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# ACCOUNTING GUIDELINES FOR GEORGIAN GAS MARKET RATE REGULATED COMPANIES

## PROPERTY, PLANT AND EQUIPMENT (PP&E)

**USAID ENERGY PROGRAM**

21 May 2019

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DELOITTE CONSULTING LLP

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USAID CONTRACTING OFFICER'S

REPRESENTATIVE: NICHOLAS OKRESHIDZE

AUTHOR(S): GAGIK HOVHANNISYAN, DAVIT

MUJIRISHVILI

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# DATA

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# ACRONYMS

| | |
|---|---|
| **AC** | Alternative Current |
| **ACS TP** | Automatic Control System of Technological Processes |
| **ADDS** | All Dielectric Self-Supporting Optical Cable |
| **AMP** | Active Electromagnetic Suspension |
| **BOD** | Biochemical Oxygen Demand |
| **CAPEX** | Capital Expenses |
| **CGU** | Cash Generating Unit |
| **CPR** | Continues Property Recording |
| **CPU** | Central Processing Unit |
| **CS** | Compressor Station |
| **CWIP** | Construction Work in Progress |
| **DC** | Direct Current |
| **DGS** | Dry Gas Sealing System |
| **EMS** | Energy Management System |
| **EU** | European Union |
| **FA** | Fixed Asset |
| **FERC** | Federal Energy Regulatory Commission |
| **GEL** | Georgian Lari |
| **GNERC** | Georgia National Energy and Water Supply Regulatory Commission |
| **GOST** | State Standard |
| **GPU** | Gas Pumping Unit |
| **HIPP** | Hydropower Investment Promotion Project |
| **HMI** | Human Machine Interface |
| **HPEP** | Hydropower and Energy Planning Project |
| **IAS** | International Accounting Standards |
| **IFRS** | International Financial Reporting Standards |
| **kV** | Kilovolt |
| **LNG** | Liquified Natural Gas |
| **$M^3$** | Cubic Meter |
| **Max** | Maximum |
| **MPa** | Mega Pascal |
| **OEB** | Ontario Energy Board |
| **OPEX** | Operational Expenses |
| **OPPC** | Optical Phase Conductor |
| **OPWG** | Optical Ground Wire |
| **PP&E** | Property Plant and Equipment |
| **RCoA** | Regulatory Chart of Accounts |
| **RTU** | Remote Terminal Units |
| **SCADA** | Supervisory Control and Data Acquisition System |
| **SI** | System International |
| **US** | United States of America |
| **USAID** | United States Agency for International Development |
| **USoA** | Uniform System of Accounts |
| **USW** | Ultra-Short-Wave Radio |

| | |
|---|---|
| **V** | Volt |
| **W** | Watt |
| **WI** | Wobbe Index |
| **WLAN** | Wireless Local Area Network |

# CONTENTS

# BACKGROUND

According to the international best practice, regulatory financial information must be relevant, reliable, comparable, verifiable, transparent and comprehensive. To ensure the coherence of data, to avoid double counting and to detect anti-competitive effects its common practice in United States of America, Canada, Asia and Some European Union countries to develop and implement the regulatory accounting – unified accounting system for rate regulated entities so called Uniform System of Accounting (USoA).

USAID through its Hydropower Investment Promotion Project (March 2010 – August 2013) and its Hydro Power and Energy Planning Project (starting September 2013) provided guidance to GNERC in reforming the regulatory framework including development of the USoA for the electricity sector of Georgia. It was developed Regulatory Chart of Accounts (CoA) for the electricity sector, instructions to the CoA and performed capacity building of GNERC and the electricity sector generation, transmission, dispatch and distribution licensees. Later in December 2016 USoA and its constituent parts were approved by GNERC through its administrative procedures. USoA for rate regulated electric utilities would become mandatory from January 2019. The period between the approval of USoA and its mandatory application were allocated for the preparatory works for the transition to the regulatory accounting mandatory rules.

Considering the success in the past, in 2018 GNERC has applied USAID Energy Program with the request to support development of USoA for rate regulated utilities performing licensed activities in gas sector of Georgia.

As for electricity sector, Gas USoA proposed to provide a sound basis for recording of expenses and facilities of rate regulated gas utilities. Similarly, to the Electric USoA It includes a Regulatory CoA, Instructions to Regulatory CoA, General and Special Guidelines, Reports and Instructions to Reports that financial information can be properly recorded and traced for the purpose of sector regulation. This document was developed as the unbundled part of USoA for Georgian Gas Regulation with the purpose to be approved by the end of 2019 and applied for next year.

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

USoA describes a set of systems, processes, policies and procedures that enable a rate regulated entity to establish a record keeping regime necessary to meet its regulatory obligations, and which keeps track of revenues, costs, assets and capital employed.

Accounting Guidelines on Accounting of Property, Plant and Equipment (PP&E) is a constituent part of Regulatory Accounting Policy incorporated in USoA. This guideline is an essential part of the USoA that supports gas tariff development, gas market monitoring, benchmarking and other regulatory information needs. Guideline was developed with the intend to establish the rules and procedures related to PP&E that gas rate regulated licensed companies shall follow.

Furthermore, its proposed that rate regulated gas utilities shall apply this guideline for record keeping and reporting the cost of PP&E used and useful for rate regulated licensed activity in gas sector of Georgia.

Accounting guidelines on PP&E comprise 4 sections:

### 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 International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) 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 GAS SECTOR 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 rates regulated company shall use for recognition, measurement after recognition, subsequent cost capitalization and maintaining records on PP&E items.

### PART IV 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.

# METHODOLOGY

In general, the methodology that was applied for the development of the PPE guideline considers:

- Collection and review of materials, literature, technical and legal regulations, publications
- Collection and review of materials pertaining to the experience on regulatory accounting of regulators like United Sates Federal Energy Regulatory Commission FERC, Ontario Energy Board (OEB)
- Review and consideration of IAS16, IAS36, IFRS 16, IAS23 and IAS 40 for the regulatory accounting treatment
- Review and consideration of FERC and OEB experience (rules incorporated in respective gas USoA) for the development and drafting the cost capitalization criteria and record keeping of PPE items.
- Review and consideration of Draft Energy Law for drafting document part related to the Terms Definition
- Review/desk study and utilization of Technical Regulations on gas transmission, transportation/distribution/storage ( Gas Transmission Network - Design Rules, Safety Rules, Operation and Maintenance Rules) for the development of rules for Continues Property Recording and The list of Example items required for the tangible item cost attribution to the certain class of property and respective subaccounts.

## 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.

*Auxiliary facility* - Building or construction for auxiliary purposes which is not directly involved in the production or technological cycle;

MPa[1] – Megapascal Pressure Unit and MPA is the System International (SI) derived unit of pressure used to quantify internal pressure, It is defined as one Newton per square meter [Pa = $N/m^2$]. The megapascal [MPa] is a x1,000,000 multiple of the Pascal unit [Pa], 1MPa = 1,000,000Pa. MPa primarily is used for description of high pressure of gas and hydraulic systems. It substitutes *bar* pressure unit: 1 bar = 0.1 MPa or 1Mpa = 10 bars.

*Automation of Technological Process* – For the purposes of this guideline Automated control system of technological processes (ACS TP) is automation of data collection about performance of the process equipment and for management of technological process, maintenance of an optimum and safe operating mode of technological, energy and other equipment and accounting of the intermediate data, formation and output of the accounting and archival documentation, diagnostic of the measuring equipment.

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

*Cable lines:* Insulated electrical conductor (cable) designated for power supply 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 operation.

*Communication Network:* It is the type of an electronic communication wires, cable, and radio-relay, satellite lines physical circuits, linear tract and / or the technological system installations, equipment and facilities of the complex.

[1] https://www.sensorsone.com/mpa-megapascal-pressure-unit/

*Communication Line* - The type of linear construction that ensures Communication between the supplier and / or the users;

*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 measuring devices and instrument transformers, control devices and control objects, signal devices and alarm system.

Control valves - equipment for providing gas pressure up to the established pressure independently of the gas flow.

*Distribution of Gas (Network)*: Distribution of Natural Gas means the transport of natural gas through local or regional pipeline networks with intention of delivery to final customers, but shall not include the supply of natural gas;[2]

*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 energy supply to Compression Stations, Measuring Stations, Distribution Stations, Metering Stations, Electrochemical Protection and other units of gas transmission, distribution and storage facilities.

*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:* same as PP&E

*Gas Distribution Network.* Natural *gas distribution network* means a pipeline network with a design pressure not exceeding 1.2 MPa, as well as metering and regulating stations at all points of delivery within the natural gas distribution system, other energy facilities, electronic communication and information systems and other infrastructure necessary for the distribution of natural gas[3]

*Gas Measurement and Regulating Station:* A set of technological equipment for pressure reduction, cleaning, odorization and metering of gas before it is supplied to the gas distribution network

Gas Meter. A *gas meter* is a technical device for measuring, recording and displaying (indicating) the volume of gas under operating conditions that passes through a pipe in a pipeline perpendicular to the direction

*Gas Flow meter*. A technical device for measuring, recording and displaying (indicating) the volumetric flow rate of gas at working conditions

*Gas Flowmeter.* A technical device which comprise both meter and gas flow meter.

*Gas Measuring Station* - A set of technological equipment, tools and systems for measuring quality indicators and commercial metering of natural gas consumption supplied to consumers or areas, as well as when transferring gas from one organization to another

*Gas Pumping Unit (GPU*) - Technological device including a drive (gas turbine unit, piston engine or electric motor) and a supercharger (centrifugal central pulsar or axial), designed to increase the pressure in the gas pipeline.

*Gas System (Plant)*: It is a natural gas transmission and/or distribution networks, natural gas storage facilities and/or LNG facilities owned and/or operated by a natural gas undertaking, including line pack and facilities supplying ancillary services as well as facilities of related undertakings necessary for providing access to transmission, distribution and storage of natural gas and to LNG;

[2] Draft Energy Law Definition of Terms
[3] Draft Energy Law Definition of Terms

*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 reliability and functionality of object.

*Nominal (Working) Pressure* – It is a pressure or range of pressure the gas installation (or part thereof) meant for. The nominal pressure might be different from the Test Pressure which is used only for a proof pressure test applied to new or repaired equipment. Test pressure might demonstrate the pressure which could be afforded, and the equipment can later be used safely at the nominal rated working pressure.

*Pressure Class* – For the purposes of this guideline it's a range of working pressure used for the operation of the transmission and distribution network in Georgia. Below provided table contains pressure range the network operation is segregated for:

| Transmission of Gas | Distribution of Gas |
|---|---|
| More than 2.5 MPa | 0.3MPa-1.2MPa |
| 1.2—2.5MPa | 0.005-0.3 MPa |
| up to 1.2 MPa | up to 0.005 MPa. |

*Line Pack Gas*: Line pack includes the first cost of that quantity of gas introduced into the utility's system necessary to bring the system up to its designed operating capacity or increases therein and which must be maintained in the system in order to sustain such design operating capacity.

*Linear Part of The Main Gas Pipeline*: For the purposes of this guideline: The section of the main gas pipeline with valve nodes, with looping's and laterals, with cleaning piston launching and receiving nodes, condensate collection and chemical and reagents injection node, with valves and fixtures and without compressor, measuring and gas regulating (distribution) stations.

*Non-Regulated activity:* Any business activity that are not regulated by Georgia National Energy and Water Supply Regulatory Commission (GNERC).

*Odorant* – To ensure the safety of consumption and detect the leakage of gas, through the adding chemical substance to the gas is given characteristic odor.

*Odorization* – Odorization is the process of imparting a characteristic warning smell to natural gas in a gas pipeline to increase the safety of its use and the detection of leaks. It is a mandatory technological operation in the preparation of natural gas.

*Overhead power 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.

*Point of Delivery* - The defined point within the system, including interconnection point where a system user or customer has electricity or natural gas being physically delivered by the system operator in charge for its further transport or consumption;[4]

*Point of Receipt* - The defined point within the system, including interconnection point where the system operator in charge receives electricity or natural gas from producers or other interconnected systems;

*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).

*Protection of Gas System from Electrochemical corrosion* - Cathode, Drainage and Protective protection of underground steel pipes with the purpose to ensure cathodic polarization on pipelines, return of wandering currents to their source (railways, electrified urban transport substations) or the destruction of the protector itself (anode electrode), instead of the pipeline

*Protective Valves*: Valves for protection from increasing pressure

*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.

[4] Draft Energy Law Definition of Terms

*Replacement cost* – it is a monetary expression of the costs that would be necessary to create a new analogue of an exact duplicate or copy of the object under evaluation.

*Shut of Valves* - device for shutting off the gas flow in the pipeline

*Storage of Natural Gas* – Stocking of natural gas in the natural gas storage facility (Depleted underground reservoir, salt cavern etc.) including related services provided to system users by the system operator in charge;

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

*Supply of Natural gas* - The sale, including resale, of natural gas, including LNG, to customers;

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

*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.

*Technological process*: For the purposes of this guideline it is a part of the production process containing targeted actions to change and (or) determine the state of the object, during which changes occur in geometric shapes, sizes, physic-chemical properties of raw materials, materials, products and (or) their location

Note - Technological processes include technological processes of Gas production, distribution, transportation and underground gas storage.

# PART II. GENERAL ACCOUNTING REGULATION

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

A Gas 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 40' Investment Property', and IFRS 16 lease.

## CLASSES

The break-down of PP&E classes is provided below and considers following long-term tangible assets:

| Class | Class Account |
|---|---|
| Land | 2110.2 |
| Construction in Progress | 2120.2 |
| Buildings | 2130.2 |
| Constructions | 2140.2 |
| Machinery and Equipment | 2150.2 |
| Office equipment | 2160.2 |
| Furniture and fixtures | 2170.2 |
| Vehicles | 2180.2 |
| Leasehold improvement | 2190.2 |

For Gas Market regulation purpose following classes added:

| Class | Class Account |
|---|---|
| Transferring Assets | 2155.2 |
| Contribution and Grants | 2157.2 |
| Instruments and Other Long-Term Tangible Assets in Operation | 2185.2 |
| Long Term Tangible Assets Not in Operation | 2195.2 |

The stated long-term tangible assets are recognized as assets in operation or gas plant in service except following assets:

| Class | Class Account |
|---|---|
| Construction in Progress | 2120.2 |
| Long Term Tangible Assets Not in Operation | 2195.2 |

Fixed assets that are not in operation are not depreciable.

Fixed assets in operation i.e. gas plant in service are depreciable excluding Land. The break-down of depreciation mirrors the correspondent depreciable fixed assets classification.

# PART III. ACCOUNTING UNDER GAS REGULATION

The Gas Undertaking – Company shall use these Guidelines for accounting of financial activity that is specific for Gas Market Regulation.

## DEFINITION

USoA for gas identifies PP&E classes as related to:

| Activity | Accounting Code Rule |
|---|---|
| Gas Regulated activity | 21XX.2, 22XX.2 |
| Non-regulated activity | 21XX.9, 22XX.9 |

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

- Held for use in Natural Gas Transportation and Distribution through the Gas System, Storage of Gas and provision power market services or for administrative purposes;
- expected to be used for more than one year;
- Consistent with the Gas Market Tariff Methodology and other rules adopted by the Regulatory Commission [GNERC].

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

## REGULATORY TREATMENT FOR MAJOR SPARE PARTS AND STAND-BY EQUIPMENT

USoA identifies the items considered under the Emergency Reserve (Pipes, Valves, Fixtures), Major Spare Parts (e.g. valves separators, dehydrators) and Stand-by Equipment as property, plant and equipment capital assets if the specific criteria is met:

- 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 Gas System (Plant) devoted for Transmission/Transportation Distribution, and Gas Storage) and the main purpose of the existence of such kind equipment firmly considers enhancement of the gas system (plant) reliability
- They embody future economic benefits because they are expected to be placed in service; and;
- Consistent with the Gas Market Tariff Methodology and other rules adopted by the Regulatory Commission [GNERC].

Items which might attributed to this class of PP&E could be segregated to 3 (three) main category:

- Emergency Reserves
- Stand by Equipment; and
- Major Spare Parts

***Emergency Reserves***

It's existing practice that for the reliable operation of the Gas System (Transmission Plant) the existence of the Minimum Stock of pipes, valves, equipment, materials, fittings, mountings, set as the mandatory and determined by legal act or Technical Regulation.

Emergency reserves might be segregated to Operational Reserve and Non-Reducible Reserve. Non-Reducible Reserve devoted for the Emergency Cases such as changing the damaged sections of the linear part of the pipeline or damaged equipment of the system. In exceptional cases, it is allowed to use a minimum reserve for replacement defective areas that are, according to the results of the inspection of the technical condition of the pipes, in pre-emergency condition. The use of minimum reserve for other needs is not allowed.

***Stand by Equipment***

In reliability engineering one way to get high reliability of plant and equipment is to provide an extra unit that is available to immediately replace the duty unit when it fails. The configuration of the second unit can be as a standby, or as a redundancy, or as a backup.

'Redundancy' means a second unit is operating in parallel with the primary duty unit and both are sharing the demand. Should the primary unit fail, the second unit takes the full service.[5]

'Backup' means another unit from somewhere else is brought into operation should the duty unit fail.

'Standby' means a separate unit, that is not operating, is provided beside the working unit and is ready to start when the duty unit stops.

Major Spare Parts

Major Spare Part for the purposes of this guideline means any items of major equipment of significant cost that are essential to the operation of the Assets. Such equipment is generally a long lead-time item and, consistent with past practice, has been assigned to the capital base of the respective Asset upon delivery and prior to its placement in service.

Company prior to the recording the cost of item attributable to the above-mentioned category of the asset shall apply GNERC for the acceptance. It's an authority of Regulatory Commission to disallow any inclusion of cost of items and equipment considered under the Emergency Reserve, Stand y Equipment and Major Spare part in this account and rates.

Depreciation on such kind of PPE commences when available for use.

Accordingly, this treatment requires all major spare parts and equipment specifically designated as standby for field service to be capitalized in PP&E and amortized after entering the operation.

## REGULATORY TREATMENT SAMPLES OF ATTRIBUTION OF PP&E

If it is consistent with the GAS Regulated activity rate setting Tariff Methodology and other rules adopted by the Regulatory Commission, GNERC, the Company shall attribute following items to regulated PP&E, such as:

- Land parcels;
- Constructions;
- Buildings;
- Transmitting units;
- Equipment and devices;
- Power machinery and equipment;
- Measuring & controlling instruments and devices;
- Computing engineering;
- Means of transport;
- Instruments;
- Production tools and equipment;
- Internal roads etc.

As well as:

- land improvement (amelioration and irrigation work etc.);

[5] https://www.lifetime-reliability.com/cms/faqs/reliability-improvement/faq-meaning-of-standby-backup-redundancy/

- Improvement of leased fixed assets (buildings, structures, equipment, transferring assets etc.).

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

- Working tools with useful life less than one year despite 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) despite its cost; Also, consumable devices (reusable in the process of manufacturing tools and accessories, which usage depend on the manufacturing specification) despite cost of such item;
- Overalls, special footwear, bed accessories, despite 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.

## REGULATORY TREATMENT OF COST OF AN ITEM OF PROPERTY

Regulatory cost of an item of PP&E 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 Gas Regulated Activity Related Tariff Methodology and other rules adopted by the Regulatory Commission [GNERC].

## 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 [GNERC], thus shall be consistent with the Gas Market Tariff Methodology and other rules adopted by the Regulatory Commission [GNERC].

## REGULATORY TREATMENT OF MEASUREMENT AFTER RECOGNITION

The commission requires that for regulatory accounting and rate-making purposes, the Licensees of Gas Regulated Activity use original cost (*historical acquisition cost*) as the basis for both PP&E and Intangible Assets.

Company might apply Replacement Cost approach only in cases determined by the Gas Market Tariff Methodology with the approval of Regulatory Commission [GNERC].[6].

