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Techniques for Analyzing the Impacts of Certain Electric Utility Ratemaking and Regulatory Policy Concepts

Glossary



August 1980

Prepared for:
U.S. Department of Energy
Economic Regulatory Administration
Office of Utility Systems

Under Contract No. AC01-78RG06428

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New York, New York 10004
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PREFACE

This document, Glossary, is the first in a series of reports prepared by Stone & Webster Management Consultants, Inc., under contract to the U.S. Department of Energy (DOE contract AC01-78RG06428). The purpose of this contract was to identify, describe, and apply techniques for analyzing the impacts of certain electric utility concepts. This report was prepared as a reference for the nonexpert, and of equal importance, the expert in one speciality who wishes rate design information for a related speciality.

This report was developed with a focus on the currently evolving issues of ratemaking, especially as they might be expected to arise under Sections 101, 111, 113, 114, 131, 132, and 210 of the Public Utility Regulatory Policies Act of 1978. Because the evolutionary process of ratemaking has led to multiple proceedings and changes of inference in some terms, the glossary attempts to delineate these changes where appropriate. Definitions not uniquely related to ratemaking are included if they are likely to be used in ratemaking proceedings.

To avoid unnecessary duplication of effort and expense, the compilers relied heavily on previously developed, publicly available glossaries and definitions developed by organizations such as Edison Electric Institute, the Electric Power Research Institute, and the Institute of Electrical and Electronics Engineers. Existing definitions were revised and new ones were developed as appropriate.

GLOSSARY

ABANDONMENT A retirement of utility plant on the books of account without the physical removal of such plant from its installed location.

ABOVE-THE-LINE ITEMS Costs or items of income that are associated with the ratepayers. "Line" refers to utility operating income appearing on the income statement. See also BELOW-THE-LINE-ITEMS.

ACCELERATED AMORTIZATION See AMORTIZATION, ACCELERATED.

ACCELERATED DEPRECIATION See DEPRECIATION, LIBERALIZED.

ACCOUNT A record of like business transactions as provided for in the Uniform System of Accounts.

ACCOUNTING COSTS The amount of money actually paid for property or services and recorded by a utility company on its books of account. When the consideration is other than cash, the value of such consideration is determined on a cash basis. See also ECONOMIC COSTS.

ACCRUAL The recording on the books of account, in a given period, of expenses or charges incurred and/or of income earned for the period, to reflect the matching of income and expenses to the fullest extent possible, independent of the dates on which settlements of such items are made.

ACCUMULATED DEFERRED INCOME TAXES Accounts that may appear on the balance sheet under the captions Deferred Credits or Deferred Debits.

DEFERRED CREDITS A group of accounts carried on the liability side of the balance sheet representing the net balances arising from charges to income equivalent to the reductions in income taxes of the current and prior periods resulting from the use, for tax purposes, of deductions which, for book purposes, will not be fully reflected in the determination of book net income until subsequent periods. Most commonly, they arise from normalizing the tax reductions resulting from the use of accelerated amortization or liberalized depreciation for tax purposes instead of straight-line or other nonliberalized depreciation methods used for book purposes. See NORMALIZING (OR DEFERRED) METHOD, AMORTIZATION, ACCELERATED, TIMING DIFFERENCES, and COMPREHENSIVE INTERPERIOD INCOME TAX ALLOCATION.

DEFERRED DEBITS An account carried on the asset side of the balance sheet representing the net balance arising from credits to income equivalent to the increase in income taxes of the current and prior periods resulting from the use, for tax

Glossary

purposes, of items of income which, for book purposes, will not be fully reflected in the determination of book net income until subsequent periods. See NORMALIZING (OR DEFERRED) METHOD, TIMING DIFFERENCES, and COMPREHENSIVE INTERPERIOD INCOME TAX ALLOCATION.

ACCUMULATED DEFERRED INVESTMENT TAX CREDIT Net unamortized balance of investment tax credits which are being spread over the average useful life of the related property or some other shorter period. This balance sheet account is built up by charges against income in the years in which such credits are realized (generally, the years in which the qualified property additions go into service) and is reduced subsequently through credits to income. See NORMALIZING (OR DEFERRED) METHOD.

ACCUMULATED PROVISION FOR The net credit balance arising from charges, usually against income, to provide for the estimated reduction in the book amount of an asset. See also RESERVE, and ASSET VALUATION ACCOUNT.

ACCUMULATED PROVISION FOR DEPLETION The net accumulated credit resulting from offsetting charges to income for the pro rata cost of extracted depletable natural resources such as coal, gas, oil, and so on. See DEPLETION (ALLOWANCE).

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION The net accumulated credit balance arising from provisions for depreciation and/or amortization of assets, usually utility plant and nonutility property. The new balance reflects current and prior credits less charges but is not a measure of actual depreciation.

ACQUISITION ADJUSTMENTS See PLANT ACQUISITION ADJUSTMENTS.

ACTUALLY ISSUED (SECURITIES) Securities which have been sold to bona fide purchasers for a valuable consideration, those issued as dividends on stock, and those which have been issued in accordance with contractual requirements direct to trustees of sinking funds.

ACTUALLY OUTSTANDING (SECURITIES) Securities which have been actually issued and are neither retired nor held by or for the utility company; provided, however, that securities held by trustees shall be considered as actually outstanding.

ADDITIONS (TO UTILITY PLANT)

GROSS Expenditures for construction (may or may not include AFUDC and/or other overheads charged to construction), and/or utility plant purchased and acquired, in a specific period.

NET Gross additions less retirements and adjustments of utility plant. It is the net change in utility plant between two dates.

ADJUSTED VALUE See FAIR VALUE.

ADJUSTMENT CLAUSES

COMMODITY PRICE ADJUSTMENT CLAUSE A clause in a rate schedule that provides for an adjustment of a customer's bill if the price of commodities or index of commodity prices varies from a specified standard.

