

Gas Resource Cost Adjustment for December 2019 Gas Rates

October 30, 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 December 2019 meter reading by 0.18 yen/m³ (tax included) from those for November 2019 meter reading. The decrease reflects the adjustment of gas resource costs based on the average gas resource price of July to September 2019 (53,750 yen/ton). This adjustment will lower the monthly gas rate for the standard household by 5 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

December 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	759.00 yen	165.63 yen
B	more than 20 m ³ , up to 50 m ³	1,364.81 yen	135.34 yen
C	more than 50 m ³ , up to 100 m ³	1,635.74 yen	129.92 yen
D	more than 100 m ³ , up to 200 m ³	2,074.72 yen	125.53 yen
E	more than 200 m ³ , up to 350 m ³	3,506.75 yen	118.37 yen
F	more than 350 m ³ , up to 500 m ³	3,834.72 yen	117.44 yen
G	more than 500 m ³ , up to 1,000 m ³	6,981.94 yen	111.14 yen
H	more than 1,000 m ³	7,307.87 yen	110.82 yen

Average gas resource price (yen/ton)

	July to September 2019	Base average gas resource price
LNG average import price (trade statistics)	54,050	63,310
LPG average import price (trade statistics)	44,500	72,040
Average gas resource price (converted into LNG)	53,750	64,090

Average gas resource price = LNG average import price × 0.9476*³ + LPG average import price × 0.0569*⁴ (rounded off to the nearest 10-yen unit)

*³ The ratio of LNG to total gas resources

*⁴ The ratio of LPG to total gas resources, adjusted for the factor for converting LPG into LNG

Impact on standard households (yen/month)

	December 2019	November 2019	Difference
Usage at standard household* ⁵ : 31 m ³ /month (tax included) (45 MJ/m ³)	5,560	5,565	-5

*⁵ 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)

$$53,750 \text{ yen/ton} - 64,090 \text{ yen/ton} = -10,340 \text{ yen/ton}$$

$$-10,340 \text{ yen/ton} \div 100 \text{ yen/ton} = -103.4 \rightarrow -103 \text{ (figures after the decimal fractions omitted)}$$

$$-103 \times 0.081 \times (1 + 0.1) = -9.1773 \rightarrow -9.18 \text{ yen/m}^3 \text{ (the third decimal place rounded up)}$$

(Consumption tax) (Adjustment amount for the month)

$$-9.18 \text{ yen/m}^3 - (-9.00 \text{ yen/m}^3) = -0.18 \text{ yen/m}^3$$

(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)

	December 2019	November 2019	October 2019	September 2019
Monthly rate for standard household* ⁶ using 31 m ³ (tax included) ⁷	5,560	5,565	5,459	5,483
Difference from the previous month	-5	+106	-24	-82

*⁶ 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.

*⁷ Calculated using the consumption tax rate of 8% for September and October meter readings, and the consumption tax rate of 10% for November and December meter readings. The difference in gas rate from the previous month includes the influence of the gas charge revisions due to partial amendments to the Consumption Tax and Local Tax Acts.

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

$$1,364.81 \text{ yen/month} + (144.52 \text{ yen/m}^3 + (-9.18 \text{ yen/m}^3)) \times 31 \text{ m}^3/\text{month}$$

$$= 5,560 \text{ yen/month (figures after the decimal fractions omitted)}$$