Other values that do not meet Regulatory Commission requirement shall not be recognized as an asset or, otherwise, shall be recognized as Non-regulated Asset. For Non-Regulated values, licensee shall use Accounts 21xx.9 (22xx.9).

*When company measures PP&E for GEL 10,000 as historical cost and replacement cost GEL 13,000 then licensee shall:*

- *Recognize GEL 10,000 as Gas Regulated activity PP&E (Account: 21xx.2) and GEL 3,000 as Non-Regulated activity PP&E (Account: 21xx.9) if Regulatory Commission does not recognize the results of Revaluation*
- *Recognize GEL 13,000 as Gas Regulated activity PP&E (Account: 21xx.2) if Regulatory Commission does recognize the results of Revaluation*
- *Recognize GEL 11,000 as Gas Regulated activity PP&E (Account: 21xx.2) and GEL 2,000 as Non-Regulated activity PP&E (Account: 21xx.9) if Regulatory Commission does recognize only GEL 11,000 as the result of Revaluation.*

*Licensee may or may not recognize the Non-regulated Activity PP&E part based on IFRS regulating PP&E.*

## 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 Gas Market Tariff Methodology and other rules adopted by the Regulatory Commission [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 Regulatory Commission [GNERC]

For some cases, Licensee may not be able to determine in advance whether expenditures on PP&E should be treated as part of PP&E (be capitalized) or be treated as part of maintenance cost of current operation (expense). Then, Licensee may use Accounts 7700.2 ‘Expenditures on Non-Current Assets: Gas Regulated Activity’ to accumulate the values for further recognition as Non-current Asset or as Operating Cost.

| EVENT | DEBIT | CREDIT |
|---|---|---|
| Accountant receives an invoice related to contractor work on PP&E. It is unclear, whether this work is for CAPEX or OPEX. | 7700.2x3 | 3110 |
| Having full information about contractor work by the end of reporting period, accountant recognizes the accumulated amount as CAPEX | 2120.2x | 7700.2x3 |

## REGULATORY TREATMENT SAMPLES OF CAPITALIZATION CRITERIA

CAPITAL EXPENDITURES

[6] For instance: Natural Gas Tariff Calculation Methodology Article 8 Subparagraph 2

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

Examples for Cost Capitalization Criteria:

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.
- As a result of rehabilitation, the technical specifications of the asset should be restored, and the capacity of the asset should be increased. Rehabilitation should improve the technical and operational indicators of the asset and extend the life of an asset.

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 are 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.

h) Second Hand Plant

Where second-hand plant not previously owned by the gas undertaking is acquired in a physical condition that necessitates extensive expenditures to bring it up to the standard

required by the company or technical and safety regulation, the expenditures would be capitalized

i) Software

In addition to general capitalization policies, the following policies are specific to computer software:

Computer software that is an integral part of a related item of PP&E is considered PP&E and should be assessed using these guidelines. An example of software that is an integral part of the related asset is SCADA software, whereby the software is required to operate the asset.

Computer software that is not an integral part of a related item of PP&E is an Intangible Asset.

Expenditures to be excluded from the cost of capitalized software are data migration costs Capitalization of costs can only commence once the technology has been selected and the planning and design phase begins. Expenditures incurred after initial software development for upgrades and enhancements are only capitalized if they add significant additional functionality to the software.

List of Plant Units

Furthermore, for the clarity required for cost capitalization policy, each Gas Undertaking shall develop and with the approval of Regulatory Commission [GNERC] use its own list of Plant Units and list of Minor Items of Plant. The existence of such kind of list establishes a physical dividing line by which costs of major work related to plant and equipment are capitalized.[7]

It is contemplated that the list of plant units will be revised and amended from time to time as experience and conditions warrant, subject to Regulatory Commission [GNERC].

The following costs should never be capitalized as part of PP&E (even if they relate to a project that is capital in nature):

a) Costs of opening a new facility, including but not limited to:

- ribbon cutting ceremonies;
- celebrations at completion of a project;
- gifts to people involved in the project;
- Costs of introducing a new product or service, including but not limited to:
- business development activities;
- staff training (including the development of training materials)
- change management activities.

b) Costs of conducting business in a new location or with a new class of customer, including but not limited to:

- staff training;
- moving employees to a new location;
- business development activities.

c) general administration and other overhead costs (exception: direct salaries and benefits of individuals directly contributing to the construction of an asset)Costs to use or redeploy an existing item of PP&E, including but not limited to:

- Cost of moving an asset to a new location;
- Cost of preparing an asset to serve an alternate purpose unless it increases the functionality of an asset (for example, purging a pipeline to flow a different product on the pipeline);
- initial operating losses, such as those incurred while demand for the item's output builds up;
- Costs of relocating or reorganizing operations;

d) Abnormal amounts of wasted material, labor or other resources incurred in self-constructing an asset, including abnormal amounts of rework. Note that a certain amount of wasted

resources and rework is expected and considered normal as part of the construction of any project;

- "normal" waste and rework happens on every construction project and is likely to be covered by the contingency in a project – these costs can be capitalized as part of the project;
- "abnormal" rework is a relatively infrequent occurrence – it would result from a specific incident that would likely directly result in a significant Supplement as a result of the additional costs to be incurred; and
- any time abnormal waste or rework has been identified on a capital project, please contact Regulatory Commission [GNERC] to ensure it meets the definition before expensing the costs.

If Gas Undertaking in the reporting or rate making process unsure about whether costs can be capitalized, please contact Regulatory Commission [GNERC].

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

OPERATION & MAINTENANCE EXPENSES

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

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

## REGULATORY TREATMENT OF ASSET IMPAIRMENT

According the IAS 16 to determine whether an item of PP&E is impaired; an entity applies IAS 36 Impairment of Assets. Standard explains how an entity reviews the carrying amount of its assets, how it determines the recoverable amount of an asset, and when it recognizes, or reverses the recognition of, an impairment loss[8].

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up shall be included in profit or loss when the compensation becomes receivable[9].

Furthermore, according the IFRS 16 Lease Paragraph 33, a lessee shall apply IAS 36 Impairment of Assets to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

According IAS 36 Paragraph 66, If there is any indication that an asset may be impaired, recoverable amount[10] shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, an entity shall determine the recoverable amount of the Cash-Generating Unit (CGU) to which the asset belongs (the asset's cash-generating unit).

As defined in IAS 36 paragraph 6, an asset's cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Identification of an asset's cash-generating unit involves judgement. If recoverable amount cannot be determined for an individual asset, an entity identifies the lowest aggregation of assets that generate largely independent cash inflows.

Please Note: Since Recoverable Amount is the higher of an asset's (or cash-generating unit's) fair value less costs of disposal and its value in use for certain asset it's not necessarily needs for the Company to determine both of these amounts, because if just one of them is higher than asset's carrying amount, then there's no impairment.

[8] IAS 16 Paragraph 63 Impairment
[9] IAS 16 Compensation for impairment Paragraph 65
[10] IAS 36 Paragraph 6 Definitions The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use
Costs of disposal are incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expense.

Instruction prescribed herein does not provide prescriptive guidance to permit or restrict the use of IAS 36 with regard the assets[11] mentioned in the standard. Since this guideline is wholly related only to the Tangible Items which are under the scope of IAS 16 and IFRS 16 and used and useful for regulated activity, the guidance prescribed below intended to cover only those Tangible Items – PP&E which are used for gas regulated activity and falls under the term "Individual assets" and/or Cash Generating Units (CGU)[12] only.

Where a Company for general financial reporting purposes under IFRS has identified possible occurrence of an impairment loss, such amounts with regard the PP&E used for regulated activity for the regulatory accounting and reporting, as well as for rate filling purposes should be identified separately for review by the Regulatory Commission (GENRC) if and when the consideration of Impairment Loss is allowed according the relevant Tariff Methodology, other legal act or requested by the Commission.

In general, Impairment Loss should be deferred if they will be included in future rates. in the process considering whether to defer and/or expense impairment losses of Regulatory PP&E, a Company needs to identify/determine whether these losses are to be recovered from future rates. Losses which are recoverable from the future rates should be reflected in respective regulatory accounts of USoA for Losses.

To determine whether the loss caused by the impairment of PP&E used in regulated activity applicable for the inclusion to the rate filling and/or attribution to the USoA regulatory account for losses, Company before attributing the impairment loss of PP&E used in regulated activity to the regulatory accounts shall apply Commission with the:

1. Description of the Approach, including but not limited by the indicators, justification and references of information sources [13] applied for the identification of an Asset that might be impaired.
2. List of Individual Assets and/or CGUs supplemented by justification on segregation and/or grouping of assets with the purpose of testing on impairment.
3. Estimation supplemented by the respective calculation on measurement of asset Recoverable Amount[14] (each Individual asset and CGUs)
4. Fair Value estimation according the IFRS 13[15]

   Note: Rules and guidelines for measuring the fair value of any assets are set by the standard IFRS 13 Fair Value Measurement. This standard applies for all periods beginning on 1 January 2013 or later, so Company need to make sure to take it into account.
5. Cost of Disposal[16] Estimation
6. Value in Use - Estimation (Including calculation supplemented by the assumptions, justification and references for Discount Rate)
7. Impairment Loss estimation/calculation for each Individual Asset and/or CGU

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[11] PPE Items such as Land Building Machinery, (IAS 16), Investment Property (IAS 40) Intangible Assets (IAS38) Subsidiaries, associates, joint Ventures and Cost, Assets at revalued amounts.
[12] CGU - A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.
[13] IAS 36 Paragraph 12 In assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications: External Information, Internal Information (2) Dividend from a subsidiary, joint venture or associate
(2) Once an asset meets the criteria to be classified as held for sale (or is included in a disposal group that is classified as held for sale), it is excluded from the scope IAS 36 and is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.
Paragraph 13 The list in paragraph 12 is not exhaustive. An entity may identify other indications that an asset may be impaired, and these would also require the entity to determine the asset's recoverable amount
[14] IAS 36 Definitions Paragraph 6 Recoverable amount is the higher of an asset's (or cash-generating unit's) fair value less costs of disposal and its value in use.
[15] Rules and guidelines for measuring the fair value of any assets are set by the standard IFRS 13 Fair Value Measurement. This standard applies for all periods beginning on 1 January 2013 or later, so Company need to make sure to take it into account.
[16] IAS 36 Definitions Paragraph 6 Costs of disposal are incremental costs directly attributable to the disposal of an asset or cash-generating unit, excluding finance costs and income tax expense. Costs of disposal are for example legal costs, stamp duties and similar transaction taxes, costs of removing the asset and direct incremental costs to bring an asset into condition for its sale.

Next step considers the review of submitted documents by GNERC and its Acceptance on the certain amount of Impairment Loss. Acceptance should be supplemented by the list of Individual Assets and/or CGUs GNERC deems admissible to be Impaired and acceptance on certain amount of impairment loss inclusion to the Loss Regulatory Account.

After Company obtains GNERC Acceptance on certain amount of Impairment Loss Company Shall Debit the amount equal to the accepted Impairment Loss amount to the Loss Regulatory Account.

There might be a case where Impairment Loss of PP&E used in rate regulated activities would be differed based on Depreciation[17] Rates and/or Useful Life[18] assigned and/or remains to the Individual Asset or CGU and debited to respective Regulatory Account. But this is a rate case specific decision.

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

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

## 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.

## 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

[17] IAS 16 Definitions Paragraph 6 Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.
[18] IAS 16 Definitions Paragraph 6
Useful life is:
(a) the period over which an asset is expected to be available for use by an entity; or
(b) the number of production or similar units expected to be obtained from the asset by an entity.

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 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 PP&E 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 PP&E 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.

Gas Undertakings in the process determining borrowing costs eligible for capitalization shall consider limit of borrowing cost and its calculation approach provided in Gas Market Tariff Methodology.

The Gas Undertaking based on above provided principles 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.

## 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”.

Cases associated with IAS 40 are not under the tariff regulation. For these cases, Company shall distinguish Investment Property book-values and record them in Non-Regulatory Accounts.

## 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;
- Indication of the pressure in Max – MPa and Min MPa it was designed to work and withstand for;
- Indication of the gas flow in Max – CM/S and Min CM/S it was designed to work;
- Supplier;
- Purchase order Number;
- Invoice Number.

**Accounting and regulatory compliance Items:**

- Date Produced;
- Date Purchased;

- Date available to use;
- Asset class (according the pressure);
- Tax rates;
- Major account asset attributed;
- Subaccount asset recorded;
- Possession form (Owner/Lease);
- Original cost;
- Salvage value;
- Depreciation Method;
- Depreciable amount to the end of period;
- Depreciation;
- Depreciation rate;
- Accumulated depreciation;
- Net book value;
- Estimated Useful life;
- 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:

- Diameter;
- Material of Composition;
- Designed Pressure;
- Functionality;
- Use;
- Current condition;
- Warranty and dates;
- Warranty conditions;
- Capital work orders;
- Maintenance work orders.

**Optional**

- Maintenance criteria;
- Operational importance;
- Life cycle costs;

Furthermore, each Storage of Gas Regulated Company shall maintain operating or accounting records for each well showing:

- Area (hectares) on which drilled;
- dates of drilling period;
- cost of drilling;
- depth of well;
- and depth of each stratum drilled through;
- sizes of casing used and the lengths of each size;
- total cost of well as recorded in gas plant accounts;

- date well abandoned, for wells once productive;
- date transferred to underground storage plant, for wells converted to storage use; and
- date drilling discontinued, for wells determined to be nonproductive.

The foregoing data, as appropriate, shall also be maintained for each subsequent change in the depth of each well.

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

IFRS 16 Leases applies to all leases, including subleases, except for: [IFRS 16:3]

IFRS 16 does not require a company to recognize assets and liabilities for:

(a) short-term leases (i.e. leases of 12 months or less) and
(b) leases of low-value assets (for example, a lease of a personal computer)

A lease is defined as a contract that conveys to the customer the right to use an asset for a period in exchange for consideration.

A lease exists when a customer controls the right to use an identified item, which is when the customer:

1 has exclusive use of the item for a period; and
2 can decide how to use it.

Its allowed showing lease either as lease assets (right-of-use assets) or together with property, plant and equipment.

At the commencement date, a lessee shall measure the right-of-use asset at cost following the rules prescribed in paragraph Subsequent measurement - Subsequent measurement of the right-of-use asset

The detailed Guidance for Lease provided in ‘Accounting Guidelines: Lease

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

### ASSIGNMENT OF PP&E FOR REGULATED POWER MARKET ACTIVITY

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

| Role | Role Account code |
|---|---|
| Transmission/Transportation | 21xx.22 |
| Distribution | 21xx.23 |
| Supply | 21xx.24 |
| Storage | 21xx.25 |
| Other | 21xx.29 |

### LAND (ACCOUNT 2110.2)

Company shall attribute the cost of a property to the ‘Land’ if it is the land parcels owned in fee by the 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: Gas 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.

USoA breaks down the Land, Gas Regulated Activity to Transmission/Transportation, Supply, Storage and Other Activities.

| | |
|---|---|
| 2110.2 | LAND: GAS REGULATED ACTIVITY |
| 2110.21 | LAND, GAS REGULATED ACTIVITY: [RESERVE] |
| 2110.22 | LAND, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION |
| 2110.221 | LAND, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: MORE THAN 2.5 MPA |
| 2110.222 | LAND, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA |
| 2110.223 | LAND, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: LESS THAN 1.2 MPA |
| 2110.228 | LAND, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: TECHNICAL SERVICES |
| 2110.229 | LAND, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: ADMINISTRATION |
| 2110.23 | LAND, GAS REGULATED ACTIVITY: DISTRIBUTION |
| 2110.231 | LAND, GAS REGULATED ACTIVITY, DISTRIBUTION: 0,3 – 1.2 MPA |
| 2110.232 | LAND, GAS REGULATED ACTIVITY, DISTRIBUTION: 0.005 – 0.3 MPA |
| 2110.233 | LAND, GAS REGULATED ACTIVITY, DISTRIBUTION: LESS THAN 0.005 MPA |
| 2110.238 | LAND, GAS REGULATED ACTIVITY, DISTRIBUTION: TECHNICAL SERVICES |
| 2110.239 | LAND, GAS REGULATED ACTIVITY, DISTRIBUTION: ADMINISTRATION |
| 2110.24 | LAND, GAS REGULATED ACTIVITY: SUPPLY |
| 2110.241 | LAND, GAS REGULATED ACTIVITY, SUPPLY: DIRECT SERVICE |
| 2110.248 | LAND, GAS REGULATED ACTIVITY, SUPPLY: TECHNICAL SERVICES |
| 2110.249 | LAND, GAS REGULATED ACTIVITY, SUPPLY: ADMINISTRATION |
| 2110.25 | LAND, GAS REGULATED ACTIVITY: STORAGE |
| 2109.251 | LAND, GAS REGULATED ACTIVITY, STORAGE: DIRECT SERVICES |
| 2110.258 | LAND, GAS REGULATED ACTIVITY, STORAGE: TECHNICAL SERVICES |
| 2110.259 | LAND, GAS REGULATED ACTIVITY, STORAGE: ADMINISTRATION |
| 2110.29 | LAND, GAS REGULATED ACTIVITY: OTHER |

### LAND, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION’

Company shall attribute the cost of a property to the ‘Land, Gas Regulated Activity: Transmission / Transportation' 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 ‘Gas Transmission / Transportation’ services, or land used in connection with Gas Transmission’ services.

The asset group ‘Land, Gas Regulated Activity: Transmission / Transportation' comprise further break down to subgroups according the pressure classes, ‘Technical Services’ and ‘Administrative’. Land parcels are classified and attributed to sub-groups based on designed/working pressure of placed facilities that matches scale used in transmission of gas in Georgia and comprise pressure range more than 2.5 MPa, 1.2-2.5 MPa and 0-1.2 MPa.

Furthermore, 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 pressure classes (gas main, 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 gas transmission facility, less the area of that portion of the land which used for facilities with different pressure  if such portion identifiable.

Company, after starting classification of land parcels used to place higher to lower range of pressure transmission facility is designed for, 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 pressure classes (gas main, 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 pressure class facility or equipment placed on that land meant for.

### LAND, GAS REGULATED ACTIVITY, DISTRIBUTION

Company shall attribute the cost of a property to the 'Land, Gas Regulated Activity, Distribution  the land parcels used to place (assigned to) the buildings, constructions, machinery and equipment and transferring assets in operation, in primarily connection to gas distribution network operation, activity that permitted by the terms of License for "Gas Distribution", or land used in connection with 'Distribution' services.

The asset group 'Land, Gas Regulated Activity, Distribution comprise further break down to subgroups of gas pressure classes, technical services and administrative.

Land parcels are classified and attributed to sub-groups based on designed/working pressure of placed facilities that matches pressure range in gas distribution network in Georgia and comprise pressure range 0.3MPa-1.2MPa, 0.005-0.3 MPa and up to 0.005 MPa.

The general principle, 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 pressure (gas main, 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 gas distribution facility, less the area of that portion of the land which used for different pressure equipment if such portion identifiable.

Regulated company, after starting classification of land parcels used to place higher to lower pressure 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 pressure classes (gas, mains, 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 pressure range facility or equipment placed on that land meant for.

### 'LAND, GAS REGULATED ACTIVITY, SUPPLY'

Company shall attribute the cost of a property to the 'land, gas regulated activity, supply'  the land parcels used to place (assigned to) the buildings, constructions, machinery and equipment and transferring assets in operation, in primarily connection to 'Gas Supply', activity that permitted by the terms of license for 'Gas Supply', or land used in connection with 'Gas Supply' services.

### 'LAND, GAS REGULATED ACTIVITY, STORAGE

Company shall attribute the cost of a property to the 'Land, Gas Regulated Activity, Storage 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 'Storage of Gas, or land used in connection with 'Gas Storage'.

The asset group ‘Land, Gas Regulated Activity, Storage comprise further break down to Technical Services and Administrative.

### ‘LAND, GAS REGULATED ACTIVITY, OTHER’

To the functional subgroup ‘Land, Gas 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.

