**Tariff estimate execution of Beineu-Shymkent Gas Pipeline Beineu-Shymkent Gas Pipeline LLP for 2015**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **No.** | **Indicator title** | **UoM** | **In the current tariff estimate**  | **Actual expenses for 2015**  | **Deviation, %** | **Justifications of** **deviation** |
|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| **I** | **Cost of production goods and services** | **thous. KZT** | **11 396 138** | **11 186 706** | **98%** |   |
| **1** | **Material costs, total** | **-//-** | **339 349** | **110 098** | **32%** |  |
|   | Including: |   |  |  |  |   |
| 1. 1 | Gas for own demands and losses | -//- | 331 982 | 104 350 | 31% | Savings occurred due to reduction in cost and volume of gas for OD&PL (hereinafter OD&PL). The approved tariff estimate includes the cost of gas purchase for OD&PL which is planned in the amount of 9 180 KZT exclusive of VAT for thous.m3, and the actual cost of gas since January 01 to August 31 made 5 598,6 KZT for thous.3m exclusive of VAT and from September 01 to December 31 - 5 696,1 KZT for thous.3m exclusive of VAT) Gas consumption volume for OD&PL was scheduled based on gas transportation volume in the amount of 2 500 000 thous.m3, the actual gas transportation volume in 2015 made1 215 926 thous.m3;  |
| 1. 2. | Electric power | -//- | 2 935 | 0 | 0% | Due to untimely commissioning of emergency response centers and shift camps, there was no need to spent money for electric power. |
| 1. 3 | Fuel and POL | -//- | 4 431 | 5 748 | 130% | Over execution has occurred due to increase of fuel cost (POL). The cost of fuel in the current tariff estimate makes 103 KZT for 1 liter, the actual average POL write-off cost made 110 KZT for 1 liter. |
| **2** | **Costs for labor payment, total** | **-//-** | **63 901** | **61 269** | **96%** |  |
|   | Including: |   |  |  |  |   |
| 2. 1 | Salary  | -//- | 58 144 | 56 757 | 98% | Within the allowed limits |
| 2. 2 | -Social tax | -//- | 5 756 | 4 512 | 78% |  |
| **3** | **Depreciation** | **-//-** | **8 347 560** | **9 491 532** | **114%** | The increase in depreciation is due to the excess of the actual figures from the planned figures at acquisition of fixed assets.  |
| **4** | **Insurance** | **-//-** | **4 677** | **113 702** | **2431%** | The increase in insurance costs is mainly due to the actual costs of "Insurance of the operational period". Insurance of the Partnership's assets is compulsory condition of the creditors.In the current tariff plan, insurance costs do not cover expenses for "Insurance of the operational period". |
| **5** | **Gas pipeline operation costs** | **-//-** | **2 110 926** | **1 140 007** | **54%** | Saving is due to reduction of gas pipeline operation costs. The main reason is untimely conclusion of contracts with outside organizations and failure by contractors to meet targets. |
| **6** | **Taxes and payments** | **-//-** | **4 625** | **1 437** | **31%** | In the approved tariff estimate, costs for taxes and payments includes “motor transport taxes” to the amount of 93,9 thous.tenge and “payment for land plots” to the amount of 4 531,1 thous. tenge. At the same time, payments for the use of land plots resulted in savings, and actual costs amounted to -1 310 thousand KZT. This is due to the long process of property and land use rights registration. |
| **7** | **Other costs, total** | **-//-** | **517 700** | **240 677** | **46%** |  |
|   | Including: |   |  |  |  |   |
| 7.1. | Aerial surveillance  | **-//-** | 238 457 | 65 332 | 27% | Savings on air patrolling of the main gas pipeline route have occurred as a result of reduction of the actual number of departures, untimely signing of a contract with the contractor who provides this type of service.  |
| 7.2. | Verification of measuring instruments (metrology and standardization services) | **-//-** | 6 314 | 0 | 0% | Execution of contractual obligations by contracting organizations.As of current date the contractors failed to transfer this equipment to the Partnership.  |
| 7.3. | Gas pipeline security (extra-departmental and fire security) | -//- | 185 431 | 169 911 | 92% | Due to untimely commissioning of emergency response centers and shift camps, there was no need to spent money for the third party security and fire protection service. |
