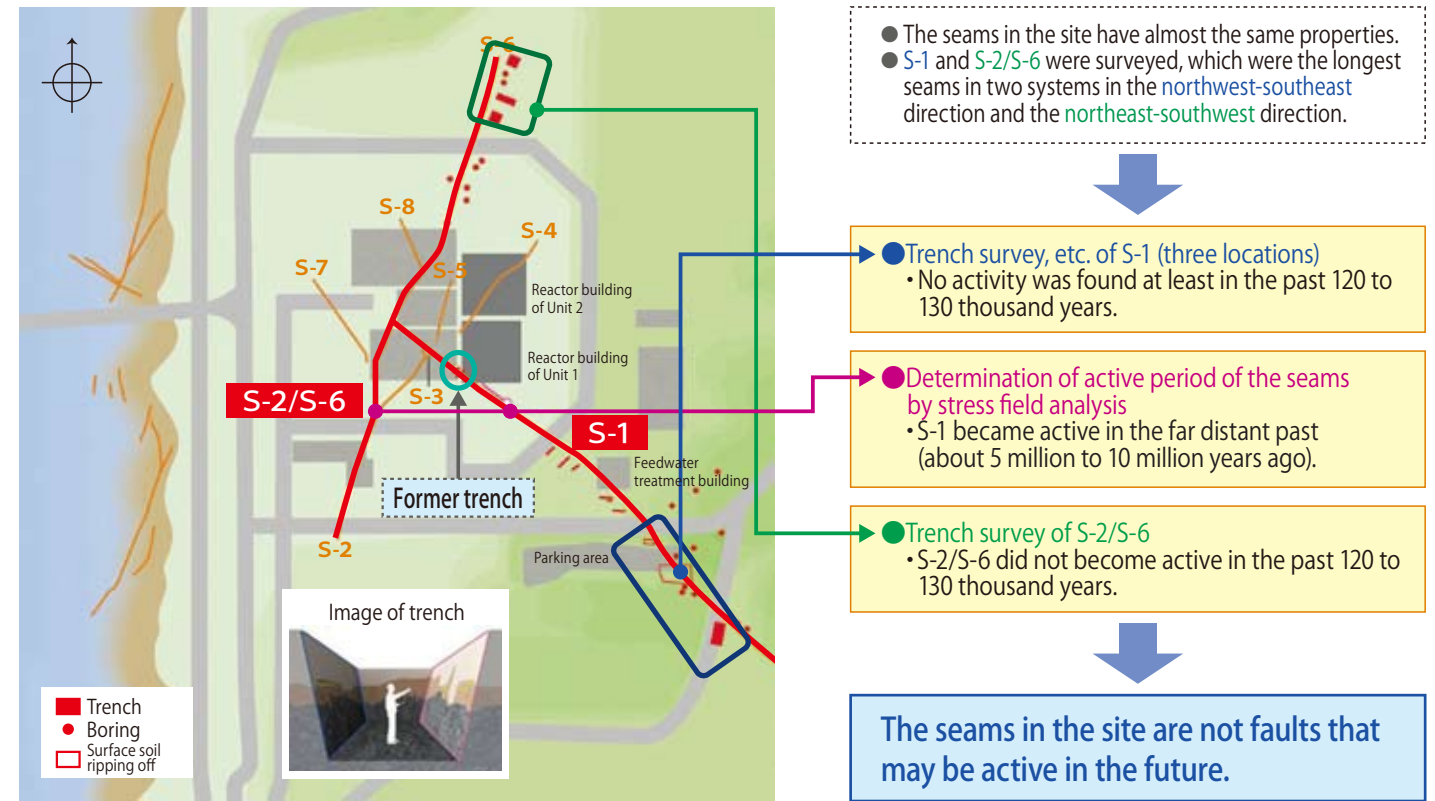
Hokuriku Electric Power Company provides careful explanation on geological data and others in the review, which obtained from additional survey and investigation, in addition to the survey result to date. **Moreover, we also think the validity of our evaluation that “the seams are not faults that may be active in the future” will be acceptable by properly addressing the “future challenges” noted in the evaluation document in the review process of NRA.**



Development to date of seam problems in the site

Date/meeting	Major response
⟨From February 2014⟩ Review at knowledgeable persons meeting	<ul style="list-style-type: none"> Hokuriku Electric Power Company conducts additional survey and investigation based on the points indicated by the knowledgeable persons and makes report and explanations. From the sixth evaluation meeting, discussions are made by the knowledgeable persons only.
⟨July 2015⟩ Seventh evaluation meeting	<ul style="list-style-type: none"> Presentation of draft evaluation document <ul style="list-style-type: none"> It is concluded that no explicit evidence for the seams in the site is found to indicate any activity after the Late Pleistocene but we cannot deny a possibility of displacement or deformation.
⟨November 2015⟩ Peer review meeting	<ul style="list-style-type: none"> The reviewers give several comments on the foundation of the evaluation, including questions and different views.
⟨January 2016⟩ Nuclear Regulation Authority	<ul style="list-style-type: none"> Following the peer review meeting, Chairman Tanaka says that important comments are given and Commissioner Ishiwatari expresses his intention to hold the evaluation meeting once again by the end of the fiscal year.
⟨March 2016⟩ Eighth evaluation meeting	<ul style="list-style-type: none"> Discussion on draft evaluation document <ul style="list-style-type: none"> The important comments from the peer reviewers that have an impact on the foundation of the evaluation end up not being reflected. The evaluation based on the limited information including sketches and assumptions draws a conclusion that recognizes activity of the seams.
⟨April 2016⟩ Nuclear Regulation Authority	<ul style="list-style-type: none"> Submission and reception of the evaluation document produced by the knowledgeable persons meeting <ul style="list-style-type: none"> The evaluation document contains the “future challenges.”
⟨June 2016⟩ Review on conformity to the new regulatory standards	<ul style="list-style-type: none"> Hokuriku Electric Power Company explains the evaluation overview of the seams in the site and the enhancement of data collection for the “future challenges” noted in the evaluation document of the knowledgeable persons meeting. Nuclear Regulatory Agency and NRA give a comment that the grounds of judgment and their background data should be provided in detailed explanations from now on and say that the review process will start when the required materials are obtained.

Content and result of survey by Hokuriku Electric Power Company



“Future challenges” and responsive measures

The evaluation document mentions that “the evaluation this time is conducted based on the limited materials and data. Thus, since more data are needed for more accurate and assured evaluation,” six items of “future challenges” are presented.

“Future challenges” mentioned in evaluation document	Gist of “future challenges”
① Provision of pictures and sketches showing the shape of S-1 and the surrounding area at the time of construction of Unit 1 reactor building, which are not presented yet	<ul style="list-style-type: none"> Provision of pictures and sketches of S-1 except for those of the former trench
② Mineralogical and geochemical analysis of fault fracture zones including S-1 and S-2/S-6 and their host rock	<ul style="list-style-type: none"> Examination of seam formation environment, etc. by chemical analysis and others
③ Existence or non-existence of mineral vein going across shear plane at S-1, S-2/S-6 and their surrounding areas (and constituent minerals, if any), examination of cross-cutting relationships between structures including striation	<ul style="list-style-type: none"> Examination of seam activity from the viewpoint of mineral vein and others at microscopic level
④ Geological survey on continuity (deep direction, strike extension direction) and activity of S-1 and S-2/S-6	<ul style="list-style-type: none"> Examination of seam continuity (deep direction, extension direction, etc.)
⑤ Survey on faults distributed around the site (plane direction and underground direction) and examination of landform and geological structure of the site within an extensive area	<ul style="list-style-type: none"> Consideration of relationships of faults (the Fukura Fault and the Kabutoiwaoki Fault) around the site and seams in the site
⑥ Survey and examination of formation factors and spatial distribution of Holocene terrace. Investigation on continuity of the possible submarine faults based on the existence and spatial distribution of Holocene terrace and the known faults around the site and surrounding area as well as their active period and history	<ul style="list-style-type: none"> Examination of activity, etc. of submarine active faults from the viewpoint of spatial distribution (whether it is a regional uplift or not) of Holocene terrace (newer terrace) Examination of continuity of submarine active faults and seams in the site

Hokuriku Electric Power Company works to gain understanding on the validity of its evaluation by giving reasonable scientific explanation including provision of newly acquired geological data on these challenge.

Steady implementation of safety measures at Shika Nuclear Power Station

In November 2015, we decided to conduct additional work because of the change of fire prevention measures and internal flooding countermeasures as well as the related work for seismic safety improvement, with taking account of the preceding review process of nuclear power stations of other electric utilities.

We try to steadily implement the work for further safety improvement and to complete the work at an early stage by grasping the situations of review process on our Unit 2 and other nuclear power stations and new knowledge for taking appropriate measures in advance.

Voice Pursue the world's highest level of safety in a concerted effort under the close-knit "Team Shika."



Toshinao Furuya, Superintendent of Shika Nuclear Power Station, Hokuriku Electric Power Company

We put the highest priority on safety in taking safety measures at Shika Nuclear Power Station with a firm determination to prevent an accident like that at Fukushima Daiichi Nuclear Power Station from happening again.

Construction work of the expanded emergency measures facility, installation of large volume fresh water storage tank and firebreak creation have almost been completed in March 2016 and the work for safety measures has steadily been undertaken.

Safety measures will never come to an end. We pursue the world's highest level of safety and implement safety measures in integrated cooperation with the employees of our company and partner companies working at Shika Nuclear Power Station as the close-knit "Team Shika," in order to gain trust from and bring comfort and relief to the people in the local communities.

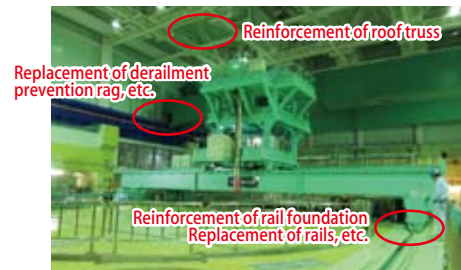
Whole picture (image) of safety measures



Installation of tide barrier



Installation of tide embankment



Seismic safety improvement work



Installation of transportable nitrogen supply device



Installation of filtered vent equipment for containment vessel



Main body of filtered vent equipment (July 2015)



Installation of fresh water storage tank



Deployment of water injection vehicle for high places

Prepare for tsunamis
Prevention of flooding into nuclear power station site and buildings
(installation of tide embankment & tide barriers and replacement to watertight doors)

Ensure water for cooling
Diversification of water sources
(installation of fresh water storage tank, use of Otsubogawa Dam, etc.)
Multifaceted water injection functions
(deployment of water injection vehicle for high places and fire engines and other measures)
Diversification of cooling functions
(installation of alternative heat exchange systems, reinforcement of reactor depressurization functions)

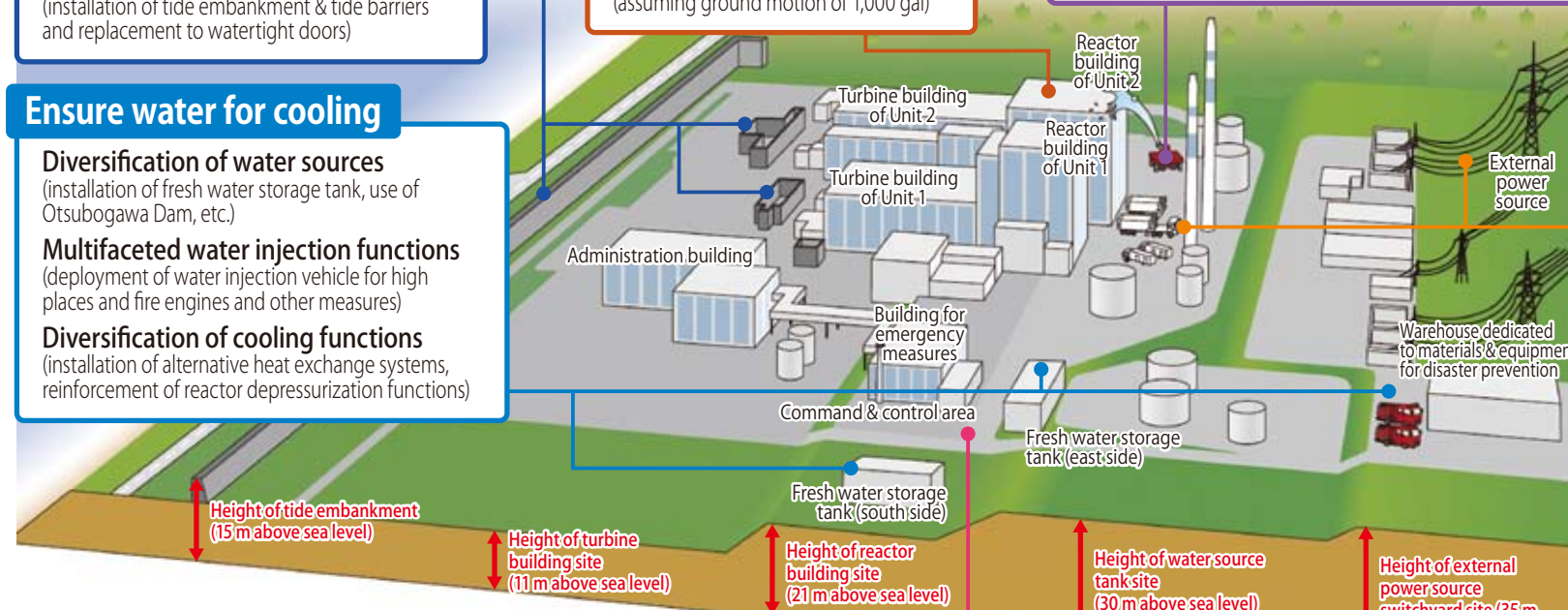
Prepare for earthquakes
Improvement of earthquake resistance
(assuming ground motion of 1,000 gal)

Prevent diffusion of radioactive substances
Prevention of hydrogen explosion
(installation of transportable nitrogen supply device and other measures)
Reduction of radioactive substance release
(installation of filtered vent equipment for containment vessel and other measures)

Ensure power sources
Reinforcement of external power sources
Multifaceted power sources
(deployment of gas turbine generators as permanent equipment, high-capacity power supply vehicles and other measures)
Reinforcement of measures for ensuring power generator fuel
(installation of underground gas oil storage tank)

Measures against other disasters
Preparation for natural phenomena
(measures against volcanoes, tornadoes, forest fires).
Measures against fire in buildings
(reinforcement of functions for fire prevention, fire detection and fire extinguishing and measures to mitigate effects)
Measures against flooding in buildings, etc.
(prevention of flooding into important equipment)

Installation of building for emergency measures
Installation of building for emergency measures and expansion of command & control area



Scene at the end of March 2016



Installation of underground gas oil storage tank



Appearance of expanded command & control area (expanded emergency measures facility)



Scene inside command & control area



Measures against forest fires (creation of firebreak)

Approach that is fundamental to safe and stable operation of Shika Nuclear Power Station

Nuclear disaster prevention training

On November 23, 2015, Ishikawa prefecture, Shika-machi and other organizations conducted a "nuclear disaster prevention training" including evacuation training for local residents. Hokuriku Electric Power Company took part in this training to confirm division of roles and coordination with the government and the local public authorities, and carried out various drills for improvement of skills in responding to disasters.

