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**HYDRO POWER AND ENERGY
PLANNING PROJECT (HPEP)**

UNIFORM SYSTEM OF ACCOUNTING

ACCOUNTING GUIDELINES FOR GEORGIAN POWER
MARKET COMPANIES

PROPERTY, PLANT AND EQUIPMENT (PP&E)

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LIST OF ACRONYMS

Acronym	Term
AR	Account Receivable
EU	European Union
FA	Fixed Assets
CoA	Chart of Accounts
GEMM	Georgian Electricity Market Model
GNERC	Georgian National Energy Regulatory Commission
HPEP	Hydro Power and Energy Planning Project
HPP	Hydro Power Plant
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
LT	Long Term
kV, KV	Kilovolts
MoE	Ministry of Energy
PP&E	Property, Plant and Equipment
ST	Short Term
USAID	United States Agency for International Development
USoA	Unified System of Accounting

BACKGROUND

In September, 2013, USAID initiated the Hydro Power and Energy Planning Project (HPEP) following on the three and a half year Hydropower Investment Promotion Project (HIPP) that supported market-based initiatives to stimulate investments into Georgia's hydropower sector.

HPEP will facilitate private sector development of Georgia's hydropower resources that are environmentally, socially and economically sound. The main purpose of this project is also to support the Government of Georgia (GOG) in adopting and implementing the Georgia Electricity Market Model of 2015 (GEMM 2015) developed under HIPP to facilitate establishment of an electricity trading mechanism in Georgia. The general goals and principles of GEMM 2015 were agreed upon by USAID and GOG.

The Georgian electricity sector has made remarkable progress over the last twenty years, advancing from huge losses and blackouts in the 1990s, to collection rates over 90%, generally reliable service and near self-sufficiency today. In spite of the improvements, Georgia still experiences a shortfall of domestic supply in winter and, therefore, the GOG must secure private investment to develop the estimated 20 TWh of untapped hydropower resources the country possesses and promote cross border electricity trading to Turkey and Europe to realize Georgia's electricity export potential.

While investors and developers are willing to sign initial investment commitments, investor access to project financing needed to turn these commitments into reality requires fundamental changes to Georgia's energy governance, regulatory, operating and legislative enabling environments.

Over the last decade the retail electricity rates in Georgia were set at government specified levels with the government providing large subsidies for power plants rehabilitation and operations while on the other hand mandating retail tariffs levels without considering the real of cost of service. That approach led to unanticipated and unwanted consequences. The electricity sector regulatory framework is in dire need of reform, now seeing:

1. Lack of transparency in rate setting process;
2. Poor record on investment into the aging distribution networks
3. Lack of incentive to invest into new generation facilities with too low of a tariff for generation production aimed for sales in the local market
4. No incentives in rates for better utility performance; and,
5. Uncertainty about long term rate stability.

USAID through its Hydropower Investment Promotion Project (March 2010-August 2013) and its Hydro Power and Energy Planning Project (starting September 2013) provides guidance to GNERC in reforming the regulatory framework including development of the USoA for the electricity sector of Georgia. USAID assistance has included development of a regulatory chart of accounts for the electricity sector, instructions to the chart of accounts and capacity building of GNERC and the electricity sector licensees.

In October 2013 Georgia's energy regulator (GNERC) endorsed introducing Regulatory Accounting as a new task. This is a major step forward for Georgia in energy rate stability, transparency, fair allocation of costs to consumers, and elimination of hidden costs in tariffs.

Regulatory accounting or as it is known in the industry, Uniform System of Accounts (USoA), provides a sound basis for recording of expenses and assets in the regulated energy utilities. It includes a detailed chart of accounts and instructions on how to use the chart of accounts so that all expenses can be properly accounted for, audited and used as the basis for setting tariffs.

The USoA has proven to be a good tool for financial management of the utilities and without exception, the increased level of information provided by the USoA to utility management allows for better cost control and insights on the efficiency of their companies. It is a win-win success story as both consumers and investors reap benefits from this proven approach to regulatory oversight.

INTRODUCTION

These Accounting Guidelines on Accounting of Property, Plant and Equipment (PP&E) are the constituent part of Accounting Policy incorporated in Unified System of Accounting for Georgian Power Market Regulated Companies. These guidelines establish the rules and procedures related to PP&E that power market regulated companies shall follow. These Accounting Guidelines on Accounting of Property, Plant and Equipment (PP&E) are the essential part of the USoA that supports tariff development, monitoring, benchmarking and other regulatory information needs.

These Accounting Guidelines shall be applied for recording, maintaining and reporting of financial data using Unified Regulatory Chart of Accounts set by Georgian National Energy Regulatory Commission.

These Accounting Guidelines on PP&E has been developed with the main purpose to insure that attribution to classes or grouping PP&E items, and accounts or records on PP&E are currently maintained by each licensee in uniform manner, from which reports may be made to the Commission for use in licensee monitoring process, determining the cost or expenses for each licensed project etc..

These Accounting Guidelines on PP&E attempts to cover matters such as:

- accounting standards applicable to licensees,
- provide regulatory treatment in those specific areas resulting from the regulatory process, those regulated company shall use for recognition, measurement after recognition, subsequent cost capitalization and maintaining records on PP&E items,
- provide a high level of details on the PP&E classification, classification units, the example items of different classes of PP&E, attribution rules of certain PP&E items to the asset groups and sub-groups

STRUCTURE OF ACCOUNTING POLICY –PROPERTY PLANT AND EQUIPMENT

PART I DEFINITIONS OF TERMS

This article includes terms used in this guideline and provides specific definition and clarification of terms that requires for the purposes of document.

PART II GENERAL ACCOUNTING REGULATION

This article of guidelines provides references to accounting standards applicable to licensees and they have been included to provide context to accounting issues that affect regulatory accounting, and to enhance reporting under the USoA.

PART III ACCOUNTING UNDER ELECTRICITY REGULATION

This article provides references to accounting standards related to PP&E, applicable to regulated company and regulatory treatment in those specific areas resulting from the regulatory process, those regulated company shall use for recognition, measurement after recognition, subsequent cost capitalization and maintaining records on PP&E items.

PART V CLASSES OF PP&E AND PP&E ITEMS ATTRIBUTION PRINCIPLES

This article provides a high level of details on the PP&E classification, classification units, the example items of different classes of PP&E, attribution rules of certain PP&E items to the asset groups and sub-groups

1.0 PART I. DEFINITIONS OF TERMS

For the purposes of these Accounting Guidelines, the following terms shall be treated as followed if no other definition is presented:

Administrative services buildings: The buildings that accommodate the regulated company executive team as well as other administrative functions such as accounting, legal, planning and research, customer services, payroll etc.

Building: Construction that creates a roofed space bounded by walls, columns and / or other filler structure.

Cable lines: Insulated electrical conductor (cable) designated for electricity (capacity) transmission / transfer, which consists of one or several parallel branch and the necessary connection accessories (couplings, potheads and other fittings);

Class: For the purposes of this guideline means grouping of assets of a similar nature and use these assets in a regulated company operations.

Communication Line: Communication line (network) is an electronic communication networks, cable, and radio - relay, satellite lines physical circuits, linear tract and / or the technological system installations, equipment and facilities of the complex.

Constructions: Structural system made from construction materials and wares, which is fixedly connected to ground.

Control Cable: For the purposes of this guideline, cables that are used to transmit information (various types of signals) in the control circuits, measurement, control and accounting, protection and signaling, automation and remote control. They relate the instrument transformers and measuring devices, control devices and control objects, signal devices and alarm system.

Dispatch of Electricity: Electricity Dispatch means technical management of licensees and consumers in order to ensure stable supply and consumption regime, and implementation of a parallel regime of operation of the electricity system of Georgia with electricity systems of (an) other country (countries))

Distribution of Electricity (Network): (New definition to be provided by GNERC)

Distribution (Supply): (New definition to be provided by GNERC)

Regulated Company, Regulated Power Market Company: It is a company that operates in power market and is regulated by Power Market Tariff Regulator, GNERC. In general these companies are engaged in provision of electricity dispatch, transmission, and distribution services as well as electricity generation and sales.

Electric plant: Facilities composed of one or more components (pieces of equipment and other property) connected to or part of a structure or network and designed to provide dispatch, distribution, transmission services and generation of electricity.

Electrical Equipment Voltage Class: It is a Nominal Voltage of the electrical system on which the electrical equipment is designed to work for.

Electrical Equipment: The set of electrical items and (or) electro technical devices intended for performing a given job.

Electrical Installation: The set of interconnected to each other electrical equipment that performs a specific function, such as the production, transformation, transmission, distribution, storage or consumption of electrical power

Fiscal Year: A fiscal year (or financial year,) is a period used for calculating annual financial statements in businesses. The Fiscal Year for the purposes of this instruction refers to twelve months, but requires that the period reported on constitutes defined by the commission period.

Fixed Assets: the same as PP&E

Improvement: The renovation or expansion of the building or structure or increasing the cost of land, In other words the significant change in the construction or conditions of known object that serves to rise up reliability and functionality of object.

Nominal Voltage: It is voltage, the electrical installation (or part thereof) meant for.

Non-Regulated activity: Any business activity that are not regulated by Power Market Regulator.

Overhead transmission line: In the open air placed devices, for the purpose of transmitting/transmission of electricity (capacity) via overhead lines fixed by fixtures and isolator on engineering structures or towers.

Property Plant and Equipment (PP&E): Tangible assets with an expected useful life of more than one year, that are held for use in the process of producing goods or services for sale, that are held for rental to others, or that are held for administrative purposes also commonly referred to as fixed assets (FA).

Regulated Activity: A business activity that is regulated by Power Market Regulator.

Regulation Period, Period of Regulation: The period of time when the regulated company operates in regulated activity. In general, it is the period when tariff is set.

Substation: Electric installation for the purpose of electric energy transformation and conversion.

Technical Service: An activity performed in workshops, plant space, field, service stations and stores associated with the PP&E.

Technical services building: The building that is used to accommodate the part of regulated company's operational personnel and activities performed in workshops, service stations and stores.

Transmission Network: Transmission network means electricity transmission facility, which connects receiving points to delivery points. Transmission Grid includes all transmission facilities operating above 110kV, including substations and transmission lines, also electricity circuits operating at 35 and 110kV, and relevant substations that are specifically identified in the transmission license and are used for the system and inter-system transit of electricity.

Transmission of Electricity: Transmission of Electricity means operation of the transmission network for the purpose of transporting electricity (capacity) through the transmission network from the point of receipt to the point of delivery.

Truck: Intended for cargo transportation vehicle with a maximum authorized mass of which exceeds 3,500 kg.

2.0 PART II. GENERAL ACCOUNTING REGULATION

This article of guidelines provides references to accounting standards applicable to licensees and they have been included to provide context to accounting issues that affect regulatory accounting, and to enhance reporting under the USoA.

A Power Market Regulated Company (Activity) shall refer to the more detailed guidance provided in the IFRS standards providing there is no any conflict with the accounting legislation and other regulatory (commission) decisions.

The Property, Plant and Equipment (PP&E) under Unified System of Accounting for Power Market Regulated Companies shall be treated in accordance with the IAS 16 'Property, Plant and Equipment'. IAS 17' Leases'; IAS 40' Investment Property',

2.1 CLASSES

The break-down of PP&E classes is identical with National accounting regulation and attributed for following long-term tangible assets:

- Land
- Construction in Progress
- Buildings
- Constructions
- Machinery and Equipment
- Office equipment
- Furniture and fixtures
- Vehicles
- Leasehold improvement

For Power Market regulation purpose following classes added:

- Transferring Assets
- Contribution and Grants
- Instruments and Other Long Term Tangible Assets in Operation
- Long Term Tangible Assets Not in Operation (in warehouse)

The stated long-term tangible assets are recognized as assets in operation except following assets:

- Construction in Progress
- Long Term Assets Not in Operation (in warehouse)

Fixed assets in operation are depreciable excluding Land.

Fixed assets that are not in operation are not depreciable.

The break-down of depreciation mirrors the correspondent depreciable fixed assets classification.

3.0 PART III. ACCOUNTING UNDER ELECTRICITY REGULATION

A Company (Activity) shall use these Guidelines for accounting of financial activity that is specific for Power Market Regulation.

3.1 DEFINITION

USoA identifies PP&E classes as related to:

- Electricity Regulated activity
- Non-regulated activity

PP&E that is related to Electricity Regulated Activity is defined by USoA as a tangible asset that is:

- held for use in generation of electricity, provision power market services or for administrative purposes;
- expected to be used for more than one year;
- Consistent with the Power Market Tariff Methodology and other rules adopted by the Power Market Regulator [GNERC].

PP&E that is related to Non-regulated activity is defined by USoA as any other than stated above long-term tangible asset.

3.2 REGULATORY TREATMENT FOR SPARE PARTS AND STAND-BY EQUIPMENT (FIXED ASSETS IN WAREHOUSE)

USoA identifies the major spare parts and stand-by equipment (e.g. transformers and meters) as property, plant and equipment capital assets, if legal document (for instance ' Technical regulation on operational rules for power stations and network') sets mandatory existence of emergency reserves for spare parts and stand by equipment and as it is expected that:

- These items are not held for sale in the ordinary course of business or to be consumed in the production process or rendering of services;
- They have a longer period of future economic benefit as compared to inventory items;
- They form an integral part of the original power market activity (dispatch, transmission, distribution network, distribution supply, generation) plant by enhancing the system reliability of the original plant;
- They embody future economic benefits because they are expected to be placed in service; and;
- Consistent with the Power Market Tariff Methodology and other rules adopted by the Power Market Regulator [GNERC].

3.3 REGULATORY TREATMENT SAMPLES OF ATTRIBUTION OF PP&E

If it is consistent with the Power Market Tariff Methodology and other rules adopted by the Power Market Regulator [GNERC], the Company shall attribute following items to regulated PP&E, such as:

- Land parcels,
- Constructions,

- Transmitting units,
- Equipment and devices,
- Power machinery and equipment,
- Measuring & controlling instruments and devices,
- Computing engineering,
- Means of transport,
- Instruments,
- Production tools and equipment,
- Perennials Internal roads and etc.

As well as:

- In land improvement (amelioration and irrigation works etc.)
- In improvement of leased fixed assets (buildings, structures, equipment, etc.).

Company SHALL NOT attribute following items to regulated PP&E:

- Working tools with useful life less than one year in spite of cost of such items
- Working tools which cost at the date of acquisition is less than 150 GEL.
- Saw with gasoline engine, cutters, seasonal roads, road forks for logging area roads, temporary structures in forest etc.
- Special tools, tooling and instruments (proposed for orders, and used for individual and massive production) in spite of its cost; Also consumable devices (reusable in the process of manufacturing tools and accessories, which usage depend on the manufacturing specification) in spite of cost of such item.
- Overalls, special footwear, bed accessories, in spite of cost and useful life of such item.
- Closing that is proposed to be transferred to personnel.
- Temporary structures, accessories, which construction cost belong to the cost of construction and included in the overhead cost of project.
- Container, tare which used in connection to keep materials and supplies, and in connection to perform technological processes regard on unit acquisition or production costs less than GEL 150.
- Cattle, poultry, rabbit, fur animals, bee's families, as well as experimental animals.
- Perennials that are pulled in the nurseries as for planting materials.
- Asset intended for rent, regardless of the cost.

3.4 REGULATORY TREATMENT OF COST OF AN ITEM OF PROPERTY

Regulatory cost of an item of property, plant and equipment shall be recognized as an asset if, and only if:

- (a) 'It is probable that future economic benefits associated with the item will flow to the entity';
- (b) The cost of the item can be measured reliably; and
- (c) It is consistent with the Power Market Tariff Methodology and other rules adopted by the Power Market Regulator [GNERC].

3.5 REGULATORY TREATMENT OF MEASUREMENT AT RECOGNITION

PP&E should be measured at its cost, which includes:

- (a) 'Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates';
- (b) 'Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management'.
- (c) 'The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.
- (d) 'Borrowing costs, that is directly attributable to the acquisition, construction or production of a qualifying asset that form part of the cost of that asset'.

All measured costs shall be accepted by Power Market Regulator, thus shall be consistent with the Power Market Tariff Methodology and other rules adopted by the Power Market Regulator [GNERC].

3.6 REGULATORY TREATMENT OF MEASUREMENT AFTER RECOGNITION

The commission requires that for regulatory accounting and rate-making purposes, Licensees use original cost (historical acquisition cost) as the basis for reporting property, plant and equipment as well as intangible assets, even though a licensee may for financial reporting elect to report these assets at revalued amounts as permitted by IFRS.

3.7 REGULATORY TREATMENT OF SUBSEQUENT COSTS (CAPITALIZATION)

For Regulatory purposes, expenditures shall be capitalized if it:

- Relate to the acquisition or construction of assets for which benefits will extend beyond the current fiscal year;
- Extend the estimated useful life of an asset; or
- Increase the capacity of an asset, the quality of output and/or may reduce operating costs beyond the current fiscal year;
- Consistent with the Power Market Tariff Methodology and other rules adopted by the Power Market Regulator [GNERC].

Expenditures should be expensed if they:

- Relate to the acquisition of property for which the benefits do not extend beyond one year;
- Do not extend an asset's estimated useful life;
- Do not increase the capacity of an asset or the quality of output; or
- Form part of a regular maintenance program and such program does not extend the life of the asset;

- Consistent with the Power Market Tariff Methodology and other rules adopted by the Power Market Regulator [GNERC]

3.8 REGULATORY TREATMENT SAMPLES OF CAPITALIZATION CRITERIA CAPITAL EXPENDITURES (CAPEX)

The expenditure is capital in nature if it involves: constructing or purchasing a new asset or upgrading, rehabilitating, replacing, modernization, fitting, or performing required comprehensive technical diagnostics of an existing asset.

a) Constructing or purchasing a new asset

For instance, the outright purchase of fixed assets, such as land, a building, a vehicle, machinery, standby equipment, office furniture, etc.

