

May 18, 2015
The Kansai Electric Power Co., Inc.

Approval for electricity rates increase and other matters

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

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Last December, we applied for approval to revise our General Supply Provisions concerning electricity rates increase, based on the Power Supply Composition Variation Approval System. Upon examinations by the national government, today we received an approval to the rates for our customers in the regulated sector.

On receiving approval, we have also revised the electricity rates stipulated in our Optional Supply Provision and other items*, and notified the national government of the revisions.

Specifically, we will apply electricity rates increase averaging 8.36 % for the regulated sector, such as households and small retailers, effective June 1, 2015.

Meanwhile, for the liberalized sector, such as factories and commercial buildings to which the electricity rates have already been increased since April 1, the rates increase will be an average of 11.50 %, reflecting the contents of the rate increase approved for the regulated sector and reviewing unit electricity rates for the liberalized sector.

Additionally, as we announced on May 12, in order to reduce the financial burden on our customers by exploiting the outcome of further streamlining achieved in fiscal 2015, we will implement a measure** to discount the electricity consumed between June 1, 2015 and September 30, 2015 (alleviation period). This will result in the increases averaging 4.62 % for the regulated sector, and 6.39 % for the liberalized sector.

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.

We will provide our customers with in-depth explanations on the details of rate increase and markup amounts, as well as the alleviation measures.

We welcome the opinions and comments of the general public and we will continue to make the utmost efforts to achieve maximum operational efficiency.

Also, we will seek the restart of the nuclear power plants that have been confirmed safe to operate at the earliest possible date to reduce electricity rates, and remain fully committed to our topmost mission of ensuring the safe and stable supply of electricity.

Should any matters to be disclosed arise, such as an impact on our business performance, we will promptly announce such matters.

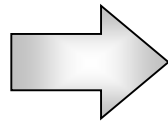
* We have also submitted a “Notification of Revisions to Provisions of Last Resort Service” pursuant to Article 19-2 of the Electricity Business Act, an “Application for Supply Approval under Conditions Other Than General Supply Provisions” pursuant to Article 21 of the same Act, and a “Notification of Revisions to Consignment Supply Provisions” and an “Application for Supply Approval under Conditions Other Than Consignment Supply Provisions” pursuant to Article 24-3 of the same Act.

** Regarding electricity consumed between June 1, 2015 and September 30, 2015, we will apply a uniform discount rate of 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 per 1 kWh for customers in the liberalized sector to whom the increased rate is applied during the alleviation period.

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[Average ratio of rate increase for the regulated and liberalized sectors]

	When application was made
Regulated sector	10.23%
Liberalized sector	13.93%



When approval was obtained	Alleviation period (June 1, 2015 – September 30, 2015)
8.36%	4.62%
11.50%	6.39%

Changes Accompanying Power Supply Composition Variation

○ Changes in supply/demand-related expenses based on the Power Supply Composition Variation Approval System amounted to 275.8 billion yen.

Moreover, as a result of reflecting a 9.6 billion yen reduction in expenses brought by decommissioning of the No. 1 and 2 reactors at the Mihama Nuclear Power Station, as well as the No. 1 reactor at the JAPC Tsuruga Nuclear Power Station, the changes amounted to 266.2 billion yen.

◆ Changes Accompanying Power Supply Composition Variation

(Unit: billion yen)

	Previously revised cost (Average of 2013–2015) A	Corrected cost (2015) B	Changes
			C = B – A
Fuel cost	922.4	1,047.7	125.3
Purchased/sold power	309.5	473.3	163.8
Nuclear back-end expenses*	18.8	3.9	-14.9
Enterprise tax	30.9	32.4	1.5
Total	1,281.6	1,557.3	275.8

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· Power generation costs including reprocessing of irradiated nuclear fuel, and disposal costs of high-level radioactive wastes

Note: The total figures and total of individual figures may differ due to rounding. (The same applies to the next page onward.)

