

July 6, 2017  
The Kansai Electric Power Co., Inc.

## **Electricity Rate Reduction**

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Following resumption of commercial operation of Units 3 and 4 of Takahama Nuclear Power Station, we decided to reduce electricity rate for all customers in Kansai Area by 4.29% on average from August 1 and filed today notification of change of Provisions for Specified Retail Supply of Electricity, etc.\* with Ministry of Economy, Trade and Industry.

Electricity rate will be reduced this time to return the saving of fuel costs for thermal power generation due to resumption of operation of Takahama Units 3 and 4 and the outcomes from deepened streamlining of management, etc. to our customers for the coming summer when electricity consumption increases.

We will continue to make efforts for early resumption of operation of other nuclear power plants whose safety has been verified while earning understanding of people in the region where the power station is located. We would like to further reduce electricity rate if commercial operations of Units 3 and 4 of Ohi Nuclear Power Station is resumed and will make efforts to upgrade our services to enhance competitiveness of our electricity both in price and service.

\* We also filed notification of change of Provisions for Last Resort Supply of Electricity.

Attachment: Electricity Rate Reduction

Attachment



# Electricity Rate Reduction

July 6, 2017

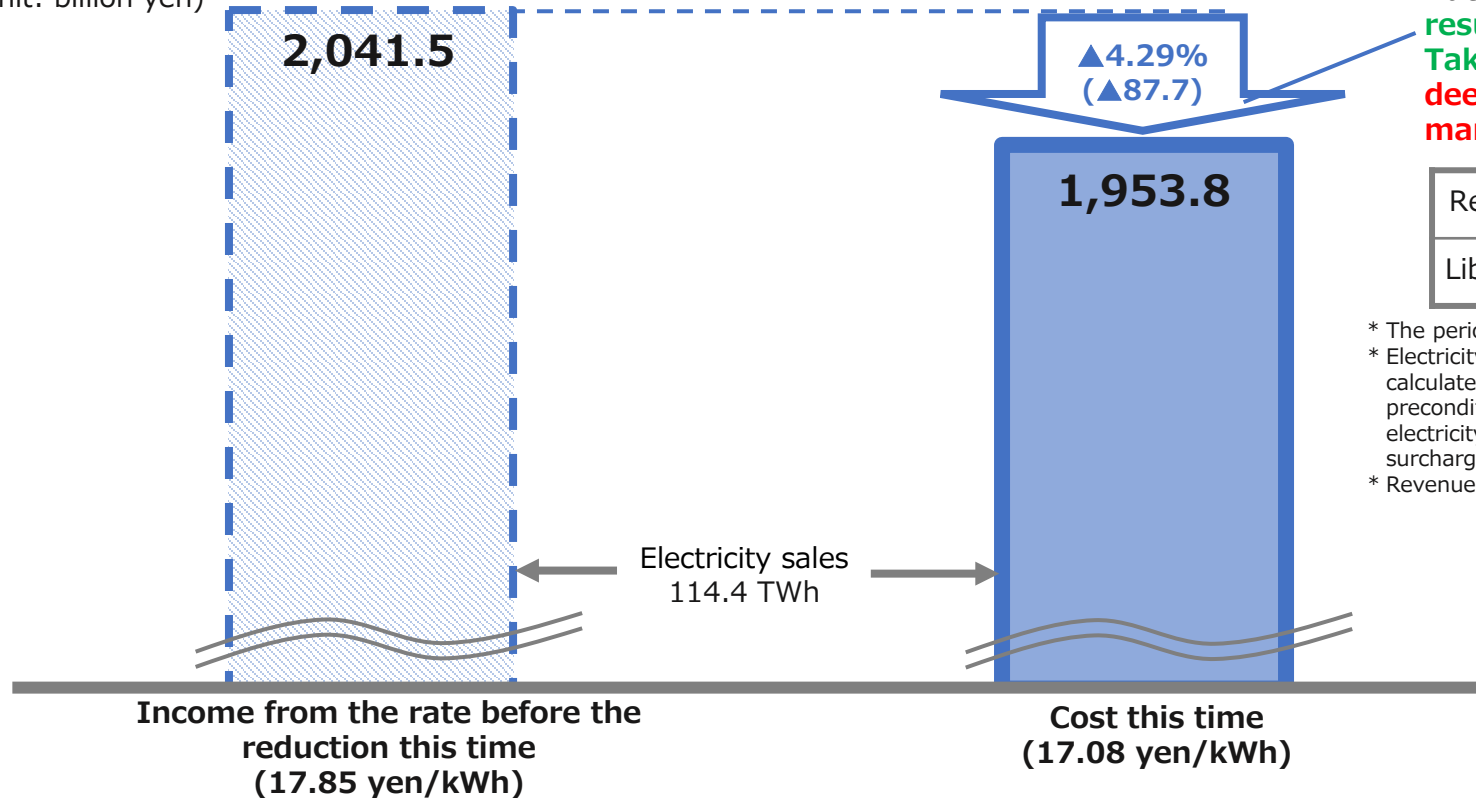
The Kansai Electric Power Co., Inc.