Also, we continuously conduct trainings for safety improvement at Shika Nuclear Power Station with an aim to maintain and improve fast and accurate response capability as well as reinforce various pieces of equipment on the idea that an individual assumes the prime responsibility for device and equipment operation in preparation for unexpected situations including natural disasters like earthquakes, tsunamis, etc.



Operational training at the headquarters in Shika Nuclear Power Station (emergency measures room)

Notification when an emergency situation occurs, report of accident situation, and confirmation of responsive measures



Simulator training (Nuclear Engineer Training Center)

Operation and manipulation training when an emergency situation occurs at nuclear power station

Nuclear Safety Reliability Conference

We have formed the "Nuclear Safety Reliability Conference (Chairman: Hiroto Ishida, Honorary President of Kanazawa Gakuin University)," an organization designed to gather multilateral opinions and comments from outside knowledgeable persons on the overall measures related primarily to the operation and management of Shika Nuclear Power Station.

At its tenth meeting held in May 2016, we explained about our response to the seams in the site of Shika Nuclear Power Station and implementation of our safety improvement work in consideration of the new regulatory standards, and received attendees' opinions.

We plan to hold such meetings regularly to hear the views and opinions continuously.



10th meeting of Nuclear Safety Reliability Conference

Measures to boost understanding on safety of Shika Nuclear Power Station

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

(FY2015 results)

- Plant tour to Shika Nuclear Power Station (tours organized for applications and for various organizations): 315 times
- Briefing sessions for residents' associations, female groups, labor organizations, etc.: 622 times
- Paying visits for dialogue activity (local governments, economic organizations, etc.): About 3,900 people in total



Scene of site visit (construction of expanded emergency measures facility)

Need of nuclear power

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

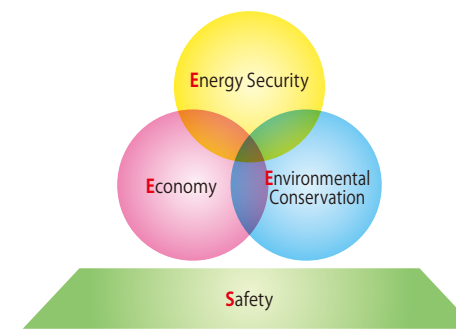
Energy mix

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

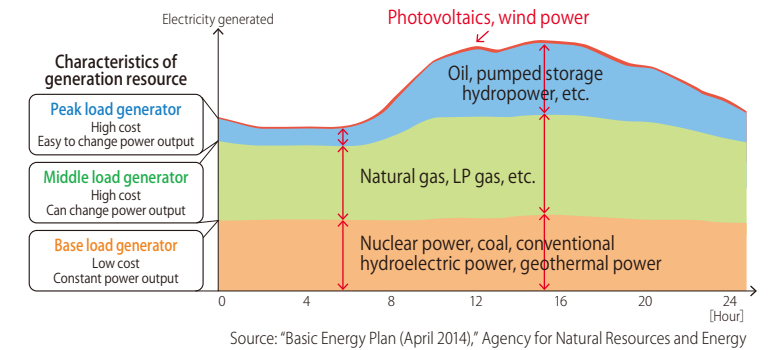
Proper energy mix is of importance for supply of electricity that supports daily life and the industry from a perspective of "S+3Es" to simultaneously achieve "energy security," "economy" and "environmental conservation" with "putting highest priority on safety."

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

Idea of energy mix (S+3Es)



Combination of generation resources according to demand change

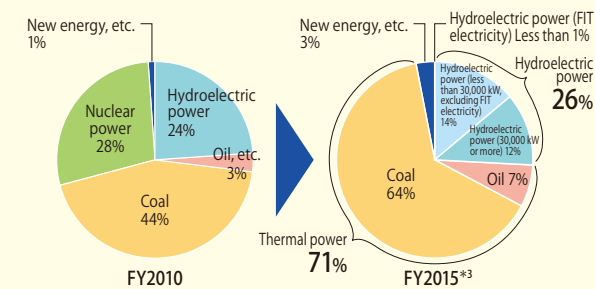


Generation mix of Hokuriku Electric Power Company

Hokuriku Electric Power Company's generation mix is characterized by a higher ratio of hydroelectric power generation that capitalizes on plentiful water resources in the Hokuriku region and the ratio is ranked No. 1 nationwide.

After the Great East Japan Earthquake, Shika Nuclear Power Station has stopped its operation and thermal power stations instead operate at a higher availability factor since then. We steadily work on restart of Shika Nuclear Power Station, construction of our first LNG-fired power generation facility, and development of renewable energy sources in view of cost-effectiveness for further diversification of generation resources.

Component ratio of electricity generated of Hokuriku Electric Power Company (component ratio to our retail power demand)



* In FY2015, we produced or received no electric power based on nuclear power and LNG.
 * "New energy, etc." in FY2015 includes 2% of "Photovoltaics, wind power, etc. (FIT electricity)," less than 1% of "Photovoltaics, wind power, etc. (excluding FIT electricity)," less than 1% of "Electric power received from Japan Electric Power Exchange*" and less than 1% of "Others**."

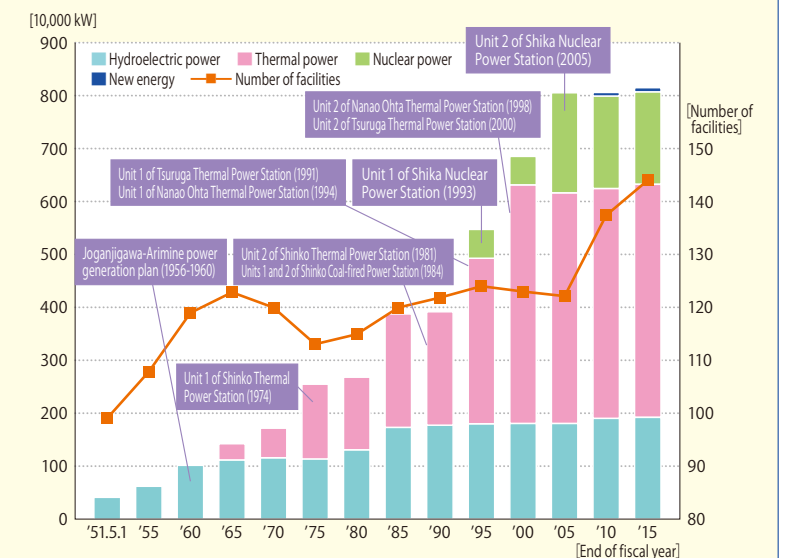
Note: FIT electricity means the electricity produced by hydroelectric power, photovoltaics, wind power, etc. and procured under the Feed-in Tariff Program. For your information, the total value of FIT electricity in FY2015 amounted to 3%.

*1 This includes the electricity produced by hydroelectric power, thermal power and nuclear power and renewable energy, in addition to FIT electricity.

*2 The electricity which was procured from other electric utilities and whose generation resource is unknown falls under "Others."

*3 The component ratio in FY2015 was calculated under the "Guidance on Retail Power Business (January 2016)" established by the Ministry of Economy, Trade and Industry.

Changes in power generation facilities (number of facilities and approved output capacity)



2. To Ensure Stable Supply of Electricity

Efforts for stable supply in the future

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

Hokuriku Electric Power Company will replace the coal-fired Unit 1 of Toyama Shinko Thermal Power Station and introduce its first combined-cycle power generation facility that uses liquefied natural gas (LNG) as the fuel that can significantly reduce CO₂ emissions. It will contribute to realization of a low carbon society by ensuring stable supply through further diversification of generation resources and further reduction of CO₂ emissions. Installation of power generation equipment (boilers and turbines) will be underway in earnest in FY2016 and we will steadily proceed with the construction work for the start of operation in November 2018.

In addition to that, we will advance the preparation for stable procurement of LNG fuel at a lower cost and replacement of the oil-fired Unit 2 of Toyama Shinko Thermal Power Station with an LNG-fired generator.



Conceptional image of LNG-fired Unit 1 of Toyama Shinko Thermal Power Station



Construction of LNG tank



Construction of LNG-fired power generation equipment

Output	424,700 kW
Start of construction	March 2015
Start of operation	November 2018
CO ₂ reductions*	Approx. 1.2 million t-CO ₂ /year

*CO₂ reductions thanks to the start of LNG-fired Unit 1 operation at Toyama Shinko Thermal Power Station

Ensuring of supply capability and reinforcement of risk management

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

Implementation of measures for maintaining power transmission and distribution equipment

We conduct maintenance, management and operation work for power transmission and distribution equipment. Also, because replacement work for the facilities and equipment installed in the high-growth period of the Japanese economy will reach a peak, we level long-term replacement plans and to ensure our work execution system for maintaining equipment functions.

Approaches to efficient use of electricity

Installation and effective use of smart meters

We install smart meters in a well-planned manner at all houses of our customers by March 2024. We utilize smart meter functions that contribute to efficient use of electricity for improvement of our customer service.



Grasping of distribution line condition by using drone



Scene of smart meter installation



Bulletin of E League Hokuriku

Efforts for improvement of the capability to respond to natural disasters, etc.

Preparation for natural disasters, etc.

Accident prevention through cutting down trees

In order to prevent trees from contacting with or falling down on power distribution and transmission lines due to snow accretion and high wind, we cut down trees in cooperation with land owners.



Trees cutdown at snow area

Measures against snow, lightning and bird hazard to transmission line

We reinforce our facilities and equipment in a well-planned manner such as installation of interphase spacers to prevent snow hazard to transmission line, installation of lightning protection systems to prevent lightning hazard, installation of bird hazard prevention devices and others.



Lightning protection system for transmission line



Bird hazard prevention device



Interphase spacer

Implementation of company-wide disaster prevention training

We conduct the company-wide disaster prevention training every year to properly respond to emergency disasters in an integrated manner.

In addition, we take part in disaster prevention trainings conducted by the respective municipalities concerned to implement trainings for recovery from large-scale disasters and to strive to reinforce the coordination with such municipalities as a utility service provider.



Participation in comprehensive disaster prevention training of Toyama prefecture

Response to natural disasters

When a power outage accident occurs because of natural disasters, Hokuriku Electric Power Group puts all its efforts into quick recovery from the accident.



Recovery work at mountainous area



Recovery work on the pole

Implementation of practical trainings

With an aim to promptly and properly respond to natural disasters, we conduct practical trainings for recovery from power outage accidents in various cases.



Training to build temporary steel tower with assuming damaged steel tower or breaking of power lines



Walking training on the snow

Support for recovery from "2016 Kumamoto Earthquake"

Following the request for support from Kyushu Electric Power Company, we dispatched our employees for supporting recovery work in the damaged areas by the Kumamoto Earthquake from April 17 to 30 in 2016.

A total of 122 employees in power distribution section and general administration section engaged in the work to provide temporary electricity service to the power outage areas with using eight high voltage power generation vehicles in Aso region, Kumamoto prefecture.



Power delivery to hospitals, etc. by four high voltage power generation vehicles



Work to connect high voltage power generation vehicle with power line

For realization of an environment-friendly society

Efforts for wider use of renewable energy

Hokuriku Electric Power Group has put a lot of work into introduction of renewable energy including hydroelectric power, wind power, photovoltaics and biomass.

