

KMI Pipe Capitalization

Present Version Effective Date: March 1, 2019

This procedure outlines capitalization of pipe costs.

Original pipe construction is capital regardless of length.

Pipeline Replacement: To qualify as capital, generally a minimum of 100' of contiguous pipeline must be replaced. Replacement of any length less than 100' must be expensed. The cost of the new pipe, installation and backfill will be charged to CWIP and capitalized when in service. The cost associated with the removal, including excavation and the removal and disposal of pipe will be charged to cost of removal, account 108200. Any salvage received for the removed pipe will be credited to account 108100 (salvage). The pipe will be retired from the books by Property Accounting.

Pipeline Coating: To qualify as capital, generally a minimum of 100' of contiguous pipeline coating must be replaced. Replacement of any length less than 100' must be expensed. The cost of the new coating, blasting to prepare the pipe for new coating, installation and backfill will be charged to CWIP and capitalized when in service. The cost associated with removal, including excavation and the removal and disposal of coating will be charged to cost of removal, account 108200. The original coating will be retired from the books by Property Accounting.

Drip Removal projects: The cost to install new pipeline in replacement of a drip, even if it is less than 100' will be capitalized. The cost of the installation will include the cost of the new pipe, installation and backfill. As the drip is considered a retirement unit, the costs associated with removal will be charged to account 108200 and the value of the drip will be retired from the books. Removal costs include the excavation and removal of the drip.

All compressor foundation re-grouts are capital.