| 7.4. | Fire alarm system maintenance | -//- | 87 497 | 0 | 0% | Due to the untimely commissioning of emergency response centers and shift camps, it was unnecessary to spent for maintenance of fire alarms.  |
| 7.5. | Business trip related expenses  | -//- | - | 3 115 |  | At approval of the tariff in a simplified procedure, the authorized body left out travel expenses of production personnel. |
| 7. 6 | Satellite communication and connection to telecommunication system | -//- | - | 2 320 |  | At approval of the tariff in a simplified procedure, the authorized body left out costs for satellite communication and connection to telecommunication systems. |
| 7. 7 | Personnel training |   |  | 0 |  |   |
| **8** | **Other expenses, total** | -//- | **7 401** | **27 983** | **378%** |  |
|  | Including: |   |  |  |  |   |
| *8. 1* | Announcements in mass media regarding MGP route run | *-//-* | *1 607* | *3 533* | 220% | At considering of the application in a simplified manner, the authorized body has reduced the area of ​​publication in the mass media. |
| *8. 2* | Rent of premises | *-//-* | *3 782* | *4 106* | 109% | Due to exclusion by the authorized agency of the costs for rent of parking lots for Central Dispatch Administration, there was an excess of expenses under the “rent of premises” item.  |
| *8. 3* | Expenses for vehicles | *-//-* | *2 012* | *3 511* | 174% | The costs have increased due to a rise in the cost of consumables for maintenance and repair of vehicles in the reporting period. |
| *8. 4* | Expenses for development, acquisition, subscription of regulatory and technical documentation and technical publications. | *-//-* | *-* | *0* |  |  |
| *8. 5* | Land-related costs within the period of main gas pipeline operation.  | *-//-* | *-* | *4 210* |  | These costs are not provided in the tariff estimate. |
| *8. 6* | Auxiliary personnel services (recruiting) | *-//-* | *-* | *12 625* |  | These costs are not provided in the tariff estimate. |
| *8. 7* | Shift camps expenses | *-//-* | *-* | *0* |  |  |
| *8. 8* | Power supply  |  |  | *0* |  |  |
| *8. 9* | Clerical expenses |  |  | *0* |  |  |
| **II** | **Costs for the period, total** | **-//-** | **2 503 297** | **6 901 902** | **276%** |  |
|  | Including: |  |  |  |  |   |
| 9 | General and administrative costs, total | -//- | 967 211 | 1 457 014 | 151% |  The main reason for the deviation is the inclusion in the salary fund of bonus payments based on the results of work for the month / quarter; holiday bonus; remunerations under the results of work for the reporting period; financial support for leave, which in turn resulted increase in tax deductions.  |
|   | including: |   |  |  |  |   |
| 9. 1 | Salary of the administrative personnel | -//- | 490 221 | 836 356 | 171% | Expenses related to wages of employees increased due to the fact that the current tariff estimate does not include the costs of remuneration based on the results of work for the reporting period; financial support for annual leave. Besides, as per the approved tariff estimate the number of administrative and managerial personnel is 110 people. The actual average number for 2015 made - 114 people.  |
| 9. 2 | Hired personnel  | -//- | 49 892 | 76 346 | 153% | Over-execution is due to the fact that some units of hired personnel (translators, secretaries) have been excluded by the authorized body. |
| 9. 3 | Social tax | -//- | 48 532 | 78 274 | 161% |   |
| 9. 4 | Depreciation | -//- | 45 613 | 54 540 | 120% | The amount of depreciation has increased due to acquisition of new fixes assets. |
| 9. 5 | Rent of offices | -//- | 155 737 | 147 999 | 95% | Within the allowed limits. |
| 9. 6 | Services of third party companies | -//- | 18 985 | 22 092 | 116% | The reason for exceeding costs is associated with an increase in the cost of the services provided for the acquisition of antivirus software and the legal information data base Paragraph (lawyer and accountant). |