## CONSTRUCTION IN PROGRESS (ACCOUNT 2120.2)

Company shall attribute the cost of a property to ‘Construction in Progress’ when the project for building, construction, assembling, rehabilitation or modernization, 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 (commissioning act or 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, gas and 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.

USoA breaks down the ‘Construction In-Progress, Gas Regulated Activity to Transmission/Transportation, Distribution, Supply, Storage and Other Activities.

Further break down based on pressure classes Gas utility shall perform with the principles prescribed in 4.2 LAND for the e attribution of land cost to pressure classes.

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| 2120.2 | CONSTRUCTION IN-PROGRESS: GAS REGULATED ACTIVITY |
| 2120.21 | CONSTRUCTION IN-PROGRESS, GAS REGULATED ACTIVITY: [RESERVE] |
| 2120.22 | CONSTRUCTION IN-PROGRESS, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION |
| 2120.221 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: MORE THAN 2.5 MPA |
| 2120.222 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: 1.2 – 2.5 MPA |
| 2120.223 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: LESS THAN 1.2 MPA |
| 2120.228 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: TECHNICAL SERVICES |
| 2120.229 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: ADMINISTRATION |
| 2120.23 | CONSTRUCTION IN-PROGRESS, GAS REGULATED ACTIVITY: DISTRIBUTION |
| 2120.231 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, DISTRIBUTION: 0.3 – 1.2 MPA |

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| 2120.232 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, DISTRIBUTION: 0.005 – 0.3 MPA |
| 2120.233 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, DISTRIBUTION: LESS THAN 0.005 MPA |
| 2120.238 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, DISTRIBUTION: TECHNICAL SERVICES |
| 2120.239 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, DISTRIBUTION: ADMINISTRATION |
| 2120.24 | CONSTRUCTION IN-PROGRESS, GAS REGULATED ACTIVITY: SUPPLY |
| 2119.241 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, SUPPLY: DIRECT SERVICES |
| 2120.248 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, SUPPLY: TECHNICAL SERVICES |
| 2120.249 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, SUPPLY: ADMINISTRATION |
| 2120.25 | CONSTRUCTION IN-PROGRESS, GAS REGULATED ACTIVITY: STORAGE |
| 2119.251 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, STORAGE: DIRECT SERVICES |
| 2120.258 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, STORAGE: TECHNICAL SERVICES |
| 2120.259 | CONSTRUCTION IN PROGRESS, GAS REGULATED ACTIVITY, STORAGE: ADMINISTRATION |
| 2120.29 | CONSTRUCTION IN-PROGRESS, GAS REGULATED ACTIVITY: OTHER |

Company shall record cost to the Construction in Progress regulated accounts if the amount of capital investment is accepted by Regulatory Commission and it is consistent with the Gas Tariff Methodology and other rules adopted by Regulatory Commission.

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.

## BUILDINGS (ACCOUNT 2130.2)

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 include all fixtures permanently attached to and made part of a building.

The classification and attribution objects are each detached building. If the building is 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, gas distribution or compressor

stations, 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.

USoA Breaks Down The 'Building, Gas Regulated Activity to Transmission/Transportation, Distribution, Supply, Storage and other Activities.

Further break down based on pressure classes a Gas utility shall perform with the principles prescribed in 4.2 LAND for the attribution of land cost to pressure classes.

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| 2130.2 | BUILDING: GAS REGULATED ACTIVITY |
| 2130.21 | BUILDING, GAS REGULATED ACTIVITY: [RESERVE] |
| 2130.22 | BUILDING, GAS REGULATED ACTIVITY: TRANSMISSION / TRASNPORTATION |
| 2130.221 | BUILDING, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: MORE THAN 2.5 MPA |
| 2130.222 | BUILDING, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: 1.2 – 2.5 MPA |
| 2130.223 | BUILDING, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: LESS THAN 1.2 MPA |
| 2130.228 | BUILDING, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: TECHNICAL SERVICES |
| 2130.229 | BUILDING, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: ADMINISTRATION |
| 2130.23 | BUILDING, GAS REGULATED ACTIVITY: DISTRIBUTION |
| 2130.231 | BUILDING, GAS REGULATED ACTIVITY, DISTRIBUTION: 0.3 – 1.2 MPA |
| 2130.232 | BUILDING, GAS REGULATED ACTIVITY, DISTRIBUTION: 0.005 – 0.3 MPA |
| 2130.233 | BUILDING, GAS REGULATED ACTIVITY, DISTRIBUTION: LESS THAN 0.005 MPA |
| 2130.238 | BUILDING, GAS REGULATED ACTIVITY, DISTRIBUTION: TECHNICAL SERVICES |
| 2130.239 | BUILDING, GAS REGULATED ACTIVITY, DISTRIBUTION: ADMINISTRATION |
| 2130.24 | BUILDING, GAS REGULATED ACTIVITY, SUPPLY |
| 2129.241 | BUILDING, GAS REGULATED ACTIVITY, SUPPLY: DIRECT SERVICES |
| 2130.248 | BUILDING, GAS REGULATED ACTIVITY, SUPPLY: TECHNICAL SERVICES |
| 2130.249 | BUILDING, GAS REGULATED ACTIVITY, SUPPLY: ADMINISTRATION |
| 2130.25 | BUILDING, GAS REGULATED ACTIVITY: STORAGEBUILDING, GAS REGULATED ACTIVITY: STORAGE |
| 2129.251 | BUILDING, GAS REGULATED ACTIVITY, STORAGE: DIRECT SERVICES |
| 2130.258 | BUILDING, GAS REGULATED ACTIVITY, STORAGE: TECHNICAL SERVICES |
| 2130.259 | BUILDING, GAS REGULATED ACTIVITY, STORAGE: ADMINISTRATION |
| 2130.29 | BUILDING, GAS REGULATED ACTIVITY, OTHER |

### BUILDING, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION

Company shall attribute the cost of a building (premises) to the Building, Gas Regulated Activity : Transmission / Transportation: 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 'Gas Transmission/Transportation' services or used in connection with ' Gas Transmission/Transportation' services.

Buildings is classified and attributed to subgroups based on pressure class that matches pressure range used in Gas Transmission/Transportation in Georgia and comprise pressure ranges more than 2.5 MPa, 1.2-2.5MPa, up to 1.2MPa

Furthermore, 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 pressure class equipment and direct attribution judgmental, attribution of building to subgroups shall be based upon the higher-pressure class of equipment this building used to house for.

### BUILDING, GAS REGULATED ACTIVITY: DISTRIBUTION

Company shall attribute the cost of a building (premises) to The Building, Gas Regulated Activity : Distribution 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 'Gas Distribution' or used in connection with 'Gas Distribution' services.

Buildings are classified and attributed based on pressure class, that matches to pressure ranges used in Distribution of Gas in Georgia and comprise pressure ranges 0.3-1.2 MPa, 0.005-0.3 MPa, and up to 0.005 MPa.

Furthermore, building cost attribution is based on 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 pressure class equipment and direct attribution judgmental, attribution of building to subgroups shall be based upon the higher-pressure class of equipment this building used to house for.

### BUILDING, GAS REGULATED ACTIVITY: SUPPLY

Company shall attribute the cost of a building (premises) to the Building, Gas Regulated Activity : 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 Gas Supply services or used in connection with 'Supply of Gas' services.

Furthermore, building cost attribution is based on Technical and Administrative usage.

### BUILDING, GAS REGULATED ACTIVITY: STORAGE

Company shall attribute the cost of a building (premises) to the Building, Gas Regulated Activity, Storage 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 'Gas Storage' services or used in connection with 'Storage of Gas' services.

Furthermore, building cost attribution is based on Technical and Administrative usage.

### BUILDING, GAS REGULATED ACTIVITY: OTHER

To the functional subgroup Building, Gas Regulated Activity: Other' shall be attributed Buildings qualified as Regulated PP&E in operation, used in activities permitted by the terms of license not listed herein.

## CONSTRUCTIONS (ACCOUNT 2140.2)

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 are 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 gas main, power lines and/or lines for technological communication, mains for oil, 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 protection structures and reinforced concrete;
  - Penstocks and surge tanks;
  - Bypass galleries, Diversion channels;
  - 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 another railroad way;
- Production roads, the sites and airfields (cover);
- Permanente protective fences;
- Removals;
- Pedestrian bridges and tunnels;
- Railway platforms;
- Loading areas;
- Access road and railroads;
- Motor roads;
- 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 purpose

- 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.

  - Oil and gas wells
    - Oil and gas wells - injection wells and control wells;
    - Gas and gas condensate wells;
    - Wells underground gas storage, including exploration;
    - Gas and gas condensate wells;
    - Wells underground gas storage, including exploration;
    - Capacitive vessels and apparatus for compressed natural gas;
    - Underground storage of oil and gas in the deposits of potassium salt;
    - Underground gas storage (Depleted Reservoirs, Salt Caverns).

  - 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.

Company shall not attribute the cost of a property to ‘construction’ if it is strapping pipelines and gathering lines, technological pipelines and bands. Such items shall be attributed to appropriate class of PP&E directly benefitted.

USoA breaks down the ‘Construction, Gas Regulated Activity to Transmission/Transportation, Distribution, Supply, Storage and Other Activities.

Further break down based on pressure classes Gas utility shall perform with the principles prescribed in 4.2 LAND for the attribution of land cost to pressure classes.

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| 2140.2 | CONSTRUCTION: GAS REGULATED ACTIVITY |
| 2140.21 | CONSTRUCTION, GAS REGULATED ACTIVITY: [RESERVE] |
| 2140.22 | CONSTRUCTION, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION |
| 2140.221 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: MORE THAN 2.5 MPA |
| 2140.2211 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: TRANSITION THROUGH NATURAL AND ARTIFICIAL OBSTACLES |
| 2140.2212 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: ANTI-EROSION AND PROTECTIVE STRUCTURES |
| 2140.2213 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: ROADS |
| 2140.2219 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: OTHER |
| 2140.222 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: 1.2 – 2.5 MPA |
| 2140.2221 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: TRANSITION THROUGH NATURAL AND ARTIFICIAL OBSTACLES |
| 2140.2222 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: ANTI-EROSION AND PROTECTIVE STRUCTURES |
| 2140.2223 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: ROADS |
| 2140.2229 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: OTHER |
| 2140.223 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: LESS THAN 1.2 MPA |
| 2140.2231 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: TRANSITION THROUGH NATURAL AND ARTIFICIAL OBSTACLES |
| 2140.2232 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: ANTI-EROSION AND PROTECTIVE STRUCTURES |
| 2140.2233 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: ROADS |
| 2140.2239 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: OTHER |
| 2140.228 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: TECHNICAL SERVICES |
| 2140.229 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: ADMINISTRATION |
| 2140.23 | CONSTRUCTION, GAS REGULATED ACTIVITY: DISTRIBUTION |
| 2140.231 | CONSTRUCTION, GAS REGULATED ACTIVITY, DISTRIBUTION: 0.3 – 1.2 MPA |
| 2140.232 | CONSTRUCTION, GAS REGULATED ACTIVITY, DISTRIBUTION: 0.005 – 0.3 MPA |
| 2140.233 | CONSTRUCTION, GAS REGULATED ACTIVITY, DISTRIBUTION: LESS THAN 0.005 MPA |
| 2140.238 | CONSTRUCTION, GAS REGULATED ACTIVITY, DISTRIBUTION: TECHNICAL SERVICES |
| 2140.239 | CONSTRUCTION, GAS REGULATED ACTIVITY, DISTRIBUTION: ADMINISTRATION |
| 2140.24 | CONSTRUCTION, GAS REGULATED ACTIVITY: SUPPLY |
| 2139.241 | CONSTRUCTION, GAS REGULATED ACTIVITY, DISTRIBUTION: TECHNICAL SERVICES |
| 2140.248 | CONSTRUCTION, GAS REGULATED ACTIVITY, DISTRIBUTION: TECHNICAL SERVICES |

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| 2140.249 | CONSTRUCTION, GAS REGULATED ACTIVITY, DISTRIBUTION: ADMINISTRATION |
| 2140.25 | CONSTRUCTION, GAS REGULATED ACTIVITY: STORAGE |
| 2139.251 | CONSTRUCTION, GAS REGULATED ACTIVITY, DISTRIBUTION: DIRECT SERVICES |
| 2140.258 | CONSTRUCTION, GAS REGULATED ACTIVITY, DISTRIBUTION: TECHNICAL SERVICES |
| 2140.259 | CONSTRUCTION, GAS REGULATED ACTIVITY, DISTRIBUTION: ADMINISTRATION |
| 2140.29 | CONSTRUCTION, GAS REGULATED ACTIVITY: OTHER |

### CONSTRUCTION, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION

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

Constructions for transmission is classified and attributed to sub-groups based on pressure class that matches pressure range used in transmission of gas in Georgia and comprise pressure ranges more than 2.5 MPa, 1.2-2.5 MPa, up to1.2 MPa.

Furthermore, 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 pressure ranges or it is part of the complex of structurally articulated different pressure range facilities and direct attribution judgmental, attribution of constructions to subgroups shall be based upon the higher-pressure range of equipment or the complex of facilities meant for.

Construction, Gas Regulated Activity, Transmission / Transportation segregated to pressure classes considers further break down according the type of construction:

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| 2140.22 | CONSTRUCTION, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION |
| 2140.221 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: MORE THAN 2.5 MPA |
| 2140.2211 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: TRANSITION THROUGH NATURAL AND ARTIFICIAL OBSTACLES |
| 2140.2212 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: ANTI-EROSION AND PROTECTIVE STRUCTURES |
| 2140.2213 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: ROADS |
| 2140.2219 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: OTHER |
| 2140.222 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: 1.2 – 2.5 MPA |
| 2140.2221 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: TRANSITION THROUGH NATURAL AND ARTIFICIAL OBSTACLES |
| 2140.2222 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: ANTI-EROSION AND PROTECTIVE STRUCTURES |
| 2140.2223 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: ROADS |
| 2140.2229 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: OTHER |

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| 2140.223 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: LESS THAN 1.2 MPA |
| 2140.2231 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: TRANSITION THROUGH NATURAL AND ARTIFICIAL OBSTACLES |
| 2140.2232 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: ANTI-EROSION AND PROTECTIVE STRUCTURES |
| 2140.2233 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: ROADS |
| 2140.2239 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: OTHER |
| 2140.228 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: TECHNICAL SERVICES |
| 2140.229 | CONSTRUCTION, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: ADMINISTRATION |

The example items of different type of constructions attributable to the category of construction designated and used for transition through natural and artificial obstacles:

- Arch pipeline;
- Cross-over beam of pipelines;
- Hanging pipeline, overhead pipeline;
- Ducker;
- Trestle pipelines;
- Tunnels.

The example items of different type of constructions attributable to the category of construction designated and used for anti-erosion and protective structures:

- Drainage shaft ditches
- Runoff sprays
- Water retaining shaft
- Dam across the bottom of the existing ravine
- Water throughput (trays, fast currents);
- Drainage
- Water retention;
- Screening;
- Multifunctional;

The example items of different type of constructions attributable to the category of construction designated and used for transportation such as roads:

- Access Roads
- Maintenance road along the pipeline

The break down to type of constructions applies to Construction accounts of any pressure class related to the Transmission/Transportation of the Gas.

### CONSTRUCTION, GAS REGULATED ACTIVITY: DISTRIBUTION

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

Constructions for Distribution are classified and attributed based on pressure classes, that matches to pressure range used in Distribution of Gas in Georgia and comprise pressure ranges: 0.3-1.2MPa, 0.005-0.3 MPa, up to 0.005MPa.

Furthermore, constructions attribution is based on Technical and Administrative usage. A general principle, regulated company use for attribution of constructions to subgroups is a direct attribution.

In cases where construction used in connection to two or more different pressure ranges or it is part of the complex of structurally articulated different pressure range facilities and direct attribution

judgmental, attribution of constructions to subgroups shall be based upon the higher-pressure range of equipment or the complex of facilities meant for.

### CONSTRUCTION, GAS REGULATED ACTIVITY: SUPPLY

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

Constructions attribution is based on Supply, Technical and Administrative usage.

### CONSTRUCTION, GAS REGULATED ACTIVITY: STORAGE

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

Constructions attribution is based on Storage of Gas, Technical and Administrative usage.

### CONSTRUCTION, GAS REGULATED ACTIVITY: OTHER

To the functional subgroup Construction, Gas Regulated Activity: Other' shall be attributed Construction qualified as Regulated PP&E in operation, used in activities permitted by the terms of license not listed herein.

## MACHINERY AND EQUIPMENT (ACCOUNT 2150.2)

Company shall attribute the cost of a property to machinery and equipment if the fixed or movable tangible assets used for operations such as conveying, 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':

- Technological 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 of 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.

The cost of specially provided basements/foundations not intended to outlast the machinery or apparatus for which provided, and the cost of angle irons, castings, etc., installed at the base of an item of equipment, shall be charged to the same account as the cost of the machinery, apparatus, or equipment.

***Technological equipment*** is an equipment intended for receiving, regulating processing and transportation of initial, intermediate and final products with an absolute pressure of 0.0001MPa to 10MPa as well as pipelines for the supply of coolants, lubricants and other substances necessary for the operation of the equipment. The examples of such equipment are valves, separators, dehydrators, cyclones, compressors etc.