- The entire cost of constructing new additions to physical assets such as transmission lines, distribution facilities, substations, generation facilities etc.
- Site preparation costs
- Materials used
- labor costs
- Testing of various processes in factory
- Consultancy fees re installation of equipment
- Commissioning costs

b) Upgrade existing assets

- An enlargement of existing structures or facilities.
- To increase the capacity of an existing asset.
- A substantial improvement in the facility affecting quality of output or reduces operating costs.

c) Rehabilitate existing assets

- As a general guideline, to determine if a cost falls into this category, one must consider if the expenditures occur on assets that have worn out due to reasonable constant use and require major overhaul for continued use.
- When extraordinary, material unplanned items are incurred they will be considered capital (Restorative maintenance due to the damages incurred by fire, storm or other weather conditions) to insure achievement of life of an asset.
- To extend the life of an asset beyond its normal service life.

d) Replace existing assets

- The substitution of new for existing facilities that are worn out, irreparably damaged, or have been become inadequate in service.
- The substitution having substantially no greater capacity than the facility for which it is substituted.

e) Modernization.

Complex of works on the improvement of the object by substituting its structural elements and systems by more efficient, leading to an increase in the technical level and economic characteristics of the object

f) Technical Diagnostics

Technical diagnostics and examination is a complex of works on determining technical condition and functionality of the object with the corresponding inspection survey or act.

g) Fitting

Fitting is a complex of works on the object to complement technological scheme design by the constructive elements and systems to extend object performance, or improve the qualitative and / or quantity technical and economic indicators.

OPERATION & MAINTENANCE EXPENSES (OPEX)

As a general guideline, to determine if a cost falls into this category, regulated company must refer to guidelines for Revenue, Cost & Expenses

The right of the commission

The commission reserves the right to review the above provided accounting treatment applied and recommend different accounting treatment if deemed appropriate.

3.9 REGULATORY TREATMENT OF ASSET IMPAIRMENT

Where for general purpose financial reporting under IFRS a distributor has recorded an asset impairment loss, for reporting and rate application filings such losses shall be reclassified to PP&E and identified separately to allow consideration of whether and how such amounts are to be reflected in rates.

The commission reserves the right to review the above provided accounting treatment applied and recommend different accounting treatment if deemed appropriate.

3.10 REGULATORY TREATMENT OF ASSET DEPRECIATION

Instruction prescribed herein does not provide prescriptive guidance for the depreciation of property, plant and equipment,

Instruction allows professional judgment to be used in choosing the method that allows depreciation to be recognized in a rational and systematic manner appropriate to the nature of the property, plant and equipment only in case if related tariff methodology or other regulatory decisions doesn't provide perspective guidance.

In above prescribed case, Regulated Company shall select depreciation methods, estimated useful lives and related depreciation rates prescribed in appropriate tariff methodology or other legal document adopted by the Commission.

3.11 REGULATORY TREATMENT OF ASSET DERECOGNITION, DISPOSAL AND RETIREMENT

The gain or loss arising from de-recognition of an item of Regulated PP&E shall be included in profit or loss related to certain regulated activity of regulated company when the item is derecognized.

The commission reserves the right to review the above provided accounting treatment applied and recommend different accounting treatment if deemed appropriate.

3.12 REGULATORY TREATMENT ON BORROWING COST USED DURING CONSTRUCTION

PP&E UNDER CONSTRUCTION

Construction Work-in-Progress is a long-term asset account in which the costs of constructing long-term assets are recorded. The account Construction Work-in-Progress will have a debit balance and will be reported on the balance sheet as part of a company's Property, Plant and Equipment.

At year-end, any property, plant and equipment under construction and related borrowing costs shall be attributed to "Construction in Progress" and reported under property, plant and equipment respectively.

CAPITALIZATION OF BORROWING COSTS

An entity shall capitalize borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. An entity shall recognize other borrowing costs as an expense in the period in which it incurs them".

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are included in the cost of that asset. Such borrowing costs are capitalized as part of the cost of the asset when it is probable that they will result in future economic benefits to the entity and the costs can be measured reliably".

IAS 23: "If temporary investment income is earned on funds borrowed for the specific intent of constructing the asset, the amount capitalized is the actual borrowing costs net of such investment income".

"To the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings".

COMMENCEMENT OF CAPITALIZATION OF BORROWING COSTS

IAS 23 An entity shall begin capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the entity first meets all of the following conditions:

- (a) 'It incurs expenditures for the asset';
- (b) 'It incurs borrowing costs; and'
- (c) 'It undertakes activities that are necessary to prepare the asset for its intended use or sale'.

Suspending and Ceasing the Capitalization of Borrowing Costs

IAS 23 – 'An entity shall suspend capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset'.

IAS 23 – 'An entity shall cease capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete'.

IAS 23 – 'When an entity completes the construction of a qualifying asset in parts and each part is capable of being used while construction continues on other parts, the entity shall cease capitalizing borrowing costs when it completes substantially all the activities necessary to prepare that part for its intended use or sale'.

REGULATORY TREATMENT FOR DIFFERENT PROJECTS UNDER CONSTRUCTION

Different projects under construction should be grouped separately and included in separate subaccounts under the major account. In case of self-construction it's required cost item breakdown by nature.

At fiscal year-end, any property, plant and equipment under construction and related borrowing costs shall be attributed to "Construction in Progress" and reported under property, plant and equipment respectively.

TRANSFERRING TO APPROPRIATE ACCOUNT

When the asset is put into service or when construction is substantially complete, the related items in Construction in Progress should be transferred to the appropriate property, plant and equipment accounts and depreciation shall be calculated from that date.

Where for general purpose financial reporting under IFRS a licensee has recorded Capitalization of Borrowing Costs, for the purposes of reporting and rate application filings requirement such costs shall be identified, be reclassified to PP&E and kept separately to allow consideration of whether and how such amounts are to be reflected in rates.

The commission reserves the right to review the above provided treatment applied and recommend different treatment if deemed appropriate

REGULATORY TREATMENT ON BORROWING COST ELIGIBLE FOR CAPITALIZATION

Where incurred debt is acquired on an arm's length basis, the actual borrowing costs should be used for determining the amount of carrying charges to be capitalized to CWIP for rate making during the period.

Where incurred debt is not acquired on an arm's length basis, the actual borrowing costs may be used for rate making, provided that the interest rate is no greater than the market existed rates. Otherwise, the applicant should use the market rates or published rates.

The Regulated Company based on above provided principals might determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

The commission reserves the right to review the above provided treatment applied and recommend different treatment if deemed appropriate

3.13 REGULATORY TREATMENT OF INVESTMENT PROPERTY

IAS 40 defines "Investment Property"

Investment property is property (land or a building—or part of a building—or both) held (by the owner or by the lessee under a finance lease) to earn rentals or for capital appreciation or both, rather than for:

- (a) Use in the production or supply of goods or services or for administrative purposes; or
- (b) Sale in the ordinary course of business.

Investment property shall be recognized as an asset when and only when:

- (a) It is probable that the future economic benefits that are associated with the investment property will flow to the entity; and
- (b) The cost of the investment property can be measured reliably

Disposal

IAS 40 -"An investment property shall be derecognized (eliminated from the statement of financial position) on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal".

3.14 USOA MAINTAINING RECORDS ON PROPERTY PLANT AND EQUIPMENT

Regulated company shall use instruction prescribed herein to maintain detailed data for all items of PP&E of the licensee. It performs depreciation accruals and provides needed detailed information that might be used in rate making process

This is commonly called the Continuing Property Records (CPR) or Fixed Asset Register and mandatory to companies which performing licensed activities.

The continuing property records should be arranged in conformity with the accounts prescribed in the Uniform System of Accounts.

CPR data structure not limited but should comprise at least:

Asset Information

Items:

- Unique asset number
- Serial number
- Model
- Manufacturer
- Asset Description/(including the vintage)
- Indication of asset nominal voltage
- Supplier
- Purchase order Number
- Invoice Number

Accounting and regulatory compliance

Items:

- Date purchased.
- Date available to use.
- Asset class
- Tax rates.
- Major account asset attributed.
- Subaccount asset recorded
- Possession form.
- Original cost
- Salvage value
- Depreciation Method
- Depreciable amount to the end of period
- Depreciation
- Depreciation rate.
- Accumulated depreciation
- Net book value
- Estimated Useful life

Optional

- Gross amount (at valuation)
- Valuation Basis
- Date of last valuation

Accountability

Items

- Asset custodian
- Asset location
- Activity used for

- Last stock-take
- Next stock-take
- License number
- License expiration date

Asset performance

Items:

- Functionality
- Use
- Current condition
- Warranty and dates
- Warranty conditions
- Capital work orders
- Maintenance work orders

Optional

- Maintenance criteria
- Operational importance
- Life cycle costs

3.15 REGULATORY TREATMENT OF LEASES, CLASSIFICATION OF LEASES AND LEASE CLASSIFICATION CRITERIA

IAS 17 provides a series of primary and supplemental indicators that individually or in combination normally lead to classification as a finance lease and operational leases.

The lessee (regulated company) recognizes the leased asset under financial lease. It qualifies and attributes the leased asset to certain class and functional subgroup of PP&E.

4.0 PART IV. CATEGORIES, CLASSES OF PP&E AND PP&E ITEMS ATTRIBUTION PRINCIPLES

4.1 ASSIGNMENT OF PP&E FOR REGULATED POWER MARKET ACTIVITY

Each Regulated Activity associates with the Power Market Role as following:

- Dispatch
- Transmission
- Distribution (Network)
- Distribution (Supply)
- Generation
- Other

4.2 LAND

Company shall attribute the cost of a property to the 'Land' if it is the land parcels owned in fee by the regulated company.

Do not classify or attribute the cost of a property to the 'Land' the land rights that include the rights, interests, and privileges held by the regulated company in land owned by others, such as easements, water and water power rights, diversion rights, submersion rights, rights of way, and other like interests in land.

The items of cost to be included in the accounts for land are as follows:

- Clearing, filling, grading and drainage cost.
- Conveyances' and notaries' fees.
- Fees, commissions, and salaries to brokers, agents and others in connection with the acquisition of the land rights.
- Appraisals prior to closing title.
- Surveys in connection with the acquisition of the right.
- Title, examining, clearing, insuring and registering in connection with the acquisition of the right.

Company shall not include in the accounts the land costs incurred in connection with first clearing and grading of land and the damage costs associated with the construction and installation of plant. Such costs shall be included in the appropriate plant accounts directly benefitted.

When the purchase of land for regulated activities requires the purchase of more land than needed for such purposes, attribution to the asset group "Land: Electricity Regulated Activity" shall be based upon the total area of the land purchased, less the area of that portion of the land which not to be used in regulated activities after commission approval.

The portion of the land not to be used shall be attributed to PP&E's class 'Long Term Tangible Assets Not in Operation' appropriate asset group.

THE ASSET GROUP 'LAND: ELECTRICITY REGULATED ACTIVITY'

'LAND: ELECTRICITY REGULATED ACTIVITY, DISPATCH'

Company shall attribute the cost of a property to the 'Land: Electricity Regulated Activity, Dispatch' of the land used to place the buildings, constructions, machinery and equipment, transferring assets and other class of property as deemed necessary in operation, used in activities permitted by the terms of License for 'Dispatch' services.- or land used in connection with 'Dispatch' services.

'LAND: ELECTRICITY REGULATED ACTIVITY, TRANSMISSION'

Company shall attribute the cost of a property to the 'Land: Electricity Regulated Activity: Transmission' the land parcels used to place the buildings, constructions, machinery and equipment and transferring assets in operation, used in activities permitted by the terms of License for 'Transmission' services, or land used in connection with 'Transmission' services.

The asset group 'Land: Electricity Regulated Activity, Transmission' comprise further break down to subgroups of voltage classes, 'technical services' and 'administrative'

Land parcels are classified and attributed to sub-groups based on nominal voltage scale that matches scale used in transmission of electricity in Georgia and comprise voltages 500, 400, 330, 220, 110, 35, , 6/10 kV and below.

Land parcels attribution is based on technical and administrative intend of usage.

The general principle that regulated company shall use for attribution of land to subgroups is a direct attribution.

In cases where land parcels used to place and/or used in connection for two or more different nominal voltage (Installation, facility, equipment or structure used for that equipment) and direct attribution judgmental, attribution of land to subgroups shall be based upon the total area of the land assigned to transmission facility, less the area of that portion of the land which used for different nominal voltage equipment if such portion identifiable.

Company, after starting classification of land parcels used to place higher to lower nominal voltage transmission facility, shall distribute the remaining portions to appropriate subgroups based on attribution principles prescribed above and when such portion identifiable.

In cases where land parcels used to place / or used in connection for two or more different nominal voltage (installation, facility, equipment or structure used for that equipment) and direct attribution judgmental and principles for attribution useless, attribution of land to subgroups shall be based on highest nominal voltage facility or equipment placed on that land meant for.

‘LAND: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (NETWORK)’

Company shall attribute the cost of a property to the ‘Land: Electricity Regulated Activity, Distribution (Network)’ the land parcels used to place (assigned to) the buildings, constructions, machinery and equipment and transferring assets in operation, in primarily connection to distribution network operation, activity that permitted by the terms of License for “Distribution”, or land used in connection with ‘Distribution’¹ services.

The asset group ‘Land: Electricity Regulated Activity, Distribution (Network)’ comprise further break down to subgroups of voltage classes, technical services and administrative.

Land parcels are classified and attributed based on nominal voltage scale, that matches to scale used in distribution of electricity in Georgia and comprise voltages 110, 35, 6/10 kV and 380/220 V.

Land parcels attribution is based on - dispatch, technical and administrative usage.

The general principle, regulated company shall use for attribution of land to subgroups is a direct attribution.

¹ It is expected to separate Distribution License by two distinguished activities as ‘Network’ and ‘Supply’.

In cases where land parcels used to place and/or used in connection for two or more different nominal voltage (Installation, facility, equipment or structure used for that equipment) and direct attribution judgmental, attribution of land to subgroups shall be based upon the total area of the land assigned to distribution facility, less the area of that portion of the land which used for different nominal voltage equipment if such portion identifiable.

Regulated company, after starting classification of land parcels used to place higher to lower nominal voltage Distribution facility, shall distribute the remaining portions to appropriate subgroups based on attribution principles prescribed above if and when such portion identifiable.

In cases where land parcels used to place or used in connection for two or more different nominal voltage (installation, facility, equipment or structure used for that equipment) and direct attribution judgmental and principles for attribution useless, attribution of land to subgroups shall be based on highest nominal voltage facility or equipment placed on that land meant for.

‘LAND: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (SUPPLY)’

Company shall attribute the cost of a property to the ‘Land: Electricity Regulated Activity, Distribution (Supply)’ the land parcels used to place (assigned to) the buildings, constructions, machinery and equipment and transferring assets in operation, in primarily connection to ‘Supply’, activity that permitted by the terms of license for ‘Distribution’, or land used in connection with ‘Supply’ services.

‘LAND: ELECTRICITY REGULATED ACTIVITY, GENERATION’

Company shall attribute the cost of a property to the ‘Land: Electricity Regulated Activity, Generation’ the land parcels used to place the buildings, constructions, machinery and equipment and transferring assets in operation, used in activities permitted by the terms of license for ‘Production of Electricity’, or land used in connection with ‘Production of Electricity’.

The asset group ‘Land: Electricity Regulated Activity, Generation’ comprise further break down to subgroups to those land parcels shall be attributed.

Company shall classify the land parcels in accordance with the type of electricity generation technology employed for facilities placed on land parcels and attribution of land parcels to subgroups according purpose of use is mandatory:

- Land: Electricity Regulated Activity, Generation: Hydraulic Power Plants (HPP)
- Land: Electricity Regulated Activity, Generation: Steam Power Plants (Steam only)
- Land: Electricity Regulated Activity, Generation: Co-Generation Power Plants (Steam only for Electricity and Steam)
- Land: Electricity Regulated Activity, Generation: Gas Power Plants (Gas only)
- Land: Electricity Regulated Activity, Generation: Combined Cycle Power Plants (Gas and Steam)
- Land: Electricity Regulated Activity, Generation: Technical Services

- Land: Electricity Regulated Activity, Generation: Administration
- Land: Electricity Regulated Activity, Other

To the functional subgroup “Land: Electricity Regulated Activity, other” shall be attributed land qualified as Regulated PP&E in operation, used in activities permitted by the terms of license not listed herein.

4.3 CONSTRUCTION IN PROGRESS

Company shall attribute the cost of a property to ‘Construction in Progress’ when the project for building, construction, assembling and other similar developments for new property is not completed by the end of fiscal year.

It includes the projects with unexecuted acceptance and transferring acts and other documents required by the law (including documents confirming state registration of real estate in cases established by law).

It also includes equipment proposed to enter in operation only after the assembly, major spare parts, energy technological and industrial equipment that requires mounting or installation and intended to be installed in newly constructed (reconstructed) facilities.

The example items of cost that shall be capitalized in ‘Construction in Progress’:

- Contract work
- Labor
- The cost of materials and supplies
- The cost of individual items of equipment of small value or of short life.
- The cost of transportation.
- The cost of special machine service.
- The cost of workshop service.
- The cost of rents.
- The cost of engineering and supervision
- The cost of engineering services
- Interest cost on used funds which are allowed to be capitalized.
- The cost of abnormal amounts of wasted material, labor, or other resources incurred in self-constructing an asset is not included in the cost of the asset.

Usual breaks down the ‘Construction in progress: Electricity Regulated Activity’ to:

- Construction in progress Electricity Regulated Activity, Dispatch
- Construction in progress: Electricity Regulated Activity, Transmission
- Construction in progress: Electricity Regulated Activity, Distribution (Network)
- Construction in progress: Electricity Regulated Activity, Distribution (Supply)
- Construction in progress: Electricity Regulated Activity, Generation
- Construction in progress: Electricity Regulated Activity, Other

Company shall record the Construction in progress if the amount of capital investment is accepted by Power Market Regulator and it is consistent with the Tariff Methodology and other rules adopted by Power Market Regulator.