# Outline of Electricity Rate Reduction This Time [1]

- ✓ Saving of fuel costs for thermal power generation due to resumption of operation of Units 3 and 4 of Takahama Nuclear Power Station, and deepened streamlining of management, etc. result in the cost of 1,953.8 billion yen after this rate reduction which represents reduction by ▲4.29% (▲87.7 billion yen) on average as compared with 2,041.5 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)



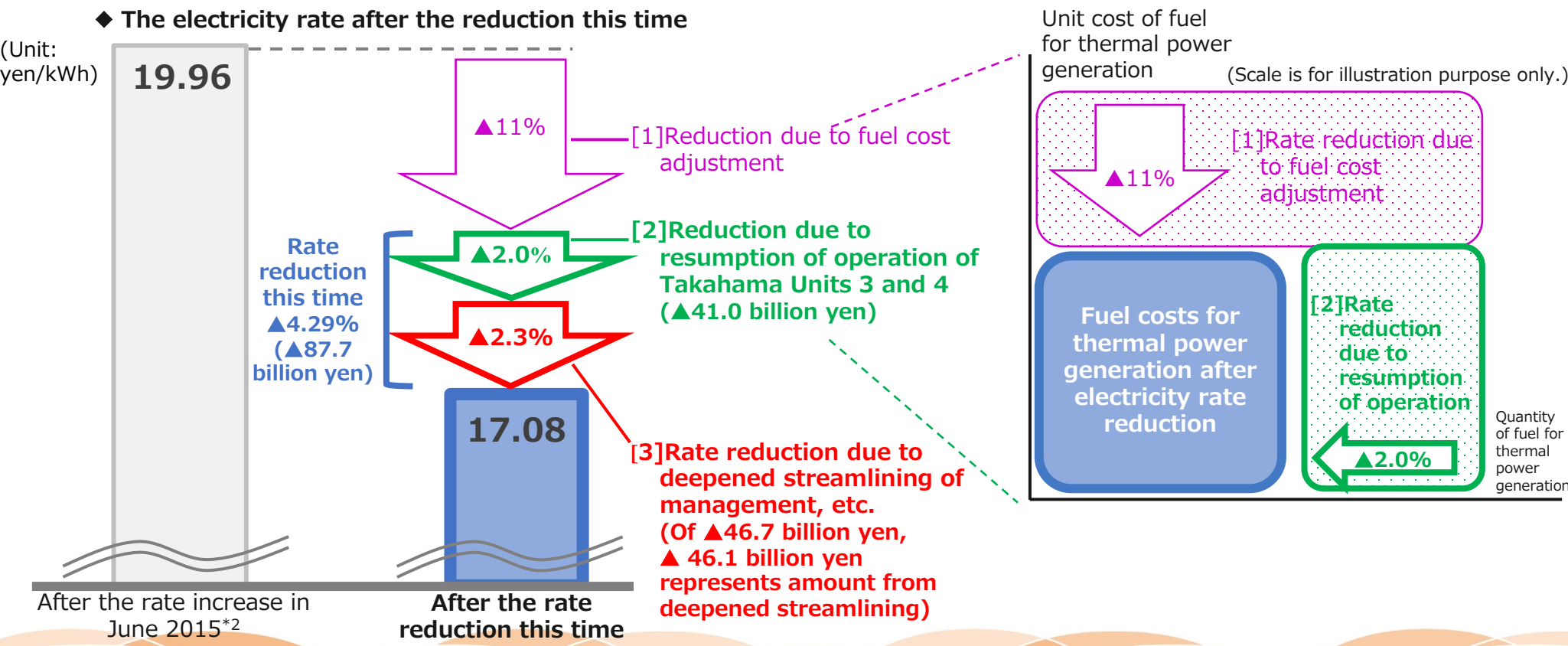
Rate reduction due to resumption of operation of Takahama Units 3 and 4, deepened streamlining of management, etc.

