

# More convenience in daily life

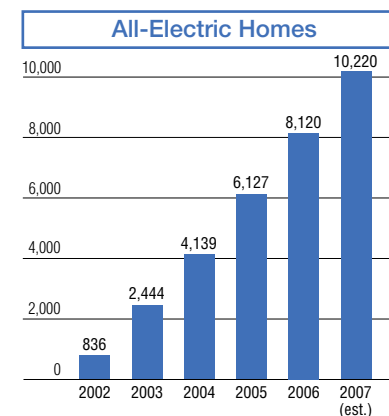
Recognizing the diverse needs of our customers, we at OEPC have developed a range of finely tailored services, including a "menu" of electric power payment methods (which has proved very popular), consulting services that offer imaginative and effective solutions to all conceivable issues, and a full and reliable product after-sales service. These are some of the ways in which OEPC is working to achieve still higher levels of customer satisfaction.



## All-electric homes on the increase

Because they do not employ open flames, all-electric homes are safer, and with our special-discount Ee Plan electricity charge payment plan, they are also very economical. A large number of customers have been extremely satisfied with our all-electric homes, thanks to their unique combination of safety and comfort, and the number of homes switching over to the all-electric plan is rising year-by-year.

OEPC uses the Okiden Fureai Plaza (a combined amusement and electricity promotion facility) as well as all-electric home demonstration vehicles to display vividly to the public the advantages of all-electric homes. We also hold various sales promotion events and marketing campaigns.



"Mother & child cooking lessons"



The design used from October 2006 in OEPC's all-electric home promotional campaign

## Clean and safe commercial kitchens that are a real pleasure to work in

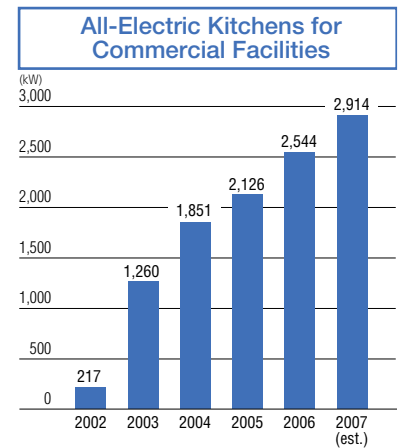
At OEPC, we are working to spread the word about the advantages of all-electric kitchens for restaurants, bakeries, and other commercial facilities. The absence of open flames makes stoves safer than those using gas or other fuels; they are cost-effective thanks to excellent heat efficiency at high power levels; and they are easier to keep clean and hygienic. These commercial kitchens conform to the principles used in the Hazard Analysis and Critical Control Points (HACCP) method, and make possible kitchens that boast what we call the "Four C's," i.e. they are cool, controllable, clean, and convenient. The majority of kitchens in restaurants and other commercial facilities still employ gas-fired cooking ranges. To encourage the expanded use of all-electric kitchens, we hold regular seminars on such kitchens to make their features more well-known among the potential users.



Seminar on all-electric kitchens for commercial facilities



Welfare facility with an all-electric kitchen

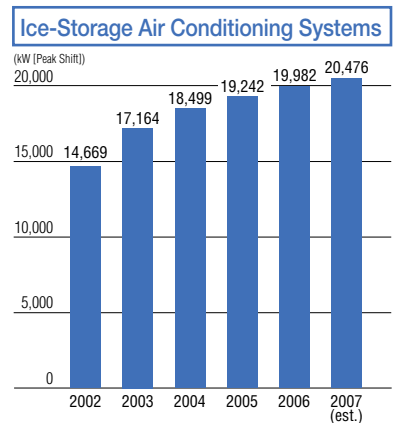
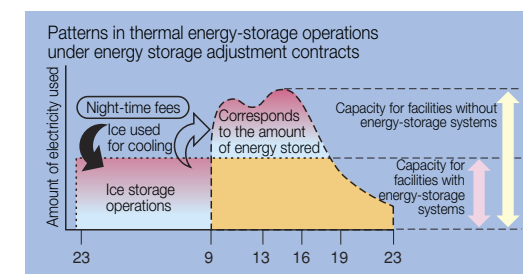


## Ice-storage air conditioning systems ideal for Okinawa's long, hot summer

Energy storage-type air conditioning systems make use of low-cost nighttime electricity to produce and store ice or cold water, which is then used as a cooling source for air conditioning during the day. The use of this system also enables the running of the heat pump (the core of an air conditioning [room cooling] system) at higher levels of efficiency, which allows conservation of energy. As there is no combustion engine, the system is safer and more easily kept clean. By signing an "energy storage adjustment contract" with OEPC, our customers are able to take advantage of reduced electricity rates.



Ice-storage air conditioning systems



## Providing services that truly satisfy our customers

Responding to our customers' desires, for instance for a safer and more comfortable daily living environment, or for reduced electricity costs, we have designed a menu of electric power service payment plans, from which each customer can choose the one that best fits his or her particular lifestyle. We also propose electric equipment and systems that have different merits and will appeal to different customers. Our lifestyle consulting staff are able to propose electricity-usage solutions that perfectly match each customer's lifestyle. Our marketing relies for its effectiveness on our salespeople's ability to instantly access the vast amount of expertise and experience that OEPC has built up, and we are constantly refining both our product-and-service lineup and our marketing system to maintain our undisputed position within Okinawa Prefecture as the premier supplier of electric power as well as related equipment and services.