COST OF SERVICE ADJUSTMENT CLAUSE A clause in a rate schedule that provides for an adjustment of a customer's bill if the return on equity falls outside specified limits.

FUEL ADJUSTMENT CLAUSE A clause in a rate schedule that provides for an adjustment of a customer's bill if the cost of fuel at the supplier's generating stations varies from a specified unit cost.

POWER FACTOR ADJUSTMENT CLAUSE A clause in a rate schedule that provides for an adjustment in a customer's bill if a customer's power factor varies from a specified percentage or range of percentages.

RATCHET DEMAND CLAUSE A clause in a rate schedule that provides that maximum past or present demands be taken into account to establish billings for a given period.

RATE OF RETURN ADJUSTMENT CLAUSE A clause in a rate schedule that provides for an adjustment of a customer's bill if the ratio of allowed operating income to a specified rate base varies from a specified percentage or range of percentages.

TAX ADJUSTMENT CLAUSE A clause in a rate schedule that provides for an adjustment to a customer's bill if the supplier experiences changes in certain taxes.

WAGE ADJUSTMENT CLAUSE A clause in a rate schedule that provides for an adjustment of a customer's bill if the wage scale of the utility's employees varies from a specified standard.

ADJUSTMENTS TO RETAINED EARNINGS Nonrecurring transactions relating to prior periods, limited to those adjustments which can be identified as significant nonrecurring adjustments or settlements of income taxes, significant amounts resulting from litigation or similar claims, significant amounts relating to adjustments or settlement of utility revenue under rate processes, significant adjustments to plant in service depreciation and amortization as a result of commission direction, and write-off of unamortized capital stock expenses. These adjustments should include the related income tax effects.

Glossary

ADMINISTRATIVE LAW JUDGE (HEARING EXAMINER) A person appointed by a regulatory commission to preside throughout the hearings and make findings of fact and conclusions of law, all of which are subject to review by the commission in its final determination.

ADR LIVES Asset Depreciation Range. See DEPRECIATION (FOR TAX PURPOSES).

ADVERSE HYDRO (ADVERSE WATER CONDITIONS) Water conditions that limit the production of hydroelectric power, such as low water supply or reduced gross head. Adverse flow conditions are, in general, based on stream flows equivalent to the year having the most adverse flows on record, except for those conditions where the most adverse flows are not likely to occur except at long intervals of time and are likely to be of a very short duration so as to be considered emergency conditions.

AFUDC (Also AFDC, AFC) See ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION.

ALLOCATION The apportionment of the total cost of service between appropriate classes of electric service within a regulatory jurisdiction.

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ALLOWABLE COSTS Expenses that are allowed by a regulatory commission as operating costs chargeable to the ratepayers.

ALLOWANCE FOR BORROWED FUNDS USED DURING CONSTRUCTION See ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION.

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION Construction activities may be financed from internally generated funds (primarily earnings retained in the business), funds from the sale of equity securities (common and preferred stock), or from funds provided by other external sources (short- and long-term debt). The Allowance For Funds Used During Construction is intended to recognize the cost of these funds dedicated to construction activities during the construction period. To arrive at the "allowance," a common procedural method makes use of a formula which is based on the assumption that short-term debt is the first source of construction funds. The cost rate for short-term debt is based on current costs. Additional funds needed to finance construction activities are then assumed to come pro rata from the existing capital structure (consisting of long-term debt, preferred stock, and common equity) at the beginning of each year. The cost rates for long-term debt and preferred stock are based on embedded costs, while the cost rate for common equity funds is based on the rate granted in the last rate proceeding. The allowance is segregated on the income statement into two component parts, one for debt cost (both short- and long-term) and the other, for equity cost (for preferred stock and common equity). Allowance for Borrowed Funds

Used During Construction recognizes the cost of debt and appears in the Interest Charges section as a credit. Allowance for Other Funds Used During Construction recognizes the cost of equity funds and appears in the Other Income section as a credit. These credits to the income statement for the allowance are offset by concurrent charges to utility plant accounts. This has the effect of including the cost of financing construction activities as a component of utility plant. As a consequence, since utility plant is subject to depreciation, the Allowance for Funds Used During Construction is recovered from ratepayers over the service life of the plant to which it applies, in the form of depreciation.

ALLOWANCE FOR OTHER FUNDS USED DURING CONSTRUCTION See ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION.

ALTERNATING CURRENT (AC) An electric current that reverses its direction of flow periodically (see FREQUENCY), as contrasted to direct current.

AMORTIZATION The gradual extinguishment (or accumulated provision of reserve therefor) of an amount in an account by prorating such amount over a predetermined period, such as the life of the asset or liability to which it applies, or the period during which it is anticipated the benefit will be realized.

ACCELERATED The procedure of deducting as an expense for income tax purposes the depreciable property cost of utility plant attributable to qualified pollution control facilities and emergency war facilities over a 60-month period. See PROVISIONS FOR DEFERRED (FUTURE) INCOME TAXES, NORMALIZING (OR DEFERRED) METHOD, FEED BACK, and ACCUMULATED DEFERRED INCOME TAXES.

OF (UTILITY PLANT) ACQUISITION ADJUSTMENTS Charges against income (operating expenses or other income deductions - with regulatory commission approval) over a period of years, to extinguish, or provide an accumulated provision (reserve) for the extinguishment of plant acquisition adjustments.

OF DEBT DISCOUNT AND EXPENSE Extinguishment through interest charges of the discount and expense arising from the issuance of long-term debt, usually under a plan that distributes the amounts over the lives of the respective related issues. The unamortized portion of the discount and expense is reflected on the liability side of the balance sheet as Unamortized Discount on Long-term Debt - Debit.

OF GAIN ON REACQUIRED DEBT Extinguishment through interest charges, usually under a plan that distributes the amounts over the remaining lives of the respective related issues, of the net gain arising from the reacquisition or redemption of long-term

Glossary

debt, without such long-term debt being converted into another form of long-term debt and not in connection with a refunding operation (primarily redemptions for sinking fund purposes). The unamortized portion of the gain is reflected on the liability side of the balance sheet as Unamortized Gain on Reacquired Debt.

