

May 28, 2018  
The Kansai Electric Power Co., Inc.

## Electricity Rate Reduction

The Kansai Electric Power Co., Inc. (Code: 9503)

6-16 Nakanoshima 3-chome, Kita-ku, Osaka

(URL <http://www.kepco.co.jp>)

Company Representative: Shigeki Iwane, President and Director

Contact: Michiya Sakata, General Manager, Office of Accounting and Finance

Tel: +81-6-6441-8821

Following the resumption of commercial operation of Units 3 and 4 of Ohi Nuclear Power Station, we decided to reduce electricity rate for customers in the Kansai Area by 5.36% on average from July 1 and filed today a notification of change of Provisions for Specified Retail Supply of Electricity, etc.\*<sup>1</sup> with Ministry of Economy, Trade and Industry.

Electricity rate will be reduced this time, following last year's electricity rate reduction\*<sup>2</sup>, to return the saving of fuel costs for thermal power generation due to the resumption of operation of Ohi Units 3 and 4 and increased streamlining of management, etc. to our customers for the coming summer when electricity consumption increases.

We will continuously strive to operate the nuclear power station safely and stably. In addition, as we earn understanding from the people in the communities where these nuclear power plants are located, we will continuously seek to resume the operation of those that have been confirmed to be safe as soon as possible with safety as a top priority. We will also provide an attractive rate menu for customers and further make efforts to upgrade our services to enhance competitiveness of our electricity both in price and service.

\*<sup>1</sup>: We also filed a notification of change of Provisions for Last Resort Supply of Electricity.

\*<sup>2</sup>: On August 1, 2017, we reduced electricity rate based on saved fuel costs for thermal power generation due to resumption of operation of Takahama Units 3 and 4, and on the outcomes from deepened streamlining of management, etc.

Attachment: Electricity Rate Reduction

Attachment



# Electricity Rate Reduction

**May 28, 2018**

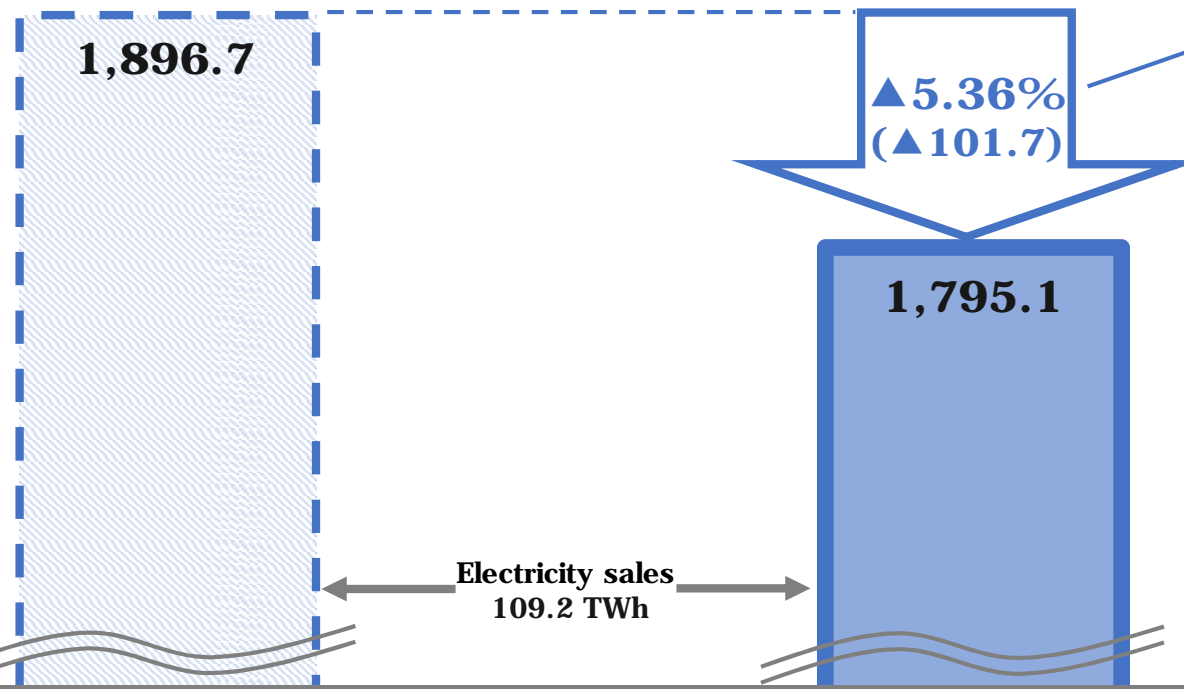
**The Kansai Electric Power Co., Inc.**



ü Saving of fuel costs for thermal power generation due to the resumption of operation of Units 3 and 4 of Ohi Nuclear Power Station, and deepened streamlining of management, etc. result in the cost of 1,795.1 billion yen after this rate reduction which represents reduction by p 5.36% (p 101.7 billion yen) on average as compared with 1,896.7 billion yen that is the electricity income before the rate reduction.