| 9. 7 | Business trip related services | -//- | 68 474 | 98 452 | 144% | The excess of expenses is due to the increase in monthly calculated index and increase in the number of business trip days.  |
| 9. 8 | Banks services | -//- | 6 974 | 7 517 | 108% | Within the allowed limits. |
| 9. 9 | Services of third party companies | -//- | 15 050 | 23 075 | 153% | The increase in the cost of audit services made an effect on increase in costs for this service. |
| 9. 10 | Extra-departmental security  | -//- | 10 202 | 7 209 | 71% | In the current tariff estimate, amounts were approved for the security of offices in Almaty in the amount of 8,114 thousand tenge and in Astana in the amount of 2,088 thousand tenge. Due to the fact that security service of the office in Astana was not carried out, savings occurred. |
| 9. 11 | Taxes | -//- | 1 294 | 20 239 | 1564% | Motortransport taxes made 1 336 thous. KZT. Due the payment of corporate tax from a non-resident in the amount of 18,903 thousand KZT, the over-execution of cost was occurred. |
| 9. 12 | Communication services | -//- | 14 729 | 10 147 | 69% |   Saving has occurred due to reduction in quantity of long-distance calls, and transition to more efficient tariffs. |
| 9. 13 | Expenses for vehicles | -//- | 23 376 | 28 615 | 122% | Over execution has occurred due to increase of fuel cost (POL).The cost of fuel in the current tariff estimate makes 103 KZT for 1 liter, the actual average POL write-off cost made 110 KZT for 1 liter. |
| 9. 14 | Insurance | -//- | 1 165 | 3 928 | 337% | In the current tariff estimate, insurance costs do not include the costs of voluntary insurance for vehicle owners. The increase in the monthly calculation index also contributed to an increase in costs.  |
| 9. 15 | Personnel training | -//- | 6 233 | 8 107 | 130% | The increase in costs is associated with an increase in the number of trainees, as well as an increase in the cost of training. |
| 9. 16 | Other compensations | -//- | 0 |  |  |   |
| 9. 17 | Other expenses  | -//- | 10 736 | 34 117 | 318% | The reason for exceeding costs is an increase in the cost of printing, postal and courier services |
| 10 | Incentive payment cost |   | 1 536 086 | 5 444 888 | 354% | Decision of National bank and Government of the Republic of Kazakhstan on implementation of new monetary and credit policy, established on inflation targeting regime, and transfer to floating tenge exchange rate in August 2015 resulted in increase of costs for payment of incentives in US dollars.  |
| **III.** | **Total expenses**  | -//- | **13 899 435** | **18 088 608** | **130%** | Increase in costs is due to increase of the period expenses. The main costs specific weight is associated with an increase in incentives payment costs. Payment of incentives depends on the exchange rate of the national currency to the US dollar. |
| **IV.** | **Profit**  | **-//-** | **15 513 065** | **3 783 228** | **-24%** | The loss is related to reduction in revenues from gas transportation through the main gas pipeline and increase of the period expenses.   |
| **V** | **Total incomes** | **-//-** | **29 412 500** | **14 305 380** | **49%** | The reduction in revenues is due to the decrease in actual volumes of gas transportation from planned values.   |
| **vi** | **Scope of services (goods, works) to be rendered** | **thous.m3** | **2 500 000** | **1 215 926** | **49%** | The reason for the deviation in the volume of provided services is the reduction of the customer's demand in gas transportation volumes. |
| **vii** | **Rated losses** | **%** | **1.45** | **1.55** |  |  |
| **1000 m3**  | **36 164** | **18 838** | **52%** | Gas consumption volume for OD&PL was scheduled based on gas transportation volume in the amount of 2 500 000 thous.m3, the actual gas transportation volume in 2015 made1 215 926 thous.m3; |
| **VIII** | **Tariff (excluding VAT)** | **tenge/ 1000 m3**  | **11 765** | **11 765** | **0%** |  |
| **$/1000 m3** | **64** | **36** | **57%** | Decision of National bank and Government of the Republic of Kazakhstan on implementation of new monetary and credit policy, established on inflation targeting regime, and transfer to floating tenge exchange rate in August 2015 resulted in change of the tariff in the foreign currency (US dollar). |