

Business development based on customers' needs

As a company responsible for the lifelines of people's lifestyle and economy and industry, we strive to provide inexpensive, high-quality energy. Standing on a customer-first philosophy, we promote proactive activities, including contribution to comfortable and prosperous society, to enhance customer satisfaction.

Promotion of total solution business

Taking advantage of the comprehensive power of our company group, we render total solution service for corporate customers ("total business solutions"), tailored to the corporate customers' diverse needs and demands.

We believe meeting to the customers' needs enables us to take new business opportunities, enables us to expand the entire group's business domain and strengthens our profitability.

Positioning sales representatives

To accurately comprehend the needs of our corporate customers

Main solution menu
•Optimal rate menu
•Electric cooker
•Electrical air conditioning
•Electric heating system
•Sale of gas
•Technical services

and respond directly to their needs, we have assigned sales representatives to each branch or customer service office.

Using the sales representatives as the contact person, we offer our customers Optimal 1 rate menu and systems for the use of electric kitchens and air conditioning.

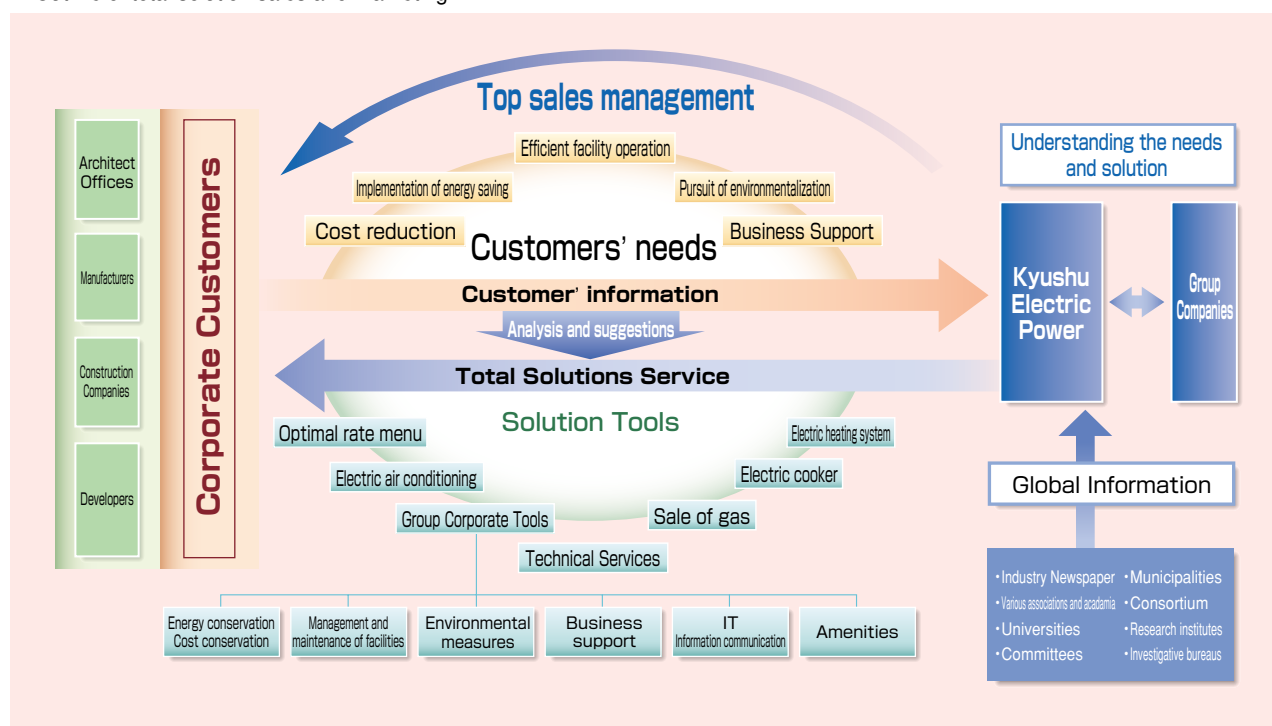
Reduction of the customers' initial investments in air conditioning facilities

We promote "air conditioning business" to reduce customer's initial investment. We own and install air conditioning facility and deliver heat for air conditioning. The customers are charged for the heat.

Although our business area had been limited to regenerative types of air conditioning, we have expanded our business into non-heat accumulative areas in FY2005 to further respond to the diverse needs of our customers.