Company will be responsible for supplying information on projects as requested by the Commission during the tariff application and/or monitoring process of regulated company.

4.4 BUILDINGS

Company shall attribute the cost of a property to 'Building' if the construction has a roofed space bounded by walls, columns and / or other filler structure (i.e. permanent buildings to house equipment or safeguard persons) and includes all fixtures permanently attached to and made part of a building.

The classification and attribution object is each detached building. If the building are adjacent to each other and have a common wall, but each is an independent constructive unit, they are considered as separate objects.

The example items of cost that shall be capitalized in 'Buildings':

- Architects' plans.
- Civil works.
- Geological Survey for foundations.
- Foundations'
- Items of equipment which are associated with and form part of the building, such as plumbing, light, heat, ventilating and elevator, also special foundations and equipment piers for machinery or apparatus constructed as a permanent part of a building.
- Landscaping, lawns, shrubbery.
- Sidewalks and pavements pertaining to the buildings
- Clearing, filling, grading and drainage cost.
- Interest cost on used funds which are allowed to be capitalized.
- The cost of abnormal amounts of wasted material, labor, or other resources incurred in self-constructing an asset is not included in the cost of the asset.

Company shall not attribute the cost of a property to 'Building' if it is a barn and shed for keeping animals and livestock, wells, sheds without walls, greenhouses, shady canopies, lightning rods, chimney when not a part of building, fencing surrounding buildings or transformer station equipment and distribution station equipment. Such property should be attributed to appropriate class of PP&E directly benefitted.

The example items of different type of buildings:

- High-rise & multistory building, residential building
- Barrage and underground buildings.
- Two-storied buildings designated for various purposes.
- Stack type multistory building, for special technological purposes. (Housing for concentrators, crushing, grinding, chemical plants and other similar facilities)
- Bomb shelters.
- One-storied building, wireframe one-storied building.
- Panel-gluing with encasement buildings

- Wireframe and panel-mounted, container, frame-encased, frame-panel and panel, awnings with walls, arch type warehouses, metal and test stations buildings
- Building made from film materials (inflatable, tent-roofed and other)
- Demountable and displaceable buildings.
- Environmental enclosure, public lavatory, composting toilet, telephone box, shanty, kiosk, pavilion, cafeteria, canteen type buildings.
- Storage for goods, materials and supplies.

Usual breaks 'Buildings: Electricity Regulated Activity' down to:

- Buildings: Electricity Regulated Activity, Dispatch
- Buildings: Electricity Regulated Activity, Transmission
- Buildings: Electricity Regulated Activity, Distribution (Network)
- Buildings: Electricity Regulated Activity, Distribution (Supply)
- Buildings: Electricity Regulated Activity, Generation
- Buildings: Electricity Regulated Activity, Other

'BUILDING: ELECTRICITY REGULATED ACTIVITY, DISPATCH'

Company shall attribute the cost of a building (premises) to the 'Buildings: Electricity Regulated Activity, Dispatch' when it is used to house equipment or safeguard persons, accommodate regulated company operational and administrative personnel and activities performed in workshops, service stations and stores as deemed necessary in operation, to use primarily in activities permitted by the terms of license for 'Dispatch' services or used in connection with 'Dispatch' services.

'BUILDING: ELECTRICITY REGULATED ACTIVITY, TRANSMISSION'

Company shall attribute the cost of a building (premises) to the 'Buildings: Electricity Regulated Activity, Transmission' when it is used to house equipment or safeguard persons, accommodate regulated company operational and administrative personnel and activities performed in workshops, service stations and stores as deemed necessary in operation, to use primarily in activities permitted by the terms of license for 'Transmission' services or used in connection with 'Transmission' services.

Buildings is classified and attributed to subgroups based on nominal voltage scale that matches scale used in transmission of electricity in Georgia and comprise voltages 500, 400, 330, 220, 110, 35, 6/10 kV and below.

Buildings attribution is based on technical and administrative usage.

The general principle, regulated company uses for attribution of buildings to subgroups is a direct attribution.

In cases where buildings used in connection to house two or more different nominal voltage energy and electro technical equipment and direct attribution judgmental, attribution of building to subgroups shall be based upon the higher nominal voltage of equipment this building used to house for.

'BUILDING: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (NETWORK)'

Company shall attribute the cost of a building (premises) to the 'Buildings: Electricity Regulated Activity, Distribution (Network)' when it is used to house equipment or safeguard persons, accommodate regulated company operational and administrative personnel and activities performed in workshops, service stations and stores as deemed necessary in operation, to use primarily in activities permitted by the terms of license for 'Distribution (Network)' services or used in connection with 'Distribution (Network)' services.

Buildings is classified and attributed based on nominal voltage scale, that matches to scale used in distribution of electricity in Georgia and comprise voltages 110, 35, 10, , 6 kV and 380/220 V.

Building attribution is based on dispatch, technical and administrative usage.

A general principle, regulated company use for attribution of building to subgroups is a direct attribution.

In cases where Buildings used in connection to house two or more different nominal voltage electro technical equipment and direct attribution judgmental, attribution of building to subgroups shall be based upon the higher nominal voltage of equipment this building used to house for.

'BUILDING: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (SUPPLY)'

Company shall attribute the cost of a building (premises) to the 'Buildings: Electricity Regulated Activity, Distribution (Supply)' when it is used to house equipment or safeguard persons, accommodate regulated company operational and administrative personnel and activities as deemed necessary in operation, to use primarily in activities permitted by the terms of license for 'Distribution (Supply)' services or used in connection with 'Distribution (Supply)' services.

'BUILDING: ELECTRICITY REGULATED ACTIVITY, GENERATION'

Company shall attribute the cost of a building (premises) to the 'Buildings: Electricity Regulated Activity, Generation' when it is used to house equipment or safeguard persons, accommodate regulated company operational and administrative personnel and activities performed in workshops, service stations and stores as deemed necessary in operation, to use primarily in activities permitted by the terms of license for 'Generation' services or used in connection with 'Generation' services.

Company shall attribute a building to the type of electricity generation technology employed, general technical services, and administration as:

- Building: Electricity Regulated Activity, Generation: Hydraulic Power Plants (HPP).
- Building: Electricity Regulated Activity, Generation: Steam Power Plants (Steam only).
- Building: Electricity Regulated Activity, Generation: Co-Generation Power Plants (Steam only for Electricity and Steam).

- Building: Electricity Regulated Activity, Generation: Gas Power Plants (Gas only).
- Building: Electricity Regulated Activity, Generation: Combined Cycle Power Plants (Gas and Steam).
- Building: Electricity Regulated Activity, Generation: Technical Services.
- Building: Electricity Regulated Activity, Generation: Administration.

4.5 CONSTRUCTIONS

Company shall attribute the cost of a property to 'Constructions' if it is structure made from construction materials and wares, which is fixedly connected to ground i.e. the output of engineering, designed to perform various functions, having no premises for residence and (or) human activities, not provide accommodation of production facilities, storage of products or keeping animals.

The classification and attribution object is each separate construction with all the devices that form single whole with it.

The example items of cost that shall be capitalized in 'Construction':

- Contract work that includes amounts paid for work performed under contract by other companies, firms, or individuals, and the inspection of the work.
- Labor cost that includes the pay and expenses of employees of the regulated company engaged in construction work.
- The cost of materials and supplies that includes the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation, the related stores expenses, and the cost of fabricated materials from the regulated company's shop.
- The cost of individual items of equipment of small value or of short life, including small portable tools and implements if the items are consumed directly in construction work.
- The cost of transportation that includes the cost of transporting employees, materials and supplies, tools, purchased equipment, and other work equipment (when not under own power) to and from points of construction. It includes amounts paid to others as well as the cost of operating the regulated company's own transportation equipment.
- The cost of special machine service that includes the cost of labor (optional), materials and supplies, depreciation, and other expenses incurred in the maintenance, operation and use of special machines, such as steam shovels, pile drivers, derricks, ditchers, scrapers, material unloaders, and other labor saving machines; also expenditures for rental, maintenance and operation of machines of others.
- The cost of workshop service that includes the proportion of the expense of the regulated company workshop structural unit assignable to construction work.
- The cost of Engineering and supervision that includes the portion of the pay and expenses of engineers, surveyors, draftsmen, inspectors, superintendents and their assistants applicable to construction work.

- The cost of Engineering services that includes amounts paid to other companies, firms, or individuals engaged by the service company to plan, design, prepare estimates, supervise, inspect, or give general advice and assistance in connection with construction work.
- Interest cost on used funds which are allowed to be capitalized
- The cost of abnormal amounts of wasted material, labor, or other resources incurred in self-constructing an asset is not included in the cost of the asset.

Company shall not attribute the cost of a property to 'Construction' if it is a power lines and lines for electrical communication, mains for oil & gas, water and other substances, fiber optic cables for telecommunication etc. Such property should be attributed to appropriate class of PP&E directly benefitted.

The example items of different type of constructions:

- Waterworks:
 - Dams at power plants.
 - Dam of reinforced concrete, made from concrete and stone massive weirs and water intakes
 - Thin-walled spillways, sumps , aqueducts , flumes , inverted siphons and other water-conducting structures, fish- and fish protection structures and reinforced concrete
 - Penstocks and surge tanks:
 - Bypass galleries, Diversion channels for HPP's and PSP's
 - Protecting structure
 - Earthen protective levees without facing.
 - River bank reinforcement and protecting structures made from reinforced concrete, concrete & stone.
 - All kinds of regulating structures.
 - Reservoirs at earth dams.
 - Spillway and outlet structures in ponds.
 - Straightening structures made from concrete
 - Hydro-technical structures on canals.
 - Aqueducts.
 - Weir.
 - Earthen channels
 - Internal water catchment (drainage and sewerage) and discharge network of open earthen channels
- Constructions of transport, communications and other industries.
 - Reinforced concrete bridges, made from concrete and stone of all types and designs.
 - Tubes and trays of reinforced concrete, concrete, stone and cast iron
 - Bridges, metal
 - Corrugated steel pipes.
 - Supporting and protective structure of stone, concrete and reinforced concrete (landslide, avalanche, retaining, dress up, catching the wall, gallery, shelves, trenches, etc.)
 - Regulatory fortifications and bridges

- Crane ways.
- Driveways and other railroad way.
- Production roads, the sites and airfields (cover).
- Pit.
- Permanent protective fences.
- Removals.
- Pedestrian bridges and tunnels.
- Railway platforms.
- Loading areas.
- Access road and railroads.
- Motor roads
- Ford.
- Mechanized slag cleaning device
- Permanent Snow break fences :
- Coastal navigation signs, Road signs
- Close drains
- Collector
- Telephone, other communication and power cable channeling
- Runway, Sidewalk
- Tier and underground (when not a part of building) car park.
- Construction-Recreation facilities.
 - Green theaters, stage music sink, dance halls, reading rooms, pavilions
 - Attractions of all kinds; vases, sculptures, benches, decorative urns, drinking column (fountains), arbor
 - Fountains, pools
 - Other structures, including platforms, walkways, railings, stairs, capital stands, cages, cells, panels, flagpoles, paintings
 - Alpine slides:
- Construction-Sports facilities
 - Sports facilities
 - Tribunes of stadium
 - Coatings of sports facilities, playgrounds and fields:
- Constructions for special purposes
 - Coastal strip for recreation areas
 - Shadow canopies, changing cabins
 - Lightning rods
 - Fire Tower:
- Constructions - Surface and underground capacitive reservoirs and tanks
 - Storage tanks for diesel fuel and lubricants.(concrete &metal)
 - Oil storage tanks.
 - Bitumen storage, concrete and metal reservoirs
 - Underground tanks to drain heavy residues.
 - Reservoirs and tanks (reinforced concrete) for the chemical industry;
 - Surface and underground reservoirs and tanks for liquefied gases

- Constructions - Antenna feeder systems, masts, towers
 - Antenna-feeder systems range of low, medium, high frequency reception-transmission.
 - Fully steerable satellite antennas
 - Steel and concrete tower, steel mast and metal constructions used as antenna supports.
 - Antenna concrete supports
 - Lighting masts.
 - Mast on the foundation of the windmill.
- Other Constructions
 - Sand trap, aerator-clarifier unit, flotation units
 - Bio filter, aero filter
 - Sludge area
 - Sand area
 - Filtration field, sewage farm
 - Sewer outfall
 - Artesian well
 - Water intake for underground sources
 - Water-purification plant
 - Constructions for water aeration
 - Cooling stack
 - Sprinkler
 - Stalk, chimney
 - Water tower
 - Shaft, mine
 - Coal Bin
 - Correction pool
 - Bore well.
 - Sheds without walls
 - Fences (closure) gate (wicket)
 - Storage structure for waste products.
 - Greenhouses

USoA breaks 'Construction; Electricity Regulated Activity' down to:

- Construction: Electricity Regulated Activity, Dispatch
- Construction: Electricity Regulated Activity, Transmission
- Construction: Electricity Regulated Activity, Distribution (Network)
- Construction: Electricity Regulated Activity, Distribution (Supply)
- Construction: Electricity Regulated Activity, Generation
- Construction: Electricity Regulated Activity, Other

'CONSTRUCTION: ELECTRICITY REGULATED ACTIVITY, DISPATCH'

Company shall attribute the cost of a construction to 'Constructions: Electricity Regulated Activity, Dispatch' when it is used to create the conditions, necessary to carry out the activities permitted by the terms of 'Dispatch' license, by performing

various technical and non-production-related functions, or used in connection with 'Dispatch' services.

'CONSTRUCTION: ELECTRICITY REGULATED ACTIVITY, TRANSMISSION'

Company shall attribute the cost of a construction to 'Constructions: Electricity Regulated Activity, Transmission' when it is used to create the conditions, necessary to carry out the activities permitted by the terms of 'Transmission' license, by performing various technical and non-production-related functions, or used in connection with 'Transmission' services.

Constructions for transmission is classified and attributed to sub-groups based on nominal voltage scale that matches scale used in transmission of electricity in Georgia and comprise voltages 500, 400, 330, 220, 110, 35, 6/10 kV below.

Constructions attribution is based on technical and administrative usage.

The general principle, regulated company shall use for attribution of constructions to sub-groups is a direct attribution.

In cases where construction used in connection to two or more different nominal voltage or it is part of the complex of structurally articulated different nominal voltage facilities and direct attribution judgmental, attribution of constructions to subgroups shall be based upon the higher nominal voltage of equipment or the complex of facilities meant for.

'CONSTRUCTION: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (NETWORK)'

Company shall attribute the cost of a construction to 'Constructions: Electricity Regulated Activity, Distribution (Network)' when it is used to create the conditions, necessary to carry out the activities permitted by the terms of 'Distribution (Network)' license, by performing various technical and non-production-related functions, or used in connection with 'Distribution (Network)' services.

Constructions is classified and attributed based on nominal voltage scale, that matches to scale used in distribution of electricity in Georgia and comprise voltages 110, 35, 10, 6 kV and 380/220 V.

Constructions attribution is based on dispatch, technical and administrative usage.

A general principle, regulated company use for attribution of constructions to sub-groups is a direct attribution.

In cases where construction used in connection to two or more different nominal voltage or it is part of the complex of structurally articulated different nominal voltage facilities and direct attribution judgmental, attribution of constructions to sub-groups shall be based upon the higher nominal voltage of equipment or the complex of facilities meant for.

'CONSTRUCTION: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (SUPPLY)'

Company shall attribute the cost of a construction to 'Constructions: Electricity Regulated Activity, Distribution (Supply)' when it is used to create the conditions, necessary to carry out the activities permitted by the terms of 'Distribution (Supply)' license, by performing various technical and non-production-related functions, or used in connection with 'Distribution (Supply)' services.

'CONSTRUCTION: ELECTRICITY REGULATED ACTIVITY, GENERATION'

Company shall attribute the cost of a construction to 'Constructions: Electricity Regulated Activity, Generation' when it is used to create the conditions, necessary to carry out the activities permitted by the terms of 'Generation' license, by performing various technical and non-production-related functions, or used in connection with 'Generation' services.

Company shall attribute a construction to the type of electricity generation technology employed, general technical services, and administration as:

- Construction: Electricity Regulated Activity, Generation: Hydraulic Power Plants (HPP).
- Construction: Electricity Regulated Activity, Generation: Steam Power Plants (Steam only).
- Construction: Electricity Regulated Activity, Generation: Co-Generation Power Plants (Steam only for Electricity and Steam).
- Construction: Electricity Regulated Activity, Generation: Gas Power Plants (Gas only).
- Construction: Electricity Regulated Activity, Generation: Combined Cycle Power Plants (Gas and Steam).
- Construction: Electricity Regulated Activity, Generation: Technical Services.
- Construction: Electricity Regulated Activity, Generation: Administration.

4.6 MACHINERY AND EQUIPMENT

Company shall attribute the cost of a property to machinery and equipment if the fixed or movable tangible assets used for operations such as transforming, conversing and converting energy, materials and information.

Company shall depending on the primary (prevailing) purpose of use of devices, installation, apparatus and equipment attribute to the class of 'Machinery and equipment':

- Energy Equipment,
- Material-working machinery and Machine tool,
- Information technology equipment:
 - Communication Systems Equipment (stationary),
 - Instrumentation (mounted),
 - Computing machinery (only when an integral part of industrial system or installation).

The example items of cost that shall be capitalized in 'Machinery and Equipment':

- Purchase price
- Investigation and inspection expenses necessary to such purchase,
- Expenses of transportation when borne by the regulated company,
- Labor employed,
- Materials and supplies consumed,
- Expenses incurred by the regulated company in unloading.
- Placing the equipment in readiness to operate.
- Also costs incurred in connection with the first clearing and grading of land and damage costs associated with installation or mounting of equipment
- Angle irons and similar items which are installed at the base of an item of equipment,
- Interest cost on used funds which are allowed to be capitalized.
- The cost of abnormal amounts of wasted material, labor, or other resources incurred in installation or assemblage an asset is not included in the cost of the asset.