***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, solar panels, inverters etc.

Classification and attribution a property of Technological and Energy Equipment shall be applied on each installation unit or equipment (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 Material - 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, Gas Regulated Activity down to:

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| 2150.2 | MACHINERY AND EQUIPMENT: GAS REGULATED ACTIVITY |
| 2150.21 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY: [RESERVE] |
| 2150.22 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION |
| 2150.221 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: MORE THAN 2.5 MPA |
| 2150.2211 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: COMPRESSOR STATION EQUIPMENT |

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| 2150.2212 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: MEASURING AND REGULATING STATION EQUIPMENT - GENERAL |
| 2150.2213 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE |
| 2150.2214 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: STATION ACCESSORY ELECTRICAL EQUIPMENT |
| 2150.2215 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: TECHNOLOGICAL COMMUNICATION |
| 2150.2216 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: PROCESS CONTROL AND AUTOMATION SYSTEMS |
| 2150.2217 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: [RESERVE] |
| 2150.2218 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: [RESERVE] |
| 2150.2219 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: OTHER |
| 2150.222 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: 1.2 – 2.5 MPA |
| 2150.2221 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: COMPRESSOR STATION EQUIPMENT |
| 2150.2222 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: MEASURING AND REGULATING STATION EQUIPMENT - GENERAL |
| 2150.2223 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE |
| 2150.2224 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: STATION ACCESSORY ELECTRICAL EQUIPMENT |
| 2150.2225 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: TECHNOLOGICAL COMMUNICATION |
| 2150.2226 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: PROCESS CONTROL AND AUTOMATION SYSTEMS |
| 2150.2227 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: [RESERVE] |
| 2150.2228 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: [RESERVE] |
| 2150.2229 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: OTHER |
| 2150.223 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: LESS THAN 1.2 MPA |
| 2150.2231 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: COMPRESSOR STATION EQUIPMENT |
| 2150.2232 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: MEASURING AND REGULATING STATION EQUIPMENT - GENERAL |
| 2150.2233 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: MEASURING AND REGULATING STATION EQUIPMENT - CITY GATE |
| 2150.2234 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: STATION ACCESSORY ELECTRICAL EQUIPMENT |
| 2150.2235 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: TECHNOLOGICAL COMMUNICATION |

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| 2150.2236 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: PROCESS CONTROL AND AUTOMATION SYSTEMS |
| 2150.2237 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: [RESERVE] |
| 2150.2238 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: [RESERVE] |
| 2150.2239 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: OTHER |
| 2150.228 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: TECHNICAL SERVICES |
| 2150.229 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: OTHER |
| 2150.23 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY: DISTRIBUTION |
| 2150.231 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION: 0.3 – 1.2 MPA |
| 2150.2311 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: GAS REGULATION POINTS AND INSTALLATIONS |
| 2150.2312 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: ELECTRICAL EQUIPMENT AND DEVICES |
| 2150.2313 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: TECHNOLOGICAL COMMUNICATION EQUIPMENT |
| 2150.2314 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: PROCESS CONTROL AND AUTOMATION SYSTEMS |
| 2150.2315 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: METERING EQUIPMENT |
| 2150.2319 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: OTHER |
| 2150.232 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION: 0.005 – 0.3 MPA |
| 2150.2321 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.3 MPA: GAS REGULATION POINTS AND INSTALLATIONS |
| 2150.2322 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.3 MPA: ELECTRICAL EQUIPMENT AND DEVICES |
| 2150.2323 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.3 MPA: TECHNOLOGICAL COMMUNICATION EQUIPMENT |
| 2150.2324 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.3 MPA: PROCESS CONTROL AND AUTOMATION SYSTEMS |
| 2150.2325 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.3 MPA: METERING EQUIPMENT |
| 2150.2329 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.3 MPA: OTHER |
| 2150.233 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION: LESS THAN 0.005 MPA |
| 2150.2331 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: GAS REGULATION POINTS AND INSTALLATIONS |
| 2150.2332 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: ELECTRICAL EQUIPMENT AND DEVICES |
| 2150.2333 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: TECHNOLOGICAL COMMUNICATION EQUIPMENT |
| 2150.2334 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: PROCESS CONTROL AND AUTOMATION SYSTEMS |
| 2150.2335 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: METERING EQUIPMENT |
| 2150.2339 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: OTHER |
| 2150.238 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION: TECHNICAL SERVICES |
| 2150.239 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION: OTHER |

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| 2150.24 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY: SUPPLY |
| 2149.241 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, SUPPLY: DIRECT SERVICES |
| 2150.248 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, SUPPLY: TECHNICAL SERVICES |
| 2150.249 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, SUPPLY: OTHER |
| 2150.25 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY: STORAGE |
| 2150.251 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE: DIRECT SERVICES |
| 2150.2511 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE, DIRECT SERVICES: GAS INJECTION EQUIPMENT |
| 2150.2512 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE, DIRECT SERVICES: GAS GATHERING / WITHDRAWAL EQUIPMENT |
| 2150.2513 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE, DIRECT SERVICES: STATION ACCESSORY ELECTRICAL EQUIPMENT |
| 2150.2514 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE, DIRECT SERVICES: WELL EQUIPMENT |
| 2150.2515 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE, DIRECT SERVICES: TECHNOLOGICAL COMMUNICATION |
| 2150.2516 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE, DIRECT SERVICES: PROCESS CONTROL AND AUTOMATION SYSTEMS |
| 2150.2517 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE, DIRECT SERVICES: GAS MEASUREMENT STATION |
| 2150.258 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE: TECHNICAL SERVICES |
| 2150.259 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE: OTHER |
| 2150.29 | MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY: OTHER |

### MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION

Company shall attribute the cost of a Machinery And Equipment (Technological Equipment, Energy Equipment, Material-working machinery and Machine tool, Information technology equipment, Communication Systems Equipment (stationary), Instrumentation (mounted), Computing machinery) to the Machinery And Equipment: Regulated Activity, Transmission / Transportation when it is used for the activity permitted by the terms of License for 'Gas Transmission' services or used in connection with 'Transmission of Gas' services.

*Machinery and Equipment* for Gas transmission is classified and attributed to sub-groups based on designed/working pressure of that matches scale used in transmission of gas in Georgia and comprise pressure range more than 2.5 MPa, 1.2-2.5 MPa and 0-1.2 MPa.

Furthermore, Machinery and Equipment attribution is based on Technical and Administrative usage.

The general principle, gas undertaking 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 pressure classes or it is part of the complex of structurally articulated different pressure class facilities and direct attribution judgmental, attribution of machinery and equipment to sub-groups shall be based upon the higher range of equipment working pressure or the complex of facilities meant for.

### A. COMPRESSION STATION EQUIPMENT

Company shall attribute the cost of property to technological and energy equipment, apparatus and devices designed for increasing the pressure of gas compression during its production, transportation and storage. The technological scheme of the compressor station consists of:

- Compression Unit;
- Prime Mover;
- Gas Cleaning Unit (Technological, pulse, fuel);
- Gas Regulation Unit;
- Accessory Systems;

The example items of different type of equipment for Transmission:

**Compressor Station**

1. **Connection point of CS to the main gas pipeline;**
2. **Nodes receiving and running a cleaning piston (When part of CS);**
3. **Prime Mover - Gas Turbine**

- Casing noise and heat isolating auxiliary devices frame;
- Casing noise and heat isolating of gas turbine installation compartment;
- Belting, shafting, pulleys, reduction gearing, etc.;
- Cranes, hoists, etc., including items wholly identified with apparatus listed herein;
- 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 seal (end);
- Ignition system;
- Starting Hydraulic System;
- Engine Heating System;
- Air and water filters;
- Yokes, Brackets;
- Governors;
- Exhaust mine;
- Lighting systems;
- Mechanical meters, including gauges, recording instruments, sampling, and testing equipment;
- Piping;
- Compressed air systems, or other, including compressors and drives, tanks, piping, motors, boards and connections, storage tanks, etc.;
- Instrumentation;
- pressure drop regulator;
- float chamber;
- gas separator;
- Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.

4. **Prime Mover - Electric Engine**

- Exciter;
- Asynchronous high-speed electric motor;
- Safety bearings, providing up to 20 emergency "drops" of the rotor with the nominal speed;
- Temperature sensors;
- Inductive sensors of radial and axial movement;
- Rotor speed sensors;
- Gas air cooler with valve electric drive;
- Active magnetic suspension system;
- Dry Gas Seal System (DGS);

- An active electromagnetic suspension (AMP) system of the rotor (a set of magnetic bearings);
- Confuser, with a set of gas flow measurement sensors for operation of the anti-surge protection system and technological performance measurement;
- A set of devices for assembly and disassembly of the supercharger.

**5. Prime Mover - Piston Engine**

**6. Supercharger**

- Supercharger compartment;
- Oil tank supercharger;
- Block of oil pumps;
- Support bearing;
- Cap;
- Housing;
- Inner case;
- Rotor;
- Seal;
- Thrust bearing;
- snail;
- Reverse guide;
- Oil supply system in seals;
- Regulatory system;
- Anti-surge protection system;
- Blade diffuser;
- Working wheel;
- Sleeve;
- Wedge gaskets;
- Anchor bolts;
- Gear coupling;

**7. Air cleaning device**

- Cameras;
- Silencer suction tract;
- Suction chamber;
- Intermediate block;
- Ventilation Unit;
- Oil cooler blocks;
- Block of oil units;
- Exhaust shaft;
- Diffuser, spacers and silencer;
- Fuel gas filter unit;
- Cyclic air heating system;
- Fire extinguishing system;
- Electrical devices.

**8. Technological gas treatment unit with a collection system for waste products**

- Gas inlet and gas cleaning section;
- Cleaning unit;
- Drying unit;
- Heating block;
- Reduction unit for own needs;
- Metering unit;
- Ventilation system;
- Vertical oil dust trapper and collector;
- Cyclone dust trapper and collector;
- Filter separator;
- Air coolers;
- Drainage Piping;
- Drainage pipe heating;
- Collection section separated from the main gas condensate and mechanical impurities;

- Condensate Tank.

**9. Installation of decontamination of technological waste**

- Ammonia stills, condensers, saturators, etc.;
- Apparatus for removal of residuals from purifier liquids;
- Coke filter;
- Coke handling and storage facilities used solely for coke held for sale;
- Condensers;
- Control apparatus;
- Coolers;
- Decanters;
- Foundations specially constructed for and not intended to outlast the apparatus for which provided;
- Gauges;
- Heating equipment for apparatus included in this account;
- Instrumentation;
- Light oil stills, washers, etc.;
- Piping and pumps;
- Platforms, stairs, and ladders;
- Separators;
- Storage tanks;
- Supports;
- Tar dehydrators, stills, etc.

**10. Gas cooling installation**

- Vapor compression;
- Turboexpanders;
- Recuperative refrigeration units;
- Absorption machines;
- Auxiliary systems for turbo-expander and recuperative refrigeration units;
- Safety valves;
- Heating and ventilation systems.

**11. Fuel gas, launching gas and pulsed gas preparation unit**

- Impulse gas preparation unit;
- Launch and Fuel Gas Preparation Unit.

**12. Lubrication Oil System**

- - Oil supply system;
- - High pressure oil line;
- - Oil Purification Equipment;
- - Oil Pressure Unit.

**13. Technological pipelines, pipeline fittings, fittings and elements of metal pipelines**

- Pipelines;
- Fittings and elements of metal pipelines;
- Piping / pipeline valves;
- Shut-off valves;
- Control valves;
- Mixing valves;
- Protective Valves;
- Phase separation valves;
- Actuators to control pipeline valves.

**14. Water Supply Sewage & Treatment Systems**

- Production, Technological and fire water supply system;
- Water supply sources;
- Sewage system and treatment facilities;
- Surface and groundwater removal systems from the entire CS territory (drains, ditches, ditches, drainpipes, etc.);

- Facilities for the treatment of polluted wastewater.

15. **Heating system (electric or registers from the external or its coolant as part of buildings and structures**
16. **Heat Supply System**

- Heat utilizers of own needs;
- Heat utilizers Gas Heating;
- Boiler Plant;
- Piping.

17. **Inert gas supply system**
18. **Gas supply system (own needs of the compressor station)**
19. **Odorization system / unit**

- Needle valve;
- Reverse valve;
- Odorant filter;
- level sensor;
- Level Indicator;
- Filling solenoid valve;
- Pressure Regulator;
- pressure gauge;
- Droppers;
- level alarm;
- Ejector;
- Differential pressure sensor;
- Odorant container.

20. **Ventilation system**

- Ventilation unit including frame
- fans;
- nipple;
- hydraulic dampers consisting of a hydraulic cylinder, a hydraulic distributor, connecting hoses, a system of rods, a compensator and adapters.

21. **Other auxiliary systems and Equipment**

## B. MEASURING AND REGULATING (STATION) EQUIPMENT

Company shall attribute the cost of property (a set of installations and technological equipment), to Measuring and Regulating (Station) Equipment designated and used for the measuring, controlling and regulating the receipt of gas at Entry Points and Inside (Intermediary Points) of the Gas Transportation System.

1. **Nodes**

- Connection node (only station on the bypass line)
- Switching node
    - valves with remotely controlled drive on the gas pipelines inlet and outlet;
    - safety valves (at least two) for the discharge of gas;
    - a bypass line connecting the inlet and outlet pipelines of station providing short-term supply of gas to the consumer.
        - Piping;
        - a shut-off valve with a remotely controlled drive (installation of a crane with a manual drive is allowed);
        - by means of a control valve or a manually operated valve;
        - Manometers.
    - Candle (candles) of gas discharge from safety valves;
    - Candle with a remote-controlled valve for emergency discharge of gas from process pipelines.
- Gas cleaning node

- Dust- moisture absorbing devices;
- Tanks (containers) of collecting gas cleaning products;
- devices for automatic condensate removal into collection tanks;
- gas leakage control system.

- Hydrate formation preventing node
  - Disconnecting and bypass valves of the heating unit;
  - Heat supply equipment;
  - protection and alarm in case of gas breakthrough into the coolant cavity;
  - methanol injection unit in gas pipeline communications.
- Gas reduction node
  - Gas reduction lines;
  - gas reduction;
  - Reserve lines;
  - Release candles;
  - automatic protection against deviations from operating parameters beyond acceptable limits and automatic switching on of the reserve;
  - remotely operated crane;
  - pressure regulator or control valve or;
  - discrete choke valve;
  - manual or remote-controlled crane;
  - pressure regulator;
  - cut-off valve;
  - gate valve;
  - Regulator - Gas flow limiter.
- Gas Flow metering
  - Gas flow measurement lines for each output (consumer) with one measuring complex on each line;
  - Local resistance;
  - Flow preparation device;
  - Stream straightener;
  - Safety locking devices;
  - Condensate collection systems;
  - Gas flow pulsation damping devices;
  - Flow conversion devices;
  - Gas metering unit for own needs;
  - Flow Meter and Flowmeters.
    - ✓ Variable Pressure Flowmeters;
    - ✓ Measuring pipeline;
    - ✓ Installation of straighteners;
    - ✓ Valves and fixtures;
    - ✓ Foundation settings and platforms attached to the equipment;
    - ✓ Analytical unit, containing a chromatograph and a dew point analyzer;
    - ✓ Gas Electronic Volume Corrector;
    - ✓ Acoustic (ultrasonic) flowmeters;
    - ✓ Vortex Flowmeters;
    - ✓ Diaphragm (membrane, chamber) gas meters;
    - ✓ Rotary Gas Meters;
    - ✓ Turbine Gas Meters;
    - ✓ Jet Flowmeters;
    - ✓ Hot-wire anemometer;
    - ✓ Coriolis flowmeters;
    - ✓ Membrane (diaphragm, chamber), gas meters.
  - Support, flanges, vanes and plates;
  - Auxiliary devices.
- Gas odorization

- Needle valve;
- Reverse valve;
- Odorant filter;
- level sensor;
- Level Indicator;
- Filling solenoid valve;
- Pressure Regulator;
- pressure gauge;
- Droppers;
- level alarm;
- Ejector;
- Differential pressure sensor;
- Odorant container;
- measuring capacity;
- electropneumatic valve;
- supply of odorant from the supply tank;
- odorant injection into the pipeline;
- connection to the gas cushion of the supply tank;
- gas choke;
- high pressure gas supply;
- gas discharge to the drain plug;
- drainage tank;
- Electro-pneumatic control unit for the supply of odorant to the gas pipeline;
- measuring vessel of working fluid;
- valves;
- level gauges;
- hydraulic choke;
- cylinder compensator;
- cylinder - dispenser;
- sight glass;
- the receiving vessel of the working fluid;
- balancing tube;
- separation cylinder;
- valve;
- gas cleaning filter;
- gas inlet fitting.

- Gas withdrawal unit for own needs
- Node for preparation of pulsed (feed) gas
- Gas quality control installation, equipment and devices

    - Installation measuring gas composition;
    - Calorimeter (calorific value or Wobbe Index (WI);
    - Densitometer;
    - Installation measuring water dew point temperature;
    - Installation measuring hydrocarbon dew point temperature;
    - Installation measuring the content of hydrogen sulfide, mercaptan and total sulfur (if necessary);
    - sampling device/equipment;
    - dust collectors, separators or filters;
    - measuring pipelines;
    - Cranes with manual or pneumatic drive;
    - Gas pressure and temperature sensors, pressure drop sensors or other means of measuring gas flow.

**2. Systems**

- Heat Supply Equipment (Boiler Plant);
- Gas contamination control;
- lightning protection;
- Grounding;
- Water supply and sewage;

- heating, ventilation and, if necessary, air conditioning;
- Water supply and sewage (if necessary);
- Corrosion protection.

## C. MEASURING AND REGULATING STATION EQUIPMENT- CITY GATE

Company shall attribute the cost of property (a set of installations and technological equipment), to Measuring and Regulating (Station) Equipment designated and used for the measuring, controlling and regulating the receipt of gas at Exit Points – City Gate of the Gas Transportation System.

### 1. Nodes

- Connection node (only station on the bypass line)
- Switching node
    - valves with remotely controlled drive on the gas pipelines inlet and outlet;
    - safety valves (at least two) for the discharge of gas;
    - a bypass line connecting the inlet and outlet pipelines of station providing short-term supply of gas to the consumer.
        - Piping;
        - a shut-off valve with a remotely controlled drive (installation of a crane with a manual drive is allowed);
        - by means of a control valve or a manually operated valve;
        - Manometers.
    - Candle (candles) of gas discharge from safety valves;
    - Candle with a remote-controlled valve for emergency discharge of gas from process pipelines.
- Gas cleaning node
    - Dust- moisture absorbing devices;
    - Tanks (containers) of collecting gas cleaning products;
    - devices for automatic condensate removal into collection tanks;
    - gas leakage control system.
- Hydrate formation preventing node
    - Disconnecting and bypass valves of the heating unit;
    - Heat supply equipment;
    - protection and alarm in case of gas breakthrough into the coolant cavity;
    - methanol injection unit in gas pipeline communications.
- Gas reduction node
    - Gas reduction lines;
    - gas reduction;
    - Reserve lines;
    - Release candles;
    - automatic protection against deviations from operating parameters beyond acceptable limits and automatic switching on of the reserve;
    - remotely operated crane;
    - pressure regulator or control valve or;
    - discrete choke valve;
    - manual or remote-controlled crane;
    - pressure regulator;
    - cut-off valve;
    - gate valve;
    - Regulator - Gas flow limiter.
- Gas Flow metering
    - Gas flow measurement lines for each output (consumer) with one measuring complex on each line;
    - Local resistance;
    - Flow preparation device;

- Stream straightener;
- Safety locking devices;
- Condensate collection systems;
- Gas flow pulsation damping devices;
- Flow conversion devices;
- Gas metering unit for own needs;
- Flow Meter and Flowmeters.
    - ✓ Variable Pressure Flowmeters;
    - ✓ Measuring pipeline;
    - ✓ Installation of straighteners;
    - ✓ Valves and fixtures;
    - ✓ Foundation settings and platforms attached to the equipment;
    - ✓ Analytical unit, containing a chromatograph and a dew point analyzer;
    - ✓ Gas Electronic Volume Corrector;
    - ✓ Acoustic (ultrasonic) flowmeters;
    - ✓ Vortex Flowmeters;
    - ✓ Diaphragm (membrane, chamber) gas meters;
    - ✓ Rotary Gas Meters;
    - ✓ Turbine Gas Meters;
    - ✓ Jet Flowmeters;
    - ✓ Hot-wire anemometer;
    - ✓ Coriolis flowmeters;
    - ✓ Membrane (diaphragm, chamber), gas meters.
- Support, flanges, vanes and plates;
- Auxiliary devices.

- Gas odorization
    - Needle valve;
    - Reverse valve;
    - Odorant filter;
    - level sensor;
    - Level Indicator;
    - Filling solenoid valve;
    - Pressure Regulator;
    - pressure gauge;
    - Droppers;
    - level alarm;
    - Ejector;
    - Differential pressure sensor;
    - Odorant container;
    - measuring capacity;
    - electropneumatic valve;
    - supply of odorant from the supply tank;
    - odorant injection into the pipeline;
    - connection to the gas cushion of the supply tank;
    - gas choke;
    - high pressure gas supply;
    - gas discharge to the drain plug;
    - drainage tank;
    - Electro-pneumatic control unit for the supply of odorant to the gas pipeline;
    - measuring vessel of working fluid;
    - valves;
    - level gauges;
    - hydraulic choke;
    - cylinder compensator;
    - cylinder - dispenser;
    - sight glass;
    - the receiving vessel of the working fluid;
    - balancing tube;

- separation cylinder;
- valve;
- gas cleaning filter;
- gas inlet fitting.

- Gas withdrawal unit for own needs
- Node for preparation of pulsed (feed) gas
- Gas quality control installation, equipment and devices
    - Installation measuring gas composition;
    - Calorimeter (calorific value or Wobbe Index (WI);
    - Densitometer;
    - Installation measuring water dew point temperature;
    - Installation measuring hydrocarbon dew point temperature;
    - Installation measuring the content of hydrogen sulfide, mercaptan and total sulfur (if necessary);
    - sampling device / equipment;
    - dust collectors, separators or filters;
    - measuring pipelines;
    - Cranes with manual or pneumatic drive;
    - Gas pressure and temperature sensors, pressure drop sensors or other means of measuring gas flow.

**2. Systems**

- Heat Supply Equipment (Boiler Plant);
- Gas contamination control;
- lightning protection;
- Grounding;
- Water supply and sewage;
- heating, ventilation and, if necessary, air conditioning;
- Water supply and sewage (if necessary);
- Corrosion protection.