We will continue to respond proactively to the needs of our customers to raise their levels of satisfaction.

▼ Outline of total solution sales and marketing





Kirei-Life
All-electric housing

All-electric housing for a comfortable lifestyle



Proposing a safe, comfortable and economical lifestyle (Promoting an All-electric housing)

What is an All-electric housing?

There are an increasing number of customers who enjoy an All-electric housing because it answers to their diverse needs including lifestyles friendly to environment and family budget, healthy and safe lifestyle for senior citizens, and reduction of household chores for two-income families.

An All-electric housing is a house where the cooking facilities, hot water supply and other energy-related systems are powered by electricity. Customers can choose an All-electric housing and benefit from the peace of mind, convenience and comfort of no longer needing to use flames, while also saving monthly lighting and heating expenses. An All-electric housing produces a high level of customer satisfaction, answering to the diverse needs of the modern household.

Proposing activities on an All-electric housing

Kyushu Electric Power is actively pursuing measures and proposing activities to dispatch information on an All-electric housing.

Using 'Kirei Life' as a key branding phrase, we have been promoting and conveying the merits of an All-electric housing through TV advertisements, our website and 'Iris', our showroom, where customers can actually experience the virtues of an All-electric housing.

Those customers who are considering an All-electric housing, we offer an optimal electric rates and an interest preference mortgage, and a total consultation regarding running costs* and initial investments.

For those customers who choose an

All-electric housing, we provide home advisors in every customer service office who personally visit each home to answer questions such as, 'How do you operate the IH (Induction Heating) stove?' or 'What is the best way to cook'.

The role of an All-electric housing

We are promoting the use of "Eco Cute," a hot water supply facility that conserves energy in All-electric housing (please see page 40). Since Eco Cute helps to reduce the amount of CO₂ emission in regular households, the government hopes the system to spread throughout the country.

We are promoting an All-electric housing to realize our customers' comfortable life and to contribute to our environment. We will keep meeting our social responsibility through the promotion of an All-electric housing.

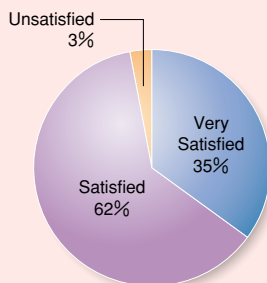
<"Kirei Life" website in Japanese >
<http://www.kireilife.net>

▼ Questionnaire for residents of an All Electrification apartment building

•Research Period: December,2004 – January,2005

•Research Subjects: Residents of All-electric apartment complexes in the Fukuoka city area. 116 surveyed.

Q.How are you satisfied with the All-electric Apartments?



More than 90% of the residents are satisfied.

Q.What specific points are satisfying?
(can answer freely with any number of answers)

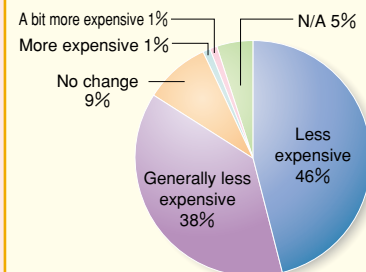
Utility costs are low (51)

Safe and Secure (39)

Easy to clean and manage (18)

Clean and comfortable (14)

[How have your utility costs changed compared to those before?]



More than 80% state that their utility costs have decreased.

*Glossary / *running cost: the cost necessary for the continued maintenance of equipment and facilities.

Measures to increase customer satisfaction

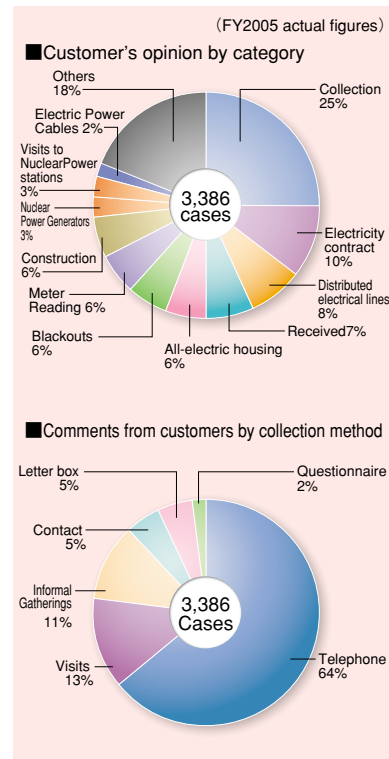
To create more smiles on the faces of our customers, the Kyushu Electric Power Group will listen to their voices and sincerely offer services and products with value.