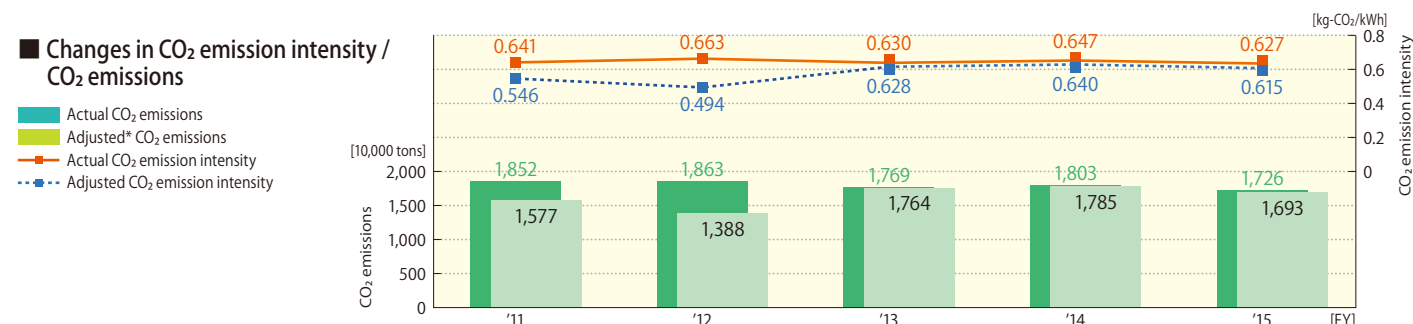
Efforts for deployment of low-carbon generation resources

Hokuriku Electric Power Group actively makes efforts to reduce carbon emissions of generation resources such as resumption of operation of Shika Nuclear Power Station, new installation of LNG-fired power plants, wider use of renewable energy. Also, our group strives to encourage our customers to use energy more efficiently by offering highly efficient equipment which contribute to energy saving and works to reduce CO₂ emissions.

In February 2016, the Federation of Electric Power Companies of Japan including Hokuriku Electric Power Company and a voluntary group of Specified-Scale Electricity Utilities (Shindenryoku) formed the Electric Power Council for a Low Carbon Society (hereinafter referred to as "ELCS") to promote electricity industry-wide efforts for realization of a low carbon society.

ELCS aims to steadily facilitate the work for achievement of "ELCS's Low Carbon Society Action Plan" and sets a target to attain an emission intensity of about 0.37 kg-CO₂/kWh in FY2030.

Hokuriku Electric Power Company will further endeavor to realize a low carbon society as a member of ELCS.



*The adjusted values reflect adjustments of CO₂ credits (till FY2012) and the Feed-in Tariff Scheme for Renewable Energy (from FY2012).
 Note: The customers who consume electricity produced by our company should use "actual CO₂ emission intensity" in calculation of "greenhouse gas emissions" to report their emissions to the government under the "Act on Promotion of Global Warming Countermeasures" (Global Warming Act) and should use the "adjusted CO₂ emission intensity" in calculation of "adjusted greenhouse gas emissions."

Hydroelectric power generation

We have increased the power production of our hydroelectric power stations since FY2009 through new installation of four ecological discharge hydroelectric power stations which use river maintenance discharge and equipment refurbishment such as replacement of hydraulic turbine runners at the existing 28 hydroelectric power stations.

In April 2016, Hokuriku Electric Power Group started operation of Katakai Betsumata Power Station (Uozu-shi, Toyama), new development of our conduit type power station for the first time in the past 27 years.

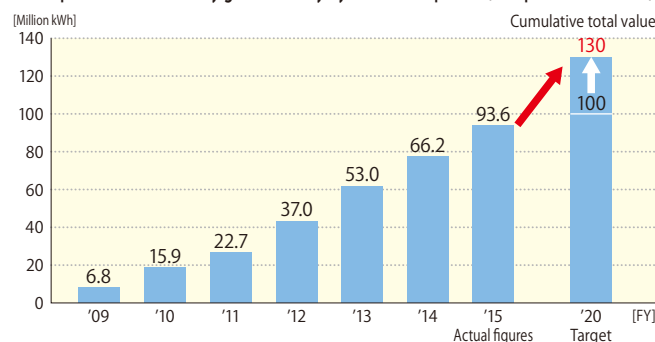


Replacement of hydraulic turbine runner



Appearance of Katakai Betsumata Power Station

Expansion of electricity generated by hydroelectric power (compared to FY2007)



Outline of Katakai Betsumata Power Station

Name of power station	Output	Electricity generated	Start of operation	CO ₂ reductions*
Katakai Betsumata	4,500 kW	Approx. 18.3 million kWh/year	April 2016 (Start of partial operation from December 2015)	Approx. 10,700 t-CO ₂ /year

* Estimated using the adjusted CO₂ emission intensity of our company in FY2015 (similarly estimated hereinafter)

In FY2016, we further expanded the target amount of electricity produced from "100 million kWh/year by FY2020 (in comparison with FY2007)" to "130 million kWh/year."

Wind power generation and photovoltaics

Hokuriku Electric Power Company has started photovoltaic power generation projects from 2011 to take a leadership role for realization of a low carbon society and further dissemination of photovoltaic power generation in the Hokuriku region.

Also, as for wind power generation, the Nihonkai Power Generating Company, one of our group companies, built Fukura Wind Power Station in Fukura district, Shika-machi, Ishikawa prefecture for the first time and took over wind power generation facilities from Ishikawa prefecture and others for enhanced promotion of renewable energy.

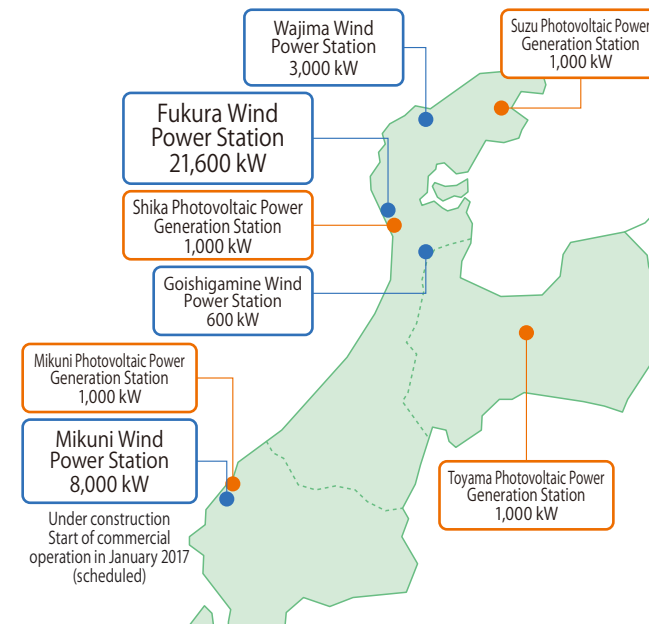
At present, the Nihonkai Power Generating Company is in the process of building Mikuni Wind Power Station in Technoport Fukui (Mikuni-cho, Sakai-shi, Fukui).



Conceptual image of Mikuni Wind Power Station



Toyama Photovoltaic Power Generation Station



Item	Electricity generated	CO ₂ reductions
Wind power generation	29 million kWh (FY2015)	17,100 t-CO ₂
Photovoltaics	4 million kWh (FY2015)	2,500 t-CO ₂

Woody biomass co-fired power generation

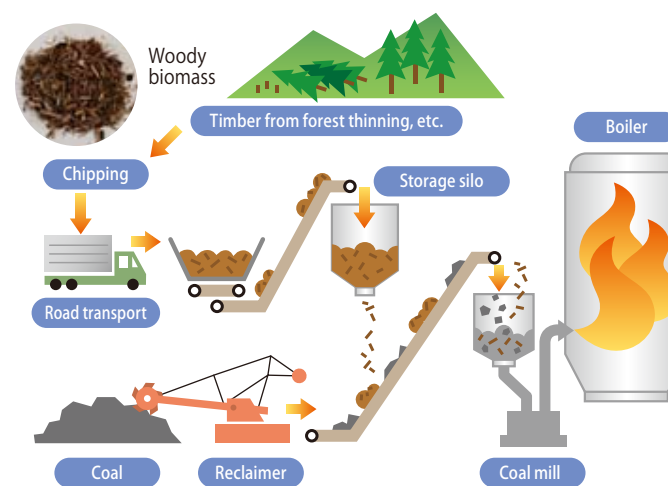
Unit 2 of Tsuruga Thermal Power Station started woody biomass co-fired power generation from 2007 and Unit 2 of Nanao Ohta Thermal Power Station also started woody biomass co-fired power generation from 2010.

We will steadily expand woody biomass co-firing in our thermal power stations.

Outline of woody biomass co-fired power generation

Name of power stations	Start of introduction	Electricity generated	CO ₂ reductions
Unit 2 of Tsuruga Thermal Power Station	June 2007	Approx. 30 million kWh/year*	Approx. 25,000 t-CO ₂ /year*
Unit 2 of Nanao Ohta Thermal Power Station	September 2010		

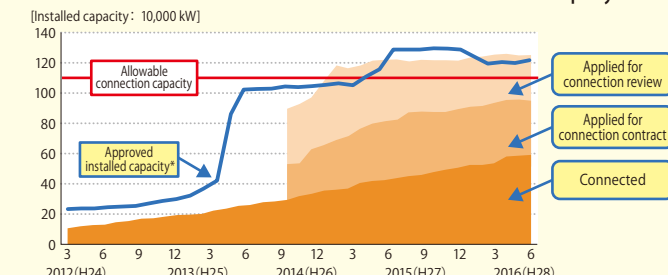
*In case that about 35,000 tons of woody biomass are used annually



Status of applications for interconnection of photovoltaic power generation facilities

Based on the discussions at the government's New and Renewable Energy subcommittee, the allowable capacity (equal output control capacity for 30 days) of Hokuriku Electric Power Company to connect photovoltaic power generation facilities amounted to 1.1 million kW. While it is not required to limit interconnection applications at present, the number of the applications has been increased. We properly and timely disclose the information about the status of the applications and treat them fairly without delay.

Status of applications for interconnection of photovoltaic power generation facilities in the service area of Hokuriku Electric Power Company



*The approved installed capacity means the approved installed capacity of photovoltaic power generation facilities in the three prefectures of the Hokuriku region.
 Source: Information disclosure page, "Nattoku saiseikanou-enerugi," website of Agency for Natural Resources and Energy

3. Enhance Competitiveness

Response to full liberalization of retail electricity market

Efforts to be chosen by customers

In order for our company to be continuously chosen by customers in Hokuriku area, we promote "Hokuriku Electric Power Company Brand" including our low electricity rates. In this action, we put a main focus on acquisition of "Hoku-link" members, a membership service of our company in residential sector, and provide total solution services through optimum energy-saving proposals, consulting activity and utilization of management resources of our group companies in corporate sector.

Furthermore, we started selling electric power in the Tokyo metropolitan area for the purpose of increasing the customers beyond Hokuriku area.

Approaches in residential sector

In order for our company to be continuously chosen by customers with properly responding to customers' requests through our membership service "Hoku-link," we expand our electricity services and review our electricity rate tariffs.

Approaches in corporate sector

In order for our company to be continuously chosen by customers, we provide optimum energy saving proposals in consideration of customer needs and conduct consulting activity and others.



Energy-saving consulting at factory

Electricity sales beyond Hokuriku area

Start of electricity sales in Tokyo metropolitan area

Even though we have a limited excessive supply capability due to the suspended operation of Shika Nuclear Power Station, we started selling a limited amount of electricity to residential and corporate customers in the Tokyo metropolitan area with putting the first priority on stable supply in Hokuriku area.

"Hokuriku kagayaki contract" for residential customers in Tokyo metropolitan area

We introduced the "Hokuriku kagayaki contract" as a new rate tariff for residential customers in the Tokyo metropolitan area from April 2016 and started selling electric power to the customers.

Benefits* are given to a variety of customers from single-person households to double-family homes and the number of the customers is rising steadily.

*Comparison to meter-rate lighting B/C service of Tokyo Electric Power Company

In April 2016, we start selling electric power in the Tokyo metropolitan area.

Electricity from Hokuriku Electric Power Company, three points

- 1 Trust** **Accumulated relief and trust!**
You can receive electricity service without anxiety from the professional power supplier which has sold electricity over a long-term period in the Hokuriku region.
- 2 Cost efficiency** **Annual cost saving of about 8,400 yen***
In the model case of house with three family members, annual cost saving is about 8,400 yen*.
- 3 Easy application** **Very easy application!!**
You can complete your application online. Your monthly power charge and consumption can be checked online.

*The saved cost when comparing to meter-rate lighting B service (50 ampere, 400 kWh/month) of Tokyo Electric Power Company

Challenge to further improve efficiency

In FY2015, we have made our utmost efforts to further improve efficiency including active utilization of Japan Electric Power Exchange to which excess power is sold in off-peak period, in addition to use of coal-fired power stations with less generation cost to the maximum extent possible through rescheduling of periodic inspection and reduction of work period through inspection work on a 24/7 basis at coal-fired power stations.

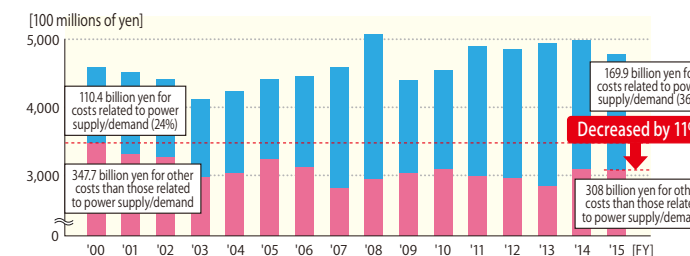
In FY2016, with an eye on increased competition following the full liberalization of the retail electricity market, we strive to reduce material procurement prices by 7% for achieving cost reduction of 7 billion yen, based on managerial efficiency improvement.

