

Gas Resource Cost Adjustment for January 2019 Gas Rates

November 29, 2018
Osaka Gas Co., Ltd.

Osaka Gas Co., Ltd. will raise its city gas unit rates, which will be applied to the regulated charges under the General Gas Supply Provisions*¹ and unregulated charges,*² for January 2019 meter reading by 2.10 yen/m³ (tax included) from those for December 2018 meter reading. The raise is attributed to the adjustment of gas resource costs based on the average gas resource price of August to October 2018 (61,710 yen/ton). The adjustment will raise the monthly gas rate for the standard household by 65 yen (tax included).

*¹ Refers to the General Provisions for Retail Service in Designated Former Service Area of a Deemed Gas Retailer Formerly Conducting General Gas Utility Business in accordance with Article 24 of the Supplementary Provisions of the amended Gas Business Act

*² Not applied to certain business customers

January 2019 regulated charges under the General Gas Supply Provisions (tax included)

(Depending on usage for the month, the amounts set for one of the groups A–H will be applied.)

Group	Usage for the month	Basic charge (for the month, per gas meter)	Unit rate (per m ³)
A	20 m ³ or less	745.20 yen	170.75 yen
B	more than 20 m ³ , up to 50 m ³	1,337.40 yen	141.14 yen
C	more than 50 m ³ , up to 100 m ³	1,595.90 yen	135.97 yen
D	more than 100 m ³ , up to 200 m ³	2,021.90 yen	131.71 yen
E	more than 200 m ³ , up to 350 m ³	3,423.90 yen	124.70 yen
F	more than 350 m ³ , up to 500 m ³	3,738.90 yen	123.80 yen
G	more than 500 m ³ , up to 1,000 m ³	6,818.90 yen	117.64 yen
H	more than 1,000 m ³	7,138.90 yen	117.32 yen

Average gas resource price (yen/ton)

	August to October 2018	Base average gas resource price
LNG average import price (trade statistics)	61,240	84,700
LPG average import price (trade statistics)	70,680	89,260
Average gas resource price (converted into LNG)	61,710	85,050

Average gas resource price = LNG average import price × 0.9673*¹ + LPG average import price × 0.0350*² (rounded off to the nearest 10-yen unit)

*¹ The ratio of LNG to total gas resources

*² The ratio of LPG to total gas resources, adjusted for the factor for converting LPG into LNG

Impact on standard households (yen/month, tax included)

	January 2019	December 2018	Difference
Usage at standard household* ³ : 31 m ³ /month (45 MJ/m ³)	5,712	5,647	+65

*³ Average monthly usage per household (based on the five years from April 2011 to the end of March 2016).
In reality, usage fluctuates every month, depending on the season and usage conditions.

Exhibit

1. Calculation of the adjustment amount of the unit rate for the month

(Average gas resource price) (Base average gas resource price) (Difference)

$$61,710 \text{ yen/ton} - 85,050 \text{ yen/ton} = -23,340 \text{ yen/ton}$$

$$-23,340 \text{ yen/ton} \div 100 \text{ yen/ton} = -233.4 \rightarrow -233 \text{ (figures after the decimal fractions omitted)}$$

$$-233 \times 0.081 \times (1 + 0.08) = -20.38284 \rightarrow -20.39 \text{ yen/m}^3 \text{ (the third decimal place rounded up)}$$

(Consumption tax) (Adjustment amount for the month: unit meter rate adjustment amount)

$$-20.39 \text{ yen/m}^3 - -22.49 \text{ yen/m}^3 = +2.10 \text{ yen/m}^3$$

(Adjustment amount for the month) (Adjustment amount for the previous month) (Difference from the previous month)

2. Changes in gas tariff for the standard household (yen/month)

	January 2019	December 2018	November 2018	October 2018
Monthly rate (tax included) for standard household* ⁴ using 31 m ³	5,712	5,647	5,601	5,558
Difference from the previous month	+65	+46	+43	+35

*⁴ Average monthly usage per household (based on the five years from April 2011 to the end of March 2016).
In reality, usage fluctuates every month, depending on the season and usage conditions.

January 2019 gas rate (tax included) for the standard household is calculated as follows:

$$\begin{aligned} & \text{Basic charge} + (\text{Base unit rate} + \text{unit meter rate adjustment amount}) \times \text{Average monthly usage at standard household} \\ & 1,337.40 \text{ yen/month} + (161.53 \text{ yen/m}^3 + -20.39 \text{ yen/m}^3) \times 31 \text{ m}^3/\text{month} \\ & = 5,712 \text{ yen/month (figures after the decimal fractions omitted)} \end{aligned}$$