## D. STATION ACCESSORY ELECTRICAL EQUIPMENT

Company shall attribute the cost of a property to electric installations, equipment, apparatus and devices designed for generate, receive, control, transformation and conversion of electrical energy for the uninterruptable power supply of nodes and systems involved in technological process of Gas Transmission / Transportation

The example items of different type of equipment for Station Accessory Electric Equipment:

- Uninterruptible Power Supply Equipment;
- Emergency power supply units;
- Battery charging set;
- Generator voltage regulator system;
- Auxiliary generator set;
- Storage battery, set or bank for station control and power;
- Generator sets of autonomous power supply of equipment;
- Automated generating sets using liquid fuel;
- Solar panels, Inverters, small wind generators wiring;
- Capacitor set or bank of;
- Condenser, synchronous;
- Conduit, with or without manholes, pull boxes and risers-continuous run between retirement units, or complete functional system, if appropriate;
- Control installation, system operators;
- Converter, synchronous or rotary;
- Cabinets of own needs - distribution, high-voltage cells;
- Reserve transfer machines;
- High voltage transformers;
- Introducing Devices;
- Closed switchgear;
- Complete transformer substations;

- Automated systems of control and metering of electricity;
- Automated power supply control system;
- lighting system;
- Emergency lighting with automatic switching to emergency power supply;
- On-site electrical networks in cable execution;
- Lightning protection of buildings and structures;
- Microprocessor systems of relay protection, automation, automated control systems and communications;
- Grounding;
- Fire protection system;
- Frequency changer;
- Frequency control system;
- Fuse equipment set of high tension;
- Generator voltage regulator system;
- Induction regulator;
- Lightning arrester;
- Lighting system;
- Pole line, including attachments, conductors and supports;
- Reactor or resistor;
- Rectifier;
- Structure forming a support for one or more units of equipment;
- Switches, airbrake, grounding or set of disconnecting;
- Switchgear (compartment, cubicle, etc.) complete assembly;
- Telemetering equipment, each installation;
- Testing equipment set of;
- Truck switch with wiring and instruments;
- Transformer, not accessory to a panel;
- Wire and cable, including accessories-continuous run between retirement units, or complete functional system, if appropriate;
- Control equipment, Switchboards, including control wiring, etc.

## E. TECHNOLOGICAL COMMUNICATION

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 and other communication medium to operate and protect Gas Transmission / Transportation Network.

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

### 1. Equipment - Fiber Optic Communication Medium

- 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.

### 2. Equipment - Other Than Fiber Optic Communication Means

- Carrier current coupling capacitor;
- Carrier current transmitting and receiving set;
- Intercommunicating telephone apparatus;
- Microwave apparatus;
- Receiver, stationary or mobile;
- Storage battery set, or motor generator set;
- Teletype apparatus;
- Transmitter, stationary or mobile;
- Wire, cable, supports and duct lines;

- Coupling equipment (e.g., line traps, couplers, co-axial cables and hybrid equipment) that connects the terminal equipment to the power line. o 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 antennas [19];
- Radio transmitting and receiving sets;
- Duplexers;
- Inter-modulation pressure device;
- Combiners and Multi-couplers;
- Grounding system, storage batteries and other sources of power supply;
- Base and repeater stations, serviceable and unserviceable stations.

## F. PROCESS CONTROL AND AUTOMATION SYSTEMS

Company shall attribute the cost of property to Process Control and Automation Systems if equipment and systems utilized:

- For data collection about performance of the process equipment and;
- For management of technological process;
- Maintenance of an optimum and safe operating mode of technological, energy and other equipment and;
- Accounting of the intermediate data;
- Formation and output of the accounting and archival documentation;
- Diagnostic of the measuring equipment.

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 device;
- 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 gas pressure and flow automatic control systems;
- Lead-in testing equipment and devices of switching unit;
- Panels of repeater relays indicating relays of Dispatch board;
- Temperature and humidity measuring sensor devices and panels;
- Radio Communication equipment;
- Networking Equipment;
- 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;

[19] *When such antenna non-attributable to the class "Construction*

- Installed (mounted) apparatus;
- Discriminating attachment.

- Analyzer set
- Instrumentation

  Instrumentation for ultra-short waves radio (USW).

  Instrumentation for automatic-telephone system and apparatus for distant automatic communication

- Measuring instruments for devices of remote control
- System Operation Center Workshop Equipment

The example Items of Process Control and Automation Systems Equipment are:

1. **The System of Automatic Control**

   Lower Level Control and Automation

   - Pressure Measurement;
   - Flow Measurement;
   - Corrosion Monitoring;
   - Level Measurement;
   - Temperature Measurement;
   - Tank Gauging System;
   - Density & Viscosity Measurement;
   - Acoustic & Discrete;
   - Wireless Infrastructure;
   - Liquid Analysis;
   - Gas Analysis;
   - Flame & Gas Detection;
   - Position of Valve Detection devices;
   - Technological communications with valves.

   Middle Level Control and Automation

   - Dispatch station;
   - Automated process control system;
   - Anti-surge regulation and protection of superchargers;
   - Remote control of cranes;
   - Programmable logic controllers;
   - Flow calculator;
   - Controllers.

   Upper level Control and Automation

   - Local control panel;
   - Workstation of the power dispatcher of the plant, connected with the control system (middle level) via the Ethernet network.

   Operational control and management of technological equipment;

   - A system for monitoring gas quality indicators and metering gas consumption;
   - Monitoring and control system technological equipment;
   - life support system and security;
   - Control of cranes at the entrance and exit of the, intersecting cranes;
   - Control of cranes on the measuring pipelines (input-output of the reserve measuring pipeline depending on the gas flow rate and in the event of malfunctions in the working measuring pipeline);
   - measuring parameters of cathodic protection installation.
     - communication;
     - gas contamination control;
     - security alarm;
     - fire alarm.

2. **Equipment and Devices of Automation and Control Systems**

- 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) of 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 a Program logic Controllers;
    - ✓ Computers to interface with operator (HMI);
    - ✓ Industrial computer.
- Automatic reclosing devices;
- Emergency automation devices;
- Valve Position Controller Device;
- Fault Recorder Device;
- Overpressure Protection for Line 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.

**3. Protection Systems**

- Gas safety system;
- Protection against reverse flow of gas from the network to the compressor;
- Alarm System;
- Fire Protection System;
- Security System;

- Video Surveillance System;
- Entrance System;
- Protection of axial displacement of the rotors of all cylinders;
- Protect the temperature rise of the bearing shells of the unit;
- Protection, lower oil pressure in the lubrication system;
- Other System.

## TECHNICAL SERVICES MACHINERY AND EQUIPMENT: GAS REGULATED ACTIVITY TRANSMISSION/TRANSPORTATION

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:

1. **Store 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.

**2. Workshop and Service Station Equipment**

- 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.

2.1. Service tools and equipment of energy facilities service

- Welding machine 220 V / 200 A;
- The puncher of electric 220 V / (500 - 800) W;
- Electric boring machine manual 220 V / (500 - 800) W;
- Set of universal pullers for electric motor bearings;
- Safety belt;
- Combination claws for raising on wooden supports;
- Manholes for lifting on reinforced concrete supports;
- Wiring set;
- Megohmmeter ($U_{out}$ = 1000 V);
- Megohmmeter ($U_{out}$ = 2500 V);
- Phase indicator;
- Combined electrical measuring instrument;
- Induction search kit;
- radio station portable at 27 MHz;
- Cable Guy-Kit;
- Device for removal and installation of electric motors for gas air-cooling devices;
- Portable Protective Earth.

2.2. Service tools for maintenance of instrumentation and automation systems

- Thermostat;
- Pressure Calibrator (Pneumatic);
- Pressure Calibrator (Hydraulic);
- Temperature Calibrator;

- Multimeter;
- Oscilloscope;
- Set of screwdrivers;
- Hex Headset;
- Hex key set;
- Key Set (Metric);
- Ring spanner set;
- Electrician's set;
- Radio installer kit;
- Digital camera;
- Radio station;
- Dictaphone.

2.3. Lifting equipment

- Car crane;
- Rack jack;
- Traction mounting mechanism (winch);
- Device for connector flange connections;
- Tal manual gear chain;
- The jack hydraulic small-sized;
- Tal manual gear chain.

2.4. Machine equipment

- Turbine rotor dynamic balancing machine;
- Screw-cutting machine;
- Vertical drilling machine;
- Vertical Cantilever Milling Machine;
- Sharpening machine.

2.5. Other Equipment

- Instrumentation & Calibration Test Equip;
- Electrical Test Equipment;
- Electronic Test Equipment;
- Mechanical & Inspection Test Equipment;
- Electrical Safety Equipment;
- 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;
- Pipe Cleaning Machine;
- Pneumatic tools;
- Pumps and riveters;
- Forging equipment;
- Tool racks;

- Vises;
- Welding apparatus;
- Work benches;
- Garage and repair equipment, such as gasoline or oil pump, battery charging set, car lift, power driven greasing machine;
- Shop equipment and tools, such as drill press, welding machine, forge, furnace, lathe, planer, shaper;
- Tools and work equipment, such as pneumatic tool, welding set, power saw, transit, level, concrete mixer.

**3. Laboratory Equipment**

- 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.

3.1. Equipment of chemical-analytical laboratory with measuring instruments, equipment, laboratory furniture

- Thermostat to determine the viscosity of petroleum products;
- Device for determining the flash point in an open crucible;
- The device for determining the flash point in a closed crucible;
- Device for determining the flash point in an open crucible;
- Drying cabinet;
- Analytical scales;
- Technical scales;
- Technical scales;
- Distiller;
- Stopwatch;
- Ionomer;
- Kit to determine the water in petroleum products according to GOST 2477-65;
- Kit for determination of sulfur in petroleum products by combustion according to;
- Chromatograph;
- Cold thermostat with thermostat = 200 ºC;
- Thermostat to determine the BOD;
- Gas meter with a capacity of 5 $m^3$;
- pH meter;
- Analyzer for the determination of petroleum products in water;
- Wastewater toxicity control device;
- Aneroid barometer;
- Aspiration psychrometer;
- Biological microscope;
- Binocular nozzle AU-12;
- Micro compressor;
- Heating mantle Y = 500 $cm^3$;
- Soapy foam meter Y = 15 $cm^3$;
- Vacuum pump;
- Magnetic stirrer;
- The device for spill of aggressive liquids;
- Combined bath;
- Alarm clock (timer);
- Measuring electrode;
- Auxiliary electrode;
- Areo-meter for petroleum products;
- Thermometer for oil products;
- Laboratory thermometer;
- Thermometer for accurate measurements of the;
- Exhaust hood;
- Table laboratory chem;

- Laboratory table nat.
- Scale table;
- Table-sink;
- Dish storage cabinet;
- Storage cabinet for reagents;
- Titration plant.

3.2. Other

- Analysis apparatus;
- Analytical balance;
- Automatic electronic prover;
- Binocular electronic reader;
- Calorimeter;
- Centrifuge;
- Drying oven;
- Hydro-pneumatic meter tester;
- Indicating transmitter;
- Meta meter test set;
- Meter prover;
- Odor meter;
- Recording flow meter;
- Recording orifice;
- Test meter;
- Vapor tester;
- Ammeters;
- Current batteries;
- Frequency changers;
- Galvanometers;
- Inductometers;
- Laboratory standard millivolt meters;
- Laboratory standard volt meters;
- Meter-testing equipment #o 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:

- Gas Leakage and Location Laboratory
- Gas Composition Laboratory
- Gas Measurement Instruments Calibration Laboratory
- 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, GAS REGULATED ACTIVITY, DISTRIBUTION

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

*Machinery and Equipment* for Gas Distribution is classified and attributed to sub-groups based on designed/working pressure of equipment that matches scale used in transmission of gas in Georgia and comprise pressure range more than 2.5 MPa, 1.2-2.5 MPa and 0-1.2 MPa.

Furthermore, Machinery and Equipment attribution is based on Technical and Administrative usage.

The general principle, gas undertaking 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 pressure classes or it is part of the complex of structurally articulated different pressure class facilities and direct attribution judgmental, attribution of machinery and equipment to sub-groups shall be based upon the higher range of equipment working pressure or the complex of facilities meant for.

### A. GAS CONTROL POINTS AND INSTALLATIONS

Company shall attribute cost of pressure regulatory equipment to Valves fixtures on Distribution Mains and fitting if this equipment used for the operation and pressure regulation in distribution mains from the transmission line to customer service lines.

Gas Control Points and Installations are automatic devices and perform the following functions: reduce gas pressure; maintain a given pressure regardless of changes in the flow rate; stop the flow of gas with increasing or decreasing its pressure to consumers in excess of the specified limits; purify gas from mechanical impurities.

The example items of Gas Control Points and Installations

1. **Gas Control Points and Installation**

    - Safety-relief valve (relief device);
    - Gate valves on the bypass line;
    - Manometers;
    - Impulse line safety shut-off valve;
    - Purge gas pipeline;
    - Bypass line;
    - Gas flow meter;
    - Valve at the entrance;
    - Filter;
    - Safety shut-off valve;
    - Gas pressure regulator;
    - Shutter at the exit;
    - Instrumentation.

        - thermometers to measure the temperature of the gas and the hydraulic fracturing facility;
        - gas flow meter (gas meter, throttle flow meter);
        - manometers for measuring the inlet gas pressure, the pressure in the working line, the pressure at the inlet and outlet of the gas filter.

2. **Fixtures**

    - Flanges;
    - Taps;
    - Stubs;
    - Tees;
    - Transitions;
    - Isolating compounds;
    - Insulating compounds produced by industry;
    - Compensators;

- Compensators manufactured by industry.

## B. ACCESSORY ELECTRICAL EQUIPMENT AND DEVICES

Company shall attribute the cost of a property to electric installations, equipment, apparatus and devices designed for generate, receive, control, transformation and conversion of electrical energy for the uninterruptable power supply of nodes and systems involved in technological process of gas distribution.

The example Items of accessory electrical equipment and devices

1. **Power Supply System**

- Power Station for self-consumption;
- ZRU-10 (6) kV;
- Emergency diesel power station;
- DC system;
- Complete transformer substation (KTP);
- Power equipment;
- Electric lighting;
- Outdoor lighting, lightning protection and grounding;
- 10 (6) kV and 0.4 kV on-site cable networks;
- Off-site 10 (6) kV and 0.4 kV networks.

## C. TECHNOLOGICAL COMMUNICATION

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 and other communication medium to operate and protect gas distribution network.

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

1. **Equipment - Fiber Optic Communication Medium**

- 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.

2. **Equipment - Other Than Fiber Optic Communication Means**

- Carrier current coupling capacitor;
- Carrier current transmitting and receiving set;
- Intercommunicating telephone apparatus;
- Microwave apparatus;
- Receiver, stationary or mobile;
- Storage battery set, or motor generator set;
- Teletype apparatus;
- Transmitter, stationary or mobile;
- Wire, cable, supports and duct lines;
- Coupling equipment (e.g., line traps, couplers, co-axial cables and hybrid equipment) that connects the terminal equipment to the power line. o 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 antennas [20];
- Radio transmitting and receiving sets;
- Duplexers;
- Inter-modulation pressure device;
- Combiners and Multi-couplers;
- Grounding system, storage batteries and other sources of power supply;
- Base and repeater stations, serviceable and unserviceable stations.

## D. PROCESS CONTROL AND AUTOMATION SYSTEMS

Company shall attribute the cost of property to Process Control and Automation Systems if equipment and systems utilized:

- For data collection about performance of the process equipment and;
- For management of technological process;
- Maintenance of an optimum and safe operating mode of technological, energy and other equipment and;
- Accounting of the intermediate data;
- Formation and output of the accounting and archival documentation;
- Diagnostic of the measuring equipment.

The example Items of Process Control and Automation Systems Equipment are:

### 1. The System of Automatic Control

Lower Level Control and Automation

- Pressure Measurement;
- Flow Measurement;
- Corrosion Monitoring;
- Level Measurement;
- Temperature Measurement;
- Tank Gauging System;
- Density & Viscosity Measurement;
- Acoustic & Discrete;
- Wireless Infrastructure;
- Liquid Analysis;
- Gas Analysis;
- Flame & Gas Detection;
- Position of Valve Detection devices;
- Technological communications with valves.

Middle Level Control and Automation

- Dispatch station
- Automated process control system
- Anti-surge regulation and protection of superchargers
- Remote control of cranes
- Programmable logic controllers
- Flow calculator
- Controllers

### 2. Equipment and Devices of Automation and Control Systems

- Program Logic Controllers;
- Networking Equipment;
- Concentrators-hub;
- Repeater;

[20] *When such antenna non-attributable to the class "Construction*

- 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) o 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 a Program logic Controllers;
    - Computers to interface with operator (HMI);
    - Industrial computer.
- Automatic reclosing devices;
- Emergency automation devices;
- Valve Position Controller Device;
- Fault Recorder Device;
- Overpressure Protection for Line 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.

**3. Protection Systems**

- gas safety system;
- Alarm System;
- Fire Protection System;
- Security System;
- Video Surveillance System;
- Entrance System;
- Other System.

## E. METERING EQUIPMENT

Company shall attribute the cost of special and expensive installations of measuring equipment, located on the distribution system, serving large customers and cost of meters or devices and appurtenances thereto, for use in measuring gas delivered to users to Metering equipment devoted for revenue measurement of distribution network.

The example Items of Metering Equipment are:

1. **Meters**

- Meters, including badging and initial testing;
- Meter installations:
  - Meter bars;
  - Seals;
  - Shelves;
  - Swivels and bushings.

## G. TECHNICAL SERVICES MACHINERY AND EQUIPMENT: GAS REGULATED ACTIVITY DISTRIBUTION

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:

1. **Store 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.

2. **Workshop and Service Station Equipment**

- 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.

**2.1 Service tools and equipment of energy facilities service**

- Welding machine 220 V / 200 A;
- The puncher of electric 220 V / (500 - 800) W;
- Electric boring machine manual 220 V / (500 - 800) W;
- Set of universal pullers for electric motor bearings;
- Safety belt;
- Combination claws for raising on wooden supports;
- Manholes for lifting on reinforced concrete supports;
- Wiring set;
- Megohmmeter ($U_{out}$ = 1000 V);
- Megohmmeter ($U_{out}$ = 2500 V);
- Phase indicator;
- Combined electrical measuring instrument;
- Induction search kit;
- radio station portable at 27 MHz;
- Cable Guy-Kit;
- Device for removal and installation of electric motors for gas air-cooling devices;

- Portable Protective Earth.

### 2.2 Service tools for maintenance of instrumentation and automation systems

- Thermostat;
- Pressure Calibrator (Pneumatic);
- Pressure Calibrator (Hydraulic);
- Temperature Calibrator;
- Multimeter;
- Oscilloscope;
- Set of screwdrivers;
- Hex Head Set;
- Hex key set;
- Key Set (Metric);
- Ring spanner set;
- Electrician's set;
- Radio installer kit;
- Digital camera;
- Radio station;
- Dictaphone.

### 2.3 Lifting equipment

- Car crane;
- Rack jack;
- Traction mounting mechanism (winch);
- Device for connector flange connections;
- Tal manual gear chain;
- The jack hydraulic small-sized;
- Tal manual gear chain.

### 2.4 Machine equipment

- Turbine rotor dynamic balancing machine;
- Screw-cutting machine;
- Vertical drilling machine;
- Vertical Cantilever Milling Machine;
- Sharpening machine.

### 2.5 Other Equipment

- Instrumentation & Calibration Test Equip;
- Electrical Test Equipment;
- Electronic Test Equipment;
- Mechanical & Inspection Test Equipment;
- Electrical Safety Equipment;
- 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;
- Pipe Cleaning Machine;
- Pneumatic tools;
- Pumps and riveters;
- Forging equipment;
- Tool racks;
- Vises;
- Welding apparatus;
- Work benches;
- Garage and repair equipment, such as gasoline or oil pump, battery charging set, car lift, power driven greasing machine;
- Shop equipment and tools, such as drill press, welding machine, forge, furnace, lathe, planer, shaper;
- Tools and work equipment, such as pneumatic tool, welding set, power saw, transit, level, concrete mixer.