◆ Cost reduction in line with decommissioning of reactors

Reduction in expenses brought by decommissioning of the No. 1 and 2 reactors at the Mihama Nuclear Power Station as well as the No. 1 reactor at the JAPC Tsuruga Nuclear Power Station:

-9.6 Billion Yen

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◆ Changes (① + ②)

266.2 Billion Yen

○ After the contents of correction directions were reflected, corrected costs of supply/demand-related expenses for 2015, or the final year of the costs calculation period for the current electricity rates (FY2013–2015), amounted to 1,557.3 billion yen, a decrease of 48.2 billion yen compared to the costs at the time of application.

◆ Comparison of costs when applied and corrected

(Unit: billion yen)

	When applied (2015) A	When corrected (2015) B	Balance
			C = B – A
Fuel cost	1,064.4	1,047.7	-16.7
Thermal fuel cost	1,060.2	1,043.5	-16.7
Nuclear fuel cost	4.2	4.2	0.0
Purchased/sold power	504.6	473.3	-31.3
Purchased power	537.4	505.2	-32.2
Sold power*	-32.8	-31.9	0.9
Nuclear back-end expenses**	3.9	3.9	0.0
Enterprise tax	32.7	32.4	-0.2
Total	1,605.5	1,557.3	-48.2

* Sold power is included in Operating revenues-other .

** Power generation costs including reprocessing of irradiated nuclear fuel, and disposal costs of high-level radioactive wastes

◆ Prerequisite factors of costs calculation

(No changes have been made since the application.)

Electricity sales volume*	145.7 TWh
Nuclear power capacity factor	6.6 %
Crude oil price**	105.9 \$/b
Foreign exchange rate**	78.9 ¥/\$

* Sold power does not include self-consumption.

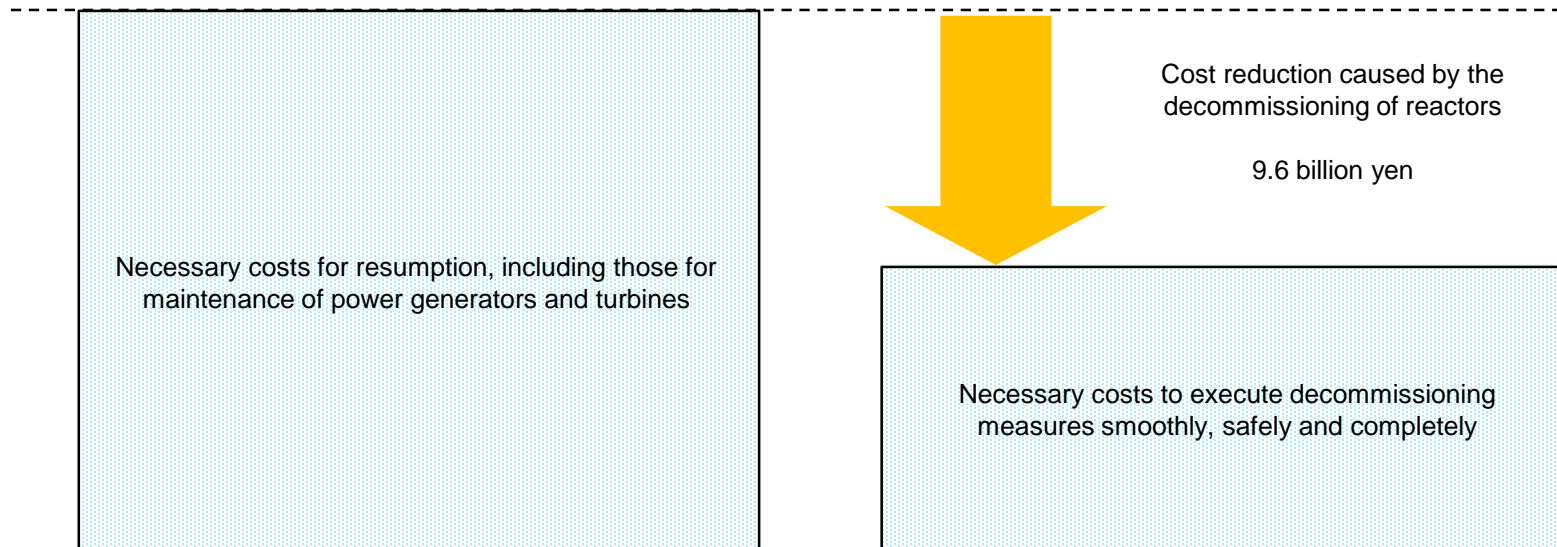
** Crude oil price and foreign exchange rate represent the previously set prerequisites (average values of foreign trade statistics for July–September 2012).

