

December 17, 2014  
The Kansai Electric Power Co., Inc.

**Preparations to be Made for an Electricity Rate Increase**

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Last year, Kansai Electric Power Co., Inc. increased its electricity rates on the condition that efforts will be made to achieve economic efficiency to the greatest possible extent, and also that operation will be restarted at Units 3 and 4 of the Takahama Power Station, and Units 3 and 4 of the Ohi Power Station.

Since then, the entire Group has been making concerted efforts to steadily improve operational efficiency reflected in the previously revised electricity rates. In the meantime, with a view to restarting operation at our nuclear power plants, we have been diligently responding to the Nuclear Regulation Authority's review of the plants to assess compliance with the new regulatory requirements. As a result, with regard to Takahama Units 3 and 4, we have received a draft copy of the review with respect to the application for permission for changes in reactor installation, and with regard to Ohi Units 3 and 4, the standard seismic motion has been largely approved.

However, as the compliance review is still ongoing, it remains unknown when our plants will be restarted. At this point, the restart of nuclear power plants is already considerably delayed from the assumed timeline\* that was defined at the time of last year's rate revision. This delay has resulted in a significant rise in the cost of fuel for thermal power generation and other costs. Accordingly, we expect that the Company will report a loss in fiscal year 2014 for the fourth consecutive period.

\* Takahama Units 3 and 4: The assumed period of restart was July 2013.

\* Ohi Unit 3: After the shutdown in September 2013, the assumed period of restart was November 2013.

\* Ohi Unit 4: After the shutdown in September 2013, the assumed period of restart was December 2013.

If this situation of payments deficit continues any longer, damage to our company's financial

position will become even more significant, and it may threaten the safe and stable supply of electricity because of increasing difficulty in the financing required for fuel procurement and equipment maintenance.

In light of these circumstances, today we came to the conclusion that it is unavoidable to raise electricity rates and we will now move forward to take concrete steps.

Details regarding the rate revision will be announced immediately once they have been finalized.

We deeply apologize for the inconvenience and additional burden caused to our customers by another rate increase.

We will continue to make utmost effort to achieve maximum operational efficiency by reviewing the details of our operations and construction projects, and also by minimizing procurement prices. In parallel, we will do all that is possible to achieve the restart of the nuclear power plants that have been confirmed safe to operate, and remain fully committed to our topmost mission of ensuring the safe and stable supply of electricity.