Regulated field	▲3.15%
Liberalized field	▲4.90%

- \* The period for cost calculation this time is FY2017.
- \* 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.

# Outline of Electricity Rate Reduction This Time [2]

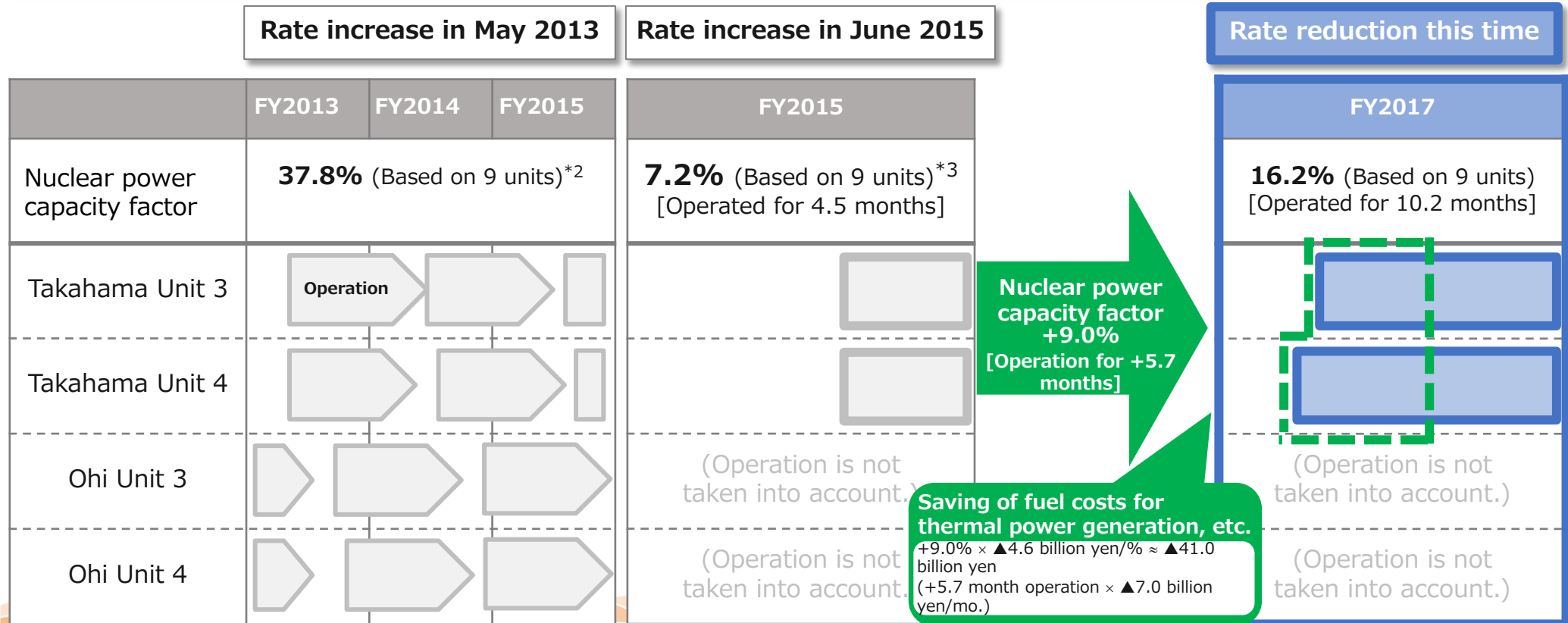
- ✓ For fuel cost adjustment, crude oil price reduction results in the rate reduction.⇒ Refer to [1] below: approximately ▲11%
- ✓ This time, the rate is reduced by ▲4.29% on average.
  - Reflection of saving of fuel costs for thermal power generation due to resumption of operation of Takahama Units 3 and 4\*1  
⇒ Refer to [2] below: approximately ▲2.0%(▲41.0 billion yen)
  - Further reflection of deepened streamlining of management, etc.  
⇒ Refer to [3] below: approximately ▲2.3% (▲46.7 billion yen)



