

**Summary of Comments Made at a Press Conference  
by Tsunehisa Katsumata, FEPC Chairman, on July 22, 2005**

There are two topics that I would like to comment on today. The first is the effect of rising fossil fuel price on electricity rates, and the second is the electric power industry's response to the asbestos problem.

I will begin by commenting on rising fossil fuel prices and electricity rates. As I'm sure you are all aware, the prices of Dubai and WTI crude are hovering around \$50 and \$60 per barrel, respectively. In the case of Tokyo Electric Power Company, if we assign April-June 2004 Japan CIF prices for crude oil, LNG, and coal a benchmark value of 100, the prices that we pay for fuel have risen across the board to 144 for crude, 115 for LNG, and 117 for coal.

Next, let's look at the effect this sudden rise in energy prices has had on Tokyo Electric Power Company electricity rates since the rates were last lowered in October-December 2004. Beginning with the January-March 2005 quarter, Tokyo Electric Power Company has adjusted rates upward by +0.018 yen, +0.026 yen, and +0.019 yen in each of the three succeeding quarters. The rate adjustment for the October-December 2005 quarter will not be finalized until the June customs clearance statistics become available in late July.

If, when the June customs clearance statistics are announced, the price of crude oil remains at the same level it was in May, the increase in Tokyo Electric Power Company monthly rates for an average household (30A, 209kWh) during the October-December quarter will be about 100 yen higher than they were in the July-September quarter. If we compare this to the October-December 2004 quarter, this represents an increase of only about 2.5%. As the figures demonstrate, the effect of rising fuel prices on electricity rates has been kept extremely low.

Although the extent to which the price of crude oil, LNG, and coal affect electricity rates varies slightly at each FEPC member company according to the relative weight of nuclear and hydro power generation, and the relative weight of oil, LNG, and coal fuels used for thermal generation, the effect on rates overall has not been significant.

During the oil crises of 1973 and 1979, when the nation's power-generating capacity was still heavily dependent on oil, we were forced to drastically increase electricity rates. Since then, however, we have made considerable progress in diversifying our energy supply sources. Through the development and introduction of nuclear, as well as LNG- and coal-fired thermal generating facilities, the 10 FEPC member companies have reduced their dependence on oil from 71% in FY1973 to only about 8% in FY2004.

If we look at this in terms of consolidated expenses across the 10 FEPC member companies, thermal generating fuel prices accounted for 40% of consolidated expenses in 1974, but only 15% in 2004. It is these efforts to achieve a balanced mix of nuclear, LNG, and coal energy sources that have enabled us to limit the impact of rising oil prices on our electricity supply prices.

I would now like to turn to the subject of asbestos, which has been much in the news of late.

The electric power industry has always abided by the law, and no new asbestos-containing construction materials are currently being used. However, asbestos-containing materials are used to insulate steam pipes at some existing thermal and nuclear power plants, and as fire-resistant materials at some transformer stations and storage facilities.

With regard to these materials, we are periodically inspecting them and implementing appropriate measures to prevent the dispersion of asbestos-containing particles, and will gradually replace them with non-asbestos materials wherever possible. For applications where suitable alternative materials are not available (pipe-joint sealants, heat-resistant insulating panels, and other items where the use of asbestos is permitted for reasons of fire safety and disaster prevention), we will utilize asbestos only within the limits allowed by law.

In addition, we are adhering to the law in preventing the dispersion of asbestos dust and ensuring proper disposal of asbestos-containing materials when handling such materials and dismantling structures in which they are used.

The Ministry of Health, Labour and Welfare and the Ministry of Economy, Trade and Industry recently held a joint emergency meeting on asbestos alternatives, and have called for a complete ban on asbestos-containing materials by 2008.

In light of this development, the FEPC has asked member companies to conduct a detailed review of the asbestos issue, and to report on their findings in two weeks time. Although the individual companies have a firm grasp of the situation, we intend to properly assess and address this issue on an industry-wide basis. To this end, it was decided at this morning's General Policy Committee meeting to establish an Asbestos Measures Committee. In addition to promoting the use of asbestos alternatives, the committee will consider and promote general measures that include research, development, and technological evaluation of various alternative materials.