

30 July, 2008

## Fluctuation in gas resource cost and adjustment of gas rates

Tokyo Gas Co., Ltd.

In accordance with the provisions for rate adjustment for gas resource costs, Tokyo Gas has set the unit commodity charge for meter readings over the months October-December 2008 upward by 3.53 yen per cubic meter (45MJ) relative to the corresponding charge for meter readings for July-September 2008.

This adjustment is based on the average gas resource prices over the months of April-June 2008.

Customers will be notified of the gas rates applied to meter readings over the months during October and December 2008 by means of notices posted in Tokyo Gas business offices and their meter reading slips for June in advance.

### 1. Gas rates for the months during October and December 2008

#### (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 80 m <sup>3</sup> | 81 to 200 m <sup>3</sup> | 201 to 500 m <sup>3</sup> | 501 to 800 m <sup>3</sup> | over 801 m <sup>3</sup> |
| Basic charge (yen/month)  | 724.50                | 1,081.50                | 1,333.50                 | 2,467.50                  | 5,772.50                  | 13,618.50               |
| Commodity charge(yen/m3)  | 153.23                | 135.38                  | 132.23                   | 126.56                    | 120.05                    | 110.18                  |
| <Reference><br>Commodity charge(yen/m3)<br>July to September 2008 | (149.70)              | (131.85)                | (128.70)                 | (123.03)                  | (116.52)                  | (106.65)                |

#### (2) Effect on a standard customer in residential sector yen/month

| Monthly consumption volume of 34 cubic meters(45MJ/m3) | Charge applied for October-December 2008 | Charge applied for July-September 2008 | Change |
|--|--|--|--------|
| Including the national consumption tax                 | 5,684                                    | 5,564                                  | +120   |

## 2. Fluctuation in gas resource prices

|  | yen/ton |
|--|---------|
| Standard average gas resource price (1)                            | 53,810  |
| Average gas resource price over the months<br>April– June 2008 (2) | 63,840  |
| LNG  | 62,860  |
| LPG  | 88,200  |
| Difference (2) - (1)   | 10,030  |

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

Reference: Outline of the gas resource 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 gas resource 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 gas resource price, based on the difference between the standard average gas resource price (53,810 yen per ton) and average gas resource price (calculated on the basis of LNG and LPG import prices in the quarter in question).
- \* The fluctuation in gas resource 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 gas resource prices (53,810 yen/ton) and average gas resource price is less than 2,690 yen.
  - Even if the average gas resource price exceeds the upper limit of 86,100 yen, the amount of 86,100 yen is applied in the calculation of the gas rate adjustment.
- \* The scheme is not applied to Gunma district and Kofu district.

[Reference]

### Calculation of unit charge adjustment for gas resource costs

\* Calculation of average gas resource prices

|   |                 |          |
|---|-----------------|----------|
| Average LNG price<br>(customs clearance statistics value) | 62,860 yen/ton  | x 0.9604 |
| Average LPG price<br>(customs clearance statistics value) | 88,290 yen /ton | x 0.0393 |
| +)  |                 |          |

63,840.57

↓ (rounding to the nearest ten yen)

63,840 yen/ton

\* Calculation of the amount of gas resource price fluctuation

|   |   |                  |                |
|---|---|------------------|----------------|
| 63,840 yen/ton                          | - | 53,810 yen/ton = | 10,030 yen/ton |
| (omission of amounts less than 100 yen) |   |                  |                |
| ↓                                       |   |                  |                |
| 10,000 yen/ton                          |   |                  |                |

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

|                 |            |  |
|-----------------|------------|--|
| Adjusted rate = | +10,000yen | / 100 yen x 0.084 (*)                    |
| (unit charge)   |            |  |
| =               | +8.40yen   | (omission of amounts less than 0.01 yen) |

\* The unit commodity charge is adjusted by 0.084(0.080×1.05) yen per cubic meter for every 100 yen of fluctuation

\* Effect on a standard customer in residential sector

|   |  |                                    | yen/month |
|---|--|------------------------------------|-----------|
| Monthly consumption volume of 34 cubic meters(45MJ/m <sup>3</sup> ) | Charge applied for July-September 2008 | Charge applied for April-June 2008 | Change    |
| Including the national consumption tax                              | 5,684                                  | 5,564                              | 120       |

\* 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 gas rate in residential sector (excluding the national consumption tax)

= Standing charge (1,081.50 yen)

+ Commodity charge (126.98 yen + 

|          |
|----------|
| 8.40 yen |
|----------|

) x 34m<sup>3</sup>

↑

Commodity charge at the time of notification of the rate revision