### 3. Laboratory Equipment

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.

#### 3.1 Equipment of chemical-analytical laboratory with measuring instruments, equipment, laboratory furniture

- Thermostat to determine the viscosity of petroleum products;
- Device for determining the flash point in an open crucible;
- The device for determining the flash point in a closed crucible;
- Device for determining the flash point in an open crucible;
- Drying cabinet;
- Analytical scales;
- Technical scales;
- Technical scales;
- Distiller;
- Stopwatch;
- Ionomer;
- Chromatograph;
- pH meter;
- Wastewater toxicity control device;
- Aneroid barometer;
- Aspiration psychrometer;
- Biological microscope;
- Binocular nozzle AU-12;
- Micro compressor;
- Heating mantle Y = 500 cm3;
- Soapy foam meter Y = 15 cm3;
- Vacuum pump;
- Magnetic stirrer;
- The device for spill of aggressive liquids;
- Combined bath;
- Alarm clock (timer);
- Measuring electrode;
- Auxiliary electrode;
- Thermometer for accurate measurements;
- Exhaust hood;
- Table laboratory chem;
- Laboratory table nat;
- Scale table;
- Table-sink;

- Dish storage cabinet;
- Storage cabinet for reagents;
- Titration plant.

### 3.2 Other

- Analysis apparatus;
- Analytical balance;
- Automatic electronic prover;
- Binocular electronic reader;
- Calorimeter;
- Centrifuge;
- Drying oven;
- Hydro-pneumatic meter tester;
- Indicating transmitter;
- Metameter test set;
- Meter prover;
- Odormeter;
- Recording flow meter;
- Recording orifice;
- Test meter;
- Vapor tester;
- Ammeters;
- Current batteries;
- Frequency changers;
- Galvanometers;
- Inductometers;
- Laboratory standard millivolt meters;
- Laboratory standard volt meters;
- Meter-testing equipment #o 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.

Note: Laboratory Equipment can be a part for:

- Gas Leakage and Location Laboratory;
- Gas Composition Laboratory;
- Gas Measurement Instruments Calibration Laboratory;
- High-voltage electric technical Laboratory Equipment;
- Laboratory weighting 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, GAS REGULATED ACTIVITY, SUPPLY

Company shall attribute the cost of a machinery or equipment to the Machinery and Equipment, Gas Regulated Activity, Supply when it is used in activities permitted by the terms of License for 'Gas Supply services or used in connection with 'Supply of Gas' services.

## MACHINERY AND EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE

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

The example items of Storage Machinery and Equipment are:

### A. GAS INJECTION EQUIPMENT

Gas injection - it's the process of natural gas injection into an artificial gas reservoir following the technical specification at a given technological project. Gas Injection Equipment it's an Equipment used for the injection of transported natural gas into an artificial gas reservoir. Depending to the technological process prescribed in technical documentation it might consist from cleaning, measuring and compressor station equipment.

The example items of different type of equipment for Gas Injection:

1. **Connection point of storage facilities to the main gas pipeline;**
2. **Nodes receiving and running a cleaning piston (When it's a part of CS)**
3. **Technological gas treatment unit with a collection system for waste products;**
    - Gas inlet and gas cleaning section;
    - cleaning unit;
    - drying unit;
    - heating block;
    - reduction unit for own needs;
    - ventilation system;
    - fire extinguishing system;
    - heating system;
    - Vertical oil dust trapper and collector;
    - Cyclone dust trapper and collector;
    - Filter separator;
    - Air coolers;
    - Drainage Piping;
    - Drainage pipe heating;
    - Collection section separated from the main gas condensate and mechanical impurities;
    - Condensate Tank.
4. **Installation of decontamination of technological waste**
    - Ammonia stills, condensers, saturators, etc.;
    - Apparatus for removal of residuals from purifier liquids;
    - Coke filter;
    - Coke handling and storage facilities used solely for coke held for sale;
    - Condensers;
    - Control apparatus;
    - Coolers;
    - Decanters;
    - Foundations specially constructed for and not intended to outlast the apparatus for which provided;
    - Gauges;
    - Heating equipment for apparatus included in this account;
    - Instruments;
    - Light oil stills, washers, etc.;
    - Piping and pumps;
    - Platforms, stairs, and ladders;
    - Separators;

- Storage tanks;
- Supports;
- Tar dehydrators, stills, etc.

**5. Prime Mover - Gas Turbine**

- Casing noise and heat isolating auxiliary devices frame;
- Casing noise and heat isolating of gas turbine installation compartment;
- Belting, shafting, pulleys, reduction gearing, etc.;
- Cranes, hoists, etc., including items wholly identified with apparatus listed herein;
- 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 seal (end);
- Ignition system;
- Starting Hydraulic System;
- Engine Heating System;
- Air and water filters;
- Yokes, Brackets;
- Governors;
- Exhaust mine;
- Lighting systems;
- Mechanical meters, including gauges, recording instruments, sampling, and testing equipment;
- Piping;
- Compressed air systems, or other, including compressors and drives, tanks, piping, motors, boards and connections, storage tanks, etc.;
- Instrumentation;
- pressure drop regulator;
- float chamber;
- gas separator;
- Foundations and settings specially constructed for and not expected to outlast the apparatus for which provided.

**6. Prime Mover - Electric Engine**

- Exciter;
- Asynchronous high-speed electric motor;
- Safety bearings, providing up to 20 emergency "drops" of the rotor with the nominal speed;
- Temperature sensors;
- Inductive sensors of radial and axial movement;
- Rotor speed sensors;
- Gas air cooler with valve electric drive;
- Active magnetic suspension system;
- Dry Gas Seal System (DGS);
- An active electromagnetic suspension (AMP) system of the rotor (a set of magnetic bearings);

- Confuser, with a set of gas flow measurement sensors for operation of the anti-surge protection system and technological performance measurement;
- A set of devices for assembly and disassembly of the supercharger.

**7. Prime Mover - Piston Engine**

**8. Supercharger**

- Supercharger compartment;
- Oil tank supercharger;
- Block of oil pumps;
- Support bearing;
- Cap;
- Housing;
- Inner case;
- Rotor;
- Seal;
- Thrust bearing;
- Reverse guide;
- Oil supply system in seals;
- Regulatory system;
- Anti-surge protection system;
- Blade diffuser;
- Working wheel;
- Sleeve;
- Wedge gaskets;
- Anchor bolts.

**9. Gear coupling air cleaning device**

- Cameras;
- Silencer suction tract;
- Suction chamber;
- Intermediate block;
- Ventilation Unit;
- Oil cooler blocks;
- Block of oil units;
- Exhaust shaft;
- Diffuser, spacers and silencer;
- Fuel gas filter unit;
- Cyclic air heating system;
- Fire extinguishing system;
- Electrical devices.

**10. Gas cooling installation**

- Vapor compression;
- Turboexpanders;
- Recuperative;
- Absorption machines;
- Auxiliary systems for turbo-expander and recuperative refrigeration units;
- Safety valves;
- Heating and ventilation systems;
- Control and management systems.

**11. Fuel gas, launching gas and pulsed gas preparation unit**

- Impulse gas preparation unit;
- Launch and Fuel Gas Preparation Unit.

**12. Lubrication Oil System**

**13. Technological pipelines, pipeline fittings, fittings and elements of metal pipelines**

- Pipelines;
- Fittings and elements of metal pipelines;
- Piping / pipeline valves;

- Shut-off valves;
- Control valves;
- Mixing valves;
- Protective Valves;
- Phase separation valves;
- Actuators to control pipeline valves.

14. **Water Supply Sewage & Treatment Systems**

- Production, Technological and fire water supply system;
- Water supply sources;
- Sewage system and treatment facilities;
- Surface and groundwater removal systems from the entire CS territory (drains, ditches, ditches, drainpipes, etc.);
- Facilities for the treatment of polluted wastewater.

15. **Heating system (electric or registers)**
16. **Heat Supply System**

- Heat utilizers Gas Heating;
- Boiler Plant.

17. **Inert gas supply system**
18. **Odorization system / unit**

- Needle valve;
- Reverse valve;
- Odorant filter;
- level sensor;
- Level Indicator;
- Filling solenoid valve;
- Pressure Regulator;
- pressure gauge;
- Droppers;
- level alarm;
- Ejector;
- Differential pressure sensor;
- Odorant container.

19. **Ventilation system**

- Ventilation unit including frame;
- fans;
- nipple;
- hydraulic dampers consisting of a hydraulic cylinder, a hydraulic distributor, connecting hoses, a system of rods, a compensator and adapters.

20. **Other auxiliary systems and Equipment**

## B. GAS WITHDRAWAL EQUIPMENT

Gas extraction from an underground storage facility is practically the same technological process as extraction from gas fields, but with one significant difference: all active (commercial) gas is taken over a certain period of time such as 40 to 180 days. Passing through the trains, it enters the gas collection points, where it is collected in a gas collector. From it, the gas enters the separation platform to separate the formation water and mechanical impurities, and then goes to the cleaning and drying area. The cleaned and dried gas enters the gas pipelines through the gas measuring and regulating station.

Company shall attribute the cost of a property to Gas Withdrawal equipment if it's designed and performs withdrawal of gas from the storage, removal of solid and liquid impurities from the gas which is then devoted for the technological process of gas Transmission.

The Example Items of gas withdrawal equipment:

1. **Technological pipelines, pipeline fittings, fittings and elements of metal pipelines**

- Pipelines;
- Fittings and elements of metal pipelines;
- Piping / pipeline valves;
- Shut-off valves;
- Control valves;
- Mixing valves;
- Protective Valves;
- Phase separation valves;
- Actuators to control pipeline valves.

**2. gas treatment unit with a collection system for cleaning products**

- Dry mechanical dust collector;
- wet mechanical dust collector;
- industrial filters;
- dust collector electric devices;
- sorption gas cleaning apparatus;
- thermal and thermal catalytic gas cleaning;
- gas inlet and gas cleaning section;
- Vertical oil dust collector:
  - separator device;
  - outlet pipe;
  - contact and drainage tubes;
  - Luke;
  - inlet;
  - fender visor.
- Cyclone dust collector:
  - upper section;
  - inlet;
  - outlet pipe;
  - cyclones;
  - lower grill;
  - lower section;
  - manhole; drainage fitting;
  - fittings control devices;
  - condensate drain connections
- Filter separator:
  - filter separator housing;
  - quick-open shutter;
  - filter elements;
  - filter element guide;
  - tube plate chamber filters;
  - drip trap;
  - condensate trap.
- Gas drying, cleaning and cooling systems;
- Filter cartridge consisting of replaceable filter elements;
- Intermediate tank;
- top level sensor;
- crane with remote control;
- collection section separated from the main gas condensate and mechanical impurities;
- condensate collection tank;
- explosion-proof valves with electric explosion-proof design with manual actuator;
- cranes with pneumatic actuators;
- Reusable filter cartridges Heating system (electric or registers from the external or its coolant as part of buildings and structures;
- Heat Supply System.
  - Heat utilizers Gas Heating;

- Boiler Plant.

### C. STATION ACCESSORY ELECTRICAL EQUIPMENT

Company shall attribute the cost of a property to electric installations, equipment, apparatus and devices designed for generate, receive, control, transformation and conversion of electrical energy for the uninterruptable power supply of nodes and systems involved in technological process of gas transportation.

The example items of different type of equipment for distribution Accessory Electric Equipment:

- Emergency power supply units;
- Battery charging set;
- Generator voltage regulator system;
- Auxiliary generator set;
- Storage battery, set or bank for station control and power;
- Generator sets of autonomous power supply of equipment;
- Automated generating sets using liquid fuel;
- Solar panels, Inverters, small wind generators wiring;
- Capacitor set or bank of;
- Condenser, synchronous;
- Conduit, with or without manholes, pull boxes and risers-continuous run between retirement units, or complete functional system, if appropriate;
- Control installation, system operators;
- Converter, synchronous or rotary;
- Cabinets of own needs - distribution, high-voltage cells;
- Reserve transfer machines;
- High voltage transformers;
- Introducing Devices;
- Closed switchgear;
- Complete transformer substations;
- Automated systems of control and metering of electricity;
- Automated power supply control system;
- lighting system;
- Emergency lighting with automatic switching to emergency power supply;
- On-site electrical networks in cable execution;
- Lightning protection of buildings and structures;
- Microprocessor systems of relay protection, automation, automated control systems and communications;
- grounding;
- Fire protection system;
- Frequency changer;
- Fuse equipment set of high tension;
- Induction regulator;
- Lightning arrester;
- Lighting system;
- Pole line, including attachments, conductors and supports;
- Reactor or resistor;
- Rectifier;
- Structure forming a support for one or more units of equipment;
- Switches, air break, grounding or set of disconnecting;
- Switchgear (compartment, cubicle, etc.) complete assembly;
- Telemetering equipment, each installation;
- Testing equipment set of;
- Control equipment, Switchboards, including control wiring, etc.;
- Lightning protection of buildings and structures of the compressor station.

### D. WELL EQUIPMENT

Company shall attribute the cost of property to well equipment used to inject and withdraw gas from storage.

The example items of Well Equipment are:

- Fountain and Injection valves and fixtures;
- Auxiliary facilities and devices for supplying hydrate inhibitors to the well;
- Gathering lines and valves and fixtures attached thereto;
- Wellhead;
- Christmas Tree;
- Isolation valve;
- Derrick;
- Subsurface well equipment;
- Surface wellbore installations;
- Flare systems in wells;
- Stationery and inventory reference lines;
- Wells strapping pipes within the well site;
- Sand Trap;
- Separator;
- Hydrate Prevention Unit;
- Inhibitor.

## E. TECHNOLOGICAL COMMUNICATION

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 and other communication medium to operate and protect gas transmission network.

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

### 1. Equipment - Fiber Optic Communication Medium

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- Multiplexor and amplifier;
- Power supply with a backup battery;
- Surge protection;
- Cabinets, cases;
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- Other auxiliary equipment.

### 2. Equipment - Other Than Fiber Optic Communication Means

- Carrier current coupling capacitor;
- Carrier current transmitting and receiving set;
- Intercommunicating telephone apparatus;
- Microwave apparatus;
- Receiver, stationary or mobile;
- Storage battery set, or motor generator set;
- Teletype apparatus;
- Transmitter, stationary or mobile;
- Wire, cable, supports and duct lines;
- Coupling equipment (e.g., line traps, couplers, co-axial cables and hybrid equipment) that connects the terminal equipment to the power line. o Panels, mounting hardware, terminations, isolating devices and wiring;
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- Other equipment and devices;
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Lower Level Control and Automation

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- Flow Measurement;
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- Level Measurement;
- Temperature Measurement;
- Tank Gauging System;
- Density & Viscosity Measurement;
- Acoustic & Discrete;
- Wireless Infrastructure;
- Liquid Analysis;
- Gas Analysis;
- Flame & Gas Detection;
- Position of Valve Detection devices;
- Technological communications with valves.

Middle Level Control and Automation

- Dispatch station;
- Automated process control system;
- Anti-surge regulation and protection of superchargers;
- Remote control of cranes;
- Programmable logic controllers;
- Flow calculator;
- Controllers;
- Local control panel.

### 2. Equipment and Devices of Automation and Control Systems

- 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) o 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 a Program logic Controllers;
    - Computers to interface with operator (HMI);
    - Industrial computer.
- Automatic reclosing devices;
- Emergency automation devices;
- Valve Position Controller Device;
- Fault Recorder Device;
- Overpressure Protection for Line 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.

**3. Protection Systems**

- gas safety system;
- protection against reverse flow of gas from the network to the compressor;
- Alarm System;
- Fire Protection System;
- Security System;
- Video Surveillance System;
- Entrance System;
- Protection of axial displacement of the rotors of all cylinders;
- Protect the temperature rise of the bearing shells of the unit;
- Protection, lower oil pressure in the lubrication system;
- Other System.

## G. GAS REGULATING AND MEASURING (STATION) EQUIPMENT

Company shall attribute the cost of property (a set of installations and technological equipment), to Gas Regulating and Measuring (Station) Equipment designated for the measuring, controlling and

regulating the receipt of gas at Exit and Entry Points of Compressor Station and Reservoir Wells of the Gas Storage System.

1. **Nodes**

- Connection node (only station on the bypass line);
- Switching node;
  - valves with remotely controlled drive on the gas pipelines inlet and outlet;
  - safety valves (at least two) for the discharge of gas;
  - a bypass line connecting the inlet and outlet pipelines of station providing short-term supply of gas to the consumer;
    - Piping;
    - a shut-off valve with a remotely controlled drive (installation of a crane with a manual drive is allowed);
    - by means of a control valve or a manually operated valve;
    - Manometers.
  - Candle (candles) of gas discharge from safety valves;
  - Candle with a remote-controlled valve for emergency discharge of gas from process pipelines.
- Hydrate formation preventing node
  - Disconnecting and bypass valves of the heating unit;
  - Heat supply equipment;
  - protection and alarm in case of gas breakthrough into the coolant cavity;
  - methanol injection unit in gas pipeline communications.
- Gas reduction node;
  - Gas reduction lines;
  - gas reduction;
  - Reserve lines;
  - Release candles;
  - automatic protection against deviations from operating parameters beyond acceptable limits and automatic switching on of the reserve;
  - remotely operated crane;
  - pressure regulator or control valve or;
  - discrete choke valve;
  - manual or remote-controlled crane;
  - pressure regulator;
  - cut-off valve;
  - gate valve;
  - Regulator;
  - Gas flow limiter.
- Gas Flow metering;
  - Gas flow measurement lines for each output (consumer) with one measuring complex on each line;
  - Local resistance;
  - Flow preparation device;
  - Stream straightener;
  - Safety locking devices;
  - Condensate collection systems;
  - Gas flow pulsation damping devices;
  - Flow conversion devices;
  - Gas metering unit for own needs;
  - Flow Meter and Flowmeters.
    - ✓ Variable Pressure Flowmeters;
    - ✓ Measuring pipeline;
    - ✓ Installation of straighteners;
    - ✓ Valves and fixtures;

        - ✓ Foundation settings and platforms attached to the equipment;
        - ✓ Analytical unit, containing a chromatograph and a dew point analyzer;
        - ✓ Gas Electronic Volume Corrector;
        - ✓ Acoustic (ultrasonic) flowmeters;
        - ✓ Vortex Flowmeters;
        - ✓ Diaphragm (membrane, chamber) gas meters;
        - ✓ Rotary Gas Meters;
        - ✓ Turbine Gas Meters;
        - ✓ Jet Flowmeters;
        - ✓ Hot-wire anemometer;
        - ✓ Coriolis flowmeters;
        - ✓ Membrane (diaphragm, chamber), gas meters.
    - Support, flanges, vanes and plates;
    - Auxiliary devices.
- Gas odorization;
- Gas withdrawal unit for own needs;
- Node for preparation of pulsed (feed) gas;
- Gas quality control installation, equipment and devices.
    - Installation measuring gas composition;
    - Calorimeter (calorific value or Wobbe Index (WI);
    - Densitometer;
    - Installation measuring water dew point temperature;
    - Installation measuring hydrocarbon dew point temperature;
    - Installation measuring the content of hydrogen sulfide, mercaptan and total sulfur (if necessary);
    - sampling device/equipment;
    - dust collectors, separators or filters;
    - measuring pipelines;
    - Cranes with manual or pneumatic drive;
    - Gas pressure and temperature sensors, pressure drop sensors or other means of measuring gas flow.

**2. Systems**

- Heat Supply Equipment (Boiler Plant);
- Gas contamination control;
- lightning protection;
- Grounding;
- Water supply and sewage;
- heating, ventilation and, if necessary, air conditioning;
- Water supply and sewage (if necessary);
- Corrosion protection.