Company shall not attribute the cost of a property to 'Machinery and Equipment' if it is computing machinery and clerical aids, tools, implements used in construction, repair work, general shops and garages. Such items shall be attributed to appropriate class of PP&E directly benefitted.

Energy equipment (power machine) is a machine that produces electricity and heat (generators), or transforms the energy of any kind (hydro, wind, thermal, electrical, and so on) into mechanical (motor) or other standard of electrical energy (transformers). The examples of such equipment are boiler installation, various turbines, electric motors, transformers, etc.

Classification and attribution a property of Energy Equipment shall be applied on each machine (if it is not a constituent or inseparable part of another object), including its constituent attachments, accessories, appliances, enclose, casing and, foundations.

Material-working machinery & Machine tool is a machine tool , machine and other types of equipment designed for mechanical, thermal and chemical force on the object (object to be processed), which can be solid , liquid or gaseous state, in order to change its shape, properties, condition or position.

Thus, to the working machinery and equipment regulated company shall attribute all types of process equipment, including automatic machinery and equipment for the production of industrial products, non-self-propelled construction, storage, of water supply and sewerage, sanitation and other types of machinery and equipment, except energy and information technology equipment.

Classification and attribution a property to working machinery and machine tool shall be applied on each machine, apparatus, installation, etc., including the constituent accessories, instrumentation, instruments, electrical equipment, individual fences and foundations.

Information technology equipment is a communication, control and instrumentation equipment, computing machinery, means of visual and acoustic information display, information storage media, Information technology equipment intended for conversion and storage of information.

Communication Systems Equipment (stationary) is a terminal devices (transmitter and receiver) devices of commutation system: station, junction points used to transmit any kind of information (voice, alphanumeric, visual, etc.) signals transmitted through the wires and cables, optical fibers, or radio signals, i.e. equipment for carrier-current communication, telephone, telegraph, facsimile, coded communication, cable radio and television.

Instrumentation (mounted), is a mounted measuring instrument for analyzing , processing and representing information (instruments and apparatus for measuring thickness, diameter, area, mass, time intervals , pressure, speed, flow, rounds, power, voltage, current, and other variables, devices for controlling production and nonproduction processes (electric, pneumatic and hydraulic regulator devices), hardware lock, linear devices supervisory control and signaling equipment, central and translational points of supervisory control.

Computing Engineering (only when an integral part of industrial system or installation) is an equipment and devices designed to automate the process of storage, retrieval and processing of data associated with the solution of various tasks when such equipment is an integral part of specific system or installation.

USoA breaks 'Machinery and Equipment: Electricity Regulated Activity' down to:

- Machinery and Equipment: Electricity Regulated Activity, Dispatch
- Machinery and Equipment: Electricity Regulated Activity, Transmission
- Machinery and Equipment: Electricity Regulated Activity, Distribution (Network)
- Machinery and Equipment: Electricity Regulated Activity, Distribution (Supply)
- Machinery and Equipment: Electricity Regulated Activity, Generation
- Machinery and Equipment: Electricity Regulated Activity, Other

'MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, DISPATCH'

Company shall attribute the cost of a machinery or equipment (Energy Equipment, Material-working Machinery and Machine tool, Information technology equipment) to the 'Machinery and Equipment: Electricity Regulated Activity, Dispatch' when it is used in activities permitted by the terms of License for 'Dispatch' services or used in connection with 'Dispatch' services.

The example items of different type of machinery and equipment for dispatch:

- Installed (mounted) Equipment.
 - Central Dispatch Board.
 - Simplified Dispatch board.
 - Supervisory panel.

- Dispatch commutation switch.
- Astronomical Clock.
- Synchronous Clock.
- Recorder board.
- An information processing apparatus
- A display devices
- HMI
- Power supply lead-in distributive panels,
- Telemetry panels,
- Means of remote control and remote signaling,
- Means of emergency and safety alarm systems.
- Means of frequency and power capacity automatic control systems.
- Lead-in testing equipment and devices of switching unit.
- Panels of repeater relays indicating relays of Dispatch board.
- Fieldbus Interface cabinet and interposing relays
- Temperature and humidity measuring sensory devices and panels.
- Substation automation control digital devices and integration devices.
- Power Line Carrier Equipment (PLC).
- Radio Communication equipment
- Networking Equipment
- Relay protection devices and cabinets.
- Anti-wreck systems(binary modules, automation closet, devices, recorders)
- Accumulator plant, charging and discharging equipment.
- SCADA/EMS computer hardware
 - Energy Management System (EMS) hardware
 - Supervisory Control and Data Acquisition (SCADA) system hardware
 - Peripheral equipment
 - Networking components
- Installed (mounted) apparatus
 - Discriminating attachment
 - Analyzer set
 - Detector interference voltage
 - Crosstalk set
 - Visual device for crosstalk measuring
 - Line pulse measuring device
 - Cable device
 - Distortion meter
 - Oscilloscope
 - Arrester test device
 - Device for measuring
 - Resistance of ground path
 - Ampere-voltmeter
 - Mobile balance contour
 - Measuring Suitcase
 - Bridge for measuring electrical impedance
 - frequency meter

- Universal neper meter
- Bank of resistors
- Capacitance box
- Inductance box
- Cable localizer
- Portable earthling meter
- Device for measuring roaming current
- Universal breakdown rigging
- Autotransformer
- Balanced-to-unbalanced transformer
- Universal bridge
- Set of devices for capacitance of asymmetry measuring
- High-resistance ohmmeter, insulation tester
- Instrumentation
 - Instrumentation for power line carrier channels.
 - Instrumentation for ultra-short waves radio (USW).
 - Instrumentation for automatic-telephone system and apparatus for distant automatic communication of power systems
 - Measuring instruments for devices of remote control.
- System Operation Center Workshop Equipment
 - Tool making workbench
 - Screw machine
 - Lathe machine
 - A desktop Drill Press
 - Universal Milling Machine
 - Winding machine
 - Jig saw with the electric drive
 - Sharpener
 - Hand screw press

'MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, TRANSMISSION'

Company shall attribute the cost of a machinery or equipment (Energy Equipment, Material-working Machinery and Machine tool, Information technology equipment) to the 'Machinery and Equipment: Electricity Regulated Activity, Transmission' when it is used in activities permitted by the terms of License for 'Transmission' services or used in connection with 'Transmission' services.

Machinery and Equipment for transmission is classified and attributed to sub-groups based on nominal voltage scale that matches scale used in transmission of electricity in Georgia and comprise voltages 500, 400, 330, 220, 110, 35, 6/10 kV and below.

Machinery and equipment attribution is based on technical and administrative usage.

The general principle, regulated company shall use for attribution of machinery and equipment to sub-groups is a direct attribution.

In cases where machinery used in connection to two or more different nominal voltage or it is part of the complex of structurally articulated different nominal voltage

facilities and direct attribution judgmental, attribution of machinery and equipment to sub-groups shall be based upon the higher nominal voltage of equipment or the complex of facilities meant for.

SUBSTATION EQUIPMENT

Company shall attribute the cost of property to electric installations and equipment, apparatus and devices designed for receiving, control transformation and conversion of electrical energy, consisting of:

- Bus compartments, concrete, brick, and sectional steel, including items permanently attached thereto.
- Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters, and accessory equipment.
- Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, and disconnect switches
- Conversion equipment, including transformers, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections
- Fixed and synchronous condensers, including transformers, switching equipment blowers, motors and connections.
- Foundations and settings (when not a part of building) specially constructed for and not expected to outlast the apparatus for which provided.
- General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.
- Platforms, railings, steps, gratings, etc. appurtenant to apparatus listed herein.
- Control equipment, Switchboards, including control wiring, etc.

The example items of different type of equipment for transmission:

- Open Switchgear 6-500 kV²
 - Transformers and autotransformers
 - Transformers for voltage regulation
 - Transformers Cooling System
 - Oil Reactor
 - Shunt (included controlled) and arc-suppressing reactors
 - Current-limiting reactors
 - Transformers, reactors and disconnect switches bushing, leading-in connections.
 - Complete leads.
 - Resistor installations.
 - Capacitive, capacitive-inductive installations for reactive power compensation
 - Filter- compensative installations.
 - Current Transformer.

² For Distribution Substation It shall be 6-110kV

- Voltage Transformer.
- Air Circuit-breaker.
- Oil Circuit Breaker.
- Disconnect switch.
- Separator.
- Grounding System.
- Shorting plug.
- Surge absorber Arrester Discharger and Surge Suppressor
- Fuses
- Bus support and Stand-off insulators
- Bushing - lead-in insulator and oil-filled linear entrance bushing
- Suspension (supporting) stings
- Flexible bus bar
- Rigid bus bar
- Slopes, loops and straps
- Suspended conductors on generators voltage
- Complete transformer substations and equipment for sections of Complete Substations--(КТП)
- Complete distribution appliances (КРУ) 6-10 kV
- Sectional Complete distribution appliances (КРУ) 110 kV
- An indoor switchgear 35-220 KV
 - Insulators
 - Disconnecting switch
 - Switches
 - Flexible bus bar
 - Aluminum Bus bar
- An indoor switchgear 3-20KV
 - Insulators
 - Current Transformer
 - Voltage Transformer
 - Single-pole switch
 - Three-pole Switch
 - Drive mechanisms on switches
 - Load break
 - Oil Circuit Breaker
 - Air Circuit-breaker
 - Fuses
 - Transformers, Autotransformers and Reactors
 - Concrete Reactors
 - Surge absorber -arrester discharger
 - Static capacitors and Capacitor Banks
 - Bus bar – one/two/three/four band on phase
 - Branched Buses - one/two/three/four band on phase
 - Round Buses
 - Unshielded/shielded conductors made from Aluminum - Buses
 - Bus runs bridges for Assembled Switchgear
 - Clips type-setting
 - Chambers of assembled switchgear

- Unilateral service Prefabricated chambers
- Assembled Switchgear cabinets
- Complete transformer substations (КТП)
- Fences, hob and metal structures under equipment.
- Converters
 - Converters
 - Cabinets for control and regulation
 - Cabinets with quick-acting appliances
 - Heat exchangers for rectifying devices
 - Automatic rectifying appliances
- Electric machine
 - Synchronous condensers.
 - Motor generator sets.
 - Motors.
- Start up and control devices.
- Low voltage devices
 - Generators of reserve power supply sources
 - Substation low voltage complete equipment and devices
 - Auxiliaries of substation panels, boards and switchgear
 - Switching devices, including automatic circuit breaker initiator, starter etc.
 - Equipment and uninterruptible power supply systems
 - DC board, and mounted installations of control and operation
 - Buses (main and distributive)
 - Panels and Boards, switchboard apparatus
 - Electric measuring instruments
 - Sensor, transducers and converters of special measuring. (Vibration, gas composition etc.)
 - Sensor, transducers and converters of electric quantity.
- Outdoor lighting equipment and devices
- Control equipment, Switchboards, including control wiring, etc.
 - Panels and Boards, switchboard apparatus
 - Electric measuring instruments.
 - Sensor, transducers and converters of special measuring. (Vibration, gas composition etc.)
 - Sensor, transducers and converters of electric quantity.
- Tools and appliances.
- Accumulator plant
 - Batteries (acid stationary) and battery charging equipment
 - Shelves for battery
 - Lead in boards to accumulator plant room.
- Meters.

TRANSMISSION AUTOMATION AND RELAY PROTECTION

Company shall attribute the cost of property to automation and relay protection systems that consists of single or multiple protective measuring relays plus auxiliary devices providing scheme logic functions and act for quick recovery of power switching backup power supply and switchgear sectioning.

The Example Items of Automation and Relay Protection System:

- Program Logic Controllers.
- Networking Equipment.
 - Concentrators-hub,
 - Repeater.
 - Switches.
 - Router.
 - Transmission interface converter.
 - Network gateway.
 - Network adapter.
 - Bridges.
 - Multiplexer.
 - Firewall.
 - Modem.
 - Cable wiring (hard wired method)
- Cordless network
 - Bluetooth Devices
 - WLAN Devices
 - Zig Bee Devices
- Input-output units (modules)
 - Analog input
 - Input modules of current and voltage
 - Thermocouples
 - Resistance of thermal converter
 - Strain gages
 - Output of analog signals
 - Input of discrete signals
 - Output of discrete signals
 - Input for frequency, period and pulse counting
 - Motion control modules
- Computing engineering in automation
 - Computers as an Program logic Controllers
 - Computers to interface with operator (HMI)
 - Industrial computer
- Automatic reclosing devices
- Emergency automation devices
- Bay controller Device
- Digital Fault Recorder Device
- Distance Protection Device
- Circuit-Breaker Management Device
- Overcurrent Protection for Line Device

- Differential and Distance Protection Device
- Differential Protection Device
- Fire and thermal protection devices
- Relays, Panels and enclosures, switches.
- Relay cases, mounting hardware, terminations, isolating devices and wiring.
- Control cables.
- Transducers, transmitters.
- Synchronization equipment.
- Instrument transformers.
- Signalization devices, mounting hardware, terminations, isolating devices and wiring.
- Other miscellaneous mounting and connecting equipment,
- Measuring and auxiliary relay cases,
- Mounting hardware, terminal blocks, crimps, current links, and fuses; AC current switches, DC blocking switches, AC wiring, DC wiring, and panel interconnecting cables.

TRANSMISSION METERING

Company shall attribute the cost of property to metering equipment that can be used for the purposes of revenue metering, interchange metering and generation integration metering.

The example items for metering equipment include:

- Different type of meter
- Enclosure to house meter and its supports
- Instrument transformers
- Connection and communication devices and wiring
- Cost of installation, testing and calibration.
- Meter panels

Company shall not qualify meters and appropriate equipment for recording output of a generating station, substation meters, etc. as for 'Transmission metering'. Such assets should be attributed to the sub-group of property directly benefited.

TRANSMISSION OPTIC COMMUNICATION USE OF SEPARATE CABLES (FIBER OPTIC)

Company shall attribute the cost of property to communication equipment used to acquire or share live data and information and transmit over suitable communication medium - fiber optic cable to operate and protect transmission network.

The example items of communication equipment optic communication use of separate cables.

- Remote Terminal Units (RTU) consist:
 - Central processing unit (CPU), modules, volatile memory and nonvolatile memory
 - Panels and enclosures

- Cases, mounting hardware, terminations, isolating devices and wiring
- Multiplexor and amplifier
- Power supply with a backup battery,
- Surge protection,
- Cabinets, cases,
- Mounting hardware, terminations, isolating devices and wiring.
- Other auxiliary equipment.

TRANSMISSION OTHER COMMUNICATION

Company shall attribute the cost of property to communication equipment used other than intended to acquire, receive and transmit data over suitable communication medium - fiber optic cable that used in connection to transmission of electricity.

- Power Line Carrier Equipment (PLC) to acquire or share live data, information and transmit over suitable communication medium HV overhead conductors.
 - Terminal equipment (e.g., transmitters, receivers, tone equipment, master oscillator, amplifiers, and ancillary equipment) at each end of the power line.
 - Coupling equipment (e.g., line traps, couplers, co-axial cables and hybrid equipment) that connects the terminal equipment to the power line.
 - Panels, mounting hardware, terminations, isolating devices and wiring.
 - Automated communicator for long haul communication of energy systems.
 - Other equipment and devices
- Radio Communication equipment used to acquire or share live data and information and transmit over suitable communication medium such as coaxial cable, radio cable or radio signals.
 - Radio antennas³ (when such antenna non attributable to the class “construction”)
 - Radio transmitting and receiving sets
 - Duplexers
 - Inter-modulation pressure device
 - Combiners and Multicouplers
 - Grounding system, storage batteries and other sources of power supply
 - Base and repeater stations, serviceable and unserviceable stations

TECHNICAL SERVICES MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, TRANSMISSION³

Company shall attribute cost of a machinery and equipment to technical services if it is to carry out activities performed in workshops, fields, store, and service stations:

The example items of Technical Services Equipment:

³ When such antenna non attributable to the class “Construction”

- Store Equipment used for receiving shipping, handling and storing of materials and supplies. Note: Equipment may be portable or stationary.
 - Chain falls.
 - Counters.
 - Cranes (portable).
 - Elevating and stacking equipment (portable).
 - Hoists.
 - Lockers.
 - Scales.
 - Shelving.
 - Storage bins.
 - Wheelbarrows.
- Workshop and service station equipment used in operation, construction, and repair works, specifically provided for and not attributable to other sub-groups of equipment used for regulated company activities.
 - Air compressors.
 - Anvils.
 - Automobile repair shop equipment.
 - Battery charging equipment.
 - Belts, shafts and countershafts.
 - Boilers.
 - Cable pulling equipment.
 - Concrete mixers.
 - Drill presses, derricks.
 - Electric equipment, Engines
 - Forges.
 - Furnaces.
 - Foundations and settings specially constructed for and not expected to outlast the equipment for which provided.
 - Gas producers, gasoline pumps, oil pumps and storage tanks.
 - Greasing tools and equipment.
 - Hoists, Ladders, Lathes
 - Machine tools.
 - Motors and motor-driven tools.
 - Pipe threading and cutting tools
 - Pneumatic tools.
 - Pumps and riveters.
 - Forging equipment.
 - Tool racks.
 - Vises.
 - Welding apparatus.
 - Work benches.
- Laboratory Equipment used for laboratory test, diagnose and identify faults of electrical installations, cables (used for communication and telecommunication also) & wires, for metrological- calibration purposes, to identify structure of substances used in energetic equipment, for transformers and other station equipment testing works, equipment specifically provided for

and not attributable to other sub-groups of equipment used for regulated activities.