Measures for improving managerial efficiency in FY2015

	Main cost reduction items
Measures for cutting costs including personnel expenses, miscellaneous costs, etc.	<ul style="list-style-type: none"> Reduction of personnel expenses by streamlining operations Increased utilization of low ash content, low cost coals (from Indonesia, Russia, etc.) Reduction of materials & equipment procurement prices with greater adoption of competitive bidding Reduction of miscellaneous costs by clearly prioritize measures and actions to be taken
Streamlining processes and contents of periodic inspection at thermal power stations	<ul style="list-style-type: none"> Reduction of fuel costs by reviewing processes and contents of periodic inspection
Measures for realizing efficient power supply/demand control	<ul style="list-style-type: none"> Sale of electricity to Japan Electric Power Exchange with utilization of excessive supply capability Power supply/demand control in an economically efficient manner according to their changes

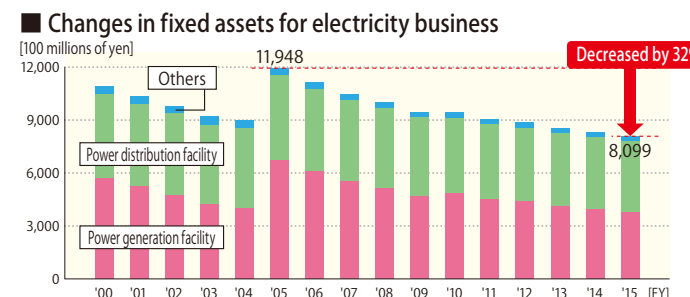
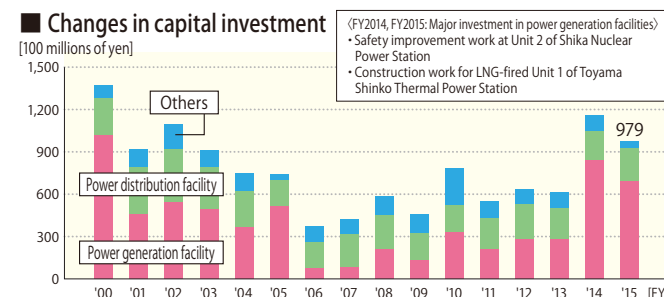
Changes in ordinary expenses

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



Changes in capital investment and fixed assets for electricity business

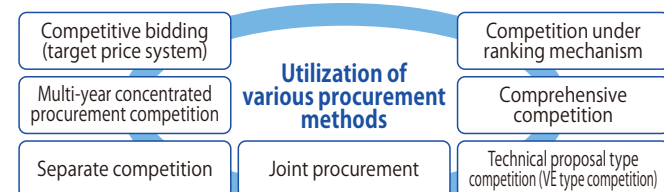
While making efforts for establishment and renewal of power generation facilities for stable electricity supply including the safety improvement work at Unit 2 of Shika Nuclear Power Station and construction work for LNG-fired Unit 1 of Toyama Shinko Thermal Power Station with putting highest priority on safety, we have striven to reduce capital investment amount through the detailed review of work and reduction of material procurement prices. Also, our fixed assets for electricity business decreased by 32% from the level of FY2005 when Unit 2 of Shika Nuclear Power Station started commercial operation, thanks to the effort for reduction of capital investment cost based on the safety-first principle.



Measures for improving managerial efficiency in FY2016

For stable supply of electricity, secure procurement of materials & equipment and economic efficiency, we have employed an optimum procurement method for each item to lower the cost.

Utilization of various procurement methods



Major approach to procurement cost reduction

For the purpose of reducing our materials & equipment procurement cost to make use of economy of scale, Hokkaido Electric Power Company, Shikoku Electric Power Company and our company started joint procurement of smart meters from FY2016.



Smart meter

Summary of business performance in FY2015 (from April 1, 2015 to March 31, 2016)

Japan's economy in FY2015 made a continuous recovery at a low space as a whole, thanks to the rise of capital investment and improvement in corporate revenues and employment environment.

However, export and production became weakened due to the effect of the higher value of the yen as well as sluggish economy in newly emerging countries including China.

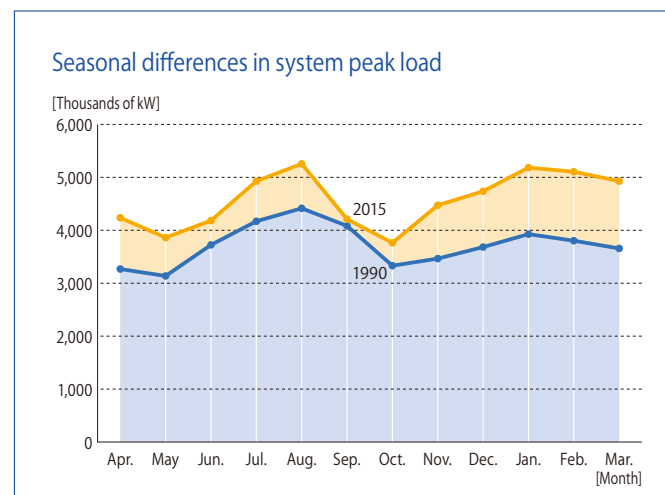
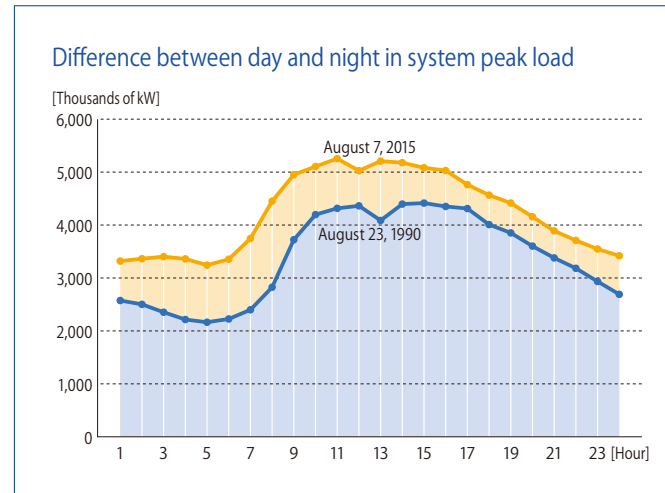
Economic conditions in the Hokuriku region continued to make a recovery, due to the positive effect of the increased nonresident population following the commencement of commercial service of Hokuriku Shinkansen bullet train from Tokyo to Kanazawa.

In such economic situation, our electricity sales for lighting service and commercial customers during the year fell from the previous year's level, due to the decreased demands for space heating as the temperature in winter remained higher than the previous year. Our electricity sales for the year in the industrial and other sectors remained unchanged compared to the previous year's level.

Consequently, our electricity sales amounted to 27.518 billion kWh (inclusive of 18.262 billion kWh for specified-scale demand), which decreased by 1.3% compared to the previous year.

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

Accordingly, thanks to the cooperation of our customers to save power during summer and winter seasons and the fact that the flow rate (107.0%) was higher than that in the average year, in addition to implementing various measures on supply side including the adjustment of the timing of repair work at our hydroelectric and thermal power stations, we were able to maintain electricity supply.



Financial Review

Consolidated Balance Sheets

Total assets amounted to ¥1,509.3 billion, up ¥29.9 billion from the end of the previous consolidated fiscal year (ratio to the figure at the end of previous term: 102.0%). This is due to an increase in fixed assets suspense account and other factors.

Total liabilities amounted to ¥1,175.3 billion, up ¥40.1 billion from the end of the previous consolidated fiscal year (ratio to the figure at the end of previous term: 103.5%). This is due to an increase in liabilities with interest and other factors.

Total net assets amounted to ¥334 billion, down ¥10.2 billion from the end of the previous consolidated fiscal year (ratio to the figure at the end of previous term: 97.0%). This is due to an increase in accumulated other comprehensive income and other factors.

Consolidated Statements of Operations

Operating revenues in FY2015 amounted to ¥544.5 billion, up ¥11.8 billion from the previous year (ratio to the figure of previous term: 102.2%). Operating revenue grew thanks to consolidation of Hokuriku Electric Construction Company and other factors in spite of falling electricity sales.

Ordinary income came to ¥28 billion, up ¥5.7 billion from the previous year (ratio to the figure of previous term: 125.6%). This increase was realized by the increased amount of hydroelectric power generated and the reduced equipment cost in the face of the falling electricity sales and the reduced operation of our coal-fired power plants.

As a result of adding ¥8.8 billion of income taxes and ¥4.8 billion of drought reserves to this, profit attributable to owners of parent amounted to ¥12.8 billion, up ¥3.9 billion from the previous year. Moreover, net income per share was ¥61.74, up ¥18.69 from ¥43.05 in the previous term.

Consolidated Statements of Cash Flow

The balance of cash and cash equivalents at the end of FY2015 totalled ¥193.1 billion, up ¥18.7 billion from the end of previous term (ratio to the figure at the end of previous term: 110.8%).

Revenue from "operating activities" reached ¥69.7 billion, down ¥43.3 billion from the previous term (ratio to the figure of the previous term: 61.7%). This is due to enterprise tax payable and consumption tax payable as well as reduced trade payables.

Expenditure from "investing activities" amounted to ¥85 billion, down ¥19 billion from the previous term (ratio to the figure of the previous term: 81.7%). This is due to lowered expenditure for acquisition of fixed assets and other factors.

Cash inflow from "financing activities" was ¥33.9 billion (cash expenditure of ¥19.3 billion in the previous term). This is due to reduced expenditure for bond redemption.

Consolidated Financial Statements

HOKURIKU ELECTRIC POWER COMPANY AND CONSOLIDATED SUBSIDIARIES
As of March 31, 2016 and 2015

Consolidated Balance Sheets

	Millions of yen	Millions of yen	Thousands of U.S. dollars
ASSETS	2016	2015	2016
Noncurrent assets	¥1,216,657	¥1,203,533	\$10,796,503
Property plant and equipment (Note 5)	808,779	833,405	7,177,034
Hydroelectric power production facilities	108,666	107,985	964,297
Thermal power production facilities	108,325	111,524	961,266
Nuclear power production facilities	160,919	176,821	1,427,984
Transmission facilities	159,648	164,842	1,416,705
Transformation facilities	86,878	87,363	770,948
Distribution facilities	146,729	146,536	1,302,066
General facilities	31,527	31,908	279,772
Other	6,084	6,423	53,992
Other noncurrent assets (Note 5)	43,488	43,859	385,914
Construction in progress	133,901	82,218	1,188,224
Construction and retirement in progress	133,901	82,218	1,188,224
Nuclear fuel	108,405	105,023	961,982
Loaded nuclear fuel	26,219	26,219	232,669
Nuclear fuel in processing	82,186	78,804	729,313
Investments and other assets	122,082	139,025	1,083,347
Long-term investments	55,268	64,596	490,447
Fund for reprocessing of irradiated nuclear fuel	5,369	9,481	47,644
Asset for retirement benefits	16,557	23,633	146,927
Deferred tax assets	37,561	33,580	333,319
Other (Note 5)	7,648	8,085	67,870
Allowance for doubtful accounts	(322)	(352)	(2,862)
Current assets	292,736	275,918	2,597,710
Cash and deposits	193,128	174,379	1,713,802
Notes and accounts receivable-trade	55,745	53,991	494,676
Inventories (Note 5)	19,016	22,087	168,747
Deferred tax assets	5,473	6,189	48,574
Other	19,520	19,428	173,220
Allowance for doubtful accounts	(147)	(157)	(1,310)
Total	¥1,509,393	¥1,479,451	\$13,394,214

	Millions of yen	Millions of yen	Thousands of U.S. dollars
LIABILITIES AND NET ASSETS	2016	2015	2016
Noncurrent liabilities	¥932,709	¥894,920	\$8,276,776
Bonds payable (Note 5)	424,887	405,355	3,770,406
Long-term loans payable (Note 5)	390,259	368,535	3,463,124
Liability for retirement benefits	31,310	30,515	277,847
Provision for reprocessing of irradiated nuclear fuel	6,124	10,239	54,345
Provision for reprocessing of irradiated nuclear fuel without specific plans	6,107	5,872	54,197
Asset retirement obligations	59,153	56,537	524,924
Other	14,867	17,865	131,930
Current liabilities	221,199	223,647	1,962,898
Current portion of long-term debt (Note 5)	90,487	87,756	802,979
Short-term loans payable	16,127	16,035	143,110
Notes and accounts payable-trade	30,664	37,841	272,112
Accrued income taxes and other	8,291	19,852	73,578
Other	75,628	62,162	671,116
Reserves under the special laws	21,481	16,673	190,625
Reserve for fluctuation in water levels	21,481	16,673	190,625
Total liabilities	1,175,390	1,135,242	10,430,300
Shareholders' equity	321,208	318,775	2,850,372
Capital stock	117,641	117,641	1,043,939
Capital surplus	33,994	33,993	301,664
Retained earnings	172,899	170,449	1,534,297
Treasury shares	(3,327)	(3,309)	(29,528)
Accumulated other comprehensive income	2,955	16,917	26,230
Valuation difference on available-for-sale securities	5,377	9,350	47,718
Deferred gains or losses on hedges	15	—	137
Retirement benefits liability adjustment	(2,436)	7,566	(21,625)
Non-controlling interests	9,839	8,517	87,310
Total net assets	334,003	344,209	2,963,913
Total	¥1,509,393	¥1,479,451	\$13,394,214

Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income

Consolidated Statements of Changes in Equity

Consolidated Statements of Operations

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Operating revenue	¥544,568	¥532,760	\$4,832,443
Electricity:	492,382	510,814	4,369,354
Other:	52,185	21,946	463,088
Operating expenses (Note 6)	506,443	492,801	4,494,133
Electricity: (Note 6)	460,563	474,635	4,086,999
Other:	45,879	18,165	407,134
Operating income	38,124	39,959	338,309
Other income	2,940	3,667	26,090
Dividends income	563	624	4,999
Interest income	575	580	5,102
Equity in earnings of affiliates	20	865	178
Other	1,781	1,597	15,809
Other expenses	13,022	21,296	115,557
Interest expenses	11,265	15,342	99,965
Depreciation of construction in progress	—	4,082	0
Other	1,757	1,871	15,592
Total ordinary revenue	547,508	536,428	4,858,533
Total ordinary expenses	519,466	514,097	4,609,691
Ordinary income	28,041	22,331	248,841
Provision or reversal of reserve for fluctuation in water levels	4,807	2,688	42,664
Provision of reserve for fluctuation in water levels	4,807	2,688	42,664
Profit before income taxes	23,234	19,642	206,177
Income taxes-current	6,432	6,288	57,085
Income taxes-deferred	2,416	4,321	21,440
Total income taxes	8,848	10,609	78,525
Profit	14,385	9,033	127,652
Profit attributable to non-controlling interests	1,493	42	13,253
Profit attributable to owners of parent	¥12,891	¥8,990	\$114,398

Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Profit	¥14,385	¥9,033	\$127,652
Other comprehensive income			
Valuation difference on available-for-sale securities	(3,996)	2,703	(35,461)
Deferred gains or losses on hedges	15	—	137
Remeasurements of defined benefit plans, net of tax	(10,003)	6,488	(88,773)
Share of other comprehensive income of affiliates accounted for using the equity method	(1)	26	(8)
Total other comprehensive income (Note 8)	(13,985)	9,218	(124,105)
Comprehensive income	¥399	¥18,251	\$3,547
Comprehensive income attributable to			
Owners of parent	(1,069)	18,206	(9,490)
Non-controlling interests	1,469	44	13,037

	Number of shares of capital stock	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
		Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Retirement benefits liability adjustment	Total accumulated other comprehensive income		
BALANCE AS OF APRIL 1, 2014	210,333,694	¥117,641	¥33,993	¥168,754	¥(3,297)	¥317,092	¥6,627	¥—	¥1,078	¥7,705	¥16	¥324,814
Cumulative effects of changes in accounting policies	—	—	—	3,003	—	3,003	—	—	—	—	—	3,003
Restated balance	210,333,694	117,641	33,993	171,758	(3,297)	320,095	6,627	—	1,078	7,705	16	327,818
Cash dividends paid	—	—	—	(10,441)	—	(10,441)	—	—	—	—	—	(10,441)
Profit attributable to owners of parent	—	—	—	8,990	—	8,990	—	—	—	—	—	8,990
Purchase of treasury shares	—	—	—	—	(15)	(15)	—	—	—	—	—	(15)
Disposal of treasury shares	—	—	—	(1)	3	2	—	—	—	—	—	2
Change of scope of consolidation	—	—	—	142	—	142	—	—	—	—	—	142
Net changes of items other than shareholders' equity	—	—	—	—	—	—	2,722	—	6,488	9,211	8,500	17,711
Total changes of items during the year	—	—	—	(1,309)	(11)	(1,320)	2,722	—	6,488	9,211	8,500	16,391
BALANCE AS OF APRIL 1, 2015	210,333,694	117,641	33,993	170,449	(3,309)	318,775	9,350	—	7,566	16,917	8,517	344,209
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—	—
Restated balance	210,333,694	117,641	33,993	170,449	(3,309)	318,775	9,350	—	7,566	16,917	8,517	344,209
Cash dividends paid	—	—	—	(10,440)	—	(10,440)	—	—	—	—	—	(10,440)
Profit attributable to owners of parent	—	—	—	12,891	—	12,891	—	—	—	—	—	12,891
Purchase of treasury shares	—	—	—	—	(20)	(20)	—	—	—	—	—	(20)
Disposal of treasury shares	—	—	—	(0)	2	1	—	—	—	—	—	1
Change of scope of consolidation	—	—	—	—	—	—	—	—	—	—	—	—
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	1	—	—	1	—	—	—	—	—	1
Net changes of items other than shareholders' equity	—	—	—	—	—	—	(3,972)	15	(10,003)	(13,961)	1,321	(12,639)
Total changes of items during the year	—	—	1	2,450	(18)	2,433	(3,972)	15	(10,003)	(13,961)	1,321	(10,205)
BALANCE AS OF MARCH 31, 2016	210,333,694	¥117,641	¥33,994	¥172,899	¥(3,327)	¥321,208	¥5,377	¥15	¥(2,436)	¥2,955	¥9,839	¥334,003

	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Retirement benefits liability adjustment	Total accumulated other comprehensive income		
BALANCE AS OF APRIL 1, 2015	\$1,043,939	\$301,653	\$1,512,551	\$(29,363)	\$2,828,780	\$82,972	\$—	\$67,147	\$150,120	\$75,579	\$3,054,480
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—	—	—
Restated balance	1,043,939	301,653	1,512,551	(29,363)	2,828,780	82,972	—	67,147	150,120	75,579	3,054,480
Cash dividends paid	—	—	(92,649)	—	(92,649)	—	—	—	—	—	(92,649)
Profit attributable to owners of parent	—	—	114,398	—	114,398	—	—	—	—	—	114,398
Purchase of treasury shares	—	—	—	(184)	(184)	—	—	—	—	—	(184)
Disposal of treasury shares	—	—	(3)	20	16	—	—	—	—	—	16
Change of scope of consolidation	—	—	—	—	—	—	—	—	—	—	—
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	10	—	—	10	—	—	—	—	—	10
Net changes of items other than shareholders' equity	—	—	—	—	—	(35,254)	137	(88,773)	(123,889)	11,730	(112,158)
Total changes of items during the year	—	10	21,745	(164)	21,591	(35,254)	137	(88,773)	(123,889)	11,730	(90,566)
BALANCE AS OF MARCH 31, 2016	\$1,043,939	\$301,664	\$1,534,297	\$(29,528)	\$2,850,372	\$47,718	\$137	\$(21,625)	\$26,230	\$87,310	\$2,963,913

Consolidated Statements of Cash Flows

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Cash flows from operating activities:			
Profit before income taxes	¥23,234	¥19,642	\$206,177
Depreciation and amortization	67,215	70,375	596,459
Impairment losses on noncurrent assets	28	172	257
Decommissioning costs of nuclear power units	2,678	2,595	23,768
Loss on disposal of property, plant and equipment	2,085	2,547	18,504
Amortization of nuclear fuel in processing	1,156	1,156	10,264
Depreciation of construction in progress	—	4,082	0
Decrease (increase) in fund for reprocessing of irradiated nuclear fuel	4,112	3,830	36,493
Increase (decrease) in liability for retirement benefits	657	(198)	5,835
Decrease (increase) in asset for retirement benefits	(6,795)	(2,729)	(60,298)
Increase (decrease) in provision for reprocessing of irradiated nuclear fuel	(4,115)	(3,829)	(36,516)
Increase (decrease) in provision for reprocessing of irradiated nuclear fuel without specific plans	234	225	2,084
Increase (decrease) in reserve for fluctuation in water levels	4,807	2,688	42,664
Interest and dividends income	(1,138)	(1,204)	(10,101)
Interest expense	11,265	15,342	99,965
Decrease (increase) in notes and accounts receivable-trade	(1,754)	(856)	(15,564)
Decrease (increase) in inventories	3,071	4,034	27,255
Increase (decrease) in notes and accounts payable-trade	(7,209)	3,187	(63,977)
Increase (decrease) in accrued enterprise taxes and accrued consumption taxes	(7,761)	6,186	(68,870)
Other, net	(1,427)	1,529	(12,667)
Subtotal	90,347	128,779	801,732
Interest and cash dividends received	1,171	1,310	10,398
Interest expenses paid	(11,532)	(15,777)	(102,337)
Income taxes paid	(10,255)	(2,086)	(91,008)
Income taxes refund	61	907	550
Net cash provided by operating activities	69,792	113,132	619,333
Cash flows from investing activities			
Purchase of property, plant and equipment	(86,728)	(117,322)	(769,622)
Proceeds from contribution received for construction	868	1,156	7,707
Proceeds from sales of property, plant and equipment	529	1,018	4,697
Increase in long-term investments	(16,327)	(17,107)	(144,887)
Proceeds from long-term investments	16,651	22,344	147,761
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	—	(169)	0
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	6,029	0
Net cash used in investing activities	(85,006)	(104,048)	(754,343)
Cash flows from financing activities			
Proceeds from issuance of bonds	70,000	65,000	621,173
Redemption of bonds	(60,000)	(108,200)	(532,434)
Proceeds from long-term loans payable	59,000	62,000	523,560
Repayment of long-term loans payable	(24,180)	(28,140)	(214,576)
Net increase (decrease) in short-term loans payable	(61)	448	(546)
Proceeds from sales of treasury stock	1	2	16
Purchase of treasury stock	(20)	(15)	(184)
Cash dividends paid	(10,451)	(10,452)	(92,747)
Dividends paid to non-controlling interests	(139)	—	(1,234)
Other, net	(185)	(10)	(1,641)
Net cash provided by (used in) financing activities	33,962	(19,368)	301,383
Effect of exchange rate changes on cash and cash equivalents	—	(0)	0
Net increase (decrease) in cash and cash equivalents	18,748	(10,284)	166,374
Cash and cash equivalents at beginning of the year	174,379	184,664	1,547,427
Cash and cash equivalents at end of the year (Note 10)	¥193,128	¥174,379	\$1,713,802

Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Basis of preparation

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

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

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

(b) Basis of consolidation

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

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

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

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

(c) Investment in securities

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

Non-marketable equity securities classified as other securities are carried at cost determined mainly by the moving average method or less impairment loss if the value of the investments has been significantly impaired. No debt securities were held on March 31, 2016.

(d) Derivatives

Derivative financial instruments are stated at fair value.

(e) Inventories

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

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

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

Depreciation of property, plant and equipment is computed principally by the declining-balance method over the estimated useful lives of the respective assets. Allocation method for capitalized asset retirement cost related to decommissioning of specified nuclear power units, is described in the Section (o).

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

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

(g) Allowance for doubtful accounts

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

(h) Provision for reprocessing of irradiated nuclear fuel

The provision is reserved for reprocessing costs of irradiated nuclear fuel resulting from operation of nuclear power production facilities. The provision is stated at present value of the amount that would be required to reprocess with specific plans the irradiated nuclear fuel incurred in proportion to combustion of nuclear fuel using 0.6% (1.5%, for FY2015) of discount rate.

Transition obligations of ¥12,653 million resulting from the change in the accounting standard to estimate the reprocessing cost of irradiated nuclear fuel applicable from April 1, 2005 had been recognized over 15 years as operating expense from the fiscal year ended March 31, 2006. Due to revision of the act related to reserve for reprocessing of irradiated fuel in 2008, the revised transition obligations of ¥9,752 million has been amortized over a 12 years from April 1, 2008 by straight-line method. Outstanding transition obligation as of March 31, 2016 was ¥3,250 million (\$36,634 thousand).

The variance incurred from the estimate and actual costs for reprocessing of irradiated fuel is recognized from the following period over the periods during which the spent fuels covered by specific reprocessing plans are produced. The unrecognized difference of the estimates on March 31, 2016 and 2015 were loss of ¥12,822 million (\$144,492 thousand) and loss of ¥9,136 million, respectively.

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

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

(j) Reserve for fluctuation in water levels

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

(Additional Information)

Enforcement of the "Ministerial Ordinance Concerning Drought Reserves" (Ordinance of METI No. 53 of 2016)

The "Ministerial Ordinance Concerning Drought Reserves" (Ordinance of METI No. 53 of 2016) was enforced on April 1, 2016 and the "Ministerial Ordinance Concerning Drought Reserves" (Ordinance of MITI No. 56 of 1965) (hereinafter referred to as the "Former Ministerial Ordinance") was repealed. Consequently, the amount to be accumulated or disposed of and the limit of accumulation are calculated by a different method that multiplies the amount determined by the method based on the Former Ministerial Ordinance by the value (ratio of electricity service provided by a specified retail electricity supplier) that is calculated by dividing electricity sales of a specified retail electricity supplier by electricity sales of an electric utility. Also, in case that it is decided not to apply the provisions of Article 36 (1) of the Electricity Business Act (Act No. 170 of July 11, 1964), the balance of the drought reserves would be disposed of and the same amount of disposition would be transferred to capital surplus.

For reference, the effect of this change is to be determined.