OF INVESTMENT TAX CREDITS See INVESTMENT TAX CREDIT ADJUSTMENTS.

OF LOSS ON REACQUIRED DEBT Extinguishment through interest charges, usually under a plan that distributes the amounts over the remaining lives of the respective related issues, of the net loss arising from the reacquisition or redemption of long-term debt, without such long-term debt being converted into another form of long-term debt and not in connection with a refunding operation (primarily redemption for sinking fund purposes). The unamortized portion of the loss is reflected on the asset side of the balance sheet as Unamortized Loss on Reacquired Debt.

OF PREMIUM ON DEBT-CREDIT Extinguishment through interest charges of the net premium arising from the issuance of long-term debt, usually under a plan that distributes the amounts over the lives of the respective related issues. The unamortized portion of the premium is reflected on the liability side of the balance sheet as Unamortized Premium on Long-term Debt.

OF PROPERTY LOSSES Charges against income to extinguish over a period of years the deferred debit account, Extraordinary Property Losses, to which was charged the depreciated value of property abandoned or damaged.

AMPERE The unit of measurement of electric current. One ampere is equivalent to a flow of one coulomb per second or to the steady current produced by one volt applied across a resistance of one ohm. It is analogous to cubic feet of water flowing per second.

ANNUAL PEAK LOAD See DEMAND, ANNUAL MAXIMUM.

ANNUAL REPORT Generally thought of in connection with reports to stockholders on the results of operations and/or reports required to be filed by Federal and state regulatory authorities. Both these reports contain the financial statements and notes thereto.

ANNUAL SYSTEM MAXIMUM DEMAND See DEMAND (ENERGY), ANNUAL SYSTEM MAXIMUM.

ANNUALIZATION A computation to reflect a full twelve months' effect of an item of income or expense which is contained in financial statements for only a portion of a year.

APPARENT POWER See POWER (ELECTRIC), APPARENT.

APPLIANCE A device for converting electric energy into another useful energy form.

APPLIANCE SATURATION (RESIDENTIAL) The number of each of the specific types of household appliances connected to a utility's lines, divided by the total number of metered residential customers.

APPROPRIATED RETAINED EARNINGS See RETAINED EARNINGS, APPROPRIATED.

ASSET DEPRECIATION RANGE (ADR) See DEPRECIATION (FOR TAX PURPOSES).

ASSET VALUATION ACCOUNT Certain accounts appearing on the asset side of the balance sheet serve to limit the book value of the asset to which they apply. Examples of such accounts are Accumulated Provision for Depreciation (related to utility plant) and Accumulated Provision for Uncollectible Accounts (related to customer accounts receivable).

ASSETS (AND OTHER DEBITS) Items of value owned by or owed to a business. Represents either a property right or value acquired, or an expenditure made which has created a property right or is properly applicable to the future. Utility assets include utility plant, other property and investments, current and accrued assets, and deferred debits.

ATOMIC ENERGY See NUCLEAR ENERGY.

ATOMIC POWER See NUCLEAR POWER.

ATOMIC POWER PLANT See GENERATING STATION, NUCLEAR.

ATOMIC POWER REACTOR See NUCLEAR REACTOR.

ATOMIC POWERED GENERATING CAPACITY See NUCLEAR POWERED GENERATING CAPACITY.

ATTRITION Erosion of earnings on invested capital resulting from the regulatory practice of fixing utility rates during a period of increasing costs.

AUTOMATIC ADJUSTMENT CLAUSE A clause in a tariff which provides a mechanism for the utility to recover from (or credit to) its customers certain of its costs which it incurs above (or below) a fixed base on which its rates are based. After approval of a utility's automatic adjustment clause has been obtained from its regulatory commission, the utility may adjust a customer's bill without advance notice, and without further review. See ADJUSTMENT CLAUSES.

Glossary

AUTOMATIC GENERATION See LOAD-FREQUENCY CONTROL.

AUTOMATIC METER READING SYSTEM A system capable of reading a meter (watthour, demand, gas, water, or any type of meter), preparing and conditioning the data and transmitting the accumulated information from the meter location to a central data accumulation device. The communications link may be radio, telephone line, power line carrier, direct cable, or a combination thereof. The data accumulation device will in most cases be a computer.

AUXILIARY EQUIPMENT (GENERATING STATION) Accessory equipment necessary for the operation of a generating station. This would include pumps, stokers, fans, pulverizers, and so on.

AUXILIARY POWER SUPPLY (GENERATING STATION) The power source required for operation of generating station auxiliaries. The source may be the generating system, the generating unit or station bus itself, or a source of power electrically separate from the system and the station bus. See HOUSE TURBINE.

AVAILABLE The status of a major piece of equipment which is capable of service whether or not it is actually in service.

OPERATING AVAILABILITY The percent of time the unit is available for service, whether operated or not. It is equal to available hours divided by the total hours in the period under consideration, expressed as a percentage.

AVERAGE ANNUAL ELECTRIC BILL (PER CUSTOMER) Annual revenue excluding discounts and penalties from a class of service divided by the average number of such customers served for the twelve-month period. A customer with two or more meters at the same location because of special services, such as water heating, is usually counted as one customer.

AVERAGE ANNUAL KILOWATT-HOUR USE PER CUSTOMER Annual kWh sales of a class of service divided by the average number of customers for the same twelve-month period. A customer with two or more meters at the same location because of special services, such as water heating, is usually counted as one customer.

AVERAGE COSTS Total costs divided by quantities sold or produced.

AVERAGE DEMAND See DEMAND, AVERAGE.

AVERAGE HYDRO (AVERAGE WATER CONDITIONS) Precipitation and runoff conditions that provide water for hydroelectric power generation approximating the average amount and distribution available over a long time period, usually the period of record. Average or median flow conditions may be based on the assumption of the recurrence of flows equivalent to a year which would give the average annual

potential output.