## ¿ Comparison of the cost this time and the electricity income before the rate reduction (income at the current rate)

(Unit: billion yen)



Rate reduction due to resumption of operation of Ohi Units 3 and 4, deepened streamlining of management, etc.

Regulated field ※1	p 4.03%
Liberalized field ※2	p 5.94%

\* Cost calculation period for this analysis is the three years from 2018 to 2020.

\* Electricity income before the rate reduction is calculated based on electric sales that is the precondition of cost calculation this time and unit electricity rate (Excluding renewable energy promotion surcharge, and amount equivalent to consumption tax)

\* Revenue from intra-area wheeling service is excluded.

Income from the rate before the reduction this time  
(17.37 yen/kWh)

Cost this time  
(16.44 yen/kWh)

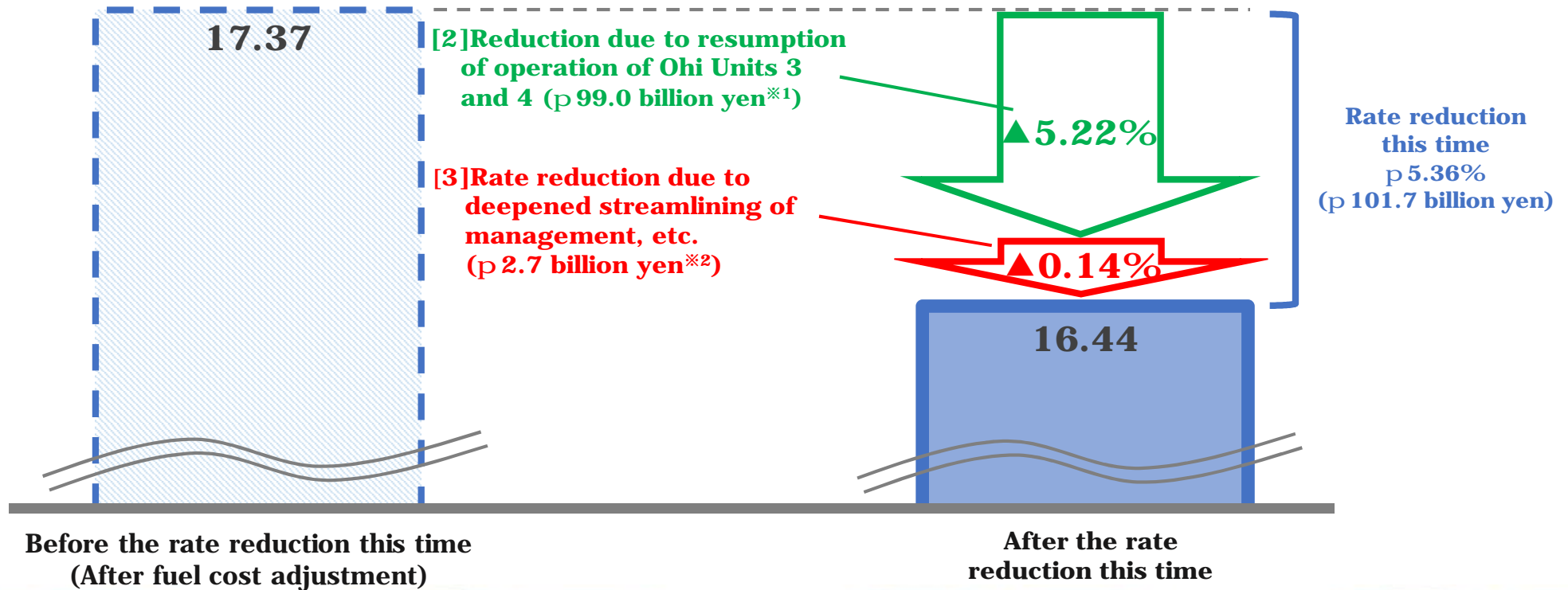
\* 1 Regulated field includes the following plans: "Meter rate lighting A", "Meter rate lighting B", and "Low-voltage power".

