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The Kansai Electric Power Co., Inc.

Increases in Electricity Rates

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

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Today Kansai Electric Power Co., Inc. made an application^{*1} to the Minister of Economy, Trade and Industry requesting an increase in the electricity rates for its regulated customers, following its decision to raise the electricity rates across the board starting April 1 next year.

We deeply apologize to our customers for the added burden on their living costs and industrial activities of another rise in electricity rates following last year's rate increase, on top of the major inconvenience and trouble of their ongoing and extensive cooperation in saving energy.

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. However, as this compliance review is still ongoing, it remains unknown when our plants will be restarted.

The considerable delay in restarting the nuclear plants from the timeline^{*2} assumed at the time of the rate revision last year has resulted in a significantly rise in the cost of fuel for thermal power generation and other costs.

While the Company will continue to expend maximum effort to improve operational efficiency, at the current level of electricity rates it is extremely difficult to cover the cost increases stemming from

the stoppage of the nuclear power plants. Should this situation continue, 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 the light of these circumstances, and with humble apologies for the additional burden imposed on our customers, we have taken the decision to increase electricity rates for regulated customers such as households and small retailers by an average of 10.23%, and to raise electricity rates for liberalized sector customers such as factories and commercial buildings by an average of 13.93%.

Our application is based on the 'Power Supply Composition Variation Approval System,' under which cost fluctuations such as for fuel, due to variations in the power supply composition, are reflected in electricity rates. It is our intention to lower electricity rates if our nuclear power plants are restarted earlier than the date assumed in the electricity rates that are the subject of our application.

We will continue to make utmost effort to achieve maximum operational efficiency, while doing 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.

*1: The electricity rates for regulated customers such as households and small retailers will be officially determined once the approval of the Minister of Economy, Trade and Industry is obtained following official inspection. The specific raise implementation date and rates are therefore subject to change after approval.

*2: 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.