We express our gratitude to our customers by listening to their opinions and feedback, and by using such responses to reflect upon and revise our management and business activities.

Rainbow System

The Rainbow System has been established to receive, record, share and promptly react to external opinions and requests received during day-to-day operations, so that our employees can research and analyze the collected opinions and queries and use them to improve our systems and services (please see page 33).

▼ Number of input cases in the Rainbow System



▼ Examples of improvements made in response to customers' opinions

Items	Customers' Opinions	Responses from our company
Collection related items	•For bank account transfers, we would like to settle the account on a specific, desirable date.	•We started a bank account transfer system, offering designated days for customers using high voltage electricity (over 50kW).
	•Implement credit card payment for our electricity bills.	•Systems for enabling credit card payments are being implemented in FY2006.
Telephone related items	•Create a toll-free number for various inquiries.	•Our representative phone number at the customer service office connecting directly to the call center became a toll-free number starting May 29, 2006.
	•The recording of the non-office hours telephone message is too soft and difficult to hear.	•We rerecorded the message on our answering service and increased its volume.
Others	•Kyushu Electric employees frequently use the customer business entrance of the branch office. Since there is an employees' entrance, shouldn't they be using that door out of respect for your customers?	•We have re-inspected our barrier-free and universal design facilities to ensure "CS" consciousness by communicating customers' opinions to the person in charge.
	•I was in line to receive a ticket for an event at the Kyushu Energy science center, but the first event was full. To receive a ticket for the second event, I would have had to stand in line for another two hours. Please reconsider your approach to ticketing for these events.	•In the past, we distributed tickets for one-day events 30 minutes prior to each event. We will now distribute tickets to all events simultaneously.

Measure of a long-term stable

Development of power resources

For a country lacking in natural resources, sustaining a long-term supply of stable electric power is critical. In response, we combine diverse power supplies and sources to minimize the risk of power outages and ensure the smooth function of society.

Projected electricity demand increase, primarily driven by consumers, is modest but steady. (The annual average growth rate of electricity sales is 0.7%; that of system peak load is also 0.7% [0.8% after factoring in the effects of temperature and other variables].) The sustained growth means that we will continue to prioritize the integration of energy security*, economic efficiency and environmental suitability and strive to develop additional power resources with a focus on nuclear energy, but maintaining balance with other sources, such as pumped storage power generation.

In addition, for the future of nuclear power, frequent and regular environmental investigations are conducted at our Sendai Nuclear Power Station. We are targeting development in the second half of 2010s, and we are working hard to earn the understanding and cooperation of local citizens and customers (please see page 42).

Topics

Regarding the Omarugawa Hydro Power Station (Miyazaki prefecture), because of its superior load servility and the fact that it is a pumped storage plant which can start up quickly, the plant has been developed as a power source during peak hours and at during emergencies. In FY2005, the testing for storing water in the reservoir began, and construction is steadily proceeding with operations set to begin in FY 2007.



Test flooding of lower dam

※Glossary/*Energy Security: Stability of energy and guaranteed supply

supply of electric power

Distribution facilities

We are increasing the efficiency of our distribution channels for transmission lines and substations in preparation for new power supplies and to ensure fairness and transparency as electric power is liberalized.

To maintain the stability and reduce the costs of the electric power supply to the Goto Archipelago in Nagasaki prefecture (powered by internal-combustion-power-generation station), we connected the Kyushu mainland to the islands via a high-pressure underwater cable in FY2005. The distance along the seabed of the archipelago link is 53 kilometers which is the longest undersea electric power cable in Japan.

We will begin investigating the development of a new plan for high-voltage equipment in FY2006. We will continue to efficiently disseminate precise information on electric power supplies to encourage regional development and attract new customers.

Supplying a stable amount of quality electricity at low costs is our company's primary mission. By increasing our technical skills and improving management and the operational integrity of our facilities, we will continue to fulfill our mission.

The maintenance of electric supply reliability

Measures for reducing power outage

In order for our customers to feel safe about using our electricity, we are working on securing electricity during the time of electric accidents due to lightning or typhoons so that there would hopefully be no power outage.

