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Fluctuation in Feedstock Prices and Adjustment of Gas Rates

Public Relations Department,
Tokyo Gas Co., Ltd.

In accordance with the provisions for rate adjustment for feedstock costs, Tokyo Gas has set the unit commodity charge for meter readings over the months January – March 2003 as same as the corresponding charge for meter readings for October - December 2002.

This adjustment is based on the average feedstock prices over the months July - September 2002.

Customers will be notified in advance of the gas rates applied to meter readings over the months January - March 2003 by means of notices posted in Tokyo Gas business offices and their meter reading slips for December.

1. Gas rates for the months January - March 2003

(1) Supply contract rate schedule

(Application of rate schedule A ~ F as appropriate for the amount of gas use in the month in question)

	Rate A	Rate B	Rate C	Rate D	Rate E	Rate F
Monthly consumption volume	0 to 20m ³	21 to 80m ³	81 to 200m ³	201 to 500m ³	501 to 800m ³	Over 801m ³
Basic charge (yen/month)	690	1,040	1,460	2,000	5,050	9,610
Commodity charge(yen/m ³)	127.25	109.75	104.50	101.80	95.70	90.00

(2) Effect on a standard household

Yen/month

Monthly consumption volume of 50 cubic meters	Charge imposed over the months January – March 2003	Charge imposed for October – December 2002	Change
Excluding the national consumption tax	6,527	6,527	0
Including the national consumption tax	6,853	6,853	0

2. Fluctuation in feedstock prices

	Yen/ton
Standard average feedstock price (1)	27,160
Average feedstock price over the months October – December 2001 (2)	26,720
LNG	26,730
LPG	30,880
Difference (2) - (1)	-440

Note: Both LNG and LPG prices are based on customs clearance statistics.

Reference: Outline of the feedstock cost adjustment scheme

- * The scheme provides for adjustment of the unit commodity charge in gas rates (i.e., the charge per cubic meter of gas consumed) at three-month intervals in correspondence with fluctuation in feedstock prices owing to factors such as exchange rates and crude oil prices.
- * The unit commodity charge is adjusted by 0.084 yen per cubic meter for each 100 yen of fluctuation in feedstock price, based on the difference between the standard average feedstock price (27,160 yen per ton) and average feedstock price (calculated on the basis of LNG and LPG import prices in the quarter in question).
- * The fluctuation in feedstock prices is calculated on the basis of actual values in customs clearance statistics for both LNG and LPG.
- * Arrangements have been made to avoid both small and frequent rate adjustments as well as large fluctuations. The specific provisions are as follows.
 - There is no adjustment of gas rates if the difference between the standard average feedstock price (27,160 yen/ton) and average feedstock price is less than 1,360 yen.
 - Even if the average feedstock price exceeds the upper limit of 43,460 yen, the amount of 43,460 yen is applied in the calculation of the gas rate adjustment.

Reference document

Calculation of unit charge adjustment for feedstock costs

* Calculation of average feedstock prices

Average LNG price (customs clearance statistics value)	26,730 yen/ton	x 0.9314
Average LPG price (customs clearance statistics value)	30,880 yen/ton	x 0.0591

+) _____

26,721.33

(rounding to the nearest ten yen)

26,720 yen/ton

* Calculation of the amount of feedstock price fluctuation

$$\begin{array}{ccc}
 \boxed{26,720 \text{ yen/ton}} & - 27,160 \text{ yen/ton} = & \boxed{-440 \text{ yen/ton}} \\
 & & \text{(omission of amounts less than 100 yen)}
 \end{array}$$

-400 yen/ton

There is no adjustment of gas rates if the difference between the standard average feedstock price (27,160 yen/ton) and average feedstock price is less than 1,360 yen.

* Effect on the standard household

Yen/month

Monthly consumption volume of 50 cubic meters	Charge applied over the months January-March 2003	Charge applied over the months October – December 2002	Change
Excluding the national consumption tax	6,527	6,527	0
Including the national consumption tax	6,853	6,853	0

* Omission of amounts less than one yen in the calculation of the charge inclusive of the national consumption tax

* Method of calculation for the standard household charge (excluding the national consumption tax)

= Standing charge (1,040 yen)

+ Commodity charge (109.75 yen + 0.00 yen) x 50m³

Commodity charge at the time of notification of the rate revision