\*1 Saving of fuel costs for thermal power generation, etc.: Improvement of nuclear power capacity factor+9.0% × Amount affected by change in nuclear power capacity factor by 1% ▲4.6 billion yen ≈ ▲41.0 billion yen  
 \*2 After the rate increase in June 2015:Level of electricity rate after expiration of period for mitigation (June 1 ~ September 30, 2015)

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

- ✓ Unit 4 and Unit 3 of Takahama Nuclear Power Station resumed commercial operation on June 16, 2017 and July 4, 2017, respectively. 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.
- ✓ Specifically, as the nuclear power capacity factor, 7.2% was incorporated into the rate increase in June 2015 on the assumption that Units 3 and 4 of Takahama Nuclear Power Station would be partly operated (4.5 months from November 2015 to March 2016). However the nuclear power capacity factor becomes 16.2% due to the resumption of operation this time and accordingly the electricity rate will be further reduced by the amount corresponding to further saving of fuel costs of thermal power generation, etc. due to increase of the availability by +9.0% beyond the 7.2%.
- ✓ 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.



\*1 Power control operation (connection of generator in parallel): Operation to be carried out before resumption of commercial operation. Takahama Unit 4 commenced it on May 22, 2017 and Unit 3 commenced it on June 9, 2017.

\*2 The rate increase in May 2013: Nuclear power capacity factor based on 11 units: 34.5% \*3 The rate increase in June 2015: Nuclear power capacity factor based on 11 units: 6.6%

# Rate Reduction due to deepened streamlining of management

- ✓ Our efforts for utmost streamlining of management with all our group's strength since FY2013 resulted in achievement of target amount of streamlining of management in FY 2015 (235.5 billion yen)\* which was incorporated into cost of current electricity rate.
  - ✓ Setting this target amount as a starting point, outcome of 46.1 billion yen from deepened streamlining is incorporated into new electricity rate.
- \* Target amount of streamlining of management which was announced at the time when rate increase was approved in June 2015.

(Unit: billion yen)

	Amount of deepened streamlining this time	Description of main efforts	Previous (FY 2015) target amount of streamlining
Supply/demand-related expenses	13.3	<ul style="list-style-type: none"> <li>• Reduction of fuel costs of Aioi Power Station due to conversion from heavy oil and crude oil to LNG</li> <li>• Reduction of fixed cost due to power sources of other companies, in-house power generation, etc.</li> </ul>	91.4
Expenses related to capital expenditures	2.6	<ul style="list-style-type: none"> <li>• Further reduction of acquirement cost</li> </ul>	11.7
Maintenance costs	16.3	<ul style="list-style-type: none"> <li>• Further reduction of acquirement cost</li> <li>• Price reduction of smart meter</li> </ul>	37.0
Personnel expenses	(Continuing steadily outcomes from solutions for streamlining including curbing of new hiring.)		46.5
Overhead	13.8	<ul style="list-style-type: none"> <li>• Further reduction of acquirement cost</li> <li>• Further strict selection of office supplies and utensils</li> </ul>	48.9
Total	<b>46.1</b>		235.5