If by chance, a power outage occurs, we are working on minimizing the time of the power outage by installing quick and appropriate accident dispatch communication devices that will automatically separate the point of accident from the electric power system.

If suspension of electricity should occur due to facility maintenance, we will discuss the matter ahead of time with the customers to minimize the impact it may have on our customers as much as possible.

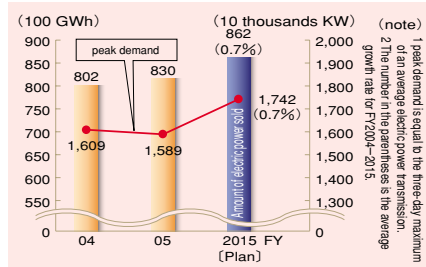
Advancement of equipment management

For reducing both the area affected by and the duration of power failures at the time of distribution line accidents, we have introduced the "automatic distribution dispatching system", enabling automatic control of the high-voltage distribution line switches.

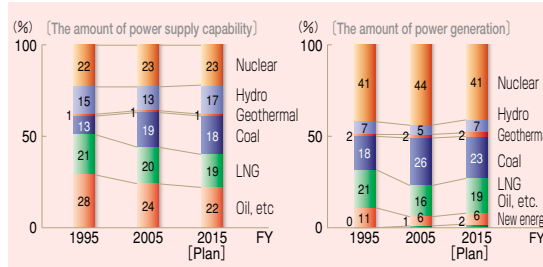
So far, the remote control was implemented by using paired cables. To ensure electric supply reliability, improvement for quicker accident processing and acquiring waveform information of the locale, a test introduction of the remote control system which utilizes the optical fiber network where high-speed bulk transmission became possible was carried out in 2005.

In the future, we will verify the operational aspects and will consider whether or not to implement this system.

▼ Amount of electric power sales and peak demand



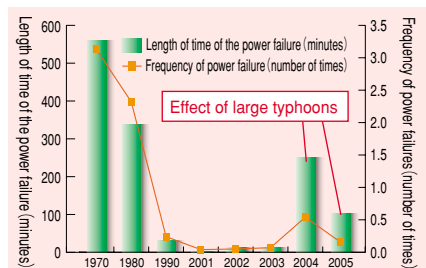
▼ Power source diversification plan (electricity received from other companies included)



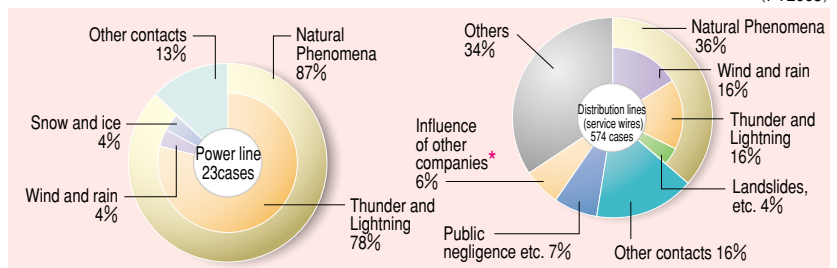
▼ Target ratio of power sources (Optimum mixture electrical power source)

Power Source	The amount of power supply facilities	Amount of Electric power generation
Nuclear	Approx. 30%	Approx. 45~50%
Renewable energy (geothermal, hydro, etc.)	Approx. 10%	Approx. 10%
Pumped storage	Approx. 10%	
Coal	Each taking approx. one third of the remaining half	Allocated according to fuel rates and other factors.
LNG		
Oil		

▼ frequency and for one customer per household



▼ A breakdown of the number of cases of accidental power outage



*Glossary / *Influence of other companies: This is when an accident occurs at an electricity receiving facility, it influences other general customers as well.

Corresponding to Major Disasters

While carrying out training for large-scale counter measures against major disasters in our company every July, we are aiming for a quick restoration of the energy supply during the actual disasters by establishing a cross-sectional provisional organization.

When typhoon #14 hit in September 2005, and the road leading to Miyazaki prefecture Kamishiiba zone was destroyed, we were not able to restore the energy supply there for quite a period (power outage of 5 days).

We carried out power distribution restoration training by helicopter in collaboration with the Ground Self Defense Force in November, 2005, based on this case.

As a result, we have established an air transport technology for a comparatively light-weight, low-pressure generator vehicle.