- Ammeters
- Current batteries
- Frequency changers
- Galvanometers
- Inductometers
- Laboratory standard millivolt meters
- Laboratory standard volt meters
- Meter-testing equipment
- Millivolt meters
- Motor generator sets
- Panels
- Phantom loads
- Portable graphic ammeters, voltmeters, and wattmeter
- Portable loading devices
- Potential batteries
- Potentiometers
- Rotating standards
- Standard cell, reactance, resistor, and shunt
- Switchboards
- Synchronous timers
- Testing panels
- Testing resistors
- Transformers
- Voltmeters

Laboratory Equipment can be a part for:

- High-voltage electric technical Laboratory Equipment
- Laboratory weighing equipment (laboratory scales)
- Laboratory Equipment to diagnose, testing and measuring Telecommunication means and equipment
- Laboratory equipment to test, diagnose and measuring chemical substances (Instruments and apparatus made of glass, quartz and porcelain)
- Portable laboratories to test and diagnose electrical installations, switchgear and cable lines, and to identify faults in the cable lines.
- Other testing, laboratory, or research equipment not provided for elsewhere.

‘MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (NETWORK)’

Company shall attribute the cost of a machinery or equipment (Energy Equipment, Material-working Machinery and Machine tool, Information technology equipment) to the ‘Machinery and Equipment: Electricity Regulated Activity, Distribution (Network)’ when it is used in activities permitted by the terms of License for ‘Distribution (Network)’ services or used in connection with ‘Distribution (Network)’ services.

Machinery and Equipment is classified and attributed to sub-groups based on nominal voltage scale, that matches to scale used in distribution of electricity in Georgia and comprise voltages 110, 35, 6/10 below kV and 380/220 V.

Machinery and equipment items attribution is based on dispatch, technical and administrative usage.

The general principles, regulated company shall use for attribution of machinery and equipment to sub-groups is direct attribution.

In cases where machinery and equipment used in connection to two or more different nominal voltage, or it is part of the complex of structurally articulated different nominal voltage facilities and direct attribution judgmental, attribution of machinery and equipment to sub-groups shall be based upon the higher nominal voltage of equipment or the complex of facilities meant for.

SUBSTATION EQUIPMENT (NETWORK)

Company shall attribute the cost of a property to electric installations, equipment, apparatus and devices designed for receiving, control, transformation and conversion of electrical energy if it consists of:

- Bus compartments, concrete, brick, and sectional steel, including items permanently attached thereto.
- Primary and secondary voltage connections, including bus runs and supports, insulators, potheads, lightning arresters, cable and wire runs from and to outdoor connections or to manholes and the associated regulators, reactors, resistors, surge arresters, and accessory equipment.
- Switching equipment, indoor and outdoor, including oil circuit breakers and operating mechanisms, truck switches, and disconnect switches
- Conversion equipment, including transformers, indoor and outdoor, frequency changers, motor generator sets, rectifiers, synchronous converters, motors, cooling equipment, and associated connections
- Fixed and synchronous condensers, including transformers, switching equipment blowers, motors and connections.
- Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
- General station equipment, including air compressors, motors, hoists, cranes, test equipment, ventilating equipment, etc.
- Platforms, railings, steps, gratings, etc. appurtenant to apparatus listed herein
- Control equipment, Switchboards, including control wiring, etc.

The example items of different type of equipment for distribution (network):

- Open Switchgear 6-110 kV
 - Transformers and autotransformers
 - Transformers for voltage regulation
 - Transformers Cooling System
 - Oil Reactor
 - Shunt (included controlled) and arc-suppressing reactors

- Current-limiting reactors
- Transformer, reactors and disconnect switches bushing, leading-in connection.
- Complete leads
- Resistor installations
- Capacitive capacitive-inductive installations for reactive power compensation
- Filter- compensative installations
- Current Transformer
- Voltage Transformer
- Air Circuit-breaker
- Oil Circuit Breaker
- Disconnect switch
- Separator
- Grounding System
- Shorting plug
- Surge absorber, Arrester. Discharger and Surge Suppressor
- Fuses
- Bus support and Stand-off insulators
- Bushing - lead-in insulator and oil-filled linear entrance bushing
- Suspension (supporting) stings
- Flexible bus bar
- Rigid bus bar
- Slopes, loops and straps
- Suspended conductors on generators voltage
- Complete transformer substations and equipment for sections of Complete Substations--(КТП)
- Complete distribution appliances (КРУ) 6-10 kV
- Sectional Complete distribution appliances (КРУ) 110 kV
- An indoor switchgear 35-110 KV
 - Insulators
 - Disconnecting switch
 - Switches
 - Flexible bus bar
 - Aluminum Bus bar
- An indoor switchgear 3-20KV
 - Insulators
 - Current Transformer
 - Voltage Transformer
 - Single-pole switch
 - Three-pole Switch
 - Drive mechanisms on switches
 - Load break
 - Oil Circuit Breaker
 - Air Circuit-breaker
 - Fuses
 - Transformers, Autotransformers and Reactors
 - Concrete Reactors

- Surge absorber -arrester discharger
- Static capacitors and Capacitor Banks
- Bus bar – one/two/three/four band on phase
- Branched Buses - one/two/three/four band on phase
- Round Buses
- Unshielded/shielded conductors made from Aluminum - Buses
- Bus runs bridges for Assembled Switchgear
- Clips type-setting
- Chambers of assembled switchgear
- Unilateral service Prefabricated chambers
- Assembled Switchgear cabinets
- Complete transformer substations (КТП)
- Fences, hob and metal structures under equipment.
- Converters
 - Converters
 - Cabinets for control and regulation
 - Cabinets with quick-acting appliances
 - Heat exchangers for rectifying devices
 - Automatic rectifying appliances
- Electric machine
 - Synchronous condensers.
 - Motor generator sets.
 - Motors.
- Start up and control devices.
- Low voltage devices
 - Generators of reserve power supply sources
 - Substation low voltage complete equipment and devices
 - Auxiliaries of substation panels, boards and switchgear
 - Switching devices, including automatic circuit breaker initiator, starter etc.
 - Equipment and uninterruptible power supply systems
 - DC board, and mounted installations of control and operation,
 - Buses (main and distributive).
- Control equipment, Switchboards, including control wiring, etc.
 - Panels and Boards, switchboard apparatus
 - Electric measuring instruments.
 - Sensor, transducers and converters of special measuring. (Vibration, gas composition etc.)
 - Sensor, transducers and converters of electric quantity.
- Outdoor lighting equipment and devices
- Tools and appliances.
- Accumulator plant
 - Batteries (acid stationary) and battery charging equipment
 - Shelves for battery
 - Lead in boards to accumulator plant room.
- Meters

DISTRIBUTION (NETWORK) AUTOMATION AND RELAY PROTECTION

Company shall attribute the cost of a property to the automation and relay protection systems if it consists of single or multiple protective measuring relays plus auxiliary devices that provide scheme logic functions, and act for quick recovery of power, to switch backup power supply and switchgear sectioning.

The Example Items of Automation and Relay Protection System:

- Program Logic Controllers.
- Networking Equipment.
 - Concentrators-hub,
 - Repeater.
 - Switches.
 - Router.
 - Transmission interface converter.
 - Network gateway.
 - Network adapter.
 - Bridges.
 - Multiplexer.
 - Firewall.
 - Modem.
 - Cable wiring (hard wired method)
- Cordless network
 - Bluetooth Devices
 - WLAN Devices
 - Zig Bee Devices
- Input-output units (modules)
 - Analog input
 - Input modules of current and voltage
 - thermocouples
 - Resistance of thermal converter
 - Strain gages
 - Output of analog signals
 - Input of discrete signals
 - Output of discrete signals
 - Input for frequency, period and pulse counting
 - Motion control modules
- Computer engineering in automation
 - Computers as an Program logic Controllers
 - Computers to interface with operator (HMI)
 - Industrial computer
- Automatic reclosing devices
- Emergency automation devices
- Bay controller Device
- Digital Fault Recorder Device
- Distance Protection Device
- Circuit-Breaker Management Device
- Overcurrent Protection for Line Device

- Differential and Distance Protection Device
- Differential Protection Device
- Fire and thermal protection devices
- Relays, Panels and enclosures, switches.
- Relay cases, mounting hardware, terminations, isolating devices and wiring.
- Control cables.
- Transducers, transmitters.
- Synchronization equipment.
- Instrument transformers.
- Signalization devices, mounting hardware, terminations, isolating devices and wiring.
- Other miscellaneous mounting and connecting equipment,
- Measuring and auxiliary relay cases,
- Mounting hardware, terminal blocks, crimps, current links, and fuses; AC current switches, DC blocking switches, AC wiring, DC wiring, and panel interconnecting cables.

DISTRIBUTION (NETWORK) METERING

Company shall attribute the cost of a property to the metering equipment if it can be used for the purposes of revenue metering, i.e. meters used to record energy delivered to customers.

The example items for metering equipment include:

- Different type of meter
- Enclosure to house meter and its supports
- Meter badges and their attachments
- Meter boards and boxes.
- Meter fittings, connections, and shelves (first set).
- Meter switches and cut-outs.
- Protective devices.
- Demand indicators.
- Instrument transformers
- Connection and communication devices and wiring
- Current limiting devices
- Cost of installation, testing and calibration.
- Meter panels

Company shall not qualify meters and appropriate equipment for recording output of a generating station, substation meters, etc. as for 'Distribution (network) metering'. Such assets should be attributed to the sub-group of property directly benefited.

DISTRIBUTION (NETWORK) OPTIC COMMUNICATION USE OF SEPARATE CABLES (FIBER OPTIC)

Company shall attribute the cost of a property to the *optic* communication equipment if it is used to acquire or share live data and information and transmit over suitable

communication medium fiber optic cable to operate, protect and dispatch distribution network.

- The example items of communication equipment optic communication use of separate cables.
 - Remote Terminal Units (RTU):
 - Central processing unit (CPU), modules, volatile memory and nonvolatile memory
 - Cases, mounting hardware, terminations, isolating devices and wiring
 - Multiplexor and amplifier
 - Power supply with a backup battery,
 - Surge protection,
 - Panels and enclosures
 - Cabinets, cases
 - Mounting hardware, terminations, isolating devices and wiring.
 - Other auxiliary equipment.

DISTRIBUTION (NETWORK) OTHER COMMUNICATION

Company shall attribute cost of a property to other communication equipment if it is used other than intended to acquire, receive and transmit data over suitable communication medium -fiber optic cable that used in connection to operate distribution network.

- Power Line Carrier Equipment (PLC) used to acquire or share live data, information and transmit over suitable communication medium HV overhead conductors.
 - Terminal equipment (e.g., transmitters, receivers, tone equipment, master oscillator, amplifiers, and ancillary equipment) at each end of the power line.
 - Coupling equipment (e.g., line traps, couplers, co-axial cables and hybrid equipment) that connects the terminal equipment to the power line.
 - Panels, mounting hardware, terminations, isolating devices and wiring.
 - Automated communicator for long haul communication of energy systems.
 - Other equipment and devices
- Radio Communication equipment used to acquire or share live data and information and transmit over suitable communication medium such as coaxial cable, radio cable or radio signals.
 - Radio antennas⁴ (when such antenna non attributable to the class “construction”)
 - Radio transmitting and receiving sets
 - Duplexers
 - Inter-modulation pressure device
 - Combiners and Multicouplers

⁴ When such antenna non attributable to the class “Construction”

- Grounding system, storage batteries and other sources of power supply
- Base and repeater stations, serviceable and unserviceable stations

DISTRIBUTION (NETWORK) DISPATCH

Company shall attribute the cost of a property to the machinery and equipment if it is used primarily in dispatching of distribution network that provides operational management of substations, transformer substations, distribution power lines and other electric facilities and installations.

TECHNICAL SERVICES MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (NETWORK)

Company shall attribute the cost of a property to machinery and equipment for technical services if it is used to carry out activities performed in workshops, fields, store, and service stations:

The example items of Technical Services Equipment:

- Store Equipment used for receiving shipping, handling and storing of materials and supplies. Note: Equipment may be portable or stationary.
 - Chain falls.
 - Counters.
 - Cranes (portable).
 - Elevating and stacking equipment (portable).
 - Hoists.
 - Lockers.
 - Scales.
 - Shelving.
 - Storage bins.
 - Wheelbarrows.
- Workshop and service station equipment used in operation, construction, and repair works, specifically provided for and not attributable to other sub-groups of equipment used for regulated company activities.
 - Air compressors.
 - Anvils.
 - Automobile repair shop equipment.
 - Battery charging equipment.
 - Belts, shafts and countershafts.
 - Boilers.
 - Cable pulling equipment.
 - Concrete mixers.
 - Drill presses, derricks.
 - Electric equipment, Engines
 - Forges.
 - Furnaces.
 - Foundations and settings specially constructed for and not expected to outlast the equipment for which provided.
 - Gas producers, gasoline pumps, oil pumps and storage tanks.

- Greasing tools and equipment.
- Hoists, Ladders, Lathes
- Machine tools.
- Motors and motor-driven tools.
- Pipe threading and cutting tools
- Pneumatic tools.
- Pumps and riveters.
- Forging equipment.
- Tool racks.
- Vises.
- Welding apparatus.
- Work benches.
- Laboratory Equipment used for laboratory test, diagnose and identify faults of electrical installations, cables (used for communication and telecommunication also) & wires, for metrological- calibration purposes, to identify structure of substances used in energetic equipment, for transformers and other station equipment testing works, equipment specifically provided for and not attributable to other sub-groups of equipment used for regulated company activities.
 - Ammeters.
 - Current batteries.
 - Frequency changers.
 - Galvanometers.
 - Inductometers.
 - Laboratory standard millivolt meters.
 - Laboratory standard volt meters.
 - Meter-testing equipment.
 - Millivolt meters.
 - Motor generator sets.
 - Panels.
 - Phantom loads.
 - Portable graphic ammeters, voltmeters, and wattmeters.
 - Portable loading devices.
 - Potential batteries.
 - Potentiometers.
 - Rotating standards.
 - Standard cell, reactance, resistor, and shunt.
 - Switchboards.
 - Synchronous timers.
 - Testing panels.
 - Testing resistors.
 - Transformers.
 - Voltmeters.

Laboratory Equipment can be a part for:

- High-voltage electric technical Laboratory Equipment
- Laboratory weighing equipment (laboratory scales)

- Laboratory Equipment to diagnose, testing and measuring communication network components and equipment
- Laboratory equipment to test, diagnose and measuring chemical substances(Instruments and apparatus made of glass, quartz and porcelain
- Portable laboratories to test and diagnose electrical installations, switchgear and cable lines, and to identify faults in the cable lines.
- Other testing, laboratory, or research equipment not provided for elsewhere.

'MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (SUPPLY)'

Company shall attribute a machinery or equipment (Energy *Equipment*, Material-working Machinery and Machine tool, Information technology equipment) to the 'Machinery and Equipment: Electricity Regulated Activity, Distribution (Supply)' when it is used in activities permitted by the terms of License for 'Distribution (Supply)' services or used in connection with 'Distribution (Supply)' services.

'MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, GENERATION'

Company shall attribute a machinery or equipment (Energy Equipment, Material-working Machinery and Machine tool, Information technology equipment) to the 'Machinery and Equipment: Electricity Regulated Activity, Generation' when it is used in activities permitted by the terms of License for 'Generation' services or used in connection with 'Generation' services.

Company shall attribute the cost of machinery and equipment to the type of electricity generation technology employed, general technical services, and administration as:

- Machinery and equipment: Electricity Regulated Activity, Generation: Hydraulic Power Plants (HPP).
- Machinery and equipment: Electricity Regulated Activity, Generation: Steam Power Plants (Steam only).
- Machinery and equipment: Electricity Regulated Activity, Generation: Co-Generation Power Plants (Steam only for Electricity and Steam).
- Machinery and equipment: Electricity Regulated Activity, Generation: Gas Power Plants (Gas only).
- Machinery and equipment: Electricity Regulated Activity, Generation: Combined Cycle Power Plants (Gas and Steam).
- Machinery and equipment: Electricity Regulated Activity, Generation: Technical Services.
- Machinery and equipment: Electricity Regulated Activity, Generation: Administration.

**'MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY,
GENERATION: HYDRAULIC POWER PLANTS (HPP)'**

Company shall attribute the cost of a HPP property to the machinery and equipment in operation, primarily used in production of electricity by hydraulic power, in control and switching of electric energy produced and other certain equipment.

***WATER WHEELS, TURBINES & GENERATORS (ALTERNATIVE NAME: HYDRO
ENERGETIC EQUIPMENT)***

Company shall attribute the cost of a property to the power equipment and machines from connection with penstock or flume to tailrace, water flow pressure, and pressure regulatory equipment (including hydro technical structure mechanical equipment), electricity generation and auxiliary equipment and devices appurtenant to equipment listed herein.

- Hydraulic Turbine Blocks
 - Runner crown and fairwater
 - Impellers and swiveling mechanisms
 - Impellers actuator servomotor
 - Pillow block & thrust bearing
 - Distributor Turbine shaft and Turbine shaft seal
 - Turbine cover
 - Brake arrangement
 - Shaft coupling clutch
 - Runner chamber
 - Stator
 - Guide apparatus blades and trunnion seals
 - Guide apparatus actuator baffles preventive clevis
 - Servomotor and rotary ring of actuator for guide apparatus blades
 - Rotary ring
 - Oil piping & oil cooler
 - Intensifier (Turbine-generator)
 - Other systems and equipment appurtenant to items listed herein.
- Turbine hydraulic hookups
- Auxiliary equipment
 - Oil facilities
 - Pneumatic plant
 - Service water system
 - Automatic fire-fighting water system
 - Equipment for water pumping-out from hydro turbine tract
- Hydro Generators
 - Generator chassis
 - Stator
 - Stator winding
 - Rotor
 - Bearing
 - Brush items
 - Current transformer

- Cooling equipment
- Cooling piping
- Circulating pump
- Ventilators
- Lubricating piping
- Lubricating oil pressure units
- Inlet box
- Fire extinguishing system;
- Regulatory Generator
- Hydro generators Automation
 - Thermal control system of Hydro generator
 - Devices for forced feed of pressurized oil
 - Mechanical braking equipment
 - Hydro generator field controller
 - Excitation system
 - Electric motors excitation system
- Hydro machine automatic control system
 - Hydro turbine rotation frequency regulators
 - Oil pressure Unit
 - Hydro turbine mechanisms and assemblage control systems
- Mechanical Equipment of Hydro Technical Constructions and Machinery hall.
 - Stationary Hoisting Mechanisms
 - Rolling hoisting mechanisms (including bridge and gantry electric cranes)
 - Treatment Mechanisms
 - Locks of water intake and inlet, draft tubes and mechanisms for its service.
 - Mechanical mounts and parts of locks, sluice gates and screens
 - Locks.
 - Screens.
 - Sluice gates.
 - Lubricating System.
 - Hoisting machinery of small-scale mechanization
 - Pre-turbine Locks
 - Oil pressure Unit.
 - Miscellaneous equipment

ACCESSORY ELECTRIC EQUIPMENT (ALTERNATIVE NAME ELECTRIC POWER EQUIPMENT)

Company shall attribute the cost of a property to the accessory *electric equipment* if it is conversion equipment or equipment used primarily in connection with the control and switching of electric energy produced by hydraulic power and the protection of electric circuits and equipment.