- 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

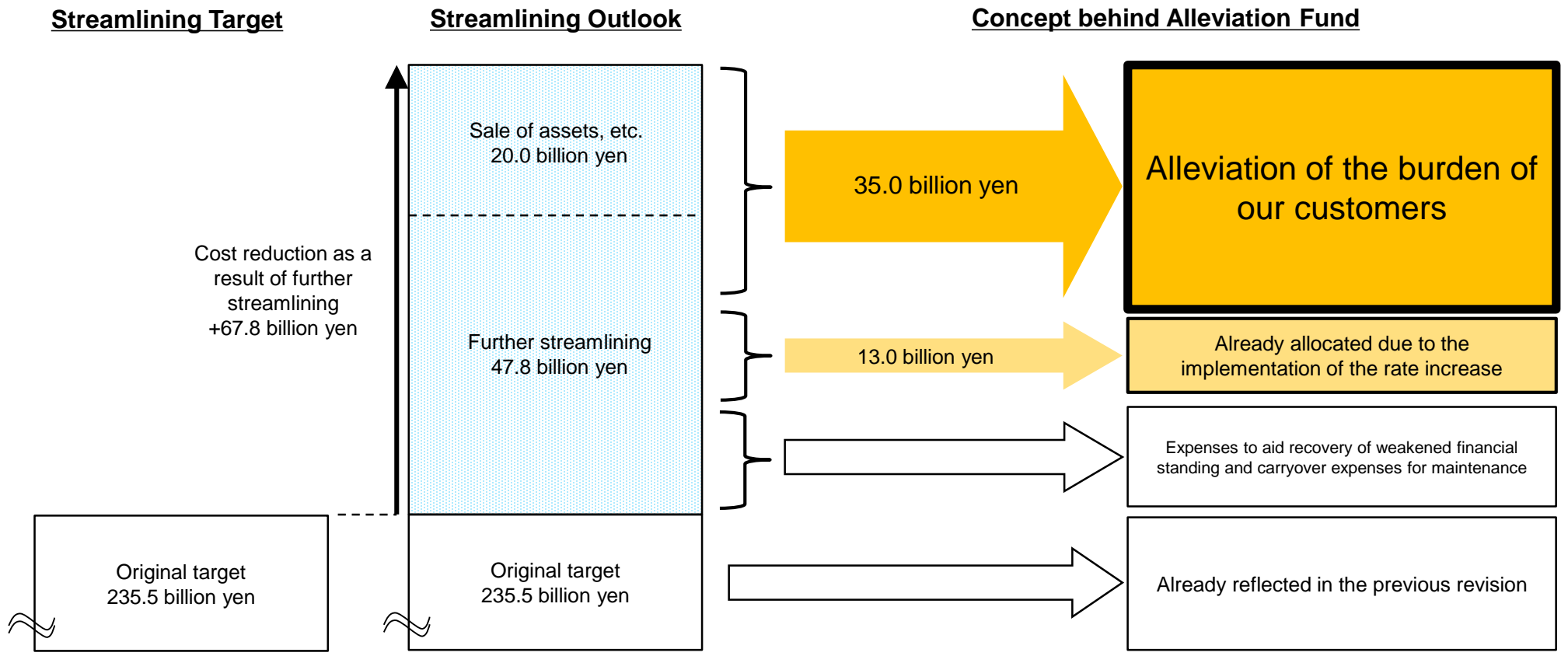
Cost before Decommissioning

Cost after Decommissioning



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.