A consulting session

# Lower electricity rates

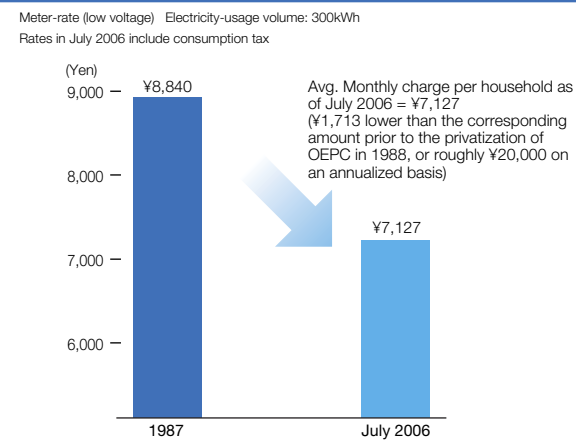
Okinawa Electric Power Company serves customers living on a large number of small islands scattered across a wide area. Moreover, because of the distance between the islands of the prefecture and the mainland of Japan, OEPC is unable to take part in the electric power-sharing system operated among Japan's other nine electric power utilities. Finally, with a total prefectural population of only around 1.4 million, OEPC's operational scale is the smallest of the ten Japanese power utilities, and it is thus unable to enjoy much in the way of economy of scale.

Clearly, the Company labors under a number of handicaps, but ever since the establishment of OEPC, we have made it one of our prime targets to supply electricity to our customers at rates comparable with those on the Japanese mainland. To this end, we have done our best to lower our power supply costs, and we hope to achieve further electricity rate reductions in the future by adopting more efficient operational processes.

## Efforts to reduce electricity rates

To enable our customers to share in the profits gained through greater operational efficiency, the Company has successively implemented average rate reductions for power supply within the regulated category, the last of which was a 3.24% reduction effective July 2006. Since its privatization in 1988, OEPC has reduced its average electricity rates charge by approximately 40%. The Company will continue its efforts to raise the efficiency of its operations with the double aim of maintaining reliable electric power supply services and keeping its rates approximately at the same level as on the Japanese mainland.

### Post-Privatization Electric Power Rate-Cuts for Households



## Measures to Raise Operational Efficiency

### Efficiency in capital investment

Investment by the Company in plant and equipment in the reporting term came to ¥14.3 billion, ¥4.5 billion lower than the initially planned figure. This is attributable to a thorough review of our specifications and methods of design and installation, as well as considerable cost savings on the procurement of materials thanks to progress in the reuse of recyclable scrap material.

Capital investment is projected to remain at a high level until the completion of construction of the Yoshinoura thermal power plant. However, factoring into our plans the various measures we have taken thus far to improve the efficiency of our operations, we anticipate holding down annual equipment investment over the next five years (ending March 2011) to an average of ¥36.0 billion.

### Striving for efficiency in operation and maintenance of equipment

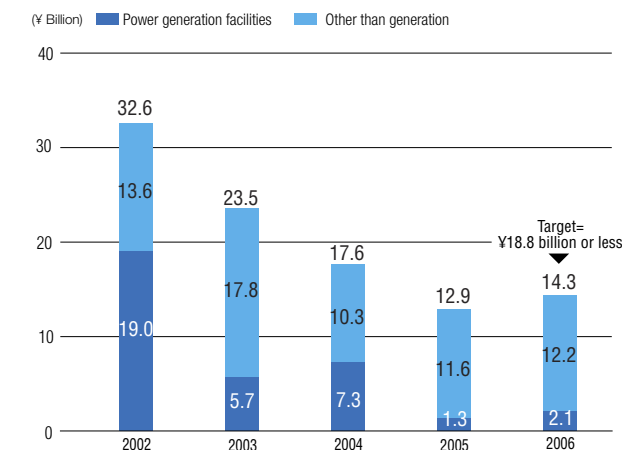
Regarding expenses for repairs to and maintenance of equipment and facilities in the reporting term, the Company's choices were dominated by the twin aims of maintaining a stable and reliable supply of power, and further reducing costs. To these ends, considerable thought was given to employing the most rational methods of maintenance and the most efficient operational processes (exemplified by changes to the timing of spot checks). As a result of these efforts, repair and maintenance costs came to ¥14.9 billion, virtually identical to the target figure of ¥15 billion.

In addition, the Company has made efforts to reduce fuel costs, including greater use of the spot market to purchase grade C heavy crude oil and use of economical subbituminous coal. The Company also efficiently uses the dedicated coal-carrier vessel the *Shinryo-maru* to reduce fuel transport costs. In the future, we will continue our efforts to bring down the cost of operations.



The *Shinryo-maru*, a dedicated coal carrier

### Capital Investment



### Expenses for Repairs and Maintenance

