28 July, 2005

Fluctuation in Feedstock Prices and Adjustment of Gas Rates

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 October-December 2005 upward by 1.91 yen per cubic meter (46.04655MJ) relative to the corresponding charge for meter readings for July‐September 2005 .
This adjustment is based on the average feedstock prices over the months of April-June 2005.

Customers will be notified of the gas rates applied to meter readings over the months during October and December 2005 by means of notices posted in Tokyo Gas business offices and their meter reading slips for September in advance.

1. Gas rates for the months during October and December 2005

(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)	724.50	1,083.60	1,365.00	2,499.00	5,806.50	13,786.50
Commodity charge(yen/m3)	132.19	114.23	110.72	105.05	98.43	88.46

(2) Effect on a standard customer   Yen/month

Monthly consumption volume of 50 cubic meters	Charge applied over the months October-December 2005	Charge applied for July – September 2005	Change
Including the national consumption tax	6,795	6,699	+96

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2. Fluctuation in feedstock prices

Yen/ton

Standard average feedstock price (1)		30,390
Average feedstock price over the months April– June 2005 (2)		32,600
	LNG	31,720
	LPG	46,820
Difference (2) - (1)		2,210

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 0.08715 yen per cubic meter for each 100 yen of fluctuation in feedstock price, based on the difference between the standard average feedstock price (30,390 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 prices (30,390 yen/ton) and average feedstock price is less than 1,520 yen.

  - Even if the average feedstock price exceeds the upper limit of 48,620 yen, the amount of 48,620 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 | 31,720 yen/ton | x 0.9444

(customs clearance statistics value)

Average LPG price | 42,820 /ton | x 0.0565

(customs clearance statistics value)

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| 32,601.69 |

↓ (rounding to the nearest ten yen)

| 32,600 yen/ton |

* Calculation of the amount of feedstock price fluctuation

| 32,600 yen/ton | - 30,390 yen/ton = | 2,210 yen/ton |

(omission of amounts less than 100 yen)

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| 2,200yen/ton |

* Effect on a standard customer

Yen/month

Monthly consumption volume of 50 cubic meters	Charge applied over the months October-December 2005	Charge applied over the months July – September 2005	Change
Including the national consumption tax	6,795	6,699	+96

    * 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 (1,083.60 yen)

+ Commodity charge (<u>112.32</u> yen + | 1.91yen |) x 50m³

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Commodity charge at the time of notification of the rate revision