

Report on execution of the tariff estimate  
for the regulated service of oil transportation through Kenkiyak-Kumkol pipeline of  
Kazakhstan-China Pipeline LLP within the domestic market

Reporting period 2018

Index ITS-1

Frequency: annual

Represented: Entities of natural monopolies, except for regional electronetwork company

Place of the form submission: Natural Monopolies Regulation and Competition Protection Committee  
under the Ministry of National Economics of the Republic of Kazakhstan

Period of submission - annual not later of May1 of the year following the reporting period

No	Tariff estimate indicators	Unit of measure	Included in the approved tariff estimate	Expected indicators of the tariff estimate	Deviation %	Reasons of deviation
1	2	3	4	5	7	7
1	Costs for production of goods and provision of services	Thous. tenge	10 740 503	10 713 642	-0,3%	
	including					
1	Material costs, total	-//-	196 486	61 590	-69%	
	including:					
1.1	raw materials and inventory	-//-	2 110	22 698	976%	
1.2	POI.	-//-	1 512	1 733	15%	
1.3	power		192 864	37 158	-81%	Cost saving due to reduction of volumes of regulated services due to the reasons not dependent on the Partnership. According to the approved investment program of the Partnership for 2015-2019 in 2016, it was planned to finish reconstruction of PS Kenkiyak, PS Kumkol and construction of PS Aralsk, in 2018 completion of construction of Shalkar PS, PS-4, external power supply and reconstruction of Aralsk PS. However, the Investment Committee of KazMunaiGas (minutes of meeting No. 7-15 dated April 23, 2015) decided to suspend further implementation of the project "Second stage of the Second phase of Kazakhstan-China pipeline construction. Capacity increase to 20 million tons/year" until the resolution of the resource base issue. According to the approved tariff estimate, electricity consumption was 12.187,075 kW * hour, including 10.007,966 kW * hour, considering electricity consumption at the Aralsk PS. Actual electricity consumption was 2.300 907 kWh. The average cost of electricity will be 16.15 tenge / kWh.
		-//-				
2	Payroll costs, total	-//-	127 224	140 364	10%	
	including:	-//-				
2.1	salary	-//-	115 763	128 623	11,1%	
2.2	social tax	-//-	11 461	11 741	2,5%	

No	Tariff estimate indicators	Unit of measure	included in the approved tariff estimate	Expected indicators of the tariff estimate	Deviation %	
5.2.12	Repair and maintenance of oil metering stations	-//-	21 264	27 965	32%	
5.2.13	telecom services	-//-	19 863	19 832	0%	
5.2.14	accommodation for shift workers	-//-	1 029	15 576	1414%	
5.2.15	insurance	-//-	2 058	2 901	41%	
5.2.16	training and advance training	-//-	1 276	1 467	15%	
II	Period costs, total	-//-	840 542	8 692 793	934%	
	including:					
6	General and administrative costs	-//-	474 926	1 039 597	119%	
	including:	-//-				
6.1	salary of administrative personnel	-//-	218 869	249 203	14%	
6.2	social tax	-//-	21 668	28 903	33%	
6.3	bank services	-//-	2 151	1 224	-43%	Savings as a result of taken actions in connection with a reduction in the money transfer rate from 0.5% to 0.25% (introduction of more efficient methods and technologies for provision of regulated services).
6.4	amortization	-//-	17 939	35 480	98%	
6.5	external services, total	-//-	3 230	6 602	104%	
	including:					
6.5.1	procurement of POL	-//-	1 457	2 119	45%	
6.5.2	transportation services	-//-	1 774	4 483	153%	
6.6	travelling services	-//-	26 039	38 120	46%	
6.7	telecom services	-//-	3 173	3 225	2%	
6.8	taxes	-//-	33 306	26 765	-20%	Cost saving due to reduction of volumes of regulated services due to the reasons not dependent on the Partnership. To calculate the taxable base for VAT payment to the budget, it is used income from oil transportation.
6.9	other expenses, total	-//-	148 551	650 075	338%	
	including:					
6.9.1	audit services	-//-	3 960	6 924	75%	
6.9.2	legal services	-//-	956	1 998	109%	
6.9.3	notary services	-//-	355	509	43%	
6.9.4	consulting services	-//-	2 205	5 491	149%	
6.9.5	maintenance of office equipment and software	-//-	2 412	6 745	180%	
6.9.6	insurance	-//-	543	820	51%	
6.9.7	courier services, mail	-//-	605	650	7%	
6.9.8	maintenance of administrative buildings		5 058	12 786	153%	
6.9.9	financing expenses	-//-	132 458	614 151	364%	
7	Expenses for payment of interest	-//-	365 616	7 653 196	1993%	
III	Total costs for services	-//-	11 581 045	19 406 435	68%	
IV	Income/Loss	-//-	15 922 464	3 291 487	-79%	Reduction of volumes of regulated services due to the reasons not dependent on the Partnership and increasing costs for rendering services.
V	Total income	-//-	27 503 508	22 697 922	-17%	Reduction of volumes of regulated services due to the reasons not dependent on the Partnership.