Through this training, we are now able to transport relatively light low-voltage mobile generators. In the future, we are working for high-voltage mobile generators where the power supply capacity is larger, to be lighter and enable to be

transported. Moreover, due to the unprecedented amount of rain that this typhoon produced, it caused damage to hydroelectric power stations and substations from landslides, which also damaged the steel tower. So for FY2006, we will aim for the early and quick restoration of the hydroelectric power station, check all equipments on the facility, and install a floodwall wall for measures to prevent these natural disasters.

Momentary Drop in Voltage

We are implementing various measures such as strengthening of equipment and speeding up the removal of equipment that had broken down during power failures due to lightning bolts, which are the main causes of power outages.

However, there is no way to prevent a lightning bolt from striking, so a momentary drop in voltage cannot be avoided. (about 0.07-2 seconds)

For those customers who may be affected by this momentary drop in voltage, we recommend taking measures to implement equipment for such cases.

Technical development

A stable supply of electricity, environmental security and lowering of costs are the bases of electric power technology. We are developing new technology for long term growth and an increase in our company's earning capacity.

http://www.kyuden.co.jp/company_tech_index
(in Japanese)

▼ Main ongoing technical development projects

Cost Reduction
·Research on the corrosive protection and preservation processing of electric power equipment. ·Technical development of metal material life-expectancy/life evaluation
Environmental Preservation
·Research on the output characteristic and system influence of wind power ·Research on the CO ₂ fixation of trees
Improvements in the capacity to earn profits
·Researches on the corrosion prevention technologies, such as the excellent anti-rust thermal spraying system (Plazwire spraying system*) ·Development of a water decontamination system from Magnetic separation
Creating a demand for electricity
·Technical development of the Effective use of electric power in the heating field ·Research on technological assistance during momentary drops in voltage.
Technical Developments for the future
·Research on the practical application of Superconducting Magnetic Energy Storage (SMES) ·Research on fuel cell batteries and hydrogen technology

Topics

On the occasion of typhoon No. 14 in 2005, the expanded introduction of the PDA terminal enabled an early grasp of the damage situation.

A PDA terminal is a palm-sized small mobile information terminal. By using this, we can confirm on-the-spot damage information in real time in all places of business, making it possible to build a quick and optimal restoration organization.

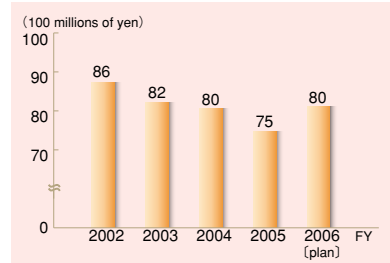
We will continue to expand its usage to shorten the restoration time during catastrophic disasters.

【Terminal Specification】

Size	98×173×41mm (W×H×D)
Weight	500g
Continuous run time Actual working time	8 hours (At the time of power-saving mode use:24 hours)
Power Source	AC100V, cigar lighters in cars
O S	Windows Pocket PC2003



▼ Research costs



▼ The outline of implementing joint training for air transportation

Date and time	November 17, 2005 (Thursday)
Place	Western Army, JGSDF Ohayo Maneuver area (Kumamoto prefecture KamimashiKI-gun Yamato-town)
Participants	140 people from Western Army, JGSDF the Ground Self Defense Force West Army Division and others
Training Contents	① ※Air lift of Power distribution restoration vehicles which utilized the Self-Defense-Forces helicopter (a low-voltage, high maintenance vehicle) ※Verification of an air transport vehicles suspension equipment trial product ② Emergency power transmission which utilized power distribution restoration vehicles ③ Image transition system from a helicopter (Live footage from Kamishiiba-town)

※Glossary / *Plazwire Spraying System: The technologies of the long-term anti-rust coatings for the steel structures

Expansion of the business area with energy as its focus

Total Energy Business

We believe there is a lot of room for us to grow in the total energy business as currently our group accounts for approx. 14% of final energy consumption in Kyushu region.

First, in the electricity business which is our core business, we make efforts to improve electrification ratio promoting the usage of an All-Electric housing.

In the gas business, we make full use of our group's LNG base by aggressively expanding sales of gas and LNG to our customers and wholesalers.

In addition, for the new energy business such as waste material generation and biomass* generation, we have united alliance with municipalities from the viewpoint of the usage of management resources such as power generation technology and environmental preservation.