○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.

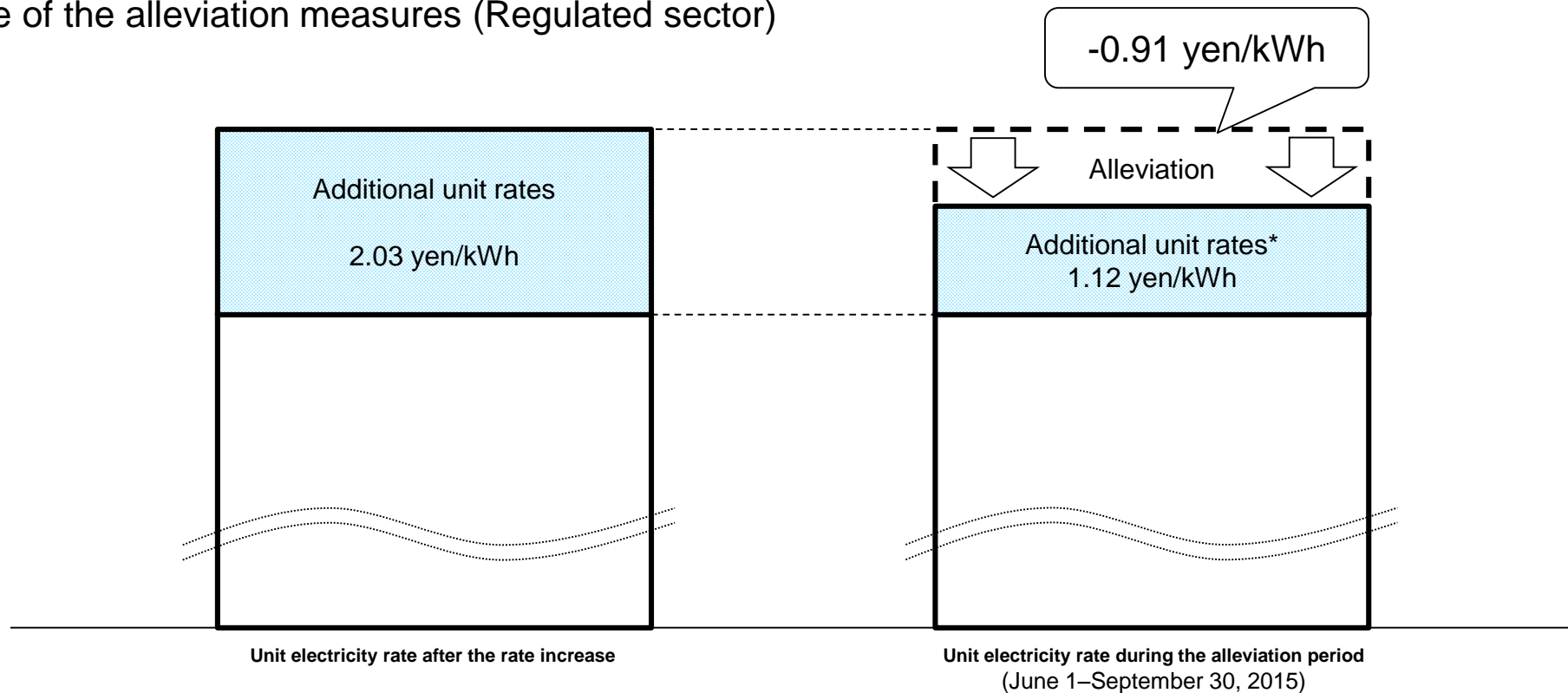
(Unit: billion Yen)

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	–

Electricity Rate Alleviation Measures in Line with Cost Reduction Schemes (Concrete Contents of the Alleviation Measures)

