

28 July, 2006

## 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 2006 downward by 0.85 yen per cubic meter (45MJ) relative to the corresponding charge for meter readings for July - September 2006 .

This adjustment is based on the average feedstock prices over the months of April-June 2006.

Customers will be notified of the gas rates applied to meter readings over the months during October and December 2006 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 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 <sup>3</sup>	21 to 80m <sup>3</sup>	81 to 200m <sup>3</sup>	201 to 500m <sup>3</sup>	501 to 800m <sup>3</sup>	Over 801m <sup>3</sup>
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)	136.77	119.22	115.79	110.25	103.79	94.03
<Reference> Commodity charge(yen/m3) July and September 2006	137.62	120.07	116.64	111.10	104.64	94.88

#### (2) Effect on a standard customer

Yen/month

Monthly consumption volume of 34 cubic meters(45MJ/m3)	Charge applied over the months October-December 2006	Charge applied for July -September 2006	Change
Including the national consumption tax	5,137	5,165	-28

## 2. Fluctuation in feedstock prices

	Yen/ton
Standard average feedstock price (1)	35,910
Average feedstock price over the months April– June 2006 (2)	41,380
LNG	41,180
LPG	59,020
Difference (2) - (1)	5,470

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)	41,180 yen/ton	x 0.9820
Average LPG price (customs clearance statistics value)	59,020 /ton	x 0.0160
+)		

41,383.08

(rounding to the nearest ten yen)

41,380 yen/ton

\* Calculation of the amount of feedstock price fluctuation

$$\begin{array}{ccc}
 \boxed{41,380 \text{ yen/ton}} & - 35,910 \text{ yen/ton} = & \boxed{5,470 \text{ yen/ton}} \\
 & & \text{(omission of amounts less than 100 yen)}
 \end{array}$$

5,400yen/ton

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

$$\begin{array}{l}
 \text{Adjusted rate} = \boxed{+5,400\text{yen}} / 100 \text{ yen} \times 0.08505 (*) \\
 \text{(unit charge)} \\
 = \boxed{+4.59\text{yen}} \quad \text{(omission of amounts less than 0.01 yen)}
 \end{array}$$

\* 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 October-December 2006	Charge applied over the months July – September 2006	Change
Including the national consumption tax	5,137	5,165	-28

\* 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 + 

5.59yen
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) x 50m<sup>3</sup>

Commodity charge at the time of notification of the rate revision