- Switchgear 6 kV and above
- 0.4 kV switchgear
- Power transformers
- Uninterruptible Power Supply equipment.

- Electrical cabinets for own needs.
- Auxiliary generators, including boards, compartments, switching and control equipment, and connections to auxiliary power bus.
- Storage batteries and charging equipment,
- Generator main connections, including oil circuit breakers and accessories.
- Voltage regulators and accessories, compensators, resistors
- Special fire-extinguishing system, and test equipment.
- Station control systems

MISCELLANEOUS POWER PLANT EQUIPMENT

Company shall attribute the cost of a property to the miscellaneous equipment if it is devoted to general station use and is not properly includible in other hydraulic production subgroups.

- Compressed air and vacuum cleaning systems, including tanks, compressors, exhausters, air filters, piping, etc.
- Fire-extinguishing equipment for general station use.
- Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided
- Miscellaneous belts, pulleys, countershafts, etc.
- Miscellaneous equipment, including atmospheric and weather indicating devices, insect control equipment, signal systems, emergency whistles and sirens, fire alarms, and other similar equipment.
- laboratory equipment
- Internal communication equipment
- Refrigerating system, including compressors, pumps, cooling coils, etc.
- Station maintenance equipment, transformer workshop equipment, including lathes, shapers, planers, drill presses, hydraulic presses, grinders, etc., with motors, shafting, hangers, pulleys, etc.
- Ventilating equipment, including items wholly identified with apparatus listed herein.

'MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, GENERATION: STEAM POWER PLANTS (STEAM ONLY)

Company shall attribute the cost of a SPP property to machinery and equipment in operation, primarily used in converting chemical energy into mechanical energy of rotation of the power generator to generate electricity, in control and switching of electric energy produced and other certain equipment.

BOILER PLANT EQUIPMENT

Company shall attribute the cost of a property to furnaces, boilers, coal and ash handling and coal preparing equipment, steam and feed water piping, boiler apparatus and accessories used in the production of steam to be used primarily for electricity production and auxiliary equipment and devices appurtenant to equipment listed herein.

The example Items for boiler plant equipment are:

- Boiler steam unit
- Steam pipeline of direct steam and superheating with fittings.
- Water supply piping with fixtures.
- Gas piping with fixtures inside the boiler range.
- Masout piping inside the boiler range, with fixtures.
- Primary means of Instrumentation, control and Automation.
- Blowing devices and apparatus with piping and fixtures.
- Systems for thermal wave purification
- Bins and loaders of raw coal
- Systems of dust flue.
- Pulverizer
- Mill exhauster fan, dust flue separators and cyclones
- Coal dust bins
- Feeders of dust
- Burner devices
- Blow fans
- Blow fans with turbo drive, condensers, pumps, piping, fixtures, instrumentation control and automation devices
- Smoke sucker
- Smoke sucker of gas recycling
- Regenerative air preheaters
- Regenerative air preheaters oil system
- Smoke suckers oil system
- Fly-ash collector Systems (filters, scrubber, cyclones etc.)
- Ash-and-slag removal with dredging pump
- Gas and air ducts
- Boiler air heaters with steam piping, condensate pipes, fittings
- Drums, separators and extenders
- Pipes for blowing
- Fire extinguishing Systems
- Equipment of desulphurization installations
- Equipment of nitrogen pressure installations
- Fuel handling equipment for solid fuel
 - Fuel receiving & handling equipment with car dumper
 - Weighing equipment for processing fuel
 - Defrost equipment
 - The main belt transporter
 - Transfer nodes equipment
 - Cranes-pickup mechanism
 - Crushing and milling machine
 - Metal and chip separator
- Fuel handling equipment for liquid fuel
 - Track discharge of receiving-drain devices
 - Fuel filters
 - Receiving tanks
 - Main fuel oil tanks
 - Pumps of masout facilities

- Masout heaters
- Masout piping
- Steam satellites
- Fire extinguishing system of oil facilities (pipelines, pumps)
- Fuel handling equipment for gaseous fuel
 - Gas-distribution station equipment
 - Gas-distribution point
 - Gas Piping and isolation valves
 - Fuel Filters
 - Control and Protective Equipment
 - Equipment of further squeezed gas compressor station
- Ash removal equipment and processing systems
 - Hydraulic and pneumatic ash handling
 - Transporters
 - Slag crusher
 - Ash and slag heaps
 - Equipment installations processed ash and slag
- Equipment of disposal of production wastes
- Water treatment equipment
 - Pumping facility
 - Filters for preparation of demineralized water
 - Filters for preparation of feed water
 - Evaporators
 - Treatment plant equipment
 - Reagents warehouses Equipment
 - Deaerating equipment
 - Aerial and vacuum type deaerators
 - Boost pressure deaerators
 - Feed pumps and its oil systems
 - Feed turbo pumps and its oil systems
 - Boost pump
 - Piping System with fixtures
 - Demineralized water heaters
- Technical water supply equipment
 - Closed circulation systems
 - Bank pumping station equipment
 - Boats
- Tankage Equipment
 - Tanks for demineralized water reserves
 - Tanks for condensate return
 - Pump facilities
 - Heating System feed tanks
- Thermal automatics and measurement plant equipment
 - Control instrumentation
 - Automatic process control devices
 - Cable facilities
 - Technological protection devices

TURBINE EQUIPMENT

Company shall attribute a cost of a property to the mechanical device and appurtenant equipment when it extracts thermal energy from pressurized steam, and converts it into rotary motion for the primarily purpose of electricity production.

- Steam Turbine
 - Turbine Casing
 - Fresh Steam Camera
 - Used steam Camera
 - Pipelines for steam extraction
 - Steam bypass pipe
 - Valves (Control valves Check valve, safety regulator valve)
 - Coupling, worm gear
 - Speed governor, control and protection systems
 - Barring gear
 - Turbine rotor, shaft, disks with the rotor blades, diaphragms, nozzle arrays, sealing, terminal and diaphragms
 - Baseplate (Bearings)
 - Bearings
 - Thrust bearings
 - Refills
 - Oil feed and lubrication systems
 - Platforms, railings, steps, gratings
 - Oil Pressure system, including accumulators, pumps, piping, motors, cooling system.
- Turbine equipment
 - Steam piping, Steam conditioning cooling plant, quick acting Steam conditioning cooling plant
 - High pressure regeneration systems
 - Low pressure regeneration systems
 - Feed turbo and electric pumps
 - Oil Tanks, turbine unit regulating and lubricating oil piping
 - Oil facilities with oil purification and regeneration of turbine oils
 - Condensers, condenser pumps, ejector, balled cleaning systems
 - Piping for circulating and technical water supply.
 - Heating-system water equipment (network heaters, condensate pumps, piping)
 - Unitized demineralizing plants
 - Bridge cranes
 - Dilators
 - Fire-extinguishing system
 - Tanks of Accidental discharge of oil
 - Damper oil tank

GENERATOR (STEAM TURBINE)

Company shall attribute the cost of a property to the energetic equipment and its auxiliary equipment used to transform mechanical energy in the form of shaft power from turbine to electricity.

The example Items of generator equipment are:

- Stator
- Rotor
- Excitation System
- Hydrogen cooling system
- The cooling system of distilled water
- Air cleaning and cooling apparatus, drive equipment, louvers, pumps, hoods, etc.
- Fire-extinguishing systems
- Bearings
- Lubricating systems
- Other equipment

ACCESSORY ELECTRIC EQUIPMENT (ALTERNATIVE NAME ELECTRICAL MACHINERY)

Company shall attribute the cost of a property to the accessory electric equipment if it is conversion equipment or equipment used primarily in connection with the control and switching of electric energy produced by hydraulic power and the protection of electric circuits and equipment.

The example Items of accessory electric equipment are:

- Transformers
- Switchgear
- Electric motors
- Cable units
- Oil facilities
- Electrolysis facility (hydrogenous installation)
- Accumulator batteries
- Lighting Systems (including emergency)
- Relay devices and automation
- Protection & emergency automation
- Fire extinguishing systems
- Reserve Exciters
- Tanks for accidental discharge of oil
- Generator Bus lines

Note A: Do not attribute to this subgroup transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

Note B: When any item of equipment listed herein is used wholly to furnish power to equipment included in another subgroup, it shall be attributed to that subgroup.

MISCELLANEOUS POWER PLANT EQUIPMENT

Company shall attribute the cost of a property to the installed of miscellaneous equipment which is devoted to general station use and is not properly includible in other steam production subgroups.

The example items of miscellaneous power plant equipment

- general station equipment
- Equipment of compressor installations
- Producer gas plants equipment (acetylene, oxygen, etc.)
- Fire-extinguishing plumbing
- Heating of buildings and premises
- System expanders
- Hoisting machines of general purpose
- Stock of machines for auxiliary workshops
- Equipment of warehouses for fuel and lubricants

'MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, GENERATION: CO-GENERATION POWER PLANTS (STEAM ONLY FOR ELECTRICITY AND STEAM)'

Company shall attribute the cost of a CGPP property to the machinery and equipment in operation, primarily used in converting chemical energy into mechanical energy of rotation of the power generator to generate electricity and for a source of thermal energy in the district heating system and industrial steam supply (in the form of steam and hot water, including providing hot water and heating of residential and industrial facilities), in control and switching of electric energy produced and other certain equipment.

BOILER PLANT EQUIPMENT

Company shall attribute the cost of a property to the furnaces, boilers, coal and ash handling and coal preparing equipment, steam and feed water piping, boiler apparatus and accessories used in the production of steam to be used primarily for generating electricity, steam and hot water supply, auxiliary equipment and devices appurtenant to equipment listed herein.

The example Items for boiler plant equipment are

- Boiler steam unit
- Steam pipeline of direct steam and superheating with fittings.
- Water supply piping with fixtures.
- Gas piping with fixtures inside the boiler plant range.
- Masout piping inside the boiler range, with fixtures.
- Primary means of Instrumentation, control and Automation.
- Blowing devices and apparatus with piping and fixtures.

- Systems for thermal wave purification
- Bins and loaders of raw coal
- Systems of dust flue.
- Pulverizer
- Mill exhauster fan, dust flue separators and cyclones
- Coal dust bins
- Feeders of dust
- Burner devices
- Blow fans
- Blow fans with turbo drive, condensers, pumps, piping, fixtures, instrumentation control and automation devices
- Smoke sucker
- Smoke sucker of gas recycling
- Smoke suckers oil system
- Regenerative air preheaters
- Regenerative air preheaters oil system
- Fly-ash collector Systems (filters, scrubber, cyclones etc.)
- Ash-and-slag removal with dredging pump
- Gas and air ducts
- Boiler air heaters with steam piping, condensate pipes, fittings
- Drums, separators and extenders
- Pipes for blowing
- Fire extinguishing Systems
- Equipment of desulphurization installations
- Equipment of nitrogen pressure installations
- Fuel handling equipment for solid fuel
 - Fuel receiving & handling equipment with car dumper
 - Weighing equipment for processing fuel
 - Defrost equipment
 - The main belt transporter
 - Transfer nodes equipment
 - Cranes-pickup mechanism
 - Crushing and milling machine
 - Metal and chip separator
- Fuel handling equipment for liquid fuel
 - Track discharge of receiving-drain devices
 - Fuel filters
 - Receiving tanks
 - Main fuel oil tanks
 - Pumps of masout facilities
 - Masout heaters
 - Masout piping
 - Steam satellites
 - Fire extinguishing system of oil facilities (pipelines, pumps)
- Fuel handling equipment for gaseous fuel
 - Gas-distribution station equipment
 - Gas-distribution point

- Gas Piping and isolation valves
- Fuel Filters
- Control and Protective Equipment
- Equipment of further squeezed gas compressor station
- Ash removal equipment and processing systems
 - Hydraulic and pneumatic ash handling
 - Transporters
 - Slag crusher
 - Ash and slag heaps
 - Equipment installations processed ash and slag
- Equipment of disposal of production wastes
- Water treatment equipment
 - Pumping facility
 - Filters for preparation of demineralized water
 - Filters for preparation of feed water
 - Evaporators
 - Treatment plant equipment
 - Reagents warehouses Equipment
 - Deaerating equipment
 - Aerial and vacuum type deaerators
 - Boost pressure deaerators
 - Feed pumps and its oil systems
 - Feed turbo pumps and its oil systems
 - Boost pump
 - Piping System with fixtures
 - Demineralized water heaters
- Technical water supply equipment
 - Closed circulation systems
 - Bank pumping station equipment
 - Boats
- Tankage Equipment
 - Tanks for demineralized water reserves
 - Tanks for condensate return
 - Pump facilities
 - Heating System feed tanks
- Thermal automatics and measurement plant equipment
 - Control instrumentation
 - Automatic process control devices
 - Cable facilities
 - Technological protection devices

TURBINE EQUIPMENT

Company shall attribute the cost of a property to the mechanical device and appurtenant equipment that extracts thermal energy from pressurized steam, to convert it into rotary motion for the purpose of electricity generation and use for a source of thermal energy in the industrial steam supply and district heating system (in the form of steam and hot water, including providing hot water and heating of residential and industrial facilities)

- Steam Turbine (with regulated, middle steam extraction and back pressure)
 - Turbine Casing
 - Pipelines for steam extraction
 - Steam bypass pipe
 - Valves (Control valves Check valve, safety regulator valve)
 - Rotary diaphragm
 - Coupling, worm gear
 - Speed governor, protection and control systems
 - Barring gear
 - Turbine rotor, shaft, disks with the rotor blades, diaphragms, nozzle arrays, sealing, terminal and diaphragms
 - Baseplate (Bearings)
 - Bearings
 - Thrust bearings
 - Refills
 - Oil feed and lubrication systems
 - Platforms, railings, steps, gratings
 - Oil Pressure system, including accumulators, pumps, piping, motors, cooling system.
- Turbine equipment
 - Steam piping, Steam conditioning cooling plant, quick acting Steam conditioning cooling plant
 - High pressure regeneration systems
 - Low pressure regeneration systems
 - Feed turbo and electric pumps
 - Oil Tanks, turbine unit regulating and lubricating oil piping
 - Oil facilities with oil purification and regeneration of turbine oils
 - Condensers, condenser pumps, ejector, balled cleaning systems
 - Piping for circulating and technical water supply.
 - Heating-system water equipment (network heaters, condensate pumps, piping)
 - Unitized demineralizing plants.
 - Bridge cranes
 - Dilators
 - Fire-extinguishing system
 - Tanks of Accidental discharge of oil
 - Damper oil tank

GENERATOR (STEAM TURBINE)

Company shall attribute the cost of a property to the energetic equipment and its auxiliary equipment used to transform mechanical energy in the form of shaft power from turbine to electricity.

The example items of Generator (Steam Turbine) Equipment

- Stator
- Rotor
- Excitation System

- Hydrogen cooling system
- The cooling system of distilled water
- Air cleaning and cooling apparatus, drive equipment, louvers, pumps, hoods, etc.
- Other equipment
- Fire-extinguishing systems
- Bearings
- Lubricating systems

ACCESSORY ELECTRIC EQUIPMENT (ALTERNATIVE NAME ELECTRICAL MACHINERY)

Company shall attribute the cost of a property to the conversion equipment and equipment used primarily in connection with the control and switching of electric energy produced by hydraulic power and the protection of electric circuits and equipment.

The example items of accessory electric equipment

- Transformers
- Switchgear
- Electric motors
- Cable units
- Oil facilities
- Electrolysis facility (hydrogenous installation)
- Accumulator batteries
- Lighting Systems (including emergency)
- Relay devices and automation
- Protection & emergency automation
- Fire extinguishing systems
- Reserve Exciters
- Tanks for accidental discharge of oil
- Generator bus lines

HEATING NETWORK EQUIPMENT

Company shall attribute the cost of a property to the machinery and equipment primarily used for heating of heating network circulating water and to fulfill heat and water losses in such system.

The example items of heating network equipment

- Intra-network water pipelines
- Deaerators for heating network feed
- Heaters for heating network feed
- Network pumps

MISCELLANEOUS POWER PLANT EQUIPMENT

Company shall attribute the cost of a property to the miscellaneous equipment which is devoted to general station use and is not properly includible in other steam production subgroups.

The example items of miscellaneous power plant equipment

- General station equipment
- Equipment of compressor installations
- Producer gas plants equipment (acetylene, oxygen, etc.)
- Fire-extinguishing plumbing
- Heating of buildings and premises
- System expanders
- Hoisting machines of general purpose
- Stock of machines for auxiliary workshops
- Equipment of warehouses for fuel and lubricants

'MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, GENERATION: GAS POWER PLANTS (GAS ONLY)'

Company shall attribute the cost of a property to the machinery and equipment in operation, primarily used in the combustion of the air and gas mixture, to form hot gases flow and convert it into mechanical energy of power generator rotation to generate electricity, in control and switching of electric energy produced and other certain equipment.

