

May 12, 2015
The Kansai Electric Power Co., Inc.

Measures to mitigate electricity rates

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We applied for approval to raise the rates for the regulated sector such as households and small retailers by an average of 10.23%, and requested a raise of an average of 13.93% for the liberalized sector such as factories and commercial buildings last December, based on the Power Supply Composition Variation Approval System. We would like to apologize again for this follow-up increase from the 2013, which caused further burden on the daily lives and business of our customers.

At the time of this application, we stated that we would try our hardest to look into the promotion of streamlining, and exploit its outcome to reduce the financial burden on our customers, as well as to aid recovery to our weakened financial standing. Since then, we have strived to promote several measures, including further investigation into cost reduction through the improvement of operational efficiency and sale of our assets, in addition to further consideration of concrete strategic plans for the outcome of these measures.

As a result of our efforts, we were able to achieve a cost reduction of 67.8 billion yen in total, 13.0 billion yen of which was realized through a reduction in fuel and purchased power costs and already reflected in the applied electricity charge rate. Further to this, and after comprehensive deliberation regarding our financial condition, we can now announce that we will implement a new measure to alleviate the burden on our customers by utilizing a fund consisting of 35.0 billion yen.

In particular, since power consumption in summer is likely to increase, which will further affect our customers adversely with increased electricity charge, we will apply a discount rate with 0.91 yen (incl. tax) for the regulated sector per 1 kWh, and 0.87 yen (incl. tax) for high voltage and 0.85 yen (incl. tax) for extra high voltage for the liberalized sector* per 1 kWh. These rates will be applied for the period between the rate increase date for the regulated sector and September 30. (the alleviation period) This will result in an average discount 3.74 % for the regulated sector and 5.11 % for the liberalized sector during this period.

*Only for those customers eligible for the increased rate during this alleviation period.

On March 17, we also decided to pursue decommission of the No. 1 and 2 reactors at the Mihama Nuclear Power Station. The Japan Atomic Power Company has also decided to decommission the No. 1 reactor at the Tsuruga Nuclear Power Station, which has been providing electricity to our company. This will bring about a cost reduction of 9.6 billion yen (for maintenance and purchased power costs), resulting in a further price setting for charges on and after the date of the rate increase.

We will announce these rate changes after obtaining approval from the national government.

We will continue to sincerely accept the opinions and comments of our customers and 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.

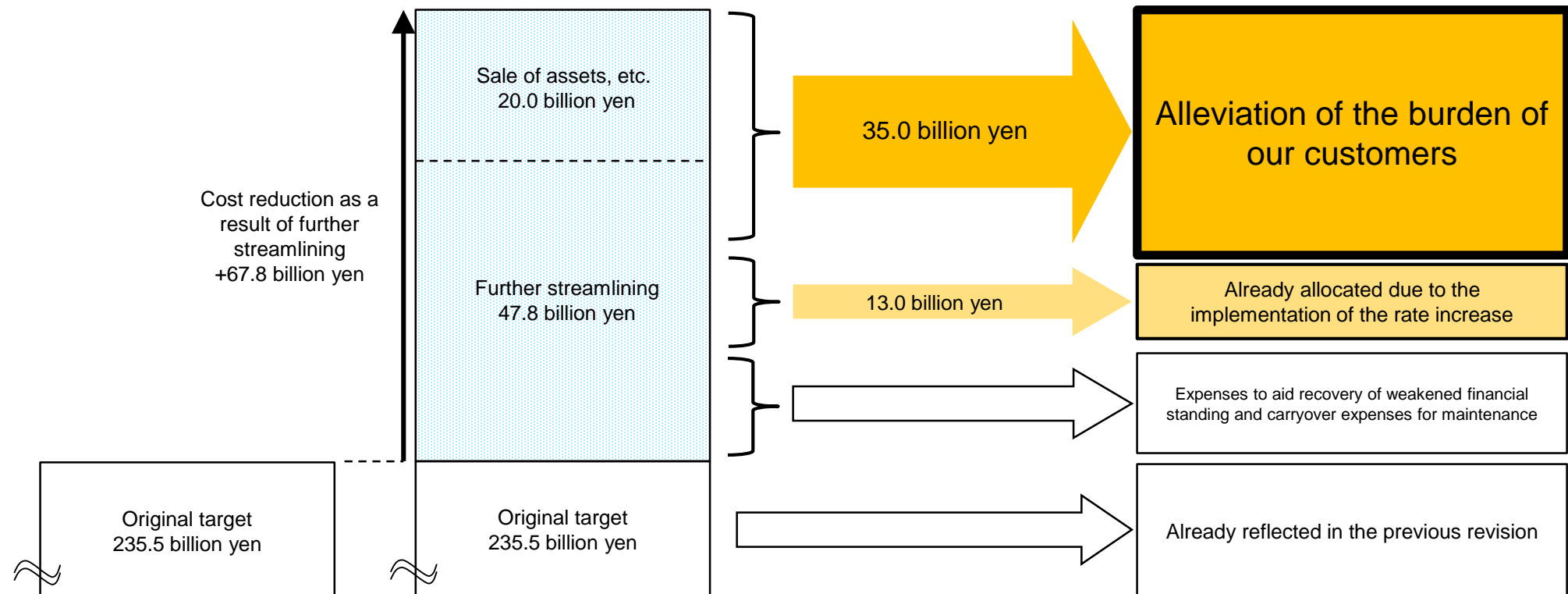
Electricity Rate Alleviation Measures in Line with Cost Reduction Schemes