\* 2 Liberalized field includes the plans that provide the rate menu for the special high-voltage and high-voltage field and "Time of use", "Hapi e-time", "Season/time-variable lighting PS", "e-Smart 10", "e-Otoku plan", "Nattoku Denki", and "Low-voltage use contracts" in the low-voltage field.

- ü Electricity rate reduction this time is ▲5.36% on average.
- ü A breakdown is as follows: The reduction gained from the savings of fuel costs for thermal power generation resulting from the resumption of operation of Ohi Units 3 and 4 is approx. ▲5.22% (▲99.0 billion yen), while the reduction gained from deepened streamlining of management, etc. is approx. ▲0.14% (▲2.7 billion yen).

¿ The electricity rate after the reduction this time

(Unit: yen/kWh)



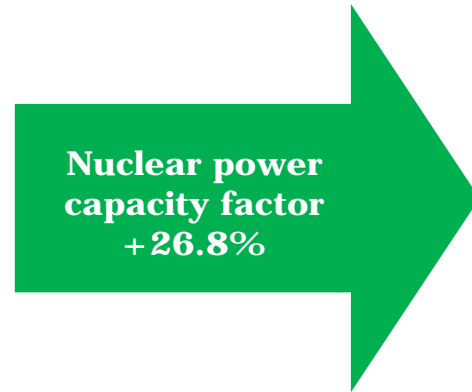
\*1 Saving of fuel costs for thermal power generation, etc.: Improvement of nuclear power capacity factor+26.8% × Amount affected by change in nuclear power capacity factor by 1% p 3.7 billion yen = p 99.0 billion yen  
 \*2 ▲2.7 billion yen is accredited to deepened streamlining of management, etc. implemented after management efficiency efforts that were reflected in the cost reduction of August 2017.

# Rate Reduction due to Resumption of Operation of Units 3 and 4 of Ohi Nuclear Power Station

- Unit 3 of Ohi Nuclear Power Plant resumed commercial operation on April 10, 2018 and Unit 4 will resume commercial operation in early June, 2018 if works progress on schedule smoothly. We will reduce the rate to return saving of fuel costs for thermal power generation, etc. due to resumption of operation of these 2 units to our customers.
- More specifically, at the time of the August 2017 rate reduction, the rate of nuclear power use was estimated at 22.0%, taking into consideration the operation of Takahama Units 3 and 4. Since the rate of nuclear power use has been changed to 48.8% this time due to the resumption of operation of Ohi Units 3 and 4, electricity rates will be reduced further by the fuel cost savings for thermal power generation because of the improved use rate from the previous time (by +26.8%).
- Please note that all generated electric energy after power control operation (connection of generator in parallel)\*<sup>1</sup> is reflected to the above mentioned factor.

Introductory :  
Operation

Rate reduction in August 2017	
FY2017	
Nuclear power capacity factor	<b>22.0%</b> (Based on 7 units)
Takahama Unit 3	
Takahama Unit 4	
Ohi Unit 3	(Not in operation)
Ohi Unit 4	(Not in operation)



Saving of fuel costs for thermal power generation, etc.  
+26.8% × p 3.7 billion yen/% ≈ p 99.0 billion yen