AVERAGE INVESTED CAPITAL The sum of the capitalization, long-term debt due within one year, and short-term debt outstanding at the end of each month, for a period of time (usually twelve months), divided by the number of such months. The computation may also be made for individual classes of capital, i.e., long-term debt, short-term debt, preferred stock, and common stock equity.

AVERAGE KILOWATT-HOURS USED PER CUSTOMER (ANNUAL) See AVERAGE ANNUAL KILOWATT-HOUR USE PER CUSTOMER.

AVERAGE LOAD See DEMAND, AVERAGE.

AVERAGE LOSS See LOSS (LOSSES).

AVERAGE NUMBER OF CUSTOMERS The arithmetic average of customers in the month in each of twelve consecutive months. For those billed other than every month, the number of such customers is adjusted to a twelve-month basis (e.g., for bimonthly billing the number of customers billed, or counted, in each month is multiplied by two and the result averaged for the twelve-month period).

AVERAGE NUMBER OF SHARES OUTSTANDING The weighted average number of shares of common stock outstanding in the hands of the public during the period for which earnings per share are to be computed. Use of the weighted average is necessary so that the effect of increases or decreases in outstanding shares on earnings per share data is related to the portion of the period during which the proceeds were applicable. The number of shares outstanding at any time should, of course, be adjusted to give retroactive effect to any subsequent stock dividends or stock splits.

AVERAGE REVENUE PER KILOWATT-HOUR SOLD (AVERAGE PRICE OF ELECTRICITY) Revenue from the sale of electricity (exclusive of forfeited discounts and penalties) for a particular class of service divided by the corresponding number of kWh sold.

AVERAGE USE PER CUSTOMER The total kWh billed to all customers, divided by the total number of customers; this includes all kWh delivered to customers including all-electric service, water heating, and outdoor protective lighting.

Glossary

BALANCE SHEET The presentation of the recorded book amounts of assets, liabilities, and invested capital of a business enterprise. Arithmetically, the amount of assets must equal the sum of liabilities and invested capital. As a result, the presentation is said to balance since the assets are shown to one side and the liabilities and invested capital are aggregated on the other side.

BASE LOAD The minimum load over a given period of time.

BASE LOAD GENERATION The lowest cost, generating facilities within a utility system. Normally, these generators are operated to the greatest extent possible to maximize system mechanical and thermal efficiency and minimize system operating costs.

BASE LOAD UNIT A generating unit which is normally operated to take all or part of the base load of a system and which, consequently, operates essentially at a constant output.

BELOW-THE-LINE-ITEMS Costs or items of income that are the responsibility of the stockholders. "Line" refers to utility operating income, appearing on the income statement. See also ABOVE-THE-LINE-ITEMS.

BETTERMENT A substantial enlargement or improvement of existing structures, facilities, or equipment by the replacement or improvement of parts without replacement of a complete unit of property, which has the effect of extending the useful life of the property, increasing its capacity, lowering its operating cost, or otherwise adding to its worth through the benefit it can yield.

BILLING, CONJUNCTIVE The combination of quantities of energy, demands, or other items of two or more meters or services into respective single quantities for the purpose of billing, as if the bill were for a single meter, service, or delivery point.

BILLING CYCLE The frequency at which a utility bills a class of customers for electric service. Billing cycles are usually monthly or bimonthly.

BILLING DEMAND See DEMAND, BILLING.

BLOCKING HOPKINSON DEMAND RATE See RATE SCHEDULE.

BLOCK METER RATE See RATE SCHEDULE.

BOND RATINGS Rating systems which provide the investor with a simple series of gradation by which the relative investment qualities of bonds are indicated. Moody's Investor Service and Standard & Poor's Corporation are the principal bond rating agencies.

<u>Rank</u>	<u>Moody's</u>		<u>Standard & Poor's</u>	
	<u>Rating</u>	<u>Quality Description</u>	<u>Rating</u>	<u>Quality Description</u>
1st	Aaa	Best Quality	AAA	Highest Grade
2nd	Aa	High Quality	AA	High Grade
3rd	A	Higher Medium Quality	A	Upper Medium Grade
4th	Baa	Lower Medium Quality	BBB	Medium Grade
5th	Ba	Speculative Elements	BB	Lower Medium Grade
6th	B	Generally Lack Characteristics of the Desirable Investment	B	Speculative
7th	Caa	Poor Standing	CCC	Outright Speculations
8th	Ca	Speculative Obligations, Often in Default	CC	Outright Speculations
9th	C	Lowest Rated Class of Bonds, Poor Prospects	C	Income Bonds Paying
10th	-	-	D	Outright Defaults

BONDS (MORTGAGE) Certificates of indebtedness representing long-term borrowing of capital funds, the terms of which contain an indenture pledging the property as security for the loan and providing for the appointment of a trustee to represent the bondholders. If the lien of the mortgage is limited to specific property owned at the time the mortgage was created and to replacements thereof, the mortgage is described as "closed." If the lien extends to "after acquired" property which may be used as the basis for issuance of additional bonds under the terms and provisions of the indenture, the mortgage is referred to as an "open-end" mortgage.

BOOK AMOUNTS The amounts recorded on a company's accounting records at any given time, usually at the most recent closing date or at year-end. See ACCOUNTING COSTS.

BOOK COST The amount at which assets are recorded in the accounts without deduction of related accumulated provisions for depreciation, amortization, or other purposes.

BOOK EARNINGS Synonymous with earnings available for common stock, and generally used in contrast to cash earnings. Certain items

Glossary

reported in the income statement have the effect of increasing or decreasing book earnings. However, these items, such as the Allowance for Funds Used During Construction, which increases book earnings, do not provide or require the outlay of cash on a current basis. As a result, a distinction is made between book earnings and cash earnings.