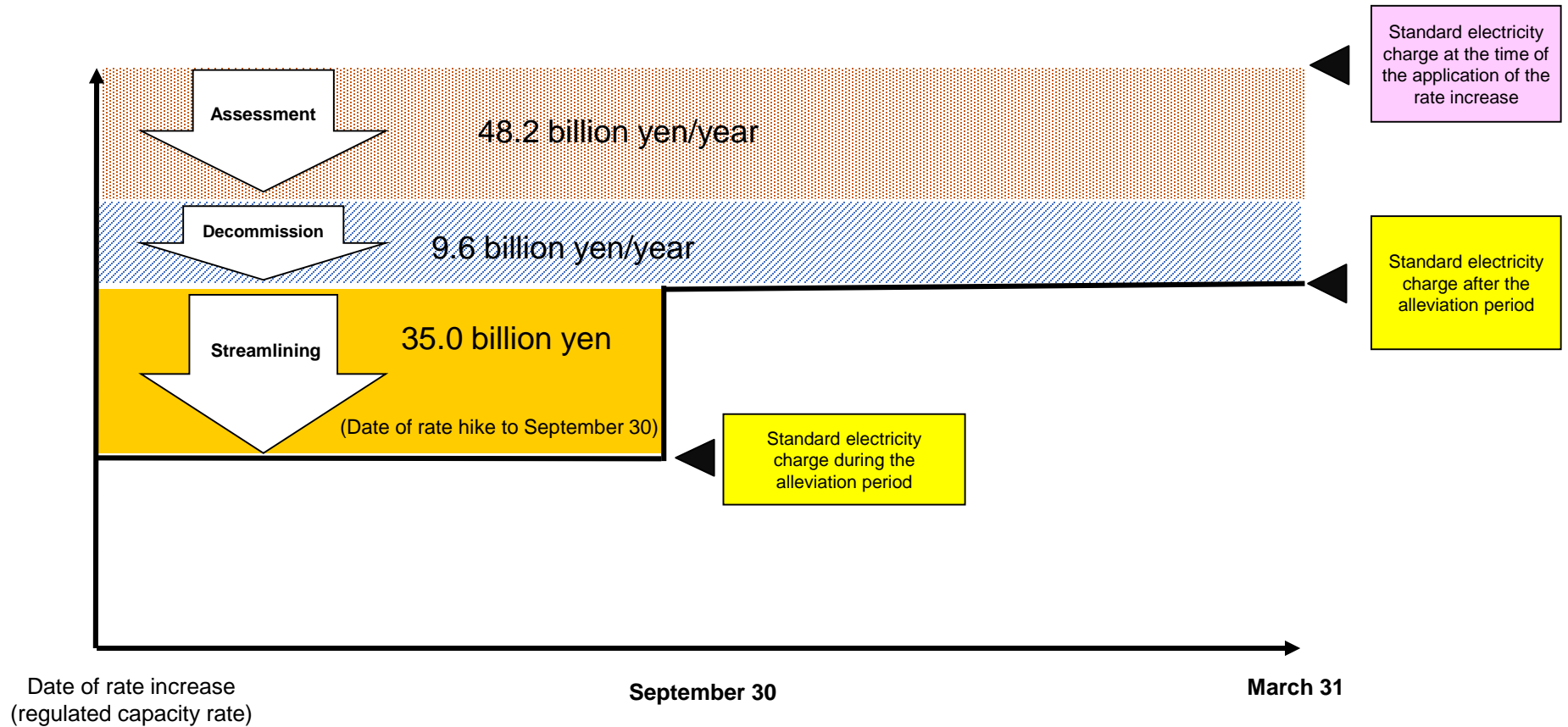
- All customers in the regulated sector are eligible for a reduction of 0.91 yen/kWh from the unit electricity rate after the rate increase.
- As for the liberalized sector, customers to whom increased electricity rate is applied during the alleviation period are eligible for a reduction of 0.87 yen/kWh for high voltage, and 0.85 yen/kWh for extra high voltage, from the unit electricity rate after the rate increase.

Image of the alleviation measures (Regulated sector)



* Additional unit rates include the amount equivalent to consumption tax.

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%	