Kyushu Electric eyes 8.5% raise in household electricity rates

The Associated Press

FUKUOKA, Nov. 23 (Kyodo) — Kyushu Electric Power Co. is considering increasing household electricity charges by an average of 8.5 percent from next April, its first rate hike since 1980, sources close to the matter said Friday.

The proposed hike comes after the utility posted a record group net loss of 149.5 billion yen in the first April-September first half of fiscal 2012, as the suspension of nuclear power plants has led to increased outlays for thermal plant fuel and electricity purchased from other companies.

The increase, which needs government approval, could be squeezed after review by an expert panel under the industry ministry, while the utility servicing southwestern Japan also plans to lift the rate for corporate users by around 15 percent, they said, a move that does not require government consent.

The company, meanwhile, will cut its personnel costs by more than 10 percent as part of its efforts to absorb rising power generation costs, according to the sources.

Employees' basic salaries as well as various allowances and welfare packages will be cut, while fewer new graduates will be recruited, they said. Executive pay will be slashed by around 50 percent, compared to the current 35 percent cut.

The proposed rate hike is based on the assumption that the utility will resume operation of four of its six currently suspended nuclear reactors at two plants as early as fiscal 2013 starting April.

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