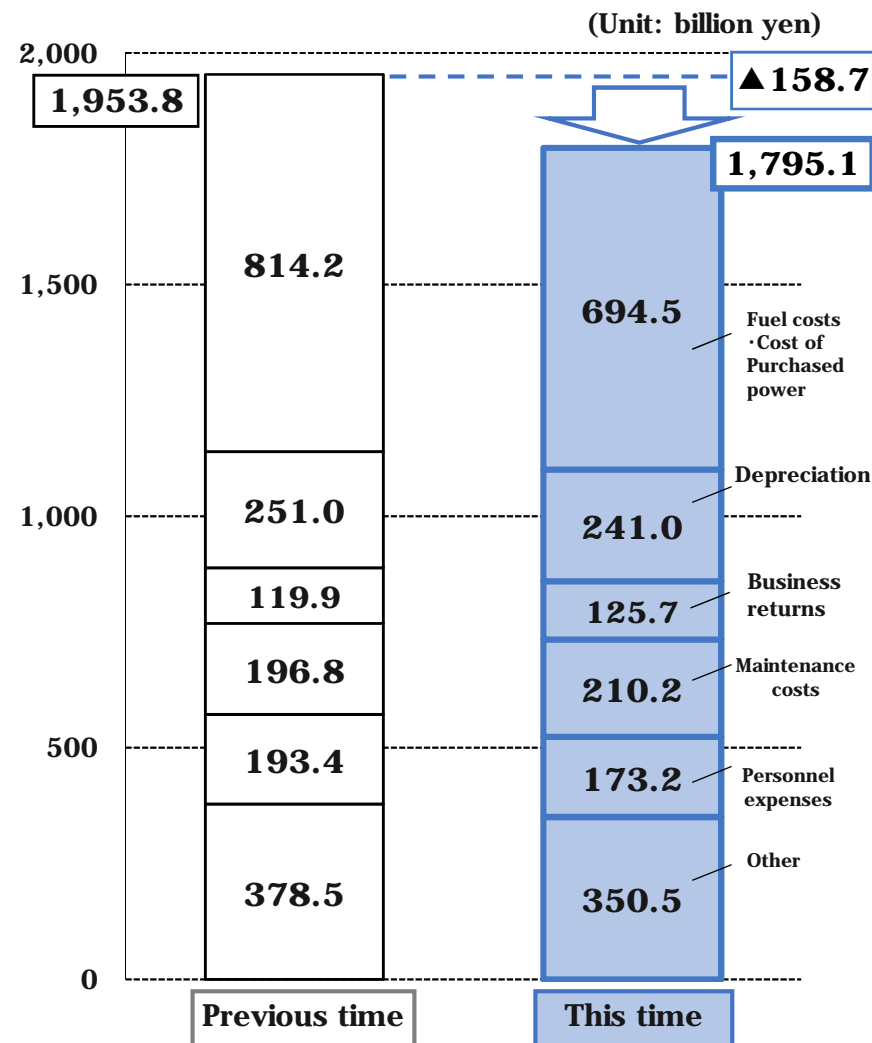
Rate reduction this time		
FY2018	FY2019	FY2020
<b>48.8%</b> (Based on 7 units)		

\*1 Power control operation (connection of generator in parallel): Operation to be carried out before resumption of commercial operation. Ohi Unit 3 commenced it on March 16, 2018 and Unit 4 commenced it on May 11, 2018.

ü Cost this time (electricity rate reduction in July 2018) is amounting to 1,795.1 billion yen which represents reduction by 158.7 billion yen as compared with the previous cost (electricity rate reduction in August 2017), 1,953.8 billion yen.

(Unit: billion yen)

		A Previous time	B This time	Difference (B - A)	
Total costs	Operating expenses	Personnel expenses	193.4	173.2	▲20.3
		Fuel costs	522.5	416.0	▲106.5
		Maintenance costs	196.8	210.2	▲13.4
		Depreciation	251.0	241.0	▲10.0
		Cost of Purchased power	291.7	278.5	▲13.2
		Taxes other than income Taxes	159.2	158.9	▲0.3
		Other expenses	395.6	412.9	▲17.3
		Subtotal	2,010.3	1,890.6	▲119.6
	Business returns	119.9	125.7	▲5.9	
	Deduction earnings	▲76.3	▲93.2	▲16.9	
<b>Total costs [1]</b>		<b>2,053.8</b>	<b>1,923.2</b>	<b>▲130.6</b>	
Expenses for third party's power transmission service [2]		1.5	1.8	0.3	
Revenues from third party's power transmission service [3]		▲89.0	▲122.9	▲33.8	
Affect of unchanged wheeling service fee*1 [4]		▲12.5	▲5.6	▲6.8	
Influence of preceding unit operation*2 [5]		—	▲1.4	▲1.4	
<b>Cost for retail sales [6] = [1] + [2] + [3] + [4] + [5]</b>		<b>1,953.8</b>	<b>1,795.1</b>	<b>▲158.7</b>	
Current electricity income [7]			1,896.7	(Reduction ratio) [9] = [8] / [7]	
Rate reduction [8] = [6] - [7]			▲101.7	p 5.36%	



\*1 Affect of unchanged wheeling service fee: The current charge is fixed as in the last revision, although the unit price of wheeling service fee was raised as the result of review.

\*2 Influence of preceding unit operation: Amount benefitted by reflecting the resumption of operation of Ohi Unit 3, which came online sooner than Unit 4 (equivalent to the amount for one month).