BOOK VALUE PER SHARE OF COMMON STOCK Common stock equity divided by the number of common shares outstanding at the date of the computation.

BOOKS OF ACCOUNT The historical accounting records, accounts, and supporting details and documents maintained in accordance with Federal and state regulatory requirements.

BORDERLINE CUSTOMER A customer located in the service area of an electric utility system and billed by such system but who is supplied with electric service from a neighboring utility system by appropriate arrangement between the two systems.

BTU (BRITISH THERMAL UNIT) A standard unit for measuring quantity of heat energy, such as the heat content of fuel. It is the amount of heat energy necessary to raise the temperature of one pound of water one degree Fahrenheit at or near 39.2 degrees Fahrenheit (the maximum density of water).

CONTENT OF FUEL, AVERAGE The heat value per unit quantity of fuel expressed in Btu as determined from tests of fuel samples. Examples: Btu per pound of coal, per gallon of oil, and so on.

EQUIVALENT OF FUELS BURNED The Btu equivalent of fuels burned is the aggregate heat energy of all fuels burned. It is derived by calculating total Btu content of each kind of fuel burned and summing to establish the Btu content of all fuels burned.

Based on its Btu content, any kind and quantity of fuel burned may be expressed as an equivalent quantity of some other kind of fuel. See COAL EQUIVALENT OF FUELS BURNED.

BTU PER KILOWATT HOUR See HEAT RATE.

BUDGET A planning tool used to estimate and control cash, operating, and construction activities. It is generally prepared in advance of an operating year on a monthly basis, and comparisons are made to actual operating experience.

BURN UP (NUCLEAR) A measure of nuclear reactor fuel consumption, usually expressed as MW-days thermal per metric ton of fuel exposed.

BUS An electrical conductor which serves as a common connection for two or more electrical circuits.

CABLE-MILES The total length of separately sheathed cables, expressed in miles, regardless of the number of conductors contained in a single sheath. For pipe-type cables, it is the total single-conductor mileage.

CAPABILITY The maximum load which a generating unit, generating station, or other electrical apparatus can carry under specified conditions for a given period of time, without exceeding approved limits of temperature and stress.

GROSS SYSTEM The net generating station capability of a system at a stated period of time (usually at the time of the system's maximum load), plus capability available at such time from other sources through firm power contracts.

MARGIN OF RESERVE See CAPABILITY MARGIN.

NET GENERATING STATION The capability of a generating station as demonstrated by test or as determined by actual operating experience less power generated and used for auxiliaries and other station uses. Capability may vary with the character of the load, time of year (due to circulating water temperatures in thermal stations or availability of water in hydro stations), and other characteristic causes. Capability is sometimes referred to as effective rating.

NET SYSTEM The net generating station capability of a system at a stated period of time (usually at the time of the system's maximum load), plus capability available at such time from other sources through firm power contracts less firm power obligations at such time to other companies or systems.

PEAKING Generating capability normally designed for use during the maximum load period of a designated time interval.

CAPABILITY MARGIN The difference between net system capability and system maximum load requirements (peak load). It is the margin of capability available to provide for scheduled maintenance, emergency outages, system operating requirements, and unforeseen loads. On a regional or national basis, capability margin is the difference between aggregate net system capability of the various systems in the region or nation and the sum of system maximum (peak) loads without allowance for diversity between the loads of the several systems. However, within a region, account is taken of diversity between peak loads of systems that are operated as a closely coordinated group.

CAPACITY The load for which a generating unit, generating station, or other electrical apparatus is rated either by the user or by the manufacturer. See also NAMEPLATE RATING.

Glossary

BASE LOAD. See BASE LOAD STATION.

CYCLING (INTERMEDIATE) See CYCLING (INTERMEDIATE) UNIT.

DEPENDABLE The load carrying ability for the time interval and period specified when related to the characteristics of the load to be supplied. Dependable capacity of a station is determined by such factors as capability, operating power factor, and portion of the load which the station is to supply.

HYDROELECTRIC The rating of a hydroelectric generating unit or the sum of such ratings for all units in a station or stations. See also NAMEPLATE RATING.

INSTALLED GENERATING See NAMEPLATE RATING.

PEAKING See PEAKING CAPACITY.

PURCHASE The amount of energy and capacity available for purchase from a source outside the system.

RESERVE

COLD Thermal generating units available for service but not maintained at operating temperature.

HOT Thermal generating units available, up to temperature and ready for service, although not actually in operation.

MARGIN OF See CAPABILITY MARGIN.

SPINNING Generating units connected to the bus and ready to take load.

THERMAL The rating of a thermal electric generating unit or the sum of such ratings for all units in a station or stations. See THERMAL.

TOTAL AVAILABLE See CAPABILITY, GROSS SYSTEM.

CAPACITY FACTOR The ratio of the average load on a machine or equipment for the period of time considered to the capacity rating of the machine or equipment.

CAPITAL EXPENDITURES (CAPITAL OUTLAY) Includes not only construction expenditures but also expenditures for the purchase or acquisition of existing utility plant facilities or other investment activities. See also ADDITIONS (TO UTILITY PLANT), GROSS.

CAPITAL-INTENSIVE INDUSTRY An industry requiring large amounts of invested capital, compared to its gross annual revenue.

CAPITAL STOCK Represents ownership in a corporation. If there is no preferred or other special class of stock, common stock and capital stock are synonymous. See also COMMON CAPITAL STOCK OR COMMON STOCK.

CAPITAL STOCK DISCOUNT See DISCOUNT ON CAPITAL STOCK.

CAPITAL STOCK EXPENSE A balance sheet account in which are recorded the expenses (or the balances not amortized or written off) relating to the issuance of capital stock (including additional capital stock as well as the first issue). In balance sheet presentation, capital stock expense is a deduction from proprietary capital.

CAPITAL SURPLUS See OTHER PAID-IN CAPITAL.

CAPITAL STRUCTURE The relationship between long-term debt (bonds, debentures, long-term notes), preferred stock, common stock, equity capital, all of which constitutes the investor supplied capitalization of the company.