## H. TECHNICAL SERVICES MACHINERY AND EQUIPMENT: GAS REGULATED ACTIVITY STORAGE

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:

**1. Store 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.

**2. Workshop and Service Station Equipment**

- 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.

**2.1 Service tools and equipment of energy facilities service:**

- Welding machine 220 V / 200 A;
- The puncher of electric 220 V / (500 - 800) W;
- Electric boring machine manual 220 V / (500 - 800) W;
- Set of universal pullers for electric motor bearings;
- Safety belt;
- Combination claws for raising on wooden supports;
- Manholes for lifting on reinforced concrete supports;
- Wiring set;
- Megohmmeter ($U_{out}$ = 1000 V);
- Megohmmeter ($U_{out}$ = 2500 V);
- Phase indicator;
- Combined electrical measuring instrument;
- Induction search kit;
- radio station portable at 27 MHz;
- Cable Guy-Kit;
- Device for removal and installation of electric motors for gas air-cooling devices;
- Portable Protective Earth.

**2.2 Service tools for maintenance of instrumentation and automation systems**

- Thermostat;
- Pressure Calibrator (Pneumatic);
- Pressure Calibrator (Hydraulic);
- Temperature Calibrator;
- Multimeter;
- Oscilloscope;
- Set of screwdrivers;
- Hex Head Set;
- Hex key set;
- Key Set (Metric);
- Ring spanner set;
- Electrician's set;
- Radio installer kit;
- Digital camera;
- Radio station;
- Dictaphone.

**2.3 Lifting equipment**

- Car crane;
- Rack jack;
- Traction mounting mechanism (winch);
- Device for connector flange connections;
- Tal manual gear chain;
- The jack hydraulic small-sized;
- Tal manual gear chain.

**2.4 Machine equipment**

- Turbine rotor dynamic balancing machine;
- Screw-cutting machine;
- Vertical drilling machine;

- Vertical Cantilever Milling Machine;
- Sharpening machine.

### 2.5 Other Equipment

- Instrumentation & Calibration Test Equip;
- Electrical Test Equipment;
- Electronic Test Equipment;
- Mechanical & Inspection Test Equipment;
- Electrical Safety Equipment;
- 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;
- Pipe Cleaning Machine;
- Pneumatic tools;
- Pumps and riveters;
- Forging equipment;
- Tool racks;
- Vises;
- Welding apparatus;
- Work benches;
- Garage and repair equipment, such as gasoline or oil pump, battery charging set, car lift, power driven greasing machine;
- Shop equipment and tools, such as drill press, welding machine, forge, furnace, lathe, planer, shaper;
- Tools and work equipment, such as pneumatic tool, welding set, power saw, transit, level, concrete mixer.

## 3. Laboratory Equipment

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.

### 3.1 Equipment of chemical-analytical laboratory with measuring instruments, equipment, laboratory furniture

- Thermostat to determine the viscosity of petroleum products;
- Device for determining the flash point in an open crucible;
- The device for determining the flash point in a closed crucible;
- Device for determining the flash point in an open crucible;
- Drying cabinet;
- Analytical scales;
- Technical scales;

- Technical scales;
- Distiller;
- Stopwatch;
- Ionomer;
- Kit to determine the water in petroleum products according to GOST 2477-65;
- Kit for determination of sulfur in petroleum products by combustion according;
- Chromatograph;
- Cold thermostat with t-thermost. = 200 ºC;
- Thermostat to determine the BOD;
- Gas meter with a capacity of 5 $m^3$;
- pH meter;
- Analyzer for the determination of petroleum products in water;
- Wastewater toxicity control device;
- Aneroid barometer;
- Aspiration psychrometer;
- Biological microscope;
- Binocular nozzle AU-12;
- Micro-compressor;
- Heating mantle Y = 500 $cm^3$;
- Soapy foam meter Y = 15 $cm^3$;
- Vacuum pump;
- Magnetic stirrer;
- The device for spill of aggressive liquids;
- Combined bath;
- Alarm clock (timer);
- Measuring electrode;
- Auxiliary electrode;
- Areo-meter for petroleum products ANT;
- Thermometer for oil products;
- Laboratory thermometer;
- Exhaust hood;
- Table laboratory chem;
- Laboratory table nat;
- Scale table;
- Table-sink;
- Dish storage cabinet;
- Storage cabinet for reagents;
- Titration plant.

### 3.2 Other

- Analysis apparatus;
- Analytical balance;
- Automatic electronic prover;
- Binocular electronic reader;
- Calorimeter;
- Centrifuge;
- Drying oven;
- Hydro-pneumatic meter tester;
- Indicating transmitter;
- Meta meter test set;
- Meter prover;
- Odor meter;
- Recording flow meter;
- Recording orifice;
- Test meter;
- Vapor tester;
- 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.

Note: Laboratory Equipment can be a part for:

- Gas Leakage and Location Laboratory;
- Gas Composition Laboratory;
- Gas Measurement Instruments Calibration Laboratory;
- 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.

## TRANSFERRING ASSETS, TRANSMITTING UNITS (ACCOUNT 2155.2)

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:

- Transmissive 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 Assets if it is construction required for crossing of artificial and natural barriers, foundation of specific equipment, 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 Assets:

- 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 o Wire broadcasting lines.
- Mains
  - Gas pipelines, gas conduits;
  - Mains for petrochemicals;
  - Mains and conduits of heat network;
  - Interplant piping;
  - Sewer of aggressive water;
  - Swapping of cements;
  - Pneumatic tube;
  - Sewage gravity network;
  - Water-supply pipeline network;
  - Slime conduits;
  - Industrial fire line.

USoA breaks Transferring Assets, Gas Regulated Activity down to:

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| 2155.2 | TRANSFERRING ASSETS: GAS REGULATED ACTIVITY |
| 2155.21 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY: [RESERVE] |
| 2155.22 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION |
| 2155.221 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: MORE THAN 2.5 MPA |
| 2155.2211 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: GAS MAINS |
| 2155.2212 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: VALVE NODES - GAS MAIN LINEAR PART |
| 2155.22121 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA, VALVE NODES - GAS MAIN LINEAR PART: VALVE |
| 2155.22122 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA, VALVE NODES - GAS MAIN |

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| | LINEAR PART: TECHNOLOGICAL PIPING |
| 2155.22123 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA, VALVE NODES - GAS MAIN LINEAR PART: CONDENSATE COLLECTION NOD |
| 2155.22124 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA, VALVE NODES - GAS MAIN LINEAR PART: NODE FOR CHEMICAL REAGENTS INJECTION |
| 2155.22125 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA, VALVE NODES - GAS MAIN LINEAR PART: PIG & CLEANING PISTON LAUNCHER & RECEIVER INJECTION |
| 2155.22129 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA, VALVE NODES - GAS MAIN LINEAR PART: OTHER |
| 2155.2213 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: OPTIC CABLES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2214 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: OTHER COMMUNICATION LINES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2215 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: ELECTROCHEMICAL PROTECTION SYSTEM - GAS MAIN LINEAR PART |
| 2155.2216 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: POWER SUPPLY LINES |
| 2155.2219 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, MORE THAN 2.5 MPA: OTHER |
| 2155.222 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: 1.2 – 2.5 MPA |
| 2155.2221 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: GAS MAINS |
| 2155.2222 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: VALVE NODES - GAS MAIN LINEAR PART |
| 2155.22221 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA, VALVE NODES - GAS MAIN LINEAR PART: VALVE |
| 2155.22222 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA, VALVE NODES - GAS MAIN LINEAR PART: TECHNOLOGICAL PIPING |
| 2155.22223 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA, VALVE NODES - GAS MAIN LINEAR PART', CONDENSATE COLLECTION NOD |
| 2155.22224 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA, VALVE NODES - GAS MAIN LINEAR PART: NODE FOR CHEMICAL REAGENTS INJECTION |
| 2155.22225 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA, VALVE NODES - GAS MAIN LINEAR PART: PIG & CLEANING PISTON LAUNCHER & RECEIVER INJECTION |
| 2155.22229 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA, VALVE NODES - GAS MAIN LINEAR PART: OTHER |
| 2155.2223 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: OPTIC CABLES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2224 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: OTHER COMMUNICATION LINES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2225 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: ELECTROCHEMICAL PROTECTION SYSTEM - GAS MAIN LINEAR PART |

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| 2155.2226 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: POWER SUPPLY LINES |
| 2155.2229 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, 1.2 – 2.5 MPA: OTHER |
| 2155.223 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA |
| 2155.2231 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: GAS MAINS |
| 2155.2232 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: VALVE NODES - GAS MAIN LINEAR PART |
| 2155.22321 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA, VALVE NODES - GAS MAIN LINEAR PART: VALVE |
| 2155.22322 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA, VALVE NODES - GAS MAIN LINEAR PART: TECHNOLOGICAL PIPING |
| 2155.22323 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA, VALVE NODES - GAS MAIN LINEAR PART', CONDENSATE COLLECTION NOD |
| 2155.22324 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA, VALVE NODES - GAS MAIN LINEAR PART: NODE FOR CHEMICAL REAGENTS INJECTION |
| 2155.22325 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA, VALVE NODES - GAS MAIN LINEAR PART: PIG & CLEANING PISTON LAUNCHER & RECEIVER INJECTION |
| 2155.22329 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA, VALVE NODES - GAS MAIN LINEAR PART: OTHER |
| 2155.2233 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: OPTIC CABLES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2234 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: OTHER COMMUNICATION LINES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2235 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: ELECTROCHEMICAL PROTECTION SYSTEM - GAS MAIN LINEAR PART |
| 2155.2236 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: POWER SUPPLY LINES |
| 2155.2239 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, LESS THAN 1.2 MPA: OTHER |
| 2155.228 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, TECHNICAL SERVICES |
| 2155.229 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION, OTHER |
| 2155.23 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION |
| 2155.231 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA |
| 2155.2311 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: GAS MAINS |
| 2155.2312 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: VALVE FIXTURE AND FITTINGS ON DISTRIBUTION GAS MAINS |
| 2155.2313 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: LATERALS OF GAS MAIN |
| 2155.2314 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: VALVE FIXTURE AND FITTINGS ON LATERALS |

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| 2155.2315 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: OPTIC CABLES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2316 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: OTHER COMMUNICATION LINES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2317 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: ELECTROCHEMICAL PROTECTION FROM CORROSION |
| 2155.2319 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.3 – 1.2 MPA: OTHER |
| 2155.232 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.3 MPA |
| 2155.2321 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.,3 MPA: GAS MAINS |
| 2155.2322 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.,3 MPA: VALVE FIXTURE AND FITTINGS ON DISTRIBUTION GAS MAINS |
| 2155.2323 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.,3 MPA: LATERALS OF GAS MAIN |
| 2155.2324 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.,3 MPA: VALVE FIXTURE AND FITTINGS ON LATERALS |
| 2155.2325 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.,3 MPA: OPTIC CABLES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2326 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.,3 MPA: OTHER COMMUNICATION LINES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2327 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.,3 MPA: ELECTROCHEMICAL PROTECTION FROM CORROSION |
| 2155.2329 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, 0.005 – 0.,3 MPA: OTHER |
| 2155.233 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION: LESS THAN 0.005 MPA |
| 2155.2331 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: GAS MAINS |
| 2155.2332 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: VALVE FIXTURE AND FITTINGS ON DISTRIBUTION GAS MAINS |
| 2155.2333 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: LATERALS OF GAS MAIN |
| 2155.2334 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: VALVE FIXTURE AND FITTINGS ON LATERALS |
| 2155.2335 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: OPTIC CABLES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2336 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: OTHER COMMUNICATION LINES OF TECHNOLOGICAL COMMUNICATION |
| 2155.2337 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: ELECTROCHEMICAL PROTECTION FROM CORROSION |
| 2155.2339 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION, LESS THAN 0.005 MPA: OTHER |
| 2155.238 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION: TECHNICAL SERVICES |
| 2155.239 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION: OTHER |
| 2155.24 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY: SUPPLY |
| 2154.241 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, SUPPLY: DIRECT SERVICES |
| 2155.248 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, SUPPLY: TECHNICAL SERVICES |

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| 2155.249 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, SUPPLY: OTHER |
| 2155.25 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY: STORAGE |
| 2155.251 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, STORAGE: DIRECT SERVICES |
| 2155.2511 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, STORAGE, DIRECT SERVICES: GAS MAINS |
| 2155.2512 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, STORAGE, DIRECT SERVICES: VALVE FIXTURE & FITTINGS |
| 2155.2513 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, STORAGE, DIRECT SERVICES: COMMUNICATION LINES |
| 2155.2514 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, STORAGE, DIRECT SERVICES: POWER SUPPLY LINES |
| 2155.258 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, STORAGE: TECHNICAL SERVICES |
| 2155.259 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, STORAGE: OTHER |
| 2155.29 | TRANSFERRING ASSETS, GAS REGULATED ACTIVITY: OTHER |

## TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION:

Company shall attribute the cost of a property to the Transferring Assets, Gas Regulated Activity, Transmission / Transportation when it is used in activities permitted by the terms of License for 'Gas Transmission' services or used in connection with 'Transmission of Gas' services.

*Transferring assets* for Transferring Assets is classified and attributed to sub-groups based on designed/working pressure of that matches scale used in transmission of gas in Georgia and comprise pressure range more than 2.5 MPa, 1.2-2.5 MPa and 0-1.2 MPa.

Furthermore, transferring assets attribution is based on Technical and Administrative usage.

The general principle, gas undertaking 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 pressure classes or it is part of the complex of structurally articulated different pressure class facilities and direct attribution judgmental, attribution of Transferring assets to sub-groups shall be based upon the higher-pressure range of asset or the complex of facilities meant for.

### A.GAS MAINS

Company shall attribute the cost of Pipeline including Laterals and Looping's to Gas Mains if its designated and used for Transmission /Transportation of natural gas from its Production or Entrance to the Transmission System point to delivery point of customer and/or Gas Distribution and Gas Storage Company.

The segregation according the below provided category of pipelines is optional

1. **Above Ground Steel Pipelines**
2. **Underground Steel Pipelines**
3. **Above Ground Non-Steel Pipelines**
4. **Underground Non-Steel Pipelines**

Note: Do not attribute to Gas mains Construction such as:

- Pipe supports;
- Tunnels;
- Bank Reinforcements;
- Duikers;
- Protection of street openings;
- Special crossovers, bridges and foundations for special construction;
- Surveying and staking lines;
- Wood blocking;
- Other Construction.

NOTE: For the purposes of this guidelines do not attribute to Gas Mains the cost of Valve Nodes, Condensate Collection or Chemicals Injection Node.

## B. VALVE NODES ON GAS MAIN LINEAR PART

Company shall attribute the cost of property to Valve Nodes on Gas Main Linear part if its constituent part of Gas Main Linear Part and designated and used to control the flow of the substance transported through the Gas Main used in Transmission /Transportation of natural gas from its Production or Entrance to the Transmission System point to delivery point of customer and/or Gas Distribution And Gas Storage Company.

### B.1 Valves Fixture & Fittings on Gas Main Linear Part

1. **Valves**
    - Shut-off valves;
    - Control valves;
    - Mixing valves;
    - Protective Valves;
    - Phase separation valves.
2. **Valve Drives Mechanisms**
    - Under remote control;
    - Mechanical worm gear;
    - Mechanical with spur gear;
    - Mechanical with bevel gear;
    - Pneumatic;
    - Hydraulic;
    - Pneumatic Hydraulic;
    - Electromagnetic;
    - Electric.
3. **Fixtures**
    - Flanges;
    - Taps;
    - Stubs;
    - Tees;
    - Transitions;
    - Isolating compounds;
    - Insulating compounds produced by industry;
    - Compensators;
    - Compensators manufactured by industry;
    - Clamps, leak (bell and spigot).

Note: Do not attribute to this category of assets Valves Fixtures and Fitting which are part of Compressor, Measuring and Regulatory Station, or other unit and Installation. Only Valves Installed on Gas Main Pipeline and forming part of Gas Main linear part shall be attributed to this category of asset.

### B.2 Technological Piping

Pipelines - tubes for Impulse and fuel gas, Injection of chemicals, Interconnecting valves for bypass etc.

### B.3 Condensate Collection Node

Property designated and used for collection and removal of condensate and water from the gas transported through the Gas mains.

### B.3 Node for Chemical Reagents Injection to Gas Main

Property designated and used for the injection of anti-corrosion and hydrate formation prevention chemicals and reagents to the Gas Main.

The example items of Chemical Reagents Injection to Gas Main:

- Valves vertically installed on a gas pipeline;
- A probe with interchangeable nozzles;
- a gland assembly;
- a mechanism for inserting a probe into a gas pipeline;
- a fluid supply unit comprising two series-connected check valves and a plug connection between them;
- Injectors of two versions: direct and centrifugal types;
- dosing electric pump;
- a reagent tank with;
- electric contact pressure gauge;
- a shut-off valve, a check valve;
- a reagent filter;
- a level gauge;
- a ruler;
- control cabinet.

**B.3 Pig & Cleaning Piston Launcher & Receiver**

Property designated and used for storing (when not actually pigging), introducing the PIG (or pigs) safely into the GAS MAIN and propelling the pig to and from source and destination.

**B.9 OTHER**

## C. OPTIC CABLES OF TECHNOLOGICAL COMMUNICATION

Company shall attribute the cost of property to Optic Cables of Technological Communication if it's used to transmit data and information signals over the suitable communication medium – Fiber Optic Cable to operate and protect transmission network.

The example Items of Optic Cables:

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

## D. OTHER COMMUNICATION LINES OF TECHNOLOGICAL COMMUNICATION

Company shall attribute the cost of property to Other Communication Lines of Technological Communication if it's used to transmit data and information signals over the suitable communication medium – other than Fiber Optic Cable to operate and protect transmission network.

The example items of 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.

## E. ELECTROCHEMICAL PROTECTION SYSTEM;

Company shall attribute cost of PP&E to the Electrochemical Protection System - Gas Main Linear Part if its designated and used for protection of Gas Mains (Pipelines) from electrochemical corrosion - cathode, drainage and protective protection of underground steel pipes with the purpose to ensure cathodic polarization on pipelines, return of wandering currents to their source (railways, electrified urban transport substations) or the destruction of the protector itself (anode electrode), instead of the pipeline.

The example items of Electrochemical Protection System

- Installation of Cathodic Protection;
- Protector Installation;
- Installation of Drainage Protection;
- Diode-Resistor Blocks;
- Contact Nodes and Cable Lines;
- Instrumentation Points Equipped with Copper Sulphate and Auxiliary Reference Electrodes;
- Insulating Flanges / Inserts;
- Corrosion Monitoring Tool;
- Power Supply (Including Overhead Lines, Alternative Sources, Etc.);
- Foundation and Settings;
- Enclosers.

## F. POWER SUPPLY LINES

Company shall attribute the cost of a property to Power Supply Lines it its designated and used for the power supply of nodes and systems involved in Technological Process of Gas Transmission / Transportation.

The example items of Power Supply Lines

1. **Overhead Lines**

- 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. o 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. o Insulators that provide adequate insulation levels and clearance between energized conductors and grounded structures;
    - Insulator hardware used as connecting devices for the insulators; o Grounding;
    - Overhead cables, Devices for Overhead cables.

2. **Underground (Cable Lines)**

- 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. o Insulators, potheads, etc.;
    - Lightning arresters;
    - Switches;
    - Other line devices.

## TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION

Company shall attribute the cost of a property to the Transferring Assets, Gas Regulated Activity, Distribution when it is used in activities permitted by the terms of License for Gas Distribution services or used in connection with 'Distribution of Gas' services.

*Transferring assets* for Gas Distribution is classified and attributed to sub-groups based on designed/working pressure of that matches scale used in Distribution of gas in Georgia and comprise pressure ranges more 0.3-1.2MPa,0.005 to 0.3MPa up to 0.005 MPa.

Furthermore, Transferring Assets attribution is based on Technical and Administrative usage.

