

# Gas Resource Cost Adjustment for November 2019 Gas Rates

September 27, 2019  
Osaka Gas Co., Ltd.

Osaka Gas Co., Ltd. (President: Takehiro Honjo) will raise its city gas unit rates, which will be applied to the regulated charges under the General Gas Supply Provisions\*<sup>1</sup> and unregulated charges,\*<sup>2</sup> for November 2019 meter reading by 0.02 yen/m<sup>3</sup> (tax included)\*<sup>3</sup> from those for October 2019 meter reading. The raise reflects the adjustment of gas resource costs based on the average gas resource price of June to August 2019 (53,980 yen/ton). This adjustment, as well as the gas charge revisions due to partial amendments to the Consumption Tax and the Local Tax Acts, will raise the monthly gas rate for the standard household by 106 yen (tax included)\*<sup>3</sup>.

\*<sup>1</sup> 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

\*<sup>2</sup> Not applied to certain business customers

\*<sup>3</sup> Calculated using the consumption tax rate of 8% for October meter reading and the consumption tax rate of 10% for November meter reading. For the specific gas charge revisions, please refer to our press release entitled "Osaka Gas to Revise Gas Charges Due to Partial Amendments to the Consumption Tax and Local Tax Acts" issued on August 21, 2019.

## November 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<br>(for the month, per gas meter) | Unit rate<br>(per m <sup>3</sup> ) |
|-------|---|--|------------------------------------|
| A     | 20 m <sup>3</sup> or less                                 | 759.00 yen                                     | 165.81 yen                         |
| B     | more than 20 m <sup>3</sup> , up to 50 m <sup>3</sup>     | 1,364.81 yen                                   | 135.52 yen                         |
| C     | more than 50 m <sup>3</sup> , up to 100 m <sup>3</sup>    | 1,635.74 yen                                   | 130.10 yen                         |
| D     | more than 100 m <sup>3</sup> , up to 200 m <sup>3</sup>   | 2,074.72 yen                                   | 125.71 yen                         |
| E     | more than 200 m <sup>3</sup> , up to 350 m <sup>3</sup>   | 3,506.75 yen                                   | 118.55 yen                         |
| F     | more than 350 m <sup>3</sup> , up to 500 m <sup>3</sup>   | 3,834.72 yen                                   | 117.62 yen                         |
| G     | more than 500 m <sup>3</sup> , up to 1,000 m <sup>3</sup> | 6,981.94 yen                                   | 111.32 yen                         |
| H     | more than 1,000 m <sup>3</sup>                            | 7,307.87 yen                                   | 111.00 yen                         |

## Average gas resource price (yen/ton)

|   | June to August<br>2019 | Base average gas<br>resource price |
|---|------------------------|------------------------------------|
| LNG average import price (trade statistics)     | 54,070                 | 63,310                             |
| LPG average import price (trade statistics)     | 48,200                 | 72,040                             |
| Average gas resource price (converted into LNG) | 53,980                 | 64,090                             |

Average gas resource price = LNG average import price × 0.9476\*<sup>4</sup> + LPG average import price × 0.0569\*<sup>5</sup> (rounded off to the nearest 10-yen unit)

\*<sup>4</sup> The ratio of LNG to total gas resources

\*<sup>5</sup> 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)

|   | November 2019 | October 2019 | Difference |
|---|---------------|--------------|------------|
| Usage at standard household* <sup>6</sup> :<br>31 m <sup>3</sup> /month (tax included) <sup>*7</sup> (45<br>MJ/m <sup>3</sup> ) | 5,565         | 5,459        | +106       |

\*<sup>6</sup> 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.

\*<sup>7</sup> Calculated using the consumption tax rate of 8% for October meter reading, and the consumption tax rate of 10% for November meter reading. The difference includes the influence of the gas charge revisions due to partial amendments to the Consumption Tax and Local Tax Acts.

## Exhibit

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

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

$$53,980 \text{ yen/ton} - 64,090 \text{ yen/ton} = -10,110 \text{ yen/ton}$$

$$-10,110 \text{ yen/ton} \div 100 \text{ yen/ton} = -101.1 \rightarrow -101 \text{ (figures after the decimal fractions omitted)}$$

$$-101 \times 0.081 \times (1 + 0.1) = -8.9991 \rightarrow -9.00 \text{ yen/m}^3 \text{ (the third decimal place rounded up)}$$

(Consumption tax) (Adjustment amount for the month)

$$-9.00 \text{ yen/m}^3 - (-9.02 \text{ yen/m}^3) = +0.02 \text{ yen/m}^3$$

(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)

|   | November<br>2019 | October<br>2019 | September<br>2019 | August<br>2019 |
|---|------------------|-----------------|-------------------|----------------|
| Monthly rate for standard household* <sup>8</sup> using 31 m <sup>3</sup> (tax included) <sup>9</sup> | 5,565            | 5,459           | 5,483             | 5,565          |
| Difference from the previous month  | +106             | -24             | -82               | -73            |

\*<sup>8</sup> 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.

\*<sup>9</sup> Calculated using the consumption tax rate of 8% for August through October meter readings, and the consumption tax rate of 10% for November meter reading. The difference in gas rate between October and November includes the influence of the gas charge revisions due to partial amendments to the Consumption Tax and Local Tax Acts.

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

$$\begin{aligned} & \text{Basic charge} + (\text{Base unit rate} + \text{unit meter rate adjustment amount}) \times \text{Average monthly usage at standard household} \\ & 1,364.81 \text{ yen/month} + 144.52 \text{ yen/m}^3 - 9.00 \text{ yen/m}^3 \times 31 \text{ m}^3/\text{month} \\ & = 5,565 \text{ yen/month (figures after the decimal fractions omitted)} \end{aligned}$$