No	Tariff estimate indicators	Unit of measure	included in the approved tariff estimate	Expected indicators of the tariff estimate	Deviation %	Reasons of deviation
3	Depreciation	-//-	5 826 633	4 369 320	-25%	According to the approved investment program of the Partnership for 2015-2019 in 2016, it was planned to finish reconstruction of PS Kenkiyak, PS Kumkol and construction of PS Aralsk, in 2018 completion of construction of Shalkar PS, PS-4, external power supply and reconstruction of Aralsk PS. However, the Investment Committee of KazMunaiGas (minutes of meeting No. 7-15 dated April 23, 2015) decided to suspend further implementation of the project "Second stage of the Second phase of Kazakhstan-China pipeline construction. Capacity increase to 20 million tons/year". The planned annual indicators were foreseen considering the input of assets for reconstruction of Kenkiyak PS, Kumkol PS, Aralsk PS (replacement of impellers), construction of Aralsk PS, Shalkar PS, 4 external power supply.
4	Repair, total	-//-	80 223	232 446	190%	
	including:					
4.1	capital repair, without the increase of fixed assets value	-//-	80 223	232 446	190%	
5	Other costs, total	-//-	4 509 937	5 909 922	31%	
	including:					
5.1	security and fire protection	-//-	291 679	368 669	26%	
5.2	other costs, total	-//-	4 218 258	5 541 254	31%	
	including:					
5.2.1	air services	-//-	77 568	86 771	12%	
5.2.2	O&M services	-//-	1 880 341	2 758 860	47%	
5.2.3	metrology	-//-	3 984	3 552	-11%	Rational use of funds as a result of (tender) procedures. The planned amount of purchases for calibration services of measuring instruments of oil quantity and quality measuring system at Kenkiyak and Kumkol equals 7078.9 thous. tenge (4 lots) without VAT. According to the open tender results (No PPI -359173-3 with the application of trades on a decrease dated 21.02.2018), the cost of services is defined to the amount 3 460 thous. tenge. Savings as a result of competitive procedures amounted to 3 618.9 thous. tenge.
5.2.4	diagnostics	-//-	479 279	1 133 351	136%	
5.2.5	technical maintenance of equipment and meters	-//-	21 645	27 490	27%	
5.2.6	maintenance of telecom systems	-//-	82 736	130 840	58%	
5.2.7	taxes and fees	-//-	1 574 690	1 250 116	-21%	Cost saving due to reduction of volumes of regulated services due to the reasons not dependent on the Partnership. The planned annual indicators on tax payments were foreseen considering the input of assets in 2016 for reconstruction of Kenkiyak PS, Kumkol PS, and construction of Aralsk PS, after completion of construction of Shalkar PS, PS- 4 external power supply and reconstruction of Aralsk PS and respectively the accrual of the property tax on newly introduced assets from 2017.
5.2.8	environmental monitoring and protection	-//-	4 391	9 739	122%	
5.2.9	costs for maintenance of security-fire alarm	-//-	34 612	48 495	40%	
5.2.10	repair and maintenance of cars	-//-	1 955	2 657	36%	
5.2.11	M&R of office equipment, software and climate control systems	-//-	11 566	21 642	87%	

No	Tariff estimate indicators	Unit of measure	Included in the approved tariff estimate	Expected indicators of the tariff estimate	Deviation %	Reasons of deviation
VI	Volume of services provided	thousand tons	5 661	4 515	-20%	Reduction of volumes of regulated services due to the reasons not dependent on the Partnership
VII	Normative technical losses	thousand tons	4,495	3,515	-22%	
VIII	Cargo turnover	mln tkm	4 227	3 488	-17%	Reduction of volumes of regulated services due to the reasons not dependent on the Partnership
IX	Domestic tariff (without VAT)	tenge per 1 ton for 1000km	6 507,28	6 507,28	0%	

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