

Gas Resource Cost Adjustment for May 2019 Gas Rates

March 28, 2019
Osaka Gas Co., Ltd.

Osaka Gas Co., Ltd. (President: Takehiro Honjo) will lower 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 May 2019 meter reading by 0.52 yen/m³ (tax included) from those for April 2019 meter reading. The decrease reflects the adjustment of gas resource costs based on the average gas resource price of December 2018 to February 2019 (63,850 yen/ton). The adjustment will lower the monthly gas rate for the standard household by 16 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

May 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	171.46 yen
B	more than 20 m ³ , up to 50 m ³	1,340.00 yen	141.72 yen
C	more than 50 m ³ , up to 100 m ³	1,606.00 yen	136.40 yen
D	more than 100 m ³ , up to 200 m ³	2,037.00 yen	132.09 yen
E	more than 200 m ³ , up to 350 m ³	3,443.00 yen	125.06 yen
F	more than 350 m ³ , up to 500 m ³	3,765.00 yen	124.14 yen
G	more than 500 m ³ , up to 1,000 m ³	6,855.00 yen	117.96 yen
H	more than 1,000 m ³	7,175.00 yen	117.64 yen

Average gas resource price (yen/ton)

	December 2018 to February 2019	Base average gas resource price
LNG average import price (trade statistics)	64,090	63,310
LPG average import price (trade statistics)	54,830	72,040
Average gas resource price (converted into LNG)	63,850	64,090

Average gas resource price = LNG average import price × 0.9476*¹ + LPG average import price × 0.0569*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)

	May 2019	April 2019	Difference
Usage at standard household* ³ : 31 m ³ /month (45 MJ/m ³)	5,733	5,749	-16

*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)

$$63,850 \text{ yen/ton} - 64,090 \text{ yen/ton} = -240 \text{ yen/ton}$$

$$-240 \text{ yen/ton} \div 100 \text{ yen/ton} = -2.4 \rightarrow -2 \text{ (figures after the decimal fractions omitted)}$$

$$-2 \times 0.081 \times (1 + 0.08) = -0.17496 \rightarrow -0.18 \text{ yen/m}^3 \text{ (the third decimal place rounded down)}$$

(Consumption tax) (Adjustment amount for the month)

$$-0.18 \text{ yen/m}^3 - 0.34 \text{ yen/m}^3 = -0.52 \text{ yen/m}^3$$

(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)

	May 2019	April 2019	March 2019	February 2019
Monthly rate (tax included) for standard household* ⁴ using 31 m ³	5,733	5,749	5,799	5,769
Difference from the previous month	-16	-50	+30	+57

*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.

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

$$\begin{aligned} & \text{Basic charge} + (\text{Base unit rate} + \text{unit meter rate adjustment amount}) \times \text{Average monthly usage at standard household} \\ & 1,340.00 \text{ yen/month} + 141.90 \text{ yen/m}^3 - 0.18 \text{ yen/m}^3 \times 31 \text{ m}^3/\text{month} \\ & = 5,733 \text{ yen/month (figures after the decimal fractions omitted)} \end{aligned}$$