FUEL HOLDERS, PRODUCERS, AND ACCESSORIES

Company shall attribute the cost of a property to the fuel handling and storage equipment used between the point of fuel delivery to the station and the intake pipe through which fuel is directly drawn to the engine, also the gas producers and accessories devoted to the production of gas for use in prime movers driving main electric generators.

The example items of fuel holders, producers and accessories

- Blower and fans.
- Boilers and pumps.
- Economizers.
- Exhauster outfits.
- Flues and piping.
- Pipe system.
- Producers.
- Regenerators.
- Scrubbers.
- Steam injectors.
- Tanks for storage of oil, gasoline, etc.
- Vaporizers.
- Fuel handling equipment for liquid fuel

- Receiving-drain devices
- Fuel filters
- Receiving tanks
- Main fuel oil tanks
- Pumps of fuel facilities
- Fuel firing heaters
- Fuel piping
- Fire extinguishing system of oil facilities (pipelines, pumps)
- Fuel handling equipment for gaseous fuel
 - Gas-distribution station equipment
 - Gas-distribution point
 - Gas Piping and isolation valves
 - Fuel Filters
 - Control and Protective Equipment
 - Equipment of further squeezed gas compressor station

PRIME MOVERS

Company shall attribute the cost of a property to the Gas combustion or other prime movers devoted to the generation of electric energy, together with their auxiliaries.

The example items of prime movers

- Air-filtering system.
- Belting, shafting, pulleys, reduction gearing, etc.
- Cooling system, including towers, pumps, tanks, and piping.
- Cranes, hoists, etc., including items wholly identified with apparatus listed herein.
- Engines, natural gas, or other internal combustion
 - Turbine
 - Thrust Bearing
 - Journal Bearing
 - Inlet Guide Valve
 - Compressor blades/ nozzles
 - Compressor rotor
 - Turbine Rotor
 - Transition Pieces
 - Turbine nozzles
 - Turbine Blades
 - Turbine Casing
 - Journal Bearing
 - Bearing cooling equipment
 - Valves (Solenoid, throttle, etc.)
 - Exhaust Diffuser
 - Circular lubrication systems including filters, tanks, pumps, piping and its cooling equipment
 - Mufflers
 - Oil Purification Equipment
 - Noise absorbing casings

- Oil Pressure Unit
- Ignition system
- Starting Hydraulic System
- Engine Heating System
- Air and water filters
- Yokes, Brackets
- Water Supply System
 - Purification and treatment system
 - Water injection system (Water Injection Skid)
 - Water Wash System
- Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
- Governors.
- Exhaust mine
- Protection and Automation Systems
- Lighting systems.
- Mechanical meters, including gauges, recording instruments, sampling, and testing equipment.
- Fire extinguishing system
- Backup diesel generator
- Plant Condition monitoring system
- Piping.
- Compressed air systems, or other, including compressors and drives, tanks, piping, motors, boards and connections, storage tanks, etc.
- Steelwork, specially constructed for apparatus listed herein.
- Modules of digital control systems and display

GENERATORS

Company shall attribute the cost of a property to the energetic equipment and appurtenant equipment used to transform mechanical energy in the form of shaft power from turbine to electricity.

The example items of generating equipment:

- Electric generator
- Excitation System
- Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.
- Bearing
- Circular lubrication systems including tanks, filters, strainers, pumps, piping, coolers and its cooling equipment.
- Lubrication oils purification equipment
- Generator heating system.
- Fire-extinguishing equipment.
- Cranes, hoists, etc., including items wholly identified with such apparatus.
- Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.

- Lighting systems.
- Mechanical meters, and recording instruments.
- Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

ACCESSORY ELECTRIC EQUIPMENT (ALTERNATIVE NAME ELECTRICAL MACHINERY)

Company shall attribute the cost of a property to the conversion equipment, and equipment used primarily in connection with the control and switching of electric energy produced and the protection of electric circuits and equipment.

The example items of accessory electric equipment

- Transformers
- Switchgear
- Electric motors
- Cable units
- Oil facilities
- Electrolysis facility (hydrogenous installation)
- Accumulator batteries
- Lighting Systems (including emergency)
- Relay devices and automation
- Protection & emergency automation
- Fire extinguishing systems
- Reserve Exciters
- Tanks for accidental discharge of oil
- Generator bus lines

Note A: Do not attribute to this subgroup transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

NOTE B: When any item of equipment listed herein is used wholly to furnish power to equipment included in another subgroup, it shall be attributed to that subgroup.

MISCELLANEOUS POWER PLANT EQUIPMENT

Company shall attribute the cost of a property to the miscellaneous equipment which is devoted to general station use and is not properly includible in other steam production subgroups.

The example items of miscellaneous power plant equipment

- General station equipment
- Equipment of compressor installations
- Producer gas plants equipment (acetylene, oxygen, etc.)
- Fire-extinguishing equipment for general station use Fire-extinguishing plumbing
- Hoisting machines of general purpose

- Stock of machines for auxiliary workshops
- Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.
- Equipment of warehouses for fuel and lubricants
- Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
- Miscellaneous equipment, including atmospheric and weather indicating devices, internal communication equipment, laboratory equipment, signal systems, phones, emergency whistles and sirens, fire alarms, and other similar equipment.
- Ventilating equipment, including items wholly identified with apparatus listed herein.
- Miscellaneous belts, pulleys, countershafts, etc.
- Refrigerating system including compressors, pumps, cooling coils, etc.

'MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, GENERATION: COMBINED CYCLE POWER PLANTS (GAS AND STEAM)'

Company shall attribute the cost of a property to the machinery and equipment in operation, primarily used in the combustion of the air and gas mixture, to form hot gases flow and convert it into mechanical energy of power generator rotation and produce steam to generate electricity, in control and switching of electric energy produced and other certain equipment.

BOILER PLANT EQUIPMENT

Company shall attribute the cost of a property to the machinery and equipment that recovers heat from a hot gas stream and produces steam that can be used to drive a steam turbine.

The example items of boiler plant equipment

- Heat Recovery Steam Generator (HRSG)
 - Duct Burner
 - Super Heater
 - HP Evaporator
 - HP Economizer
 - LP Evaporator
 - Integral air separating tank
 - LP Economizer
 - Modular HRSG
 - Stack
- Water treatment equipment
- Technical water supply equipment
- Tankage Equipment
- Thermal automatics and measurement plants equipment

FUEL HOLDERS, PRODUCERS, AND ACCESSORIES

Company shall attribute the cost of a property to the fuel handling and storage equipment used between the point of fuel delivery to the station and the intake pipe through which fuel is directly drawn to the engine, also the gas producers and accessories devoted to the production of gas for use in prime movers driving main electric generators.

The example items of fuel holders, producers and accessories

- Blower and fans.
- Boilers and pumps.
- Economizers.
- Exhauster outfits.
- Flues and piping.
- Pipe system.
- Producers.
- Regenerators.
- Scrubbers.
- Steam injectors.
- Tanks for storage of oil, gasoline, etc.
- Vaporizers.
- Fuel handling equipment for liquid fuel
 - Receiving-drain devices
 - Fuel filters
 - Fuel tanks
 - Pumps of fuel facilities
 - Fuel piping
 - Fire extinguishing system of oil facilities (pipelines, pumps)
- Fuel handling equipment for gaseous fuel
 - Gas-distribution station equipment
 - Gas-distribution point
 - Gas Piping and isolation valves
 - Fuel Filters
 - Control and Protective Equipment
 - Equipment of further squeezed gas compressor station

PRIME MOVERS

Company shall attribute the cost of a property to the gas combustion or other prime movers devoted to the generation of electric energy, together with their auxiliaries.

The example items of prime movers

- Air-filtering system.

- Belting, shafting, pulleys, reduction gearing, etc.
- Cooling system, including towers, pumps, tanks, and piping.
- Cranes, hoists, etc., including items wholly identified with apparatus listed herein.
- Engines, natural gas, or other internal combustion
 - Turbine
 - Thrust Bearing
 - Journal Bearing
 - Inlet Guide Valve
 - Compressor blades/ nozzles
 - Compressor rotor
 - Turbine Rotor
 - Transition Pieces
 - Turbine nozzles
 - Turbine Blades
 - Turbine Casing
 - Journal Bearing
 - Valves (Solenoid, throttle, etc.)
 - Exhaust Diffuser
 - Circular lubrication systems including filters, tanks, pumps, and piping and its Cooling equipment
 - Mufflers
 - Oil Purification Equipment
 - Noise absorbing casings
 - Oil Pressure Unit
 - Ignition system
 - Starting Hydraulic System
 - Engine Heating System
 - Air and water filters
 - Yokes, Brackets
- Water Supply System
 - Purification and treatment system
 - Water injection system (Water Injection Skid)
 - Water Wash System
- Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
- Governors.
- Exhaust mine
- Protection and Automation Systems
- Lighting systems.
- Mechanical meters, including gauges, recording instruments, sampling, and testing equipment.
- Fire extinguishing system
- Backup diesel generator
- Plant Condition monitoring system
- Piping.
- Compressed air systems, or other, including compressors and drives, tanks, piping, motors, boards and connections, storage tanks, etc.

- Steelwork, specially constructed for apparatus listed herein.
- Modules of digital control systems and display

STEAM TURBINE

Company shall attribute the cost of a property to the mechanical device and its auxiliary equipment that extracts thermal energy from pressurized steam, and converts it into rotary motion for the primarily purpose generation of electricity

- Steam Turbine
 - Turbine Casing
 - Fresh Steam Camera
 - Used steam Camera
 - Pipelines for steam extraction
 - Steam bypass pipe
 - Valves (Control valves Check valve, safety regulator valve)
 - Coupling, worm gear
 - Speed governor, control and protection systems
 - Barring gear
 - Turbine rotor, shaft, disks with the rotor blades, diaphragms, nozzle arrays, sealing, terminal and diaphragms
 - Baseplate (Bearings)
 - Bearings
 - Thrust bearings
 - Refills
 - Oil feed and lubrication systems
 - Platforms, railings, steps, gratings
 - Oil Pressure system, including accumulators, pumps, piping, motors, cooling system.
- Turbine equipment
 -
 - Steam piping, Steam conditioning cooling plant, quick acting
 - Steam conditioning cooling plant
 - High pressure regeneration systems
 - Low pressure regeneration systems
 - Feed turbo and electric pumps
 - Oil Tanks, turbine unit regulating and lubricating oil piping
 - Oil facilities with oil purification and regeneration of turbine oils.
 - Condensers, condenser pumps, ejector, balled cleaning systems
 - Piping for circulating and technical water supply.
 - Heating-system water equipment (network heaters, condensate pumps, piping)
 - Unitized demineralizing plants
 - Bridge cranes
 - Dilators
 - Fire-extinguishing system
 - Tanks of Accidental discharge of oil
 - Damper oil tank

GENERATORS (PRIME MOVER)

Company shall attribute the cost of a property to the energetic equipment and appurtenant equipment used to transform prime mover mechanical energy in the form of shaft power to electricity.

The example items of generating equipment

- Electric generator
- Excitation System
- Generator cooling system, including air cooling and washing apparatus, air fans and accessories, air ducts, etc.
- Bearing
- Circular lubrication systems including tanks, filters, strainers, pumps, piping, coolers and its cooling equipment
- Lubrication oil purification equipment
- Generator heating system.
- Fire-extinguishing equipment.
- Cranes, hoists, etc., including items wholly identified with such apparatus.
- Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.
- Lighting systems.
- Mechanical meters, and recording instruments.
- Platforms, railings, steps, gratings, etc., appurtenant to apparatus listed herein.

GENERATOR (STEAM TURBINE)

Company shall attribute the cost of a property to the Generator and its auxiliary equipment used to transform steam turbine mechanical energy in the form of shaft power to electricity.

- Stator
- Rotor
- Excitation System
- Hydrogen cooling system
- The cooling system of distilled water
- Air cleaning and cooling apparatus, drive equipment, louvers, pumps, hoods, etc.
- Fire-extinguishing systems
- Bearings
- Other equipment
- Lubricating systems

ACCESSORY ELECTRIC EQUIPMENT (ALTERNATIVE NAME ELECTRICAL MACHINERY)

Company shall attribute the cost of a property to the conversion equipment, and equipment used primarily in connection with the control and switching of electric energy produced and the protection of electric circuits and equipment.

The example items of accessory electric equipment

- Transformers
- Switchgear
- Electric motors
- Cable units
- Oil facilities
- Electrolysis facility (hydrogenous installation)
- Accumulator batteries
- Lighting Systems (including emergency)
- Relay devices and automation
- Protection & emergency automation
- Fire extinguishing systems
- Reserve Exciters
- Tanks for accidental discharge of oil
- Generator bus lines

Note A: Do not attribute to this subgroup transformers and other equipment used for changing the voltage or frequency of electric energy for the purpose of transmission or distribution.

NOTE B: When any item of equipment listed herein is used wholly to furnish power to equipment included in another subgroup, it shall be attributed to that subgroup.

MISCELLANEOUS POWER PLANT EQUIPMENT

Company shall attribute the cost of a property to the miscellaneous equipment which is devoted to general station use and is not properly includible in other steam production subgroups.

The example items of miscellaneous power plant equipment

- General station equipment
- Equipment of compressor installations
- Producer gas plants equipment (acetylene, oxygen, etc.)
- Fire-extinguishing equipment for general station use Fire-extinguishing plumbing
- Hoisting machines of general purpose
- Cranes and hoisting equipment, including cranes, cars, crane rails, monorails, hoists, etc., with electric and mechanical connections.
- Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.

- Miscellaneous equipment, including atmospheric and weather indicating devices, internal communication equipment, laboratory equipment, signal systems, phones, emergency whistles and sirens, fire alarms, and other similar equipment.
 - Ventilating equipment, including items wholly identified with apparatus listed herein.
 - Miscellaneous belts, pulleys, countershafts, etc.
 - Refrigerating system including compressors, pumps, cooling coils, etc.

MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, GENERATION: TECHNICAL SERVICES

Company shall attribute the cost of a property to the machinery and equipment for technical services to carry out activities performed in plant space, workshops, store and service stations.

The example items of Technical Services Equipment:

- Store Equipment used for receiving shipping, handling and storing of materials and supplies. Note: Equipment may be portable or stationary.
- Workshop and service station equipment used in operation, construction, and repair works, specifically provided for and not attributable to other sub-groups of equipment used for regulated company activities.
- Laboratory Equipment used for laboratory test, diagnose and identify faults of electrical installations, cables (used for communication and telecommunication also) & wires, for metrological- calibration purposes, to identify structure of substances used in energetic equipment, for transformers and other station equipment testing works, equipment specifically provided for and not attributable to other sub-groups of equipment used for regulated company activities.

Laboratory Equipment can be a part for:

- High-voltage electric technical Laboratory Equipment
- Laboratory weighing equipment (laboratory scales)
- Laboratory Equipment to diagnose, testing and measuring communication network components and equipment
- Laboratory equipment to test, diagnose and measuring chemical substances(Instruments and apparatus made of glass, quartz and porcelain
- Portable laboratories to test and diagnose electrical installations, switchgear and cable lines, and to identify faults in the cable lines.
- Other testing, laboratory, or research equipment not provided for elsewhere.

Note: do not attribute machinery and equipment for store and handling of chemical substances, reagents and fuel used primarily for generation of electricity.

'MACHINERY AND EQUIPMENT: ELECTRICITY REGULATED ACTIVITY, GENERATION: ADMINISTRATION'

Company shall attribute the cost of a property to the Company shall attribute the cost of a property to the machinery and equipment for administration used to carry out day-to-day activities related to administration, financial and technical planning, billing and recordkeeping, personnel, and logistics etc. when it is used in activities permitted by the terms of License for 'Generation' services or used in connection with 'Generation' services.

4.7 TRANSFERRING ASSETS (ALTERNATIVE NAME: TRANSMITTING UNITS)

Company shall attribute the cost of a property to transferring assets if it is a completed functional installation (elements), through which different specification energy and communication signals, as well as liquid and gaseous substances (oil, water steam and gas etc.) are transferred.

The examples of transferring property are:

- Trans missive units components purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- Contract work that includes amounts paid for work performed under contract by other companies, firms, or individuals, and the inspection of the work.
- Labor includes the pay and expenses of employees of the regulated company engaged in construction work.
- The cost of materials and supplies that includes the purchase price at the point of free delivery plus customs duties, excise taxes, the cost of inspection, loading and transportation, the related stores expenses, and the cost of fabricated materials from the regulated company's shop
- The cost of individual items of equipment of small value or of short life, including small portable tools and implements if the items are consumed directly in construction work, the cost must be included as part of the cost of the construction.
- The cost of Transportation that includes the cost of transporting employees, materials and supplies, tools, purchased equipment, and other work equipment (when not under own power) to and from points of construction. It includes amounts paid to others as well as the cost of operating the regulated company's own transportation equipment.
- The cost of special machine service that includes the cost of labor (optional), materials and supplies, depreciation, and other expenses incurred in the maintenance, operation and use of special machines, such as steam shovels, pile drivers, derricks, ditchers, scrapers, material unloaders, and other labor saving machines; also expenditures for rental, maintenance and operation of machines of others.
- The cost of workshop service that includes the proportion of the expense of the regulated company workshop structural unit assignable to construction work.
- The cost of Engineering and supervision that includes the portion of the pay and expenses of engineers, surveyors, draftsmen, inspectors, superintendents and their assistants applicable to construction work.

- The cost of Engineering services includes amounts paid to other companies, firms, or individuals engaged by the service company to plan, design, prepare estimates, supervise, inspect, or give general advice and assistance in connection with construction work.
- Interest cost on used funds which are allowed to be capitalized
- The cost of abnormal amounts of wasted material, labor, or other resources incurred in self-constructing an asset is not included in the cost of the asset.

Company shall not attribute the cost of a property to 'Transferring asset' if it is a bus system, facilities constituent equipment and devices, cable channeling, control wiring and tunnels. Such items should be attributed to appropriate class of PP&E directly benefitted.