CAPITALIZATION The sum of: long-term debt, preferred stock, and common stock equity. For balance sheet presentation, several modifications are sometimes made: current maturities of long-term debt are not included in the capitalization section, but short-term debt (with an original maturity of less than one year) which will be refinanced by long-term debt is sometimes included. See LONG-TERM DEBT and also CURRENT AND ACCRUED LIABILITIES.

CAPITALIZATION RATIOS See CAPITAL STRUCTURE.

CAPITALIZED EXPENSES See OVERHEADS CAPITALIZED.

CAPITALIZED LEASE See LEASE.

CARRYING CHARGE The component of revenue requirements which is needed to provide for the return of and on invested capital in plant and facilities, for the associated taxes, and for insurance premiums.

CASH EARNINGS A term used in contrast to book earnings, because of certain changes or items of income reflected in book earnings (earnings available for common stock) which do not involve cash. Depreciation expense, for example, which is a charge against income does not require the expenditure of cash.

CASH FLOW See CASH FROM OPERATIONS.

CASH FROM OPERATIONS Net income, as a rule, does not represent available cash because of the inclusion therein of various items of income and expense, which of their nature, do not give rise or require the outlay of cash at the time of recording. Accordingly, such items must be added to or subtracted from net income to derive

Glossary

the amount of cash from operations before dividends.

"C-E-D" RATE FORM (THREE-PART RATE SCHEDULE) See RATE SCHEDULE, DEMAND RATES, THREE-PART, OR THREE CHARGE.

CERTIFICATE OF CONVENIENCE AND NECESSITY A special permit (which supplements the franchise), commonly issued by a state commission, which authorizes a utility to engage in business, construct facilities, or perform some other service.

CHAIN REACTION A self-sustaining series of fissions in which additional fission is initiated by a neutron from a previous fission. This process is the basis for the operation of all nuclear reactors.

CHARGE

CONNECTION CHARGE An amount to be paid by a customer, either in a lump sum or in installments, for connecting the customer's facilities to the supplier's facilities.

CUSTOMER CHARGE An amount to be paid periodically by a customer for electric service, which is normally based upon costs incurred for metering, meter reading, billings, and so on, exclusive of demand or energy consumption.

DEMAND CHARGE That portion of the charge for electric service based upon the electric capacity (kW or kVA) consumed.

ENERGY CHARGE That portion of the charge for electric service based upon the electric energy (kWh) consumed.

FACILITIES CHARGE An amount to be paid by the customer as reimbursement for facilities furnished. The charge may include operation and maintenance as well as fixed costs.

TERMINATION CHARGE Any amount not resulting from a rate schedule application which is payable by a customer when service is terminated at the customer's request.

WHEELING CHARGE An amount to be paid for wheeling service. See WHEELING SERVICE.

CHARGE AGAINST INCOME An accounting transaction, generally an expense, which has the effect of reducing net income.

CHARGE (DEBIT) An accounting term used to designate a transaction which increases the balance in an asset or an expense account. When a charge or debit is entered into a liability account, an asset valuation account or an income account, it reduces the balance in such an account. See also DEBITS AND CREDITS.

CIRCUIT (ELECTRIC) A circuit is a conductor or a system of conductors through which an electric current flows or is intended to flow.

CIRCUIT-MILES OF ELECTRIC LINE The total length in miles of separate circuits (not including customers' services) whether 1, 2, 3, 4, or more conductors per circuit.

CLASS OF SERVICE A group of customers with similar characteristics (i.e., residential, commercial, industrial, sales for resale, and so on) which are identified for the purpose of setting a rate for electric service.

CLASSES OF ELECTRIC SERVICE (See class name for definition of each).

Sales to Ultimate Customers:¹

Residential

Commercial and Industrial:

Commercial

Industrial

or

Small Light and Power

Large Light and Power

Public Street and Highway Lighting

Other Public Authorities

Railroads and Railways

Interdepartmental

Sales for Resale (Other Electric Utilities):

Investor-owned Companies

Cooperatively-owned Electric Systems

Municipally-owned Electric Systems

Federal and State Electric Agencies

CLASSES OF ELECTRIC SYSTEMS Federal Energy Regulatory Commission groupings (as of 1968) of operating systems based on volume and kinds of electric output for the purpose of reporting power system operations as follows.

¹Companies serving rural customers under distinct rural rates classify such sales as "Rural." However, many companies serve customers in rural areas under standard Residential, Commercial, and Industrial rates and so classify such sales. Consequently, "Rural" is a rate classification rather than a customer classification, and since it is frequently confused with "Farm Service" (a type of Residential and/or Commercial service), the "Rural" classification has been generally discontinued as a customer classification.

Glossary

<u>Basis of Classification</u>	<u>Class of System</u>
Systems Which Generate All or Part of System Requirements and Whose Net Energy for System for the Year Reported Was:	
More than 100,000,000 kWh	I
20,000,000 to 100,000,000 kWh	II
Less than 20,000,000 kWh	III
Systems Engaged Primarily in Sales for Resale and/or Sales to Industrials, All Other Sales Being Negligible	IV
Systems Which Obtain Entire Energy Requirements from Other Systems	V

CLASSES OF ELECTRIC UTILITIES Groupings of the Federal Energy Regulatory Commission for the purpose of applying systems of accounts prescribed by the Commission as follows:

<u>Basis of Classification</u>	<u>Class of System</u>
Utilities Having Annual Electric Operating Revenues of:	
\$2,500,000 or More	A
\$1,000,000 or More But Less than \$2,500,000	B
\$1,500,000 or More But Less than \$1,000,000	C
\$25,000 or More But Less than \$150,000	D

The class to which any utility belongs shall originally be determined by the average of its annual electric operating revenues for the last three consecutive years. Subsequent changes in classification shall be made when the annual electric operating revenues for each of the three immediately preceding years shall exceed the upper limit, or be less than the lower limit, of the annual electric operating revenues of the classification previously applicable to the utility.