- In the fiscal 2015, we will make several efforts, including further streamlining with a cost reduction of 67.8 billion yen in total.
- Out of the above, we have already allocated 13.0 billion yen, generated through cost reductions in fuel and electricity costs, to implement the new electricity charge rate. In addition, after comprehensive deliberation regarding our financial condition, we will implement a new measure to alleviate the burden on our customers by utilizing a fund consisting of 35.0 billion yen.
- In particular, since power consumption in summer is likely to increase, which will further affect our customers adversely with increased electricity charge, we will apply discount rates per 1 kWh according to voltage types. These rates will be applied for the period between the rate increase date for the regulated sector and September 30, 2015.

Streamlining Target

Streamlining Outlook

Concept behind Alleviation Fund

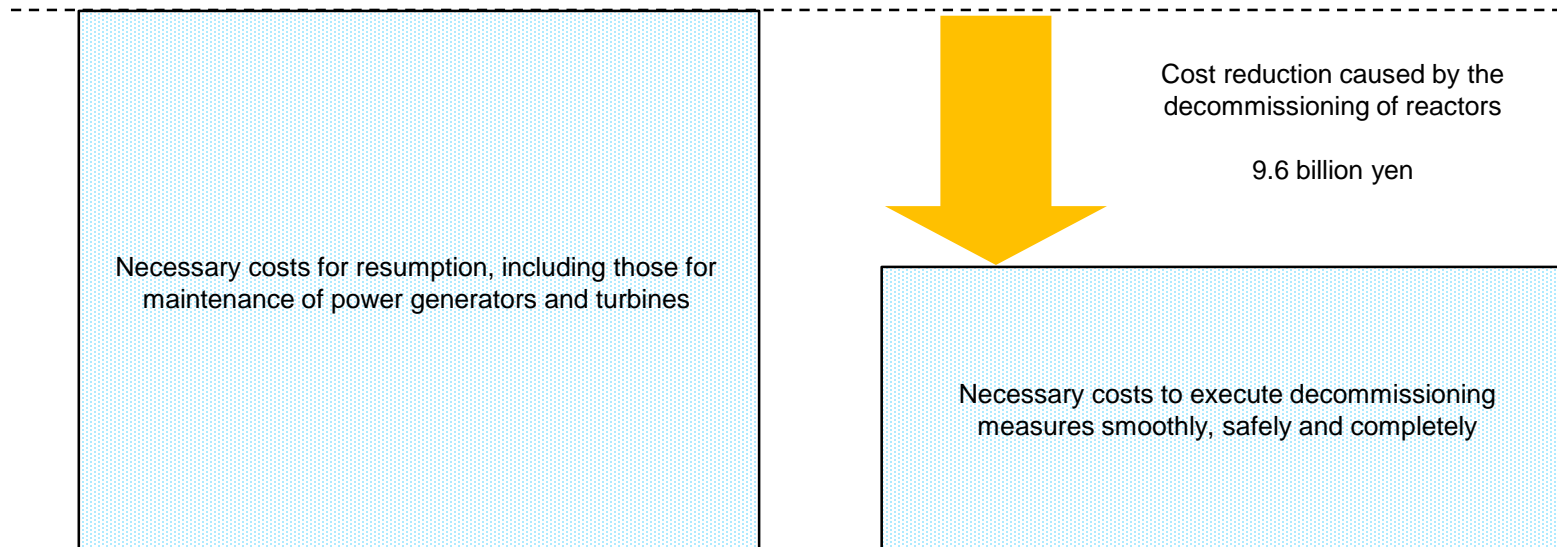


- We expect that the decommissioning of the No. 1 and 2 reactors at the Mihama Nuclear Power Station will bring about a reduction in costs (e.g. maintenance and purchased power costs), which has been included in the current electricity charges. With regard to the No. 1 reactor at the Japan Atomic Power Company (JAPC) Tsuruga Nuclear Power Station, we, the recipients of electricity, will bear the necessary costs to maintain the safety of the plant after the suspension and to execute decommissioning measures smoothly, safely and completely. Although we expect a reduction in purchased power costs for electricity, due to the suspension in the plant's operation.
- These reductions in costs (9.6 billion yen) will be reflected in the setting of our new electricity charges.

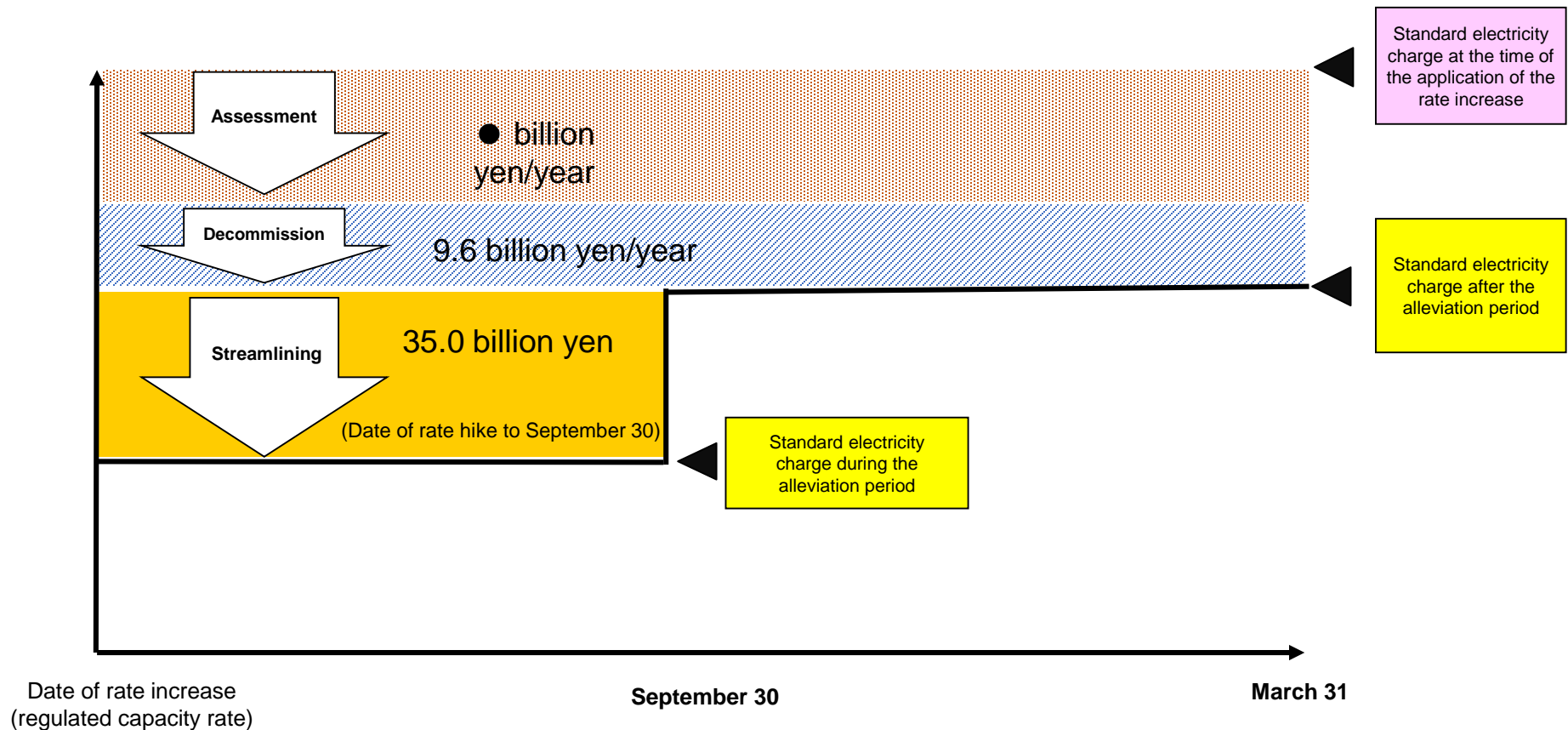
Cost Reduction Caused by the Decommissioning of Reactors