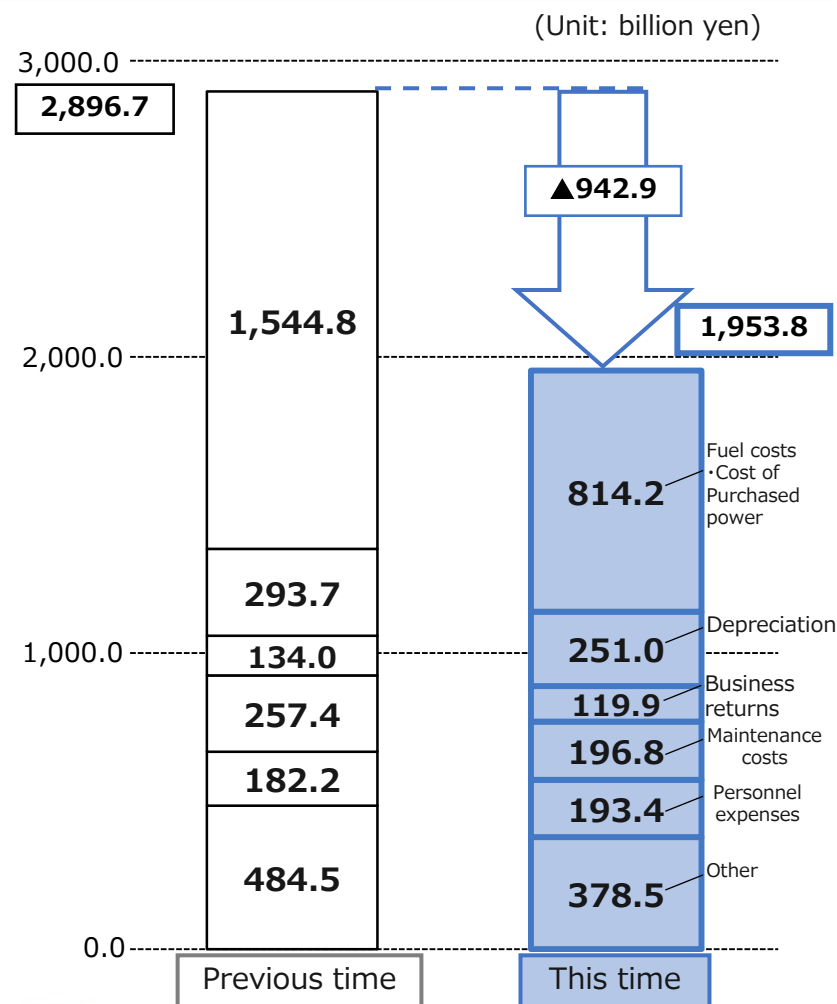
# Breakdown of Cost This Time (Comparison with Previous Time)

- ✓ Cost this time (electricity rate reduction in August 2017) is amounting to 1,953.8 billion yen which represents reduction by 942.9 billion yen as compared with the previous cost (the rate increase in June 2015), 2,896.7 billion yen.

(Unit: billion yen)

		A Previous time	B This time	Difference (B - A)	
Total costs	Operating expenses	Personnel expenses	182.2	193.4	▲11.2
		Fuel costs	1,047.7	522.5	▲525.2
		Maintenance costs	257.4	196.8	▲60.6
		Depreciation	293.7	251.0	▲42.7
		Cost of Purchased power	497.1	291.7	▲205.4
		Taxes other than income	176.4	159.2	▲17.2
		Taxes			
		Other expenses	385.1	395.6	▲10.5
	Subtotal	2,839.6	2,010.3	▲829.3	
	Business returns	134.0	119.9	▲14.2	
Deduction earnings	▲63.5	▲76.3	▲12.9		
Total costs [1]		2,910.2	2,053.8	▲856.4	
Expenses for third party's power transmission service[2]		-	1.5	1.5	
Revenues from third party's power transmission service[3]		▲13.5	▲89.0	▲75.5	
Affect of unchanged wheeling service fee [4]		-	▲12.5	▲12.5	
Cost for retail sales [5] = [1] + [2] + [3] + [4]		2,896.7	1,953.8	▲942.9	
Current electricity income [6]			2,041.5		
Rate reduction [7] = [5] - [6]			▲87.7	▲4.29%	