CLASSIFICATION (COST) The division of costs into principal categories, each bearing a relationship to a measurable cost-defining characteristic of the services which are rendered (demand related, energy related, customer related).

CLEARING ACCOUNTS A group of accounts provided for in the Deferred Debit section of the balance sheet. Such accounts are used for the accumulation of expenses which cannot be equitably distributed at the time of the charge. These accounts are cleared by distribution to other accounts on the basis of past experience, benefits received, or on some other reasonable basis.

CLOCK HOUR The 60-minute interval between any standard hour point on the clock and the following hour point, normally indicated by both hour points or by "Hour ended _____."

COAL-FUEL COST See FUEL COSTS.

COAL EQUIVALENT OF FUELS BURNED The quantity of coal (tons) of stated kind and heat value which would be required to supply the Btu equivalent of all fuels burned. In determining this coal equivalent, the Btu content of other fuels is generally divided by the representative heat value per ton of coal burned.

COAL RATE The weight in pounds of coal (including the coal equivalent of other fuels) burned for electric generation divided by the resulting net generation.

COINCIDENCE FACTOR The ratio of the coincident maximum demand of two or more loads to the sum of their noncoincident maximum demands for a given period. It is the reciprocal of the diversity factor and is always less than or equal to one.

COINCIDENT DEMAND See DEMAND, COINCIDENT.

COLD RESERVE See CAPACITY, RESERVE, COLD.

COMBINATION COMPANY One which renders more than one type of utility service, such as electric and gas. If more than 95% of such a company's utility plant is devoted to one type of service, or more than 95% of its operating revenue is derived from one type of service, it is not classified as a combination company.

COMMERCIAL AND INDUSTRIAL See CUSTOMER (ELECTRIC), COMMERCIAL AND INDUSTRIAL.

COMMERCIAL PAPER Short-term promissory notes issued and sold by utilities and other companies usually through dealers in such paper.

COMMISSION STAFF A group of experts made up of accountants, auditors, engineers, attorneys, and others employed by a regulatory commission, but does not include the Commissioners.

COMMODITY-RELATED COSTS One of the three basic classifications of electric utility costs (capacity, energy, and customer), also referred to as energy related costs. Commodity related costs are

Glossary

those which vary in proportion to the quantity of kWh sold, such as the cost of fuel.

COMMON CAPITAL STOCK OR COMMON STOCK Shares of stock issued and stated at par value, stated value, or the cash value of the consideration received for such no par stock; none of which is limited or preferred as to distribution of earnings or assets.

AVERAGE NUMBER OF SHARES OUTSTANDING The weighted average number of shares of common stock outstanding in the hands of the public during the period for which earnings per share are to be computed. Use of the weighted average is necessary so that the effect of increases or decreases in outstanding shares on earnings per share data is related to the portion of the period during which the proceeds were applicable.

BOOK VALUE PER SHARE OF COMMON STOCK Common stock equity divided by the number of common shares outstanding at the date of the computation.

COMMON STOCK DIVIDENDS Dividends declared on common stock and charged to Unappropriated Retained Earnings during a stated period whether or not they were paid during such period. Such dividends include only those payable in cash unless otherwise specified (i.e., payable in stock).

COMMON STOCK EQUITY The funds invested in the business by the residual owners whose claims to income and assets are subordinate to all other claims. Includes common capital stock (less reacquired), other paid-in capital, and retained earnings. Installments received on capital stock, discount on capital stock, and capital stock expense are usually included in either common or preferred capital stock according to the nature of the transactions. Premium on preferred stock and certain reserves are sometimes included in common stock equity.

COMMON COSTS Costs that are incurred jointly for two or more types of service and are subsequently allocated to each such service (electric, gas, water, and so on) usually on the basis of the relative percentages of utility plant, revenue, or use of space, and so on.

COMMON EQUITY RATIO The relationship between the sum of common stock, capital surplus and retained earnings (common equity) and the sum of long-term debt, preferred stock, and common equity (total investor supplied capital, or total capitalization).

COMMON PLANT Utility plant used by a utility company which renders more than one utility service, such as electric and gas, to such an extent and in such a manner as to render segregation impractical, as would be the case of a garage housing electric and gas utility

trucks.

COMMON STOCK EQUIVALENT A security which is not, in form, a common stock but which usually contains provisions to enable its holder to become a common stockholder and which, because of its terms and the circumstances under which it was issued, is in substance equivalent to a common stock. Convertible debt, convertible preferred stock, stock options and stock warrants, and so on, meeting certain criteria are considered common stock equivalents.

COMPANY USE KWh used by an electric utility company or the electric department of a combination utility company in the operation of its business, exclusive of station use and energy lost and unaccounted for.

COMPARATIVE STATEMENTS Statements that show the accounts, balances, or statistics of a company for two or more corresponding periods of time or at two or more comparable dates.

COMPENSATING BALANCES The required amount of deposits to support a loan, commitment, or line of credit with a commercial bank.

COMPLEMENTARY GOODS Two or more commodities that are related because a change in the quantity demanded of one results in a direct change in the quantity demanded of the other, within a consumer's given budget.

COMPONENTS OF CONSTRUCTION COSTS The costs of construction which are comprised of various types of direct and overhead costs including contract work, labor, materials and supplies, transportation, special machine service, shop service, protection, injuries and damages, privileges and permits, rents, engineering and supervision, general administration capitalized, engineering services, insurance, law expenditures, taxes, allowance for funds used during construction, earnings and expenses during construction, and training costs.

COMPREHENSIVE INTERPERIOD INCOME TAX ALLOCATION A procedure which recognizes that there are timing differences between the periods in which transactions affect taxable income and the periods in which they enter into the determination of pretax accounting income. When timing differences occur, this procedure provides a mechanism whereby the income tax effects of all timing differences are recognized in the periods in which the differences arise and in the periods in which the differences reverse, using the deferred tax method.

