

28 Oct, 2004

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 2005 upward by 2.43 yen per cubic meter (46.04655MJ) relative to the corresponding charge for meter readings for October - December 2004 .

This adjustment is based on the average feedstock prices over the months of July-September 2004.

Customers will be notified of the gas rates applied to meter readings over the months during January and March 2005 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 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)	690	1,040	1,460	2,000	5,050	9,610
Commodity charge(yen/m ³)	129.68	112.18	106.93	104.23	98.13	92.43

(2) Effect on a standard customer

Yen/month

Monthly consumption volume of 50 cubic meters	Charge applied over the months January-March 2004	Charge applied for October – December 2004	Change
Excluding the national consumption tax	6,649	6,527	+122
Including the national consumption tax	6,981	6,853	+128

2. Fluctuation in feedstock prices

	Yen/ton
Standard average feedstock price (1)	27,160
Average feedstock price over the months July – September 2004 (1)	30,110
LNG	29,780
LPG	40,140
Difference (2) - (1)	2,950

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 prices (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)	29,780 yen/ton	x 0.9314
Average LPG price (customs clearance statistics value)	40,140/ton	x 0.0591
+)		
	30,109.36	
	↓ (rounding to the nearest ten yen)	
	30,110 yen/ton	

* Calculation of the amount of feedstock price fluctuation

$$\begin{array}{rcc}
 \boxed{30,110 \text{ yen/ton}} & - 27,160 \text{ yen/ton} = & \boxed{2,950 \text{ yen/ton}} \\
 & & \text{(omission of amounts less than 100 yen)} \\
 & & \downarrow \\
 & & \boxed{2,900 \text{ yen/ton}}
 \end{array}$$

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.

	Yen/month		
Monthly consumption volume of 50 cubic meters	Charge applied over the months January -March 2005	Charge applied over the months October – December 2004	Change
Excluding the national consumption tax	6,649	6,527	+122
Including the national consumption tax	6,981	6,853	+128

* 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 + 2.43 yen) x 50m³

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Commodity charge at the time of notification of the rate revision