Cost before Decommissioning

Cost after Decommissioning



(Reference) Transition of Electricity Rates



Unit rate decrease and ratio decrease in the electricity charge alleviation measures in line with the cost reduction schemes

	Regulated	High voltage	Extra high voltage
Unit rate decrease (incl. tax)	0.91 yen/kWh	0.87 yen/kWh	0.85 yen/kWh
Ratio decrease	3.74%	5.11%	

(Reference) Outlook of Streamlining in FY2015

○It is forecasted in FY2015 that further streamlining amounting to 47.8 billion yen will be achieved in addition to original streamlining target of 235.5 billion yen. In addition, sale of assets, etc. amounting to 20 billion yen is expected and thus the total amount of streamlining in FY2015 will amount to 303.3 billion yen.

(Unit: billion Yen)

Item	FY2015			Major efforts
	Target (A)	Further streamlining (B)	Outlook of streamlining (A) + (B)	
Personnel cost	46.5	2.5	49.0	<ul style="list-style-type: none"> Reduction of remuneration of directors and advisors. Cut of standard wage by approximately 5% and suspension of bonus payment, resulting in decrease of annual income to 6.27 million yen. (Reduction by approximately 20% as compared with that before the earthquake disaster.)
Fuel and purchased power cost	91.4	13.0	104.4	<ul style="list-style-type: none"> Reduction of fuel cost by making Himeji #2 Thermal Power Station combined-cycle. [Reduction of fuel cost per power output by approximately 30% as compared with that before upgrade]. Reduction of purchased power cost by proactively procuring cheap electricity from Japan Electric Power Exchange.
Expenses related to capital expenditures	11.7	1.0	12.7	<ul style="list-style-type: none"> Reduction of procurement price by further increasing ratio of orders through competitive bidding (from 15% to 30% and more), etc. Acceleration of efforts so far conducted such as review of design and specifications.
Maintenance cost	37.0	24.0	61.0	<ul style="list-style-type: none"> Reduction of procurement price by further increasing ration of orders through competitive bidding (from 15% to 30% and more), Acceleration of efforts so far conducted such as review of design and specifications. Reduction of price of smart meters by introducing open tender.
Miscellaneous expenses, etc.	48.9	7.2	56.1	<ul style="list-style-type: none"> Reduction of procurement price by further increasing ration of orders through competitive bidding (from 15% to 30% and more), Further reduction of advertising expenses (reduction by approximately 90% as compared with that before the earthquake disaster). Further reduction of outsourcing cost and miscellaneous expenses.
Subtotal	235.5	47.8	283.3	–
Sale of assets, etc.	–	20.0	20.0	Proactively selling assets that are not prospected to contribute growth utility business as well as our group.
Total	235.5	67.8	303.3	–