The general principle, gas undertaking 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 pressure classes or it is part of the complex of structurally articulated different pressure class facilities and direct attribution judgmental, attribution of Transferring assets to sub-groups shall be based upon the higher-pressure range of equipment or the complex of facilities meant for.

### A. GAS MAINS

Company shall attribute the cost of Pipelines to Gas Mains (excluding the Laterals[22] ) if its designated and used for transportation of natural gas from its Entrance to the Distribution System to the Laterals and/or connection or Delivery Point of customer.

The segregation according the below provided category of pipelines is optional

1. **Above Ground Steel Pipelines**
2. **Underground Steel Pipelines**
3. **Above Ground Non-Steel Pipelines**
4. **Underground Non-Steel Pipelines**

Note: Do not attribute to Gas Mains Construction such as:

- Pipe supports;
- Tunnels;
- Bank Reinforcements;
- Duikers;
- Protection of street openings;
- Special crossovers, bridges and foundations for special construction;
- Surveying and staking lines;
- Wood blocking;
- Other Construction.

NOTE: For the purposes of this guidelines do not attribute to GAS MAINS the cost of Laterals

### B. VALVES FIXTURE AND FITTINGS ON DISTRIBUTION GAS MAINS

Company shall attribute cost of pressure regulatory equipment to Valves Fixture and Fittings on Distribution Gas Mains if this equipment is a constituent part of Gas Main Linear Part and used to control and divert the flow of Natural Gas in Distribution Gas Mains.

The example items of Valves fixture and fittings and other equipment on distribution mains.

1. **Valves**
    - Shut-off valves;
    - Control valves;
    - Mixing valves;
    - Protective Valves;
    - Phase separation valves.

[22] For the purposes of this guideline Lateral is the branch from the main gas pipeline connected directly to the main gas pipeline and intended to divert a part of the transported gas in the Distribution GAS MAINS to settlements and industrial enterprises.

2. **Valve Drives Mechanisms**

    - Under remote control;
    - Mechanical worm gear;
    - Mechanical with spur gear;
    - Mechanical with bevel gear;
    - Pneumatic;
    - Hydraulic;
    - Pneumatic Hydraulic;
    - Electromagnetic;
    - Electric.

3. **Fixtures**

    - Flanges;
    - Taps;
    - Stubs;
    - Tees;
    - Transitions;
    - Isolating compounds;
    - Insulating compounds produced by industry;
    - Compensators;
    - Compensators manufactured by industry.

## C. LATERALS OF GAS MAINS

Company shall attribute to Laterals of Gas Mains the cost of Pipelines Connected to the Gas Mains and Leading to customer connections if its designated and used for transportation of natural gas from Distribution Gas Mains to the connection or delivery point of customer.

The segregation according the below provided category of pipelines is optional

1. **Above Ground Steel Pipelines**
2. **Underground Steel Pipelines**
3. **Above Ground Non-Steel Pipelines**
4. **Underground Non-Steel Pipelines**

Note: Do not attribute to Gas Mains Construction such as:

- Pipe supports;
- Tunnels;
- Bank Reinforcements;
- Duikers;
- Protection of street openings;
- Special crossovers, bridges and foundations for special construction;
- Surveying and staking lines;
- Wood blocking;
- Other Construction.

NOTE: For the purposes of this guidelines do not attribute GAS MAINS to the cost of Laterals on GAS MAINS

## D. VALVES FIXTURE AND FITTINGS ON LATERALS

Company shall attribute cost of pressure regulatory equipment to Valves Fixture and Fittings on Laterals if this equipment is a constituent part of Laterals of Gas Mains and used to control and divert the flow of Natural Gas in Laterals of Gas Mains.

The example items of Valves fixture and fittings and other equipment Laterals of Gas Mains

1. **Valves**

    - Shut-off valves;
    - Control valves;
    - Mixing valves;
    - Protective Valves;
    - Phase separation valves.

2. **Valve Drives Mechanisms**

- Under remote control;
- Mechanical worm gear;
- Mechanical with spur gear;
- Mechanical with bevel gear;
- Pneumatic;
- Hydraulic;
- Pneumatic Hydraulic;
- Electromagnetic;
- Electric.

3. **Fixtures**

- Flanges;
- Taps;
- Stubs;
- Tees;
- Transitions;
- Isolating compounds;
- Insulating compounds produced by industry;
- Compensators;
- Compensators manufactured by industry.

## E. OPTIC CABLES OF TECHNOLOGICAL COMMUNICATION

Company shall attribute the cost of property to Optic Cables of Technological Communication if it's used to transmit data and information signals over the suitable communication medium – Fiber Optic Cable to operate and protect Distribution Network.

The example Items of Optic Cables:

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

## F. OTHER COMMUNICATION LINES OF TECHNOLOGICAL COMMUNICATION

Company shall attribute the cost of property to Other Communication Lines of Technological Communication if it's used to transmit data and information signals over the suitable communication medium – other than Fiber Optic Cable to operate and protect Distribution Network.

The example items of 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.

### G. ELECTROCHEMICAL PROTECTION SYSTEM;

Company shall attribute cost of PP&E to the Electrochemical Protection System if its designated and used for protection of Gas Distribution Network (Pipelines) from electrochemical corrosion - cathode, drainage and protective protection of underground steel pipes with the purpose to ensure cathodic polarization on pipelines, return of wandering currents to their source (railways, electrified urban transport substations) or the destruction of the protector itself (anode electrode), instead of the pipeline.

The example items of Electrochemical Protection System

- Installation of Cathodic Protection;
- Protector Installation;
- Installation of Drainage Protection;
- Diode-Resistor Blocks;
- Contact Nodes and Cable Lines;
- Instrumentation Points equipped with copper Sulphate and Auxiliary Reference Electrodes;
- Insulating Flanges / Inserts;
- Corrosion Monitoring Tool;
- Power Supply (Including Overhead Lines, Alternative Sources, Etc.);
- Foundation and Settings;
- Enclosers.

### H. TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, DISTRIBUTION: TECHNICAL SERVICES

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## TRANSFERRING ASSETS: FOR GAS REGULATED ACTIVITY SUPPLY

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

## TRANSFERRING ASSETS, GAS REGULATED ACTIVITY: STORAGE

Company shall attribute the cost of a property to the Transferring Assets, Gas Regulated Activity: Storage when it is used in activities permitted by the terms of License for 'Gas Storage services or used in connection with 'Storage of Gas' services.

### A. GAS MAINS

Company shall attribute the cost of Pipelines to Gas Mains (Including gathering lines) if its designated and used for transportation of natural gas from Transmission/Transportation Gas Main to Storage Wells and/or Compressor Station.

### B. VALVES FIXTURE AND FITTINGS ON GAS MAINS

Company shall attribute cost of pressure regulatory equipment to Valves Fixture and Fittings on Gas Mains if this equipment is a constituent part of Gas Main used to control and divert the flow of Natural Gas from Transmission/Transportation Gas Main to Gas Storage Wells.

The example items of Valves fixture and fittings and other equipment on gas mains

1. **Valves**
    - Shut-off valves;
    - Control valves;
    - Mixing valves;
    - Protective Valves;
    - Phase separation valves.
2. **Valve Drives Mechanisms**
    - Under remote control;
    - Mechanical worm gear;

- Mechanical with spur gear;
- Mechanical with bevel gear;
- Pneumatic;
- Hydraulic;
- Pneumatic Hydraulic;
- Electromagnetic;
- Electric.

3. **Fixtures**

- Flanges;
- Taps;
- Stubs;
- Tees;
- Transitions;
- Isolating compounds;
- Insulating compounds produced by industry;
- Compensators;
- Compensators manufactured by industry.

## C. COMMUNICATION LINES

Company shall attribute the cost of property to Communication Lines if it's used to transmit data and information signals to operate and protect Gas Storage and Its Constituent Equipment and Facilities

1. **Optic cables**

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

2. **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.

## D. POWE SUPPLY LINES

Company shall attribute the cost of a property to Power Supply Lines it its designated and used for the power supply of nodes and systems involved in Storage of GAS.

1. **Overhead Lines**

- 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. o 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. o Insulators that provide adequate insulation levels and clearance between energized conductors and grounded structures;
- Insulator hardware used as connecting devices for the insulators; o Grounding;
- Overhead cables, Devices for Overhead cables.

2. **Underground (Cable Lines)**

   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.

### E. TRANSFERRING ASSETS, GAS REGULATED ACTIVITY, STORAGE: TECHNICAL SERVICES

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## CONTRIBUTIONS AND GRANTS (ACCOUNT 2157.2)

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

## OFFICE EQUIPMENT (ACCOUNT 2160.2)

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: Gas Regulated Activity' down to:

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| 2160.2 | OFFICE EQUIPMENT: GAS REGULATED ACTIVITY |
| 2160.21 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY: [RESERVE] |
| 2160.22 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION |
| 2160.221 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: COMPUTERS AND PERIPHERAL EQUIPMENT |
| 2160.222 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: COMMUNICATION EQUIPMENT AND DEVICES |
| 2160.229 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: OTHER |
| 2160.23 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY: DISTRIBUTION |

| | |
|---|---|
| 2160.231 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION: COMPUTERS AND PERIPHERAL EQUIPMENT |
| 2160.232 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION: COMMUNICATION EQUIPMENT AND DEVICES |
| 2160.239 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, DISTRIBUTION: OTHER |
| 2160.24 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY: SUPPLY |
| 2160.241 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, SUPPLY: COMPUTERS AND PERIPHERAL EQUIPMENT |
| 2160.242 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, SUPPLY: COMMUNICATION EQUIPMENT AND DEVICES |
| 2160.249 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, SUPPLY: OTHER |
| 2160.25 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY: STORAGE |
| 2160.251 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE: COMPUTERS AND PERIPHERAL EQUIPMENT |
| 2160.252 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE: COMMUNICATION EQUIPMENT AND DEVICES |
| 2160.259 | OFFICE EQUIPMENT, GAS REGULATED ACTIVITY, STORAGE: OTHER |
| 2160.29 | OFFICE EQUIPMENT, GAS 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.

## FURNITURE AND FIXTURES (ACCOUNT 2170.2)

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: For Gas Regulated Activity' down to:

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|---|---|
| 2170.2 | FURNITURE AND FIXTURES: GAS REGULATED ACTIVITY |
| 2170.21 | FURNITURE AND FIXTURES, GAS REGULATED ACTIVITY: [RESERVE] |
| 2170.22 | FURNITURE AND FIXTURES, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION |
| 2170.23 | FURNITURE AND FIXTURES, GAS REGULATED ACTIVITY: DISTRIBUTION |
| 2170.24 | FURNITURE AND FIXTURES, GAS REGULATED ACTIVITY: SUPPLY |
| 2170.25 | FURNITURE AND FIXTURES, GAS REGULATED ACTIVITY: STORAGE |
| 2170.29 | FURNITURE AND FIXTURES, GAS REGULATED ACTIVITY: OTHER |

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

## VEHICLES (TRANSPORTATION MEANS AND POWER OPERATED EQUIPMENT (ACCOUNT 2180.2)

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:
  - Universal Motor Heater;
  - Steam Moving Unit;
  - Centrifugal Separator;
  - Self-propelled trolley for transportation of small cargoes on the territory of CS;
  - Hydraulic puller;
  - Excavator;
  - Bulldozer;
  - Grader;
  - Truck;
  - dump truck;
  - tank truck;
  - special trailer;
  - flatbed trailer;
  - crawler tractor;
  - tamping machine;
  - drilling machine;
  - tractor;
  - crane;
  - snowmobile, etc.;
  - Air compressor, including driving unit and vehicle;
  - Back filling machine;
  - Boring machine;
  - Digger;
  - Pile driver;
  - Pipe cleaning machine;
  - Pipe coating or wrapping machine;
  - Tractor;
  - Trencher;
  - Snowblower.
- Mobile Laboratories and other Special Vehicles:
  - Vehicle-mobile laboratory- "Laboratory leak detection" of natural gas with optical detector of gas leak, laser device to localize leak and portable devices to determine the speed volumetric flow rate) of gas emissions
  - Mobile Compression for pipes hydraulic testing
  - 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: Gas Regulated Activity down to:

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|---|---|
| 2180.2 | VEHICLES: GAS REGULATED ACTIVITY |
| 2180.21 | VEHICLES, GAS REGULATED ACTIVITY: [RESERVE] |
| 2180.22 | VEHICLES, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION |
| 2180.221 | VEHICLES, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: PASSENGER VEHICLES |
| 2180.222 | VEHICLES, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: TRUCKS, CRANES, AND OTHER HEAVY VEHICLES |
| 2180.223 | VEHICLES, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: MOBILE LABORATORIES AND OTHER SPECIAL VEHICLES |
| 2180.224 | VEHICLES, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: THE INTELLIGENT PIPELINE INSPECTION GAUGE (PIG) |
| 2180.225 | VEHICLES, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: PISTONS FOR CLEANING THE PIPELINE CAVITY FROM DRY AND LIQUID CONTAMINATION |
| 2180.226 | VEHICLES, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: MOBILE COMPRESSION STATION |

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|---|---|
| 2180.227 | VEHICLES, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: MOBILE WELDING EQUIPMENT |
| 2180.229 | VEHICLES, GAS REGULATED ACTIVITY, TRANSMISSION / TRANSPORTATION: OTHER |
| 2180.23 | VEHICLES, GAS REGULATED ACTIVITY, DISTRIBUTION |
| 2180.231 | VEHICLES, GAS REGULATED ACTIVITY, DISTRIBUTION: PASSENGER VEHICLES |
| 2180.232 | VEHICLES, GAS REGULATED ACTIVITY, DISTRIBUTION: TRUCKS, CRANES, AND OTHER HEAVY VEHICLES |
| 2180.233 | VEHICLES, GAS REGULATED ACTIVITY, DISTRIBUTION: MOBILE LABORATORIES AND OTHER SPECIAL VEHICLES |
| 2180.234 | VEHICLES, GAS REGULATED ACTIVITY, DISTRIBUTION: THE INTELLIGENT PIPELINE INSPECTION GAUGE (PIG) |
| 2180.235 | VEHICLES, GAS REGULATED ACTIVITY, DISTRIBUTION: PISTONS FOR CLEANING THE PIPELINE CAVITY FROM DRY AND LIQUID CONTAMINATION |
| 2180.236 | VEHICLES, GAS REGULATED ACTIVITY, DISTRIBUTION: MOBILE COMPRESSION STATION |
| 2180.237 | VEHICLES, GAS REGULATED ACTIVITY, DISTRIBUTION: MOBILE WELDING EQUIPMENT |
| 2180.239 | VEHICLES, GAS REGULATED ACTIVITY, DISTRIBUTION: OTHER |
| 2180.24 | VEHICLES, GAS REGULATED ACTIVITY: SUPPLY |
| 2180.25 | VEHICLES, GAS REGULATED ACTIVITY: STORAGE |
| 2180.251 | VEHICLES, GAS REGULATED ACTIVITY, STORAGE: PASSENGER VEHICLES |
| 2180.252 | VEHICLES, GAS REGULATED ACTIVITY, STORAGE: TRUCKS, CRANES, AND OTHER HEAVY VEHICLES |
| 2180.253 | VEHICLES, GAS REGULATED ACTIVITY, STORAGE: MOBILE LABORATORIES AND OTHER SPECIAL VEHICLES |
| 2180.254 | VEHICLES, GAS REGULATED ACTIVITY, STORAGE: THE INTELLIGENT PIPELINE INSPECTION GAUGE (PIG) |
| 2180.255 | VEHICLES, GAS REGULATED ACTIVITY, STORAGE: PISTONS FOR CLEANING THE PIPELINE CAVITY FROM DRY AND LIQUID CONTAMINATION |
| 2180.256 | VEHICLES, GAS REGULATED ACTIVITY, STORAGE: MOBILE COMPRESSION STATION |
| 2180.257 | VEHICLES, GAS REGULATED ACTIVITY, STORAGE: MOBILE WELDING EQUIPMENT |
| 2180.259 | VEHICLES, GAS REGULATED ACTIVITY, STORAGE: OTHER |
| 2180.29 | VEHICLES, GAS REGULATED ACTIVITY: OTHER |

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

## INSTRUMENTS (ACCOUNT 2185.2)

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:

- Accessories;
- Angle grinder;
- Pneumatic drilling machine;
- Electric hand drill machine;
- Set of pipe wrenches;
- Adjustable wrenches;
- Hex Socket Wrench Set;
- A set of cap keys under a sledgehammer;
- Keys multipliers;
- Measuring instruments;
- Universal Portable Vibration Diagnostic Device;

- Ultrasonic Thickness Gauge;
- Surface roughness meter;
- Air compressors;
- Anvils;
- Belts, shafts and countershafts;
- Cable pulling instruments;
- Concrete mixers;
- Derricks;
- Drill presses;
- Engines;
- Forges;
- Furnaces;
- Gasoline pumps, oil pumps;
- Greasing tool;
- Hoists;
- Ladders;
- Lathes;
- Machine tools;
- Motor driven tools;
- Pipe threading and cutting tools;
- Pneumatic tools;
- Pumps;
- Riveters;
- Smith tools;
- Tool racks;
- Vises;
- Welding apparatus;
- Work benches;
- Bailers;
- Bits and other drilling tools;
- Boilers;
- Derricks;
- Drilling cables;
- Drilling machines;
- Engines;
- Motors;
- Pulling machines;
- Pumps;
- Rigs;
- Tanks 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 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 etc.;
- Wheelbarrows;
- Perforator, drill, knock-boring machine;
- Other.

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: Gas Regulated Activity' down to:

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|---|---|
| 2185.2 | INSTRUMENTS AND OTHER LONG-TERM TANGIBLE ASSETS IN OPERATION: GAS REGULATED ACTIVITY |
| 2185.21 | INSTRUMENTS AND OTHER LONG-TERM TANGIBLE ASSETS IN OPERATION, GAS REGULATED ACTIVITY: [RESERVE] |
| 2185.22 | INSTRUMENTS AND OTHER LONG-TERM TANGIBLE ASSETS IN OPERATION, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION |
| 2185.23 | INSTRUMENTS AND OTHER LONG-TERM TANGIBLE ASSETS IN OPERATION, GAS REGULATED ACTIVITY: DISTRIBUTION |
| 2185.24 | INSTRUMENTS AND OTHER LONG-TERM TANGIBLE ASSETS IN OPERATION, GAS REGULATED ACTIVITY: SUPPLY |
| 2185.25 | INSTRUMENTS AND OTHER LONG-TERM TANGIBLE ASSETS IN OPERATION, GAS REGULATED ACTIVITY: STORAGE |
| 2185.29 | INSTRUMENTS AND OTHER LONG-TERM TANGIBLE ASSETS IN OPERATION, GAS REGULATED ACTIVITY: OTHER |

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

## LEASEHOLD IMPROVEMENTS (ACCOUNT 2190.2)

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: Gas Regulated Activity' down to:

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|---|---|
| 2190.2 | LEASEHOLD IMPROVEMENT: GAS REGULATED ACTIVITY |
| 2190.21 | LEASEHOLD IMPROVEMENT, GAS REGULATED ACTIVITY: [RESERVE] |
| 2190.22 | LEASEHOLD IMPROVEMENT, GAS REGULATED ACTIVITY: TRANSMISSION / TRANSPORTATION |
| 2190.23 | LEASEHOLD IMPROVEMENT, GAS REGULATED ACTIVITY: DISTRIBUTION |
| 2190.24 | LEASEHOLD IMPROVEMENT, GAS REGULATED ACTIVITY: SUPPLY |
| 2190.25 | LEASEHOLD IMPROVEMENT, GAS REGULATED ACTIVITY: STORAGE |
| 2190.29 | LEASEHOLD IMPROVEMENT, GAS REGULATED ACTIVITY: OTHER |

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

**USAID Energy Program**

**Deloitte Consulting Overseas Projects LLP**

**Address: 29 I. Chavchavadze Ave.,0179, Tbilisi, Georgia**

**Phone: +(995) 595 062505**

**E-mail: info@uep.ge**