

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 January-March 2007 upward by 2.21 yen per cubic meter (45MJ) relative to the corresponding charge for meter readings for October-December 2006.

This adjustment is based on the average feedstock prices over the months of July-September 2006.

Customers will be notified of the gas rates applied to meter readings over the months during January and March 2007 by means of notices posted in Tokyo Gas business offices and their meter reading slips for December in advance.

1. Gas rates for the months during January and March 2006

(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)	138.98	121.43	118.00	112.46	106.00	96.24
<Reference> Commodity charge(yen/m3) October and December 2006	136.77	119.22	115.79	110.25	103.79	94.03

(2) Effect on a standard customer

Yen/month

Monthly consumption volume of 34 cubic meters(45MJ/m3)	Charge applied over the months January-March 2007	Charge applied for October-December 2006	Change
Including the national consumption tax	5,212	5,137	+75

2. Fluctuation in feedstock prices

	Yen/ton	
Standard average feedstock price (1)	35,910	
Average feedstock price over the months July– September 2006 (2)	43,970	
	LNG	43,730
	LPG	64,010
Difference (2) - (1)	8,060	

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 0.08505 yen per cubic meter for each 100 yen of fluctuation in feedstock price, based on the difference between the standard average feedstock price (35,910 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 (35,910 yen/ton) and average feedstock price is less than 1,800 yen.
 - Even if the average feedstock price exceeds the upper limit of 57,460 yen, the amount of 57,460 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)	43,730 yen/ton	x 0.9820
Average LPG price (customs clearance statistics value)	64,010 /ton	x 0.0160
+)		

43,967.02

↓ (rounding to the nearest ten yen)

43,970 yen/ton

* Calculation of the amount of feedstock price fluctuation

43,970 yen/ton	-	35,910 yen/ton =	8,060yen/ton
(omission of amounts less than 100 yen)			
↓			
8,000yen/ton			

* Calculation of the adjusted rate (charge per cubic meter)

Adjusted rate =	+8,000yen	/ 100 yen x 0.08505 (*)
(unit charge)		
=	+6.80yen	(omission of amounts less than 0.01 yen)

* The unit commodity charge is adjusted by 0.8505(0.081×1.05) yen per cubic meter for every 100 yen of fluctuation

* Effect on a standard customer

			Yen/month
Monthly consumption volume of 34 cubic meters(45MJ/m3)	Charge applied over the months January-March 2007	Charge applied over the months October-December 2006	Change
Including the national consumption tax	5,212	5,137	+75

* 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 (114.63 yen + 6.80yen) x 34m³

↑

Commodity charge at the time of notification of the rate revision