CONDUIT BANK A conduit bank is a length of one or more underground conduits or ducts (whether or not enclosed in concrete) designed to contain underground cables. A gallery or cable tunnel for power cables is generally treated as a conduit bank for property reporting purposes.

CONDUIT BANK-MILES Miles of conduit bank, regardless of number of

Glossary

conduits or ducts, of all sizes and types, and including manholes and handholes.

CONFISCATORY RATES A rate of return insufficient to attract a new capital investment.

CONNECTED LOAD See LOAD, CONNECTED.

CONSERVATION A foregoing of electric usage for the purpose of saving natural energy resources and limiting peak demand which will, in turn, reduce the capacity requirements for plant and equipment.

CONSERVATION RATE A rate designed to achieve conservation, not necessarily based on cost or other economic logic.

CONSOLIDATED (AS APPLIED TO A PARENT AND ITS SUBSIDIARIES) Refers to the result obtained when the accounts of a parent company and its subsidiary companies are combined to reflect the financial position and results of operations of the group as if operated as a single entity. Such a consolidation involves proper elimination of inter-company accounts and minority interest adjustments.

CONSTRUCTION EXPENDITURES (GROSS) Expenditures (may or may not include AFUDC and/or Other Overheads Charged to Construction) for construction including additions to and betterments, renewals, and replacements of utility plant during a specific period, but not money spent for maintenance or for the acquisition of existing utility systems or segments.

CONSTRUCTION WORK IN PROGRESS A subaccount in the utility plant section of the balance sheet representing the sum of the balances of work orders for utility plant in process of construction but not yet placed in service.

CONSUMER (ELECTRIC) A customer who purchases power for his own use. See CUSTOMER (ELECTRIC).

CONTRIBUTIONS (IN AID OF CONSTRUCTION) Contributions or donations in cash, property, or services from states, municipalities, other governmental agencies, individuals, and others for construction purposes. Contributions received are credited to plant accounts charged with the cost of the related construction.

CONTROLLER A device or group of devices that serves to govern, in some predetermined manner, the electric power delivered to the apparatus to which it is connected.

CONVERTIBLE SECURITIES Securities which are convertible into other classes of securities (usually common stock) of the same corporation at the option of the security holder but only in accordance with prescribed conditions.

COOPERATIVE, RURAL ELECTRIC (COOPERATIVELY-OWNED ELECTRIC UTILITY)

A consumer-owned utility established to provide electric service in rural portions of the United States. Consumer cooperatives are incorporated under the laws of the 46 states in which they operate. A consumer cooperative is a nonprofit enterprise, owned and controlled by the people it serves. These systems obtain most of their financing through insured and guaranteed loans administered by the Rural Electrification Administration and from their own financing institution, the National Rural Utilities Cooperative Financing Corporation.

COORDINATION The practice by which two or more interconnected electric power systems augment the reliability of bulk electric power supply by establishing planning and operating standards and by exchanging pertinent information regarding additions, retirements, and modifications to the bulk electric power supply system.

COST See ACCOUNTING COST.

COST FREE CAPITAL That portion of the source of funds used for rate making purposes which is derived from neither investors nor lending institutions and thus is assigned no cost rate. Examples of this type of capital include accumulated deferred income taxes. Cost free capital is either deducted from the rate base or used to reduce the overall rate of return.

COST (NET) OF CAPITAL The return asked, or being asked, by investors for the use of their money committed to investment in utility companies, expressed as percentages of the capital funds (debt, preferred stock, common equity).

CURRENT

FOR COMMON STOCK A mathematical computation, which varies as to its formula, of expected future earnings to the net proceeds received from the sale of common stock after deducting underwriters' commission, and other costs of issuance including pressure and allowance for underpricing in a rights offering or ratio of expected future earnings to current market price. Since many factors enter into estimating future earnings (e.g., territory served, regulatory climate, interest costs, growth prospects, management, and so on) the calculation cannot be measured precisely and can only be estimated on the basis of informed judgment.

FOR LONG-TERM DEBT The contractual interest rate expressed as a percentage of the net proceeds, less estimated financing expenses, currently being received from the sale of new issues of bonds of companies.

FOR PREFERRED STOCK The contractual dividend rate

Glossary

expressed as a percentage of the net proceeds, less estimated financing expenses, currently being received from the sale of new issues of preferred stock.

FOR SHORT-TERM DEBT The contractual interest rate being asked by financial institutions for short-term loans and by sellers of commercial paper on loans maturing in less than one year. The effective rate on short-term bank loans may be greater because of the requirements to maintain compensating balances.

The current cost of capital for long-term debt or preferred stock may also be computed by determining the current yield at market price plus an allowance for the cost of financing, including any discount necessary to distribute a large block of new securities.

HISTORICAL Capital cost rates at the time the securities were actually sold by the company, applicable for long-term debt and preferred stock. For common stock the historical cost is sometimes measured by the cost of the most recent issues.

TOTAL The total, or overall, cost of capital is the sum of the component costs of capital (bonds, preferred stock, and common stock), weighted by issues within a class and by classes according to their relative proportions of total capital.

COST OF MONEY See COST (NET) OF CAPITAL.

COST OF SERVICE The total amount of money, including invested capital as well as operational costs and salaries, required to produce any given utility service.

COST OF SERVICE STUDY A study of the costs incurred by the utility in producing, transmitting, and distributing electricity to its customers, by customer class, in relation to revenues collected from each class or projected to be collected under existing or proposed rates. The costs analyzed may be the average historical "embedded" cost of existing plant and expenses in a "test year," past or future; or they may be the long-run incremental costs of the utility's service, that is, the cost, per year, of the capacity and customer load planned for the next decade, expressed in constant current dollars. See FULLY ALLOCATED COST OF SERVICE STUDY.

COSTING METHODOLOGY Use of fully allocated cost (historical or projected), long-run incremental cost, or some other method to allocate costs among