The example items of transferring asset:

- Electricity transmission and electric communication means.
 - Railway contact system
 - Trolley and tram contact network.
 - Full gantry cranes power lines.
 - Overhead power lines
 - Cable power Lines (Overhead and Underground)
 - Telecommunication, electric communication cable lines
 - Fiber-optic telecommunication lines
 - Wire broadcasting lines
- Mains
 - Gas pipelines, gas conduits.
 - Mains for petrochemicals.
 - Mains and conduits of heat network.
 - Interplant piping.
 - Sewer of aggressive water.
 - Intra shop technological piping.
 - Swapping of cements.
 - Pneumatic tube.
 - Sewage gravity network.
 - Water-supply pipeline network.
 - Slime conduits.
 - Industrial fire line.

USoA breaks 'Transferring asset: Electricity Regulated Activity' down to:

- Transferring asset: Electricity Regulated Activity, Dispatch
- Transferring asset: Electricity Regulated Activity, Transmission
- Transferring asset: Electricity Regulated Activity, Distribution (Network)
- Transferring asset: Electricity Regulated Activity, Distribution (Supply)
- Transferring asset: Electricity Regulated Activity, Generation
- Transferring asset: Electricity Regulated Activity, Other

'TRANSFERRING ASSETS: ELECTRICITY REGULATED ACTIVITY, DISPATCH'

Company shall attribute the cost of a property to the 'Transferring assets: Electricity Regulated Activity, Dispatch' when it is used in activities permitted by the terms of license for 'Dispatch' services or used in connection with 'Dispatch' services.

The example items of transferring assets for dispatch”

- Fiber Optic Cable, including different types of fiber optic cables and fittings used for communication that primarily employed for Dispatch of electricity.
 - Different type of fiber optic cables*(OPWG, OPPC, WRAP, ADDS)
 - Civil and installation works
 - Support structures
 - The fittings: tension clamps, suspensions, earthing, clamps, dampers
 - Splices and other fittings,
- Electric communication cable lines (cable, coaxial cable) used for control wiring, radio, Ethernet and telephone connection, used for communication that primarily employed for Dispatch of electricity.
 - Different type of cables: insulated, covered copper & aluminum cable, coaxial cable.
 - Civil and installation works.
 - The fittings.
- Overhead Power Lines (conductors and cables)
- Underground power lines (cables)

'TRANSFERRING ASSETS: ELECTRICITY REGULATED ACTIVITY, TRANSMISSION'

Company shall attribute the cost of a property to the 'Transferring assets: Electricity Regulated Activity, Transmission' when it is used in activities permitted by the terms of license for 'Transmission' services or used in connection with 'Transmission' services.

Transferring assets should be classified and attributed to sub-groups based on nominal voltage scale that matches scale used in transmission of electricity in Georgia and comprise voltages 500, 400, 330, 220, 110, 35, 6/10 kV and below.

Transferring assets attribution should be based on - technical and administrative usage.

The general principle, regulated company shall use for attribution of transferring assets to sub-groups is a direct attribution.

In cases where transferring assets used in connection to two or more different nominal voltage or it is part of the complex of structurally articulated different nominal voltage facilities and direct attribution judgmental, attribution of transferring assets to subgroups shall be based upon the higher nominal voltage of equipment or the complex of facilities meant for and those units primarily employed for.

TRANSMISSION HIGH VOLTAGE LINES

- Transmission Overhead Lines, including supporting structure and fixtures and overhead conductors and devices which are primary used for transmission of electricity (capacity).
 - Transmission Towers, Poles and Fixtures and Overhead Power Conductors and Devices.
 - Lattice towers and steel and concrete poles that include rigid and guyed structures, which support insulators and conductors(cables);
 - Structural foundations that support lattice and monopole structures and include several different types and designs.
 - Insulators that provide adequate insulation levels and clearance between energized conductors and grounded structures;
 - Insulator hardware used as connecting devices for the insulators;
 - Grounding.
 - Overhead cables, Devices for Overhead cables
- Underground (Cable) Power Conductors and Devices, including insulated cables, potheads, covered conductors installed in conduits, ducts or trenches, used in transmission of electricity.
 - Foundations and settings specially constructed for and not expected to outlast the apparatus for which constructed
 - Cables, cable racks and hangers etc., permanently attached to manholes
 - Sumps, including pumps.
 - Underground conductors and devices.
 - Fireproofing, in connection with any items listed herein.
 - Insulators, potheads, etc.
 - Lightning arresters.
 - Switches.
 - Other line devices.

TRANSMISSION OPTIC CABLES

- Light based cables, including different types of fiber optic cables and fittings used for communication that primarily employed for Transmission of electricity.
 - Different type of fiber optic cables*(OPWG, OPPC, WRAP, ADDS)
 - Civil and installation works
 - Support structures
 - The fittings: tension clamps, suspensions, earthing, clamps, dampers
 - Splices and other fittings,

TRANSMISSION OTHER COMMUNICATION LINES

- Electric communication cable lines (cable, coaxial cable) used for radio, Ethernet and telephone connection, used for communication that primarily employed for transmission of electricity.
 - Different type of cables: copper cable, coaxial cable.
 - Civil and installation works.
 - The fittings.

TECHNICAL SERVICES TRANSFERRING ASSETS: ELECTRICITY REGULATED ACTIVITY, TRANSMISSION

Company shall attribute cost of property to transferring assets for technical services to carry out activities performed in workshops, fields, store, and service stations.

'TRANSFERRING ASSETS: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (NETWORK)'

Company shall attribute the cost of a property to the 'Transferring assets: Electricity Regulated Activity, Distribution (Network)' when it is used in activities permitted by the terms of license for 'Distribution (Network)' services or used in connection with 'Distribution (Network)' services.

Transferring assets is classified and attributed to sub-groups based on nominal voltage scale that matches scale used in Distribution of electricity in Georgia and comprise voltages 110, 35, 10, 6, 220/380 V.

Transferring assets attribution should be based on technical purpose of usage.

The general principles, regulated company shall use for attribution of transferring assets to sub-groups is direct attribution

In cases where transferring assets used in connection to two or more different nominal voltage or it is part of the complex of structurally articulated different nominal voltage facilities and direct attribution judgmental, attribution of transferring assets to sub-groups shall be based upon the higher nominal voltage of equipment or the complex of facilities meant for and those units employed for.

DISTRIBUTION (NETWORK) OVERHEAD LINES

- *Distribution (Network) Overhead Lines*, including supporting structure and fixtures and overhead conductors and devices which are primary used for distribution of electricity (capacity).
 - Towers, Fixtures and Overhead Power Conductors and Devices.
 - Lattice towers, steel, timber and concrete poles that include rigid and guyed structures, which support insulators and conductors(cables);
 - Structural foundations that support lattice and monopole structures and include several different types and designs.
 - Insulators that provide adequate insulation levels and clearance between energized conductors and grounded structures;
 - Insulator hardware used as connecting devices for the insulators;
 - Grounding.
 - Overhead Conductors, Devices for overhead conductors

DISTRIBUTION (NETWORK) CABLE LINES

- Underground (Cable) Power Conductors and Devices, including insulated cables, potheads, covered conductors installed in conduits, ducts or trenches, primarily used in Distribution (network) of electricity.

- Foundations and settings specially constructed for and not expected to outlast the apparatus for which constructed
 - Cables, cable racks and hangers etc., permanently attached to manholes
 - Sumps, including pumps.
 - Underground conductors and devices.
 - Fireproofing, in connection with any items listed herein.
 - Insulators, potheads, etc.
 - Lightning arresters.
 - Switches.
 - Other line devices.
- Distribution (Network) Overhead cable Lines, including supporting structure and fixtures and devices which are primary used for distribution of electricity (capacity).
 - Steel, timber and concrete poles that include rigid and guyed structures, which support insulators and conductors(cables);
 - Structural foundations that support lattice and monopole structures and include several different types and designs.
 - Insulators that provide adequate insulation levels and clearance between energized conductors and grounded structures;
 - Insulator hardware used as connecting devices for the insulators;
 - Grounding.
 - Overhead cables, devices and fixtures for overhead cables.

DISTRIBUTION (NETWORK) OPTIC CABLES

- Light-based cables, including different types of optic cables and fittings used for communication that primarily employed for Distribution (Network) of electricity.
 - Different type of fiber optic cables*(OPWG, OPPC, WRAP, ADDS)
 - Civil and installation works
 - Support structures
 - The fittings: tension clamps, suspensions, earthing, clamps, dampers
 - Splices and other fittings,

DISTRIBUTION (NETWORK) OTHER COMMUNICATION LINES

- Electric communication cable lines (cable, coaxial cable) used for control wiring, radio, Ethernet and telephone connection, used for communication that primarily employed for distribution of electricity.
 - Different type of cables: insulated, covered copper & aluminum cable, coaxial cable.
 - Civil and installation works.
 - The fittings.

DISTRIBUTION DISPATCH TRANSFERRING ASSETS: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (NETWORK)

Company shall attribute the cost of a property to the 'Dispatch Transferring assets: Electricity Regulated Activity, Distribution (Network)' when it is used in dispatching of distribution network that provides operational management of substations, transformer substations, distribution power lines and other installations.

Subgroup comprise further brake down, to those regulated company depending on the primary (prevailing) purpose of use of transmitting units for distribution network dispatch, shall attribute to :

- Distribution (Network) Dispatch: OHL
- Distribution (Network) Dispatch: Cable Lines
- Distribution (Network) Dispatch: Optic Cables
- Distribution (Network) Dispatch: Other Communication Lines
- Distribution (Network) Dispatch: Other Distribution (Network) assets

'TECHNICAL SERVICES TRANSFERRING ASSETS: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (NETWORK)'

Company shall attribute cost of property to transferring assets for technical services to carry out activities performed in workshops, fields, store, and service stations.

'TRANSFERRING ASSETS: ELECTRICITY REGULATED ACTIVITY, DISTRIBUTION (SUPPLY)'

Company shall attribute the cost of a property to the 'Transferring assets: Electricity Regulated Activity, Distribution (Supply)' when it is used in activities permitted by the terms of license for 'Distribution (Supply)' services or used in connection with 'Distribution (Supply)' services.

'TRANSFERRING ASSETS: ELECTRICITY REGULATED ACTIVITY, GENERATION'

Company shall attribute the cost of a property to the 'Transferring assets: Electricity Regulated Activity, Generation' when it is used in activities permitted by the terms of license for 'Generation' services or used in connection with 'Generation' services.

The example items of transferring assets for generation”

Company shall attribute the cost of transferring assets to the type of electricity generation technology employed, general technical services, and administration as:

- Transferring assets: Electricity Regulated Activity, Generation: Hydraulic Power Plants (HPP).
- Transferring assets: Electricity Regulated Activity, Generation: Steam Power Plants (Steam only)
- Transferring assets: Electricity Regulated Activity, Generation: Co-Generation Power Plants (Steam only for Electricity and Steam)

- Transferring assets: Electricity Regulated Activity, Generation: Gas Power Plants (Gas only)
- Transferring assets: Electricity Regulated Activity, Generation: Combined Cycle Power Plants (Gas and Steam)
- Transferring assets: Electricity Regulated Activity, Generation: Technical Services
- Transferring assets: Electricity Regulated Activity, Generation: Administration
- Classification of transferring asset

Company shall not attribute to transferring asset for generation the items primarily used for the purpose of transmission or distribution.

4.8 CONTRIBUTIONS AND GRANTS

The Guidance for Contribution and Grants is provided in 'Accounting Guidelines: Contribution and Grants'

4.9 OFFICE EQUIPMENT

Company shall attribute the cost of a property to the 'Office Equipment' if is informative technology equipment and administrative implements used for the operating and administrative functions of a company and directly not used in the production or service providing process.

- Computer Equipment (Computer engineering). It is all computer type office equipment such as servers, personal computers, workstations, including accessory items (peripheral equipment) for printing, coping, displaying and storing data.
- Informative Equipment: Telephones and telephone automated stations (PBX private branch exchange), office networking components, mobile phones, portable radio transmitter and mobile stations.
- Other equipment: Category of equipment that might comprise items such as: alarm and signalization, conditioning and ventilating equipment, cleaning and kitchen equipment, and sports kit.

Company shall not attribute computer hardware and networking components that comprises constituent part of SCADA. Such property shall be attributed to the appropriate class of property directly benefited.

USoA breaks 'Office equipment: Electricity Regulated Activity' down to:

- Office equipment: Electricity Regulated Activity, Dispatch
- Office equipment: Electricity Regulated Activity, Transmission
- Office equipment: Electricity Regulated Activity, Distribution (Network)
- Office equipment: Electricity Regulated Activity, Distribution (Supply)
- Office equipment: Electricity Regulated Activity, Generation
- Office equipment: Electricity Regulated Activity, Other

Company shall make further break-down as follows:

- Office equipment: Computers and peripheral hardware

- Office equipment: Communication equipment and devices
- Office equipment: Other

Items that are subject of attribution and classification can only be items that have independent purpose and are not part of any other object.

Company shall classify the office equipment based on primarily purpose of use avoiding multiple costing of the same item.

4.10 FURNITURE AND FIXTURES

Company shall attribute the cost of a property to the 'Furniture and fixtures' if it is used for the operational and administrative functions of a company to equip administrative and operational personnel's workplaces.

- Furniture: book cases, desks, files, safes, sofas, tables and chairs, set of furniture's for conference or day room etc. rest rooms furniture
- Fixtures: ash tray, carpeting, curtains, lamps and lighting, mirrors, picture, plants and plant pots, waste baskets.

USoA breaks 'Furniture and fixtures: Electricity Regulated Activity' down to:

- Furniture and fixtures: Electricity Regulated Activity, Dispatch
- Furniture and fixtures: Electricity Regulated Activity, Transmission
- Furniture and fixtures: Electricity Regulated Activity, Distribution (Network)
- Furniture and fixtures: Electricity Regulated Activity, Distribution (Supply).
- Furniture and fixtures: Electricity Regulated Activity, Generation.
- Furniture and fixtures: Electricity Regulated Activity, Other.

Company shall classify the furniture and fixtures based on primarily purpose of use avoiding multiple costing of the same item.

4.11 VEHICLES (TRANSPORTATION MEANS AND POWER OPERATED EQUIPMENT)

Company shall attribute the cost of a property to the means of transportation for passenger and operational personnel, cargos transportation & power operated equipment, and specialized vehicles for laboratory testing and refinery works.

- Passenger Vehicles: (SUV & ATV), Bus
- Heavy vehicles and power operated equipment: excavator, bulldozer, grader, truck, dump truck, tank truck, special trailer, flatbed trailer, crawler tractor, tamping machine, drilling machine, tractor, crane, snowmobile, etc.
- Mobile Laboratories and other Special Vehicles: vehicle-mobile laboratory, mobile transformers oil treatment, transformer oil purification and regeneration machine.
- Other equipment: airplane, helicopter, vehicles with specialized bodies whose purpose is the transportation of goods and people (tank trucks, bulk-cement transport unit)

USoA breaks 'Vehicles: Electricity Regulated Activity' down to:

- Vehicles: Electricity Regulated Activity, Dispatch
- Vehicles: Electricity Regulated Activity, Transmission
- Vehicles: Electricity Regulated Activity, Distribution (Network)
- Vehicles: Electricity Regulated Activity, Distribution (Supply)
- Vehicles: Electricity Regulated Activity, Generation
- Vehicles: Electricity Regulated Activity, Other

Company shall classify the vehicles based on primarily purpose of use avoiding multiple costing of the same item.

4.12 INSTRUMENTS

Company shall attribute the cost of a property to the industrial and other instruments i.e. items for technical purposes, which are involved in the production and operation process, but cannot be assigned to the equipment or to constructions.

The example items of instruments

- Ultrasonic instruments
- Disconnect Sticks
- Earthling contour Tester, Insulation tester,
- Relays inspection tool
- Elbow Connector Tool, Replacement Grippers,
- Dielectric Ladders, Ladder Support Attachments,
- Elevating and stacking equipment (portable)
- Oil testing installations, Oil Tester,
- Thermo vision camera, Ultrasonic defect scope
- Moisture Measuring, , Diluted gas portable analyzer
- Cable pulling equipment.
- Cable fault finder
- Optical Power Meter , Thermal welding device,
- Fiber Microscope, Cable scissors, Fiber Optic Test Kit,
- Optical Time-Domain, Laser range finder and etc.
- Gasoline pumps, oil pumps,
- Wheelbarrows
- Perforator, drill, knock-boring machine

Company shall not attribute the cost of a property to the instruments the stationery and portable electric and pneumatic power or compressed air operated equipment such as different technology welding apparatus. Such property shall be attributed to the appropriate class of property directly benefited.

USoA breaks 'Instruments: Electricity Regulated Activity' down to:

- Instruments: Electricity Regulated Activity, Dispatch
- Instruments: Electricity Regulated Activity, Transmission
- Instruments: Electricity Regulated Activity, Distribution (Network)
- Instruments: Electricity Regulated Activity, Distribution (Supply).
- Instruments: Electricity Regulated Activity, Generation.

- Instruments: Electricity Regulated Activity, Other.

Company shall classify the instruments based on primarily purpose of use avoiding multiple costing of the same item.

LEASEHOLD IMPROVEMENTS

Company shall attribute the cost of a property to the improvements performed on a leased property, such as additions, alterations, remodeling, or renovations.

USoA breaks 'Leasehold: Electricity Regulated Activity' down to:

- Leasehold improvements: Electricity Regulated Activity, Dispatch
- Leasehold improvements: Electricity Regulated Activity, Transmission
- Leasehold improvements: Electricity Regulated Activity, Distribution (Network)
- Leasehold improvements: Electricity Regulated Activity, Distribution (Supply).
- Leasehold improvements: Electricity Regulated Activity, Generation.
- Leasehold improvements: Electricity Regulated Activity, Other

Company shall classify the leasehold improvements based on primarily purpose of use avoiding multiple costing of the same item.

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