(Reduction ratio)  
[8] = [7] / [6]



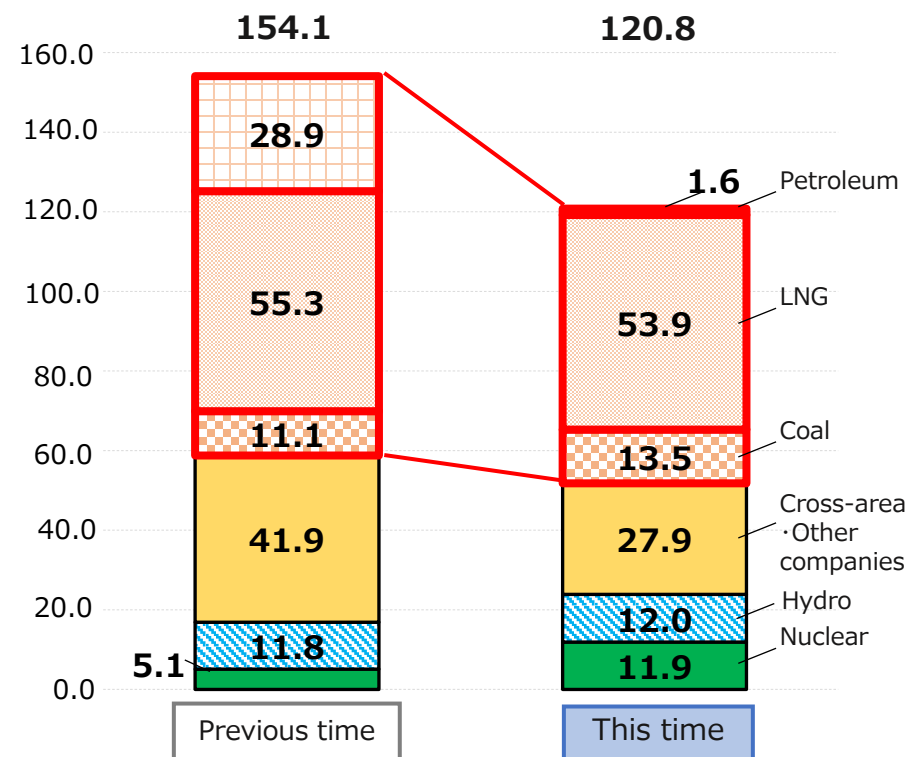
# Various Precondition Factors This Time (Comparison with Previous Time)

- ✓ Electric sales is assumed as 114.4 TWh considering progress of energy saving and switching to contract with a New Power Producer and Supplier, etc.
- ✓ Nuclear power capacity factor is assumed as 16.2% due to resumption of operation of Units 3 and 4 of Takahama Nuclear Power Station.
- ✓ 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.
- ✓ As for crude oil price and currency exchange rate, recent market trend including significant reduction of crude oil price, etc. is reflected.

## ◆ Precondition factors for costs calculation

		A Previous time	B This time	Difference (B - A)
Electricity sales	(TWh)	145.7	114.4	▲31.3
Nuclear power capacity factor	(%)	7.2	16.2	9.0
Crude oil price*1	(\$/b)	105.9	55.2	▲50.7
Currency exchange rate*1	(¥/\$)	78.9	112.7	33.8
Rate of business returns*2	(%)	2.9	2.8	▲0.1

## ◆ Comparison of supplied electric energy\*3 (Unit: TWh)



\*1 For crude oil price and currency exchange rate, average values for the period from February to April 2017 in Trade Statistics are used.

\*2 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.

\*3 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. The Kansai Electric Power Co., Inc.