(k) Accounting procedures for retirement benefits

Attribution of expected retirement benefits to periods of service

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

Amortization of actuarial gain or loss

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

(l) Important hedge accounting method

(1) Hedge accounting method

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

(2) Hedging instruments and hedged items

Hedging instruments Forward foreign exchange contracts

Hedged items Part of payables denominated in foreign currency

(3) Hedge policy

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

(4) Method of evaluating hedge effectiveness

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

(m) Goodwill

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

(n) Cash and cash equivalents

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

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

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

(p) Accounting for the consumption tax

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

2. Change in Accounting Policies

(Application of Accounting Standard and other regulations for Business Combination)

The Company has applied the "Accounting Standard for Business Combination" Accounting Standards Board of Japan Statement No. 21,

September 13, 2013, the "Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan Statement No. 22, September 13, 2013), the "Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Statement No. 7, September 13, 2013), effective from the current consolidated fiscal year. Under the adopted accounting standards, the difference associated with the changes in the Company's ownership interest in subsidiaries in the case of subsidiaries under ongoing control of the Company recorded as capital surplus, and acquisition-related costs are recorded as expense for the consolidated fiscal year in which they are incurred. Also, as for business combination occurred on or after the beginning of the current consolidated fiscal year, the accounting method was changed to reflect the adjustments of the provisional allocation of acquisition costs for a business combination shall be reflected in the consolidated financial statements for the fiscal year in which the business combination occurred. In addition, the presentation for "Net income" and other related items was changed and "Minority interests" was changed to "Non-controlling interests." The consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect these changes in presentation.

In consolidated cash flow statement for the current consolidated fiscal year, cash flows proceeds from purchase or sales of shares of subsidiaries resulting in scope of consolidation are mentioned in the category "Cash flows from financing activities."

In accordance with the transitional treatment set forth in Article 58-2 (4) of the Accounting Standard for Business Combination, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Article 57-4 (4) of Accounting Standard for Business Divestiture, these standards have been applying prospectively from the beginning of the current consolidated fiscal year.

For reference, the effect of these changes is insignificant.

3. Accounting Standards Issued but Not yet Adopted

"Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan Guidance No. 26, March 28, 2016)

(1) Overview

When transferring authority on the Japanese Institute of Certified Public Accountants' practical guide lines on accounting related to tax-effect accounting and practical guidelines for auditing (sections related to accounting treatment) to the Accounting Standards Board of Japan, the "Implementation Guidance on Recoverability of Deferred Tax Assets" groups companies into five categories with respect to guidelines related to the recoverability of deferred tax assets, principally those provided in the Japanese Institute of Certified Public Accountants Auditing Committee Report No. 66, "Audit Treatment for Judgment of Recoverability of Deferred Tax Assets." The guidance basically applies the frame work for handling estimates of the amount of deferred tax assets recorded thereby providing guidelines for the application of the "Accounting Standards for Tax-Effect Accounting" (Business Accounting Council) for the recoverability of deferred tax assets.

(2) Application date

The guidance will be applied from the beginning of the fiscal year commencing on or after April 1, 2016.

(3) Effect of application of the accounting standard and others

At the time of preparation of the consolidated financial statements, there is no effect on such financial statements.

4. U.S. Dollar Amounts

The accompanying consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥112.69 = U.S.\$1, the approximate rate of exchange prevailing at March 31, 2016. The inclusion of such amounts is not intended to imply that yen have been or could be readily converted, realized or settled in U.S. dollars at that or any other rate.

5. Notes to Consolidated Balance Sheets

(a) Reduction entry of property, plant and equipment

Reduction entries of property, plant and equipment as of March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Contributions in aid of construction	¥67,996	¥67,699	\$603,395

(b) Accumulated depreciation of property, plant and equipment

Accumulated depreciations of property, plant and equipment as of March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
	¥2,537,773	¥2,481,641	\$22,519,955

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

Investments of unconsolidated subsidiaries and affiliates included in "Other" of Investments and other assets as of March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
	¥3,910	¥3,863	\$34,697

(d) Pledged assets and secured liabilities

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

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Hokuriku Electric Power Company			
Bonds	¥475,375	¥465,375	\$4,218,431
Loans from the Development Bank of Japan Incorporated	51,852	48,042	460,134
Recourse obligation under debt assumption agreements	80,700	110,370	716,123

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

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Consolidated subsidiaries			
Pledged assets:			
Other noncurrent assets	¥6,090	¥6,331	\$54,050
Investments and other assets	8	8	79
Secured liabilities			
Long-term loans	1,215	1,555	10,781

(e) Inventories

Inventories as of March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Merchandise and finished goods	¥256	¥316	\$2,273
Work in process	2,360	2,025	20,950
Raw materials and supplies	16,399	19,745	145,524
Total	¥19,016	¥22,087	\$168,747

(f) Contingent liabilities

Contingent liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Guarantees of loans of following companies and other			
Japan Nuclear Fuel Ltd.	¥36,959	¥37,852	\$327,976
The Japan Atomic Power Company	17,492	17,492	155,229
Power and IT Company	1,300	1,300	11,536
Guarantees of housing and welfare loans of the Companies' employees	12,516	13,569	111,072
Total	¥68,269	¥70,215	\$605,814

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Guarantees of the corporate bonds of following company			
Japan Nuclear Fuel Ltd.	¥404	¥1,212	\$3,585

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Recourse obligation under debt assumption agreement of following corporate bonds (*)			
The 245th domestic straight bonds of Hokuriku Electric Power Company	¥—	¥29,670	\$—
The 248th domestic straight bonds of Hokuriku Electric Power Company	22,500	22,500	199,662
The 250th domestic straight bonds of Hokuriku Electric Power Company	28,200	28,200	250,244
The 281th domestic straight bonds of Hokuriku Electric Power Company	30,000	30,000	266,217
Total	¥80,700	¥110,370	\$716,123

(*) Recourse obligation by underwriter			
Mizuho Bank, Ltd.	¥70,700	¥100,370	\$627,384
The Bank of Tokyo-Mitsubishi U.F.J., Ltd.	10,000	10,000	88,739

6. Notes to Consolidated Statements of Operations

(a) Provision

Retirement benefit expense and provision included in the consolidated statement of operations for the fiscal year March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Retirement benefit expenses	¥1,253	¥5,523	\$11,121
Provision for reprocessing of irradiated nuclear fuel	869	1,017	7,713
Provision for preparation of the reprocessing of irradiated nuclear fuel without specific plans	¥234	225	\$2,084

(b) Operating expenses

Details of operating expenses in the electric power business for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen	
	2016	Selling, general and administrative expenses
Personnel	¥44,318	¥16,100
(Retirement benefit expense)	(272)	(272)
Fuel	102,396	—
Maintenance	58,170	1,020
Depreciation	64,334	2,689
Purchased electric power	63,802	—
Other	132,981	19,937
Subtotal	466,003	39,747
Intercompany elimination	(5,439)	—
Total	¥460,563	¥—

	Millions of yen	
	2015	Selling, general and administrative expenses
Personnel	¥50,521	¥21,428
(Provision for retirement benefits)	4,674	4,674
Fuel	128,758	—
Maintenance	61,019	1,372
Depreciation	67,529	2,978
Purchased electric power	56,202	—
Other	114,295	19,631
Subtotal	478,327	45,410
Intercompany elimination	(3,691)	—
Total	¥474,635	¥—

	Thousands of U.S. dollars	
	2016	Selling, general and administrative expenses
Personnel	\$393,277	\$142,871
(Retirement benefit expense)	(2,415)	(2,415)
Fuel	908,653	—
Maintenance	516,197	9,056
Depreciation	570,894	23,865
Purchased electric power	566,175	—
Other	1,180,068	176,926
Subtotal	4,135,266	352,719
Intercompany elimination	(48,267)	—
Total	\$4,086,999	\$—

(c) Research and development expenses

Total research and development expenses included in the consolidated statements of operations for the fiscal years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Research and development expenses	¥1,405	¥1,508	\$12,471

(d) Depreciation of construction in progress

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

7. Other Comprehensive Income

The component of other comprehensive income for the years ended March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Valuation difference on available-for-sales securities			
Amount arising during the year	¥(5,663)	¥3,527	\$(50,254)
Reclassification adjustment	—	—	—
Before tax effect	(5,663)	3,527	(50,254)
Tax effect	1,667	(824)	14,793
Valuation difference on available-for-sales securities	(3,996)	2,703	(35,461)
Deferred gains or losses on hedges			
Amount arising during the year	¥21	¥—	\$191
Tax effect	(6)	—	(54)
Deferred gains or losses on hedges	15	—	137
Remeasurements of defined benefit plans, net of tax			
Amount arising during the year	¥(8,313)	¥10,512	\$(73,770)
Reclassification adjustment	(5,696)	(1,442)	(50,545)
Before tax effect	(14,009)	9,070	(124,316)
Tax effect	4,005	(2,581)	35,543
Remeasurements of defined benefit plans, net of tax	(10,003)	6,488	(88,773)
Share of other comprehensive income of affiliates accounted for using the equity method:			
Amount arising during the year	¥(1)	¥26	\$(8)
Reclassification adjustments	—	—	—
Share of other comprehensive income of affiliates accounted for using the equity method	(1)	26	(8)
Total of other comprehensive income	¥(13,985)	¥9,218	\$(124,105)

8. Stock Issued and Treasury Stock

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

Changes in number of stock issued and treasury stock for the years ended March 31, 2016 and 2015 were as follows:

	Thousands of shares	
	2016	2015
Stock issued		
Beginning of the year	¥210,334	¥210,334
End of the year	210,334	210,334
Treasury stock		
Beginning of the year	1,518	1,510
Increase due to purchasing fractional shares	12	10
Decrease due to selling fractional shares	1	2
End of the year	1,529	1,518

(2) Dividends

(1) Dividends paid

For the year ended March 31, 2016

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars)	Dividends per share (yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 25, 2015	Common stock	¥5,220	\$46,325	¥25	\$0.22	March 31, 2015	June 26, 2015
Meeting of the Board of Directors on October 29, 2015	Common stock	¥5,220	\$46,323	¥25	\$0.22	September 30, 2015	November 30, 2015

For the year ended March 31, 2015

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

(2) Dividends with the cut-off date in the year ended March 31, 2016 and the effective date in the year ending March 31, 2017

Resolution	Type of shares	Total dividends (millions of yen)	Total dividends (thousands of U.S. dollars)	Source of dividends	Dividends per share (yen)	Dividends per share (U.S. dollars)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 28, 2016	Common stock	¥5,220	\$46,322	Retained earnings	¥25	\$0.22	March 31, 2016	June 29, 2016

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

Resolution	Type of shares	Total dividends (millions of yen)	Source of dividends	Dividends per share (yen)	Cut-off date	Effective date
Annual general meeting of the shareholders on June 25, 2015	Common stock	¥5,220	Retained earnings	¥25	March 31, 2015	June 26, 2016

9. Supplementary Cash Flow Information

A reconciliation between cash and cash equivalents in the consolidated statements of cash flows and corresponding balance sheet items as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Cash and deposits	¥193,128	¥174,379	\$1,713,802
Cash and cash equivalents	¥193,128	¥174,379	\$1,713,802

10. Financial Instruments

Overview

(1) Policy for financial instruments

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

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

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

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

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

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

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

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

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

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

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

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

Fair value of financial instruments

Carrying amount of financial instruments on the consolidated balance sheet and respective fair value as of March 31, 2016 and 2015 are shown in the following table. The following table does not include financial instruments whose fair values are not readily determinable (please refer to Note 2 below.)

As of March 31, 2016	Carrying amount	Fair value	Difference
Assets			
① Long-term investments (other securities)	¥14,420	¥14,420	¥—
② Fund for reprocessing of irradiated nuclear fuel	5,369	5,369	—
③ Cash and deposits	193,128	193,128	—
④ Notes and accounts receivable-trade	55,745	55,745	—
⑤ Bonds payable (*)	475,362	493,198	17,836
⑥ Long-term loans payable (*)	427,535	453,075	25,540
⑦ Short-term loans payable	16,127	16,127	—
⑧ Notes and accounts payable-trade	30,664	30,664	—

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

As of March 31, 2016	Carrying amount	Fair value	Difference
Assets			
① Long-term investments (other securities)	\$127,963	\$127,963	\$—
② Fund for reprocessing of irradiated nuclear fuel	47,644	47,644	—
③ Cash and deposits	1,713,802	1,713,802	—
④ Notes and accounts receivable-trade	494,676	494,676	—
⑤ Bonds payable (*)	4,218,316	4,376,591	158,274
⑥ Long-term loans payable (*)	3,793,904	4,020,546	226,641
⑦ Short-term loans payable	143,110	143,110	—
⑧ Notes and accounts payable-trade	272,112	272,112	—

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

(Note 1)

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

① Long-term investments (other securities)

The fair value of stocks is based on quoted market prices. For information on securities classified by holding purpose, please refer to the Note 11. "Investment Securities."

