



## Increasing Management Efficiency

With the partial liberalization of retail power sales that started in March 2000, new competitors are entering the power market from other industries and bidding for government and other large power contracts has made the market truly competitive.

To respond to these challenges, Kyushu Electric Power is focusing on rigorous cost-cutting measures to improve price competitiveness. We will use these measures to continue being the premier power provider in the Kyushu area, staying on top of the newly competitive market. In fiscal 2000, our Companywide measures to improve the efficiency of management practices across the board produced better than expected results.

Reviews of project/replacement criteria, and design/construction cost reductions reduced our capital spending to ¥281.3 billion, ¥21.4 billion (7.1%) less than the initial plan.

Our load factor increased to 57.1%, up 1.6 points from fiscal 1997. This increase was the result of work on popularizing thermal storage systems and electric water heaters, as well as an increase in the amount of power sold to large users with high load factors. Of the 1.6-point improvement, 0.7 points came from better load averaging.

General repair costs decreased to ¥132.9 billion, down ¥10.6 billion (7.4%). This decrease was the result of greater facilities maintenance efficiency caused by reviews of inspection and repair processes, and the use of longer inspection and parts replacement cycles.

A rise in preventive maintenance measures and quality assurance activities enabled a nuclear power utilization factor of 85.8%. The high availability factors of our Shin Oita Power Station and other highly efficient power stations gave our thermal power sources a combined thermal efficiency of 38.7%, about the same as last year (38.8%).

Lower contracting and rental costs increased efficiency and resulted in miscellaneous expenses falling to ¥162.7 billion, down ¥19.1 billion (10.5%).

Efficiency measures such as the introduction of the Group system and the consolidation/closing of some plants reduced the number of employees to 14,348 (less than the initially planned figure of about 14,370).

### Plan for increasing management efficiency in fiscal 2001

More efficient capital spending	For fiscal 1999 through 2003, capital spending will be reduced to within the amount of owned capital, a yearly average of about ¥310 billion.
More load averaging	Load averaging will be used to create an effective yearly load factor improvement of 1.5 points in fiscal 2003.
More efficient facilities maintenance	For fiscal 2001 through 2003, yearly general repair costs will average about ¥140 billion.
Lower fuel costs	We will maintain a high nuclear power utilization factor (about 80%). We will improve thermal efficiency by incorporating combined-cycle generating systems into the thermal power plants under development, and increasing the steam temperature.
Lower miscellaneous expenses	For fiscal 2001 through 2003, miscellaneous expenses will average about ¥165 billion per year.
More efficient operations	By the end of fiscal 2003, we will cut about 500 employees from our workforce, reducing the total from 14,445 (at the end of fiscal 1998) to 14,000.