Furthermore, we are actively developing overseas projects and consulting business with electric suppliers and independent power producer projects (IPP)* by effectively

using the groups operational resources such as power generation, transmission, transformation and distribution of power supply, and civil and construction works.

IT and Telecommunications Business

IT and Telecommunications business is a fast growing area. We continue to proactively develop our IT and Telecommunications business by utilizing our extensive infrastructure and facilities, including optical fiber networks and data centers.

In FY2005, we have expanded our service area of BBIQ, a high-speed internet access service with fiber optic network, to 25 cities including secondary cities of each prefecture. We are tackling other IT and Telecommunication businesses, such as "Kyushu Ro," an interactive customer portal site for tourists between Korea and Kyushu, as well as an information surveillance business and other electronic contract storage services.

Environment and recycling business

As a business taking measures for the development for a recycling society, we are promoting the waste recycling business area such as confidential documents recycling business and used fluorescent bulb recycling business.

(2006 Kyushu Electric Power Environment Action Report Page50)

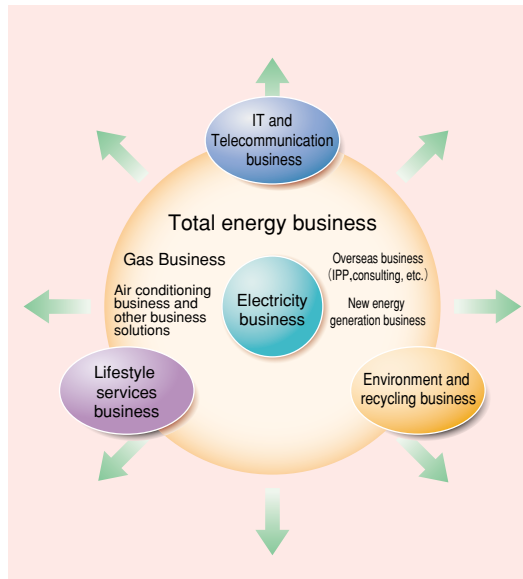
Lifestyle services business

We are taking measures in business to offer a comfortable and affluent lifestyle, such as the development of a senior apartment complex business, and we will continue to work on planting new business seeds for the future.

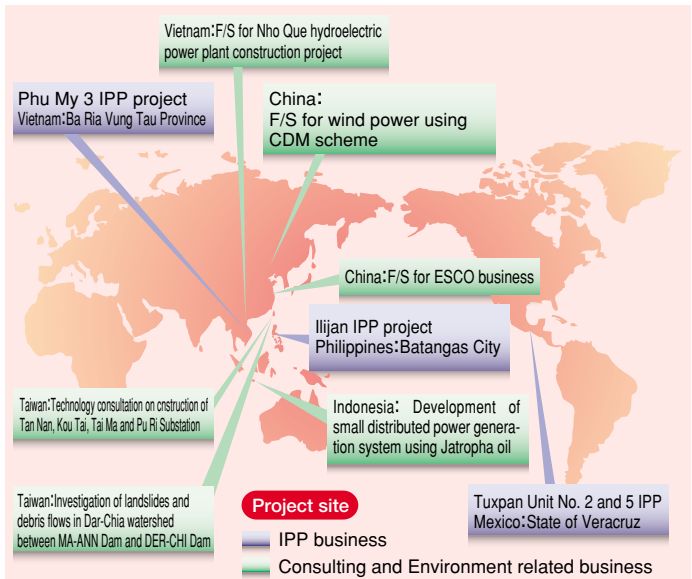
▼Main Consumer and Community service business area

Business area	Main businesses
Nursing Care and Welfare Business	Senior Apartment Complexes (with nursing care) business Medical Assistance Business
Housing and Real Estate Business	Residential performance evaluation business Wooden Housing Business
Business Support Business	Temporary personnel services ISO Certificate registration business Subtitle production for broadcasting
Social-capital associated Business	Kyushu University PFI business
Others	Manufacturing and sales of natural sea salt Manufacturing and sales of beverages Super Sento (bathroom) business Rental video business Home security business

▼ Directory of business development



▼ Overseas Business Developments



※Glossary / *Biomass: Organic materials of biological origin used as energy sources include debris from thinned woods, sawdust from lumbering, pruned plants, construction waste, manure from the livestock industry, organic matter collected in sewage treatment facilities and kitchen garbage.
* IPP Business: General term used for wholesale generators that own power generation facilities but no transmission systems.