② Fund for reprocessing of irradiated nuclear fuel

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

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

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

⑤ Bonds payable

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

⑥ Long-term loans payable

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

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

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

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

Carrying amount	2016	2015	2016
Unlisted stocks	¥36,277	¥36,233	\$321,926
Investment securities	636	637	5,651
Other	5	5	47
Total	¥36,920	¥36,877	\$327,625

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

(Note 3) Redemption schedule for receivables

As of March 31, 2016	Whithin one year	Due after one year
Fund for reprocessing of irradiated nuclear fuel (*)	¥5,205	¥—
Cash and deposits	193,128	—
Notes and accounts receivable-trade	55,745	—
Total	¥254,079	¥—

As of March 31, 2015	Whithin one year	2017 and thereafter
Fund for reprocessing of irradiated nuclear fuel (*)	¥4,981	¥—
Cash and deposits	174,379	—
Trade notes and accounts receivable	53,991	—
Total	¥233,352	¥—

As of March 31, 2016	Whithin one year	Due after one year
Fund for reprocessing of irradiated nuclear fuel (*)	\$46,196	\$—
Cash and deposits	1,713,802	—
Notes and accounts receivable-trade	494,676	—
Total	\$2,254,675	\$—

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

(Note 4) The aggregate annual maturities of bonds, long-term loans, and other interest-bearing liabilities subsequent to March 31, 2016 and 2015 were summarized as follows:

As of March 31, 2016	Bonds payable	Long-term loans payable	Short-term loans payable
2017	¥50,475	¥37,275	¥16,127
2018	50,000	33,110	—
2019	70,000	31,215	—
2020	69,900	46,183	—
2021	40,000	43,001	—
2022 and thereafter	20,000	236,748	—

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

As of March 31, 2016	Bonds payable	Long-term loans payable	Short-term loans payable
2017	\$447,910	\$330,780	\$143,110
2018	443,695	293,821	—
2019	621,173	277,004	—
2020	620,285	409,828	—
2021	354,956	381,586	—
2022 and thereafter	177,478	2,100,882	—

11. Investment Securities

(1) Information of other securities

Information on investment securities for which fair value is available as of March 31, 2016 and 2015 was as follows:

As of March 31, 2016	Acquisition cost	Fair value	Unrealized gain (loss)
Unrealized gain			
Stock	¥5,938	¥13,755	¥7,816
Bonds	100	108	7
Unrealized loss			
Stock	648	556	(92)
Total	¥6,688	¥14,420	¥7,732

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

As of March 31, 2016	Acquisition cost	Fair value	Unrealized gain (loss)
Unrealized gain			
Stock	\$52,700	\$122,066	\$69,366
Bonds	894	962	68
Unrealized loss			
Stock	5,754	4,934	(820)
Total	\$59,349	\$127,963	\$68,614

(Note) Non-marketable securities (the amount of ¥36,920 million (\$327,625 thousand) and ¥36,877 million in the consolidated balance sheets as of March 31, 2016 and 2015, respectively) are not included in the table above because their fair values are not readily determinable.

(2) Other securities sold during the year

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Sales proceeds	¥—	¥0	\$—

(3) Impairment loss on other securities

No impairment loss on other securities was identified for the years ended March 31, 2016 and 2015, respectively.

12. Derivatives

Since derivative transactions were not significant, relating disclosure is omitted for the years ended March 31, 2016 and 2015.

13. Employees' Retirement Benefits

The Company and its consolidated subsidiaries have the defined benefit plans, including lump-sum retirement benefit plan, defined benefit corporate pension plan, welfare pension fund plan and company sponsored pension plan, and they also provides employees with the options of either the defined contribution pension plan or the prepayment plan other than the defined benefit plan. The Company also pays employees lump-sum retirement benefit extra accordingly.

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

(1) Defined benefit plan

The changes in the retirement benefit obligation during the year ended March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Retirement benefit obligation at April 1	¥96,524	¥96,320	\$856,549
Cumulative effects of changes in accounting policies	—	(4,388)	—
Restated balance	96,524	91,931	856,549
Service cost	4,288	4,080	38,055
Interest cost	1,372	1,316	12,176
Actuarial loss	7,587	(122)	67,327
Retirement benefit paid	(4,404)	(4,265)	(39,081)
Increase of consolidated subsidiaries	—	3,774	—
Other	—	(190)	—
Retirement benefit obligation at March 31	¥105,368	¥96,524	\$935,028

The changes in plan assets during the year ended March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Plan assets at April 1	¥89,643	¥76,826	\$795,483
Expected return on plan assets	1,792	1,536	15,909
Actuarial loss	(1,157)	10,358	(10,268)
Contributions by the Company	2,041	2,421	18,116
Retirement benefits paid	(1,705)	(1,499)	(15,132)
Plan assets at March 31	¥90,614	¥89,643	\$804,108

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2016 and 2015 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Funded retirement benefit obligation	¥74,057	¥66,009	\$657,180
Plan assets at fair value	(90,614)	(89,643)	(804,108)
	¥(16,557)	¥(23,633)	\$(146,927)
Unfunded retirement benefit obligation	¥31,310	¥30,515	\$277,847
Net liability for retirement benefits in the balance sheet	¥14,753	¥6,881	\$130,920
Liability for retirement benefits	¥31,310	¥30,515	\$277,847
Asset for retirement benefits	¥(16,557)	¥(23,633)	\$(146,927)
Net liability for retirement benefits in the balance sheet	¥14,753	¥6,881	\$130,920

The components of retirement benefit expense for the year ended March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Service cost	¥4,288	¥4,080	\$38,055
Interest cost	1,372	1,316	12,176
Expected return on plan assets	(1,792)	(1,536)	(15,909)
Amortization of actuarial loss	(5,264)	(99)	(46,720)
Amortization of prior service cost	—	(1,310)	—
Retirement benefit expense	¥(1,397)	¥2,450	\$(12,397)

In addition, additional retirement benefit expense of ¥1,888 million (\$16,753 thousand) and ¥2,262 million was accounted for as an operating expense for the year ended March 31, 2016 and 2015.

Prior service cost and actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Prior service cost	¥—	¥(1,310)	\$—
Actuarial gain or loss	(14,009)	10,380	(124,316)
Total	¥(14,009)	¥9,070	\$(124,316)

Unrecognized prior service cost and unrecognized actuarial loss included in accumulated other comprehensive income (before tax effect) as of March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Unrecognized actuarial gain or loss	¥3,382	¥(10,626)	\$30,014

Fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2016 and 2015 were as follows:

	2016	2015
Stock	36%	44%
Bonds	24%	23%
General account of life insurance	39%	31%
Others	1%	2%
Total	100%	100%

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

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

	2016	2015
Discount rates	Mainly 1.0%	Mainly 1.5%
Expected rates of return on plan assets	2.0%	2.0%

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

Contributions related to defined contribution pension plan were accounted ¥709 million (\$6,294 thousand) and ¥754 million, the payments related to prepaid retirement benefit plan were accounted ¥53 million (\$470 thousand) and ¥55 million for the year ended March 31, 2016 and 2015.

14. Income Taxes

The significant components of deferred tax assets and liabilities as of March 31, 2016 and 2015 were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Depreciation	¥13,090	¥12,460	\$116,163
Liability for retirement benefits	9,282	9,314	82,375
Asset retirement obligations	8,853	9,062	78,568
Reserve for fluctuation in water levels	6,009	4,801	53,327
Elimination of unrealized intercompany profits	5,119	5,147	45,433
Expenses of disposition of polychlorinated biphenyl wastes	4,086	4,720	36,261
Reserve for reprocessing of irradiated nuclear fuel and reserve for reprocessing of irradiated nuclear fuel without specific plans	2,151	2,132	19,087
Deferred charges for tax purposes	2,071	2,285	18,378
Accrued enterprise taxes	824	987	7,314
Other	13,479	14,712	119,614
Gross deferred tax assets	64,968	65,623	576,526
Less: Valuation allowance	(7,716)	(7,576)	(68,475)
Total deferred tax assets	57,252	58,047	508,050
Deferred tax liabilities:			
Assets corresponding to asset retirement obligations	¥(7,013)	¥(7,243)	\$(62,236)
Asset for retirement benefits	(4,639)	(6,805)	(41,167)
Net unrealized gain on securities	(2,169)	(3,838)	(19,253)
Other	(409)	(389)	(3,636)
Total deferred tax liabilities	(14,232)	(18,277)	(126,294)
Net deferred tax assets	¥43,020	¥39,769	\$381,756

(Note) The net deferred tax assets as of March 31, 2016 and 2015 are included in the following items of the consolidated balance sheets.

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Noncurrent assets - deferred tax assets	¥37,561	¥33,580	\$333,319
Current assets - deferred tax assets	5,473	6,189	48,574
Deferred tax liabilities:			
Current liabilities - others	¥(15)	¥(0)	\$(137)

Reconciliation of the difference between the statutory tax rate and the effective tax rate for the year ended March 31, 2016 and 2015 were summarized as follows:

	2016	2015
Statutory tax rate	28.8%	30.7%
Increase (decrease) in taxes resulting from:		
Decrease of deferred tax asset by changing the effective statutory tax rate	4.8	13.3
Statutory tax rate differences between the Company and consolidated subsidiaries	2.7	1.5
Valuation allowance	2.0	9.0
Non-deductible expenses for the tax purposes	0.5	0.6
Equity in earnings of affiliates	(0.0)	(1.4)
Other	(0.8)	0.3
Effective tax rate	38.1%	54.0%

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

The "Act on Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016) and the "Act on Partial Revision of Local Tax Act, etc." (Act No. 13 of 2016) were passed on March 29, 2016 in the Diet. The corporate tax rates are to be lowered from the consolidated fiscal year starting on or after April 1, 2016.

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

As a result, the net amount of deferred tax assets decreased by ¥1,074 million, accumulated adjustment of retirement benefits by ¥28 million, and non-controlling interests by ¥38 million. On the other hand, valuation difference of securities increased by ¥65 million, deferral hedge gains and losses by ¥0 million, and the adjustment of corporation tax and others (debit) by ¥1,113 million, respectively.

15. Asset Retirement Obligations

(1) Overview

Asset retirement obligations are recognized for decommissioning of specific nuclear power units prescribed by the "Act on the Regulation of Nuclear Source Material, Nuclear Fuel Material and Reactors."

Based on the "Ministerial Ordinance on Reserves for Decommissioning Costs of Nuclear Power Units" (Ordinance of MITI No. 30 of 1989), the total estimate of decommission expense is recognized by the straight-line method over the expected operating period of nuclear power units and planned period for safe storage.

(2) Accounting method of the asset retirement obligations

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

(3) Changes in asset retirement obligations

	Millions of yen	Millions of yen	Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of the year	¥56,537	¥54,024	\$501,707
Net changes during the year	2,616	2,512	23,217
Balance at end of the year	¥59,153	¥56,537	\$524,924

16. Segment Information

(1) Overview of reportable segment

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

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

(2) Accounting policies of each reportable segment

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

(Application of Accounting Standard and other regulations for Business Combination)

The Company has applied the "Accounting Standard for Business Combination" Accounting Standards Board of Japan Statement No. 21, September 13, 2013, the "Accounting Standard for Consolidated Financial Statements" (Accounting Standards Board of Japan Statement No. 22, September 13, 2013), the "Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Statement No. 7, September 13, 2013), effective from the current consolidated fiscal year. Under the adopted accounting standards, the difference associated with the changes in the Company's ownership interest in subsidiaries in the case of subsidiaries under ongoing control of the Company recorded as capital surplus, and acquisition-related costs are recorded as expense for the consolidated fiscal year in which they are incurred. Also, as for business combination occurred on or after the beginning of the current consolidated fiscal year, the accounting method was changed to reflect the adjustments of the provisional allocation of acquisition costs for a business combination shall be reflected in the consolidated financial statements for the fiscal year in which the business combination occurred. In addition, the presentation for "Net income" and other related items was changed and "Minority interests" was changed to "Non-controlling interests." The consolidated financial statements for the previous consolidated fiscal year have been reclassified to reflect these changes in presentation. In consolidated cash flow statement for the current consolidated fiscal year, cash flows proceeds from purchase or sales of shares of subsidiaries resulting in scope of consolidation are mentioned in the category "cash flows from financing activities." In accordance with the transitional treatment set forth in Article 58-2 (4) of the Accounting Standard for Business Combination, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and Article 57-4 (4) of Accounting Standard for Business Divestiture, these standards have been applying prospectively from the beginning of the current consolidated fiscal year. For reference, the effect of these changes is insignificant.

(3) Information about each reportable segment

	2016				
	Electricity	Others (Note 1)	Total	Adjustment and elimination (Note 2)	Consolidated (Note 3)
Sales to customers	¥492,382	¥52,185	¥544,568	¥—	¥544,568
Inter-segment sales	636	49,064	49,701	(49,701)	—
Total operating revenue	493,019	101,250	594,269	(49,701)	544,568
Segment income	29,125	8,921	38,047	76	38,124
Segment assets	1,430,503	108,870	1,539,373	(29,979)	1,509,393
Depreciation and amortization	64,327	3,906	68,233	(1,018)	67,215
Capital expenditure	96,976	3,751	100,728	(1,170)	99,558

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

	2016				
	Electricity	Others (Note 1)	Total	Adjustment and elimination (Note 2)	Consolidated (Note 3)
Sales to customers	\$4,369,354	\$463,088	\$4,832,443	\$—	\$4,832,443
Inter-segment sales	5,649	435,395	441,044	(441,044)	—
Total operating revenue	4,375,004	898,483	5,273,487	(441,044)	4,832,443
Segment income	258,458	79,169	337,627	682	338,309
Segment assets	12,694,145	966,107	13,660,253	(266,039)	13,394,214
Depreciation and amortization	570,834	34,666	605,500	(9,040)	596,459
Capital expenditure	860,557	33,293	893,851	(10,383)	883,468

(Note 1) Other segment represents construction and maintenance of the electrical power facilities, information, telecommunications and other.

(Note 2) Adjustment and eliminations of "Segment income," "Segment assets," "Depreciation and amortization," and "Capital expenditure" are intersegment transaction eliminations.

(Note 3) Segment income is adjusted to reflect operating income in the consolidated statement of operations.

(Relevant information)

(1) Information by product or service

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

(2) Information by respective areas

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

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

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

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

None applicable.

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

None applicable.

17. Related Party Transactions

Significant related party transactions of the Company for the years ended March 31, 2016 and 2015 were as follows:

None applicable.