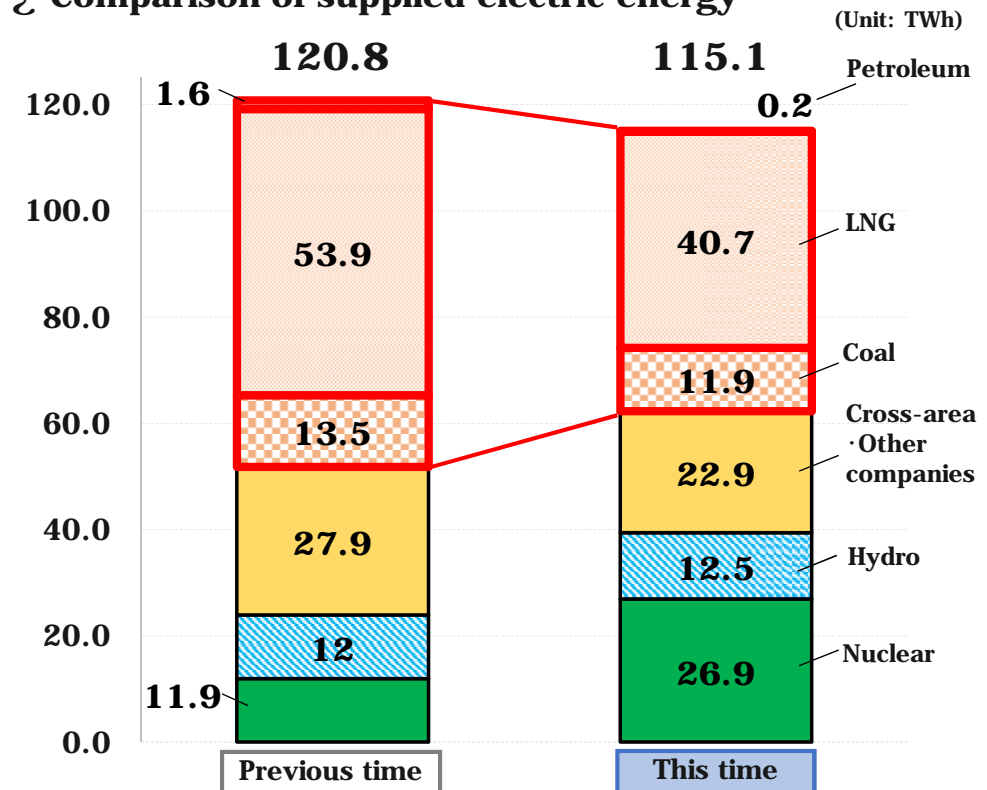


- ü Electricity sales is assumed as 109.2 TWh considering progress of energy saving and switching to contract with a New Power Producer and Supplier, etc.
- ü Nuclear power capacity factor is assumed as 48.8% due to resumption of operation of Units 3 and 4 of Ohi Nuclear Power Station.
- ü As a result, total supplied electric energy is reduced as compared with the previous time, especially electric energy generated by thermal power is significantly reduced.
- ü As for crude oil price and currency exchange rate, recent market trend including increase in crude oil price, etc. is reflected.
- ü The rate of business returns is 2.9%, due to an increase in the rate of equity returns.

## Precondition factors for costs calculation

		A Previous time	B This time	Difference (B - A)
Electricity sales	(TWh)	114.4	109.2	▲5.2
Nuclear power capacity factor ※1	(%)	22.0	48.8	26.8
Crude oil price ※2	(\$/b)	55.2	66.4	11.2
Currency exchange rate ※2	(¥/\$)	112.7	109.5	▲3.2
Rate of business returns ※3	(%)	2.8	2.9	0.1

## Comparison of supplied electric energy ※4



\*1 Calculated based on outputs after the electric facilities modification application (in response to the decision on when Ohi Units 1 and 2 are decommissioned) was made.

\*2 For crude oil price and currency exchange rate, average values for the period from January to March 2018 in Trade Statistics are used.

\*3 Rate of business returns rate is calculated based on "Regulation on Rate Calculation for Provisions for Specified Retail Supply by Electric Utility that is deemed to be Retail Supply Electric Utility", etc.

\*4 All electric energy supplied by our own company is sending-end electric energy. Electric energy from pumping storages and new energy of our company are included in that from hydro power. Cross-area and other companies' electric energy include electric energy from new energy purchased from other companies.