18. Amounts per Share

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

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

Net assets and basic profit per share as of and for the years ended March 31, 2016 and 2015 were as follows:

	Yen	Yen	U.S. dollars
	2016	2015	2016
Net assets per share	¥1,552.48	¥1,607.60	\$13.77
Profit per share	¥61.74	¥43.05	\$0.54

(Note) Since either the Company or its consolidated subsidiaries did not have potentially dilutive securities as of March 31, 2016 and 2015, diluted net income per share was not disclosed.

The bases of calculation for profit per share were as follows:

	Millions of yen	Millions of yen	Thousands of U.S. dollars
For the years ended March 31	2016	2015	2016
Profit attributable to owners of parent	¥12,891	¥8,990	\$114,398
Amounts not attributable to common stock	—	—	—
Profit attributable to owners of parent to common stock	12,891	8,990	114,398
Weighted average number of common stock during the year (thousands of shares)	208,810	208,820	

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

	Millions of yen	Millions of yen	Thousands of U.S. dollars
As of March 31	2016	2015	2016
Net assets	¥334,003	¥344,209	\$2,963,913
Amounts deducted from net assets (Non-controlling interests)	(9,839)	(8,517)	(87,310)
Net assets attributable to common stock	324,164	335,692	2,876,603
Number of shares of common stock at the year end (thousand of shares)	208,805	208,815	



Ernst & Young ShinNihon LLC

Independent Auditor's Report

The Board of Directors
Hokuriku Electric Power Company

We have audited the accompanying consolidated financial statements of Hokuriku Electric Power Company and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, and the consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Hokuriku Electric Power Company and its consolidated subsidiaries as at March 31, 2016 and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 4.

Ernst & Young ShinNihon LLC

June 28, 2016
Toyama, Japan

A member firm of Ernst & Young Global Limited

Six-Year Summary

HOKURIKU ELECTRIC POWER COMPANY
Years ended March 31

	2016	2015	2014	2013	2012	2011
Consolidated Statements of Operations Data (millions of yen)						
Operating revenue	544,568	532,760	509,638	492,487	495,118	494,165
Operating expenses	506,443	492,801	489,782	480,729	483,457	444,176
Operating income	38,124	39,959	19,855	11,758	11,661	49,989
Other income deduction (net)	14,889	20,316	14,047	9,313	8,275	19,143
Profit before income taxes	23,234	19,642	5,807	2,444	3,385	30,846
Income taxes	8,848	10,609	3,277	2,346	8,674	11,758
Profit attributable to non-controlling interests	1,493	42	14	—	—	—
Profit (Loss) attributable to owners of parent	12,891	8,990	2,516	98	(5,288)	19,087
Profit (Loss) per share	61.74	43.05	12.05	0.47	(25.32)	89.99
Consolidated Statement of Cash Flows Data (millions of yen)						
Net cash provided by operating activities	69,792	113,132	81,626	86,505	68,048	133,831
Net cash used in investing activities	(85,006)	(104,048)	(60,004)	(61,743)	(58,841)	(77,222)
Net cash provided by (used in) financing activities	33,962	(19,368)	46,702	(1,183)	9,569	(96,287)
Net increase (decrease) in cash and cash equivalents	18,748	(10,284)	68,324	23,578	18,776	(39,678)
Cash and cash equivalents at end of year	193,128	174,379	184,664	116,340	92,749	73,973

Corporate Information



Date of Establishment

May 1, 1951

Number of Shareholders

88,357 (at the end of March 2016)

Corporate Resources and Facilities (at the end of March 2016)

Capital (billions of yen)	117.64
Number of employees	4,997
Hydroelectric power capacity (MW)	1,921
Thermal power capacity (MW) (steam and internal combustion engine)	4,400
Nuclear power capacity (MW)	1,746
New energy (MW)	8
Transmission facilities (line length in km)	3,314
Transformation facilities (thousands of kVA)	31,033
Distribution facilities (conductor length in km)	122,129
Number of contracts (thousands) (total of lighting and power contracts)	2,128
Electricity sales (billions of kWh) (for fiscal year)	27.5

Head Office and Branches

Head Office: 15-1 Ushijima-cho, Toyama-shi 930-8686, Japan

Toyama Branch: 13-15 Ushijima-cho, Toyama-shi 930-0858, Japan

Takaoka Branch: 7-15 Hirokoji, Takaoka-shi 933-0057, Japan

Uozu Branch: 1-12-12 Shinkanaya, Uozu-shi 937-0801, Japan

Ishikawa Branch: 6-11 Shimohonda-machi, Kanazawa-shi 920-0993, Japan

Nanao Branch: 61-7 Mishima-cho, Nanao-shi 926-8585, Japan

Komatsu Branch: 25-1 Sakae-machi, Komatsu-shi 923-0934, Japan

Fukui Branch: 1-4-1 Hinode, Fukui-shi 910-8565, Japan

Tannan Branch: 1-6 Aza Higashinozue, 10, Shin-cho, Echizen-shi 915-0883, Japan

Tokyo Branch: 2-8-1 Toranomom, Minato-ku 105-0001, Japan

Directors and Auditors

Chairman of the Board: Susumu Kyuwa

President: Yutaka Kanai

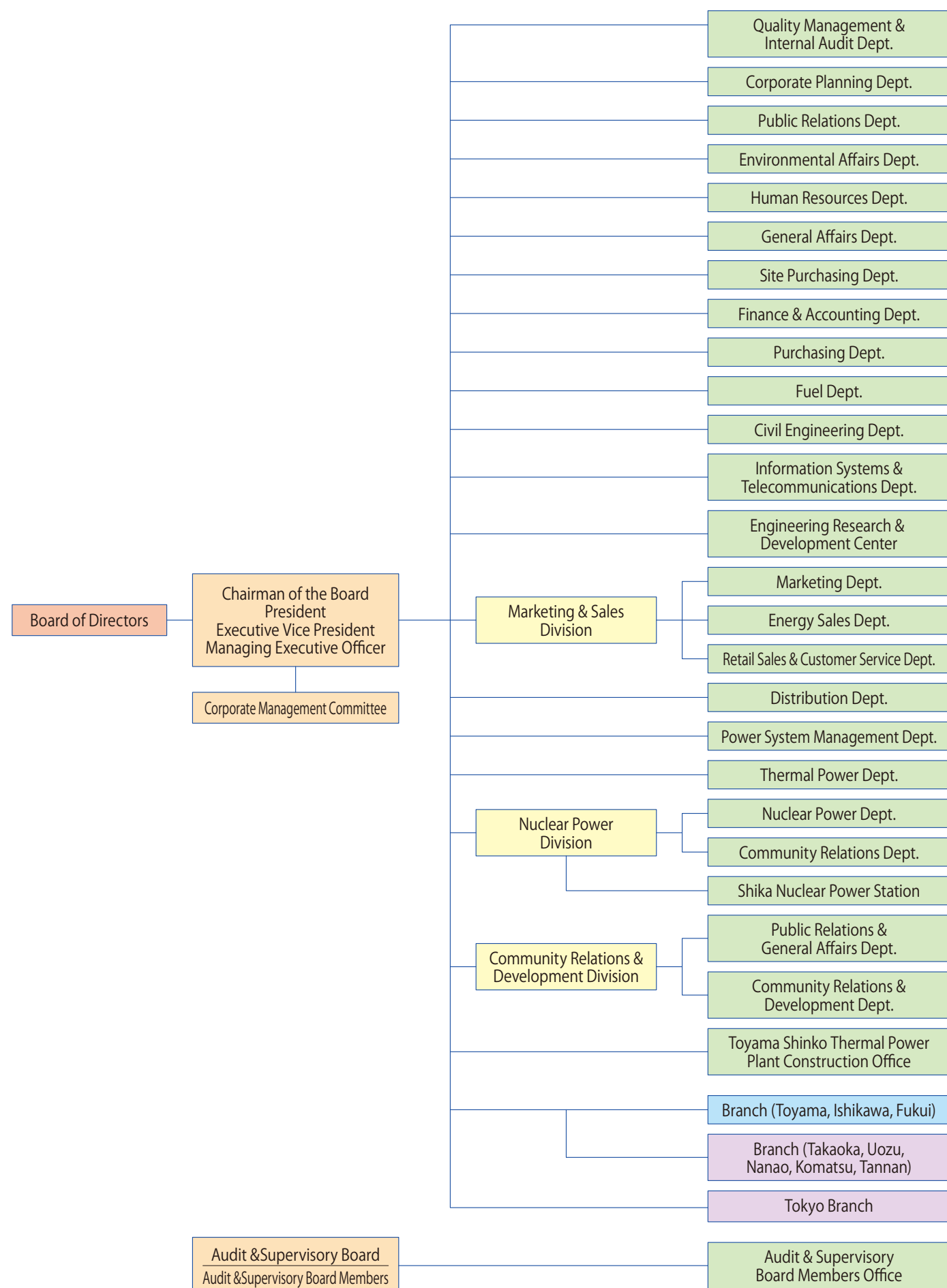
Executive Vice Presidents: Junichi Akamaru
Shigeru Yano
Akizumi Nishino







Managing Executive Officer: Shiro Ojima
Yukihiro Takabayashi
Nobuhiko Ishiguro

Hiroaki Sono
Koichi Mizuno
Akira Miyama
Tatsuo Kawada
Shigeo Takagi

Audit & Supervisory Board Members:

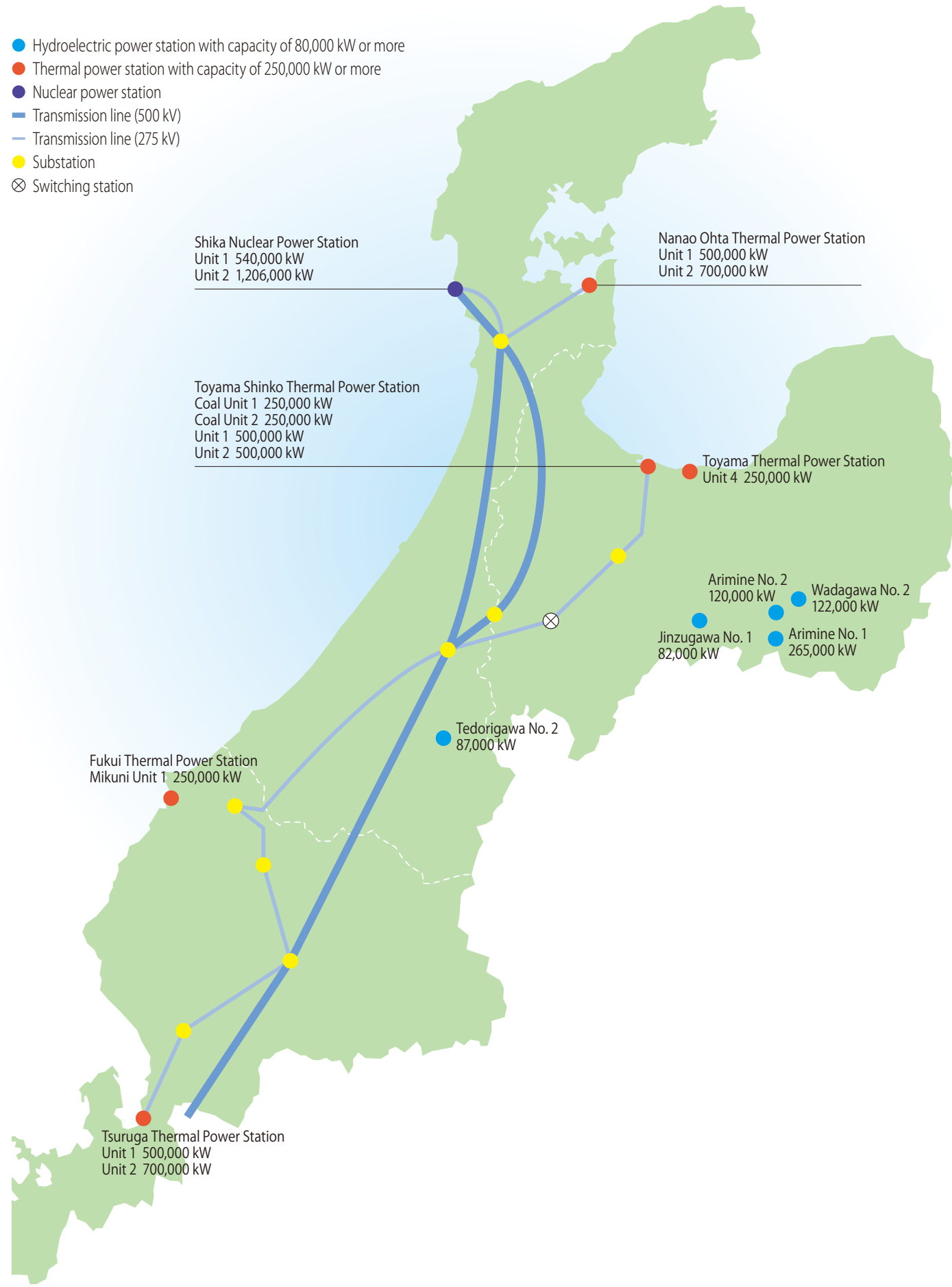
Koichi Takakuwa
Tadashi Takamatsu
Takamasa Omi
Toshihiko Hosokawa
Etsuko Akiba
Tadaaki Ito



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

Power Distribution Network (as of April 2016)

- Hydroelectric power station with capacity of 80,000 kW or more
- Thermal power station with capacity of 250,000 kW or more
- Nuclear power station
- Transmission line (500 kV)
- Transmission line (275 kV)
- Substation
- ⊗ Switching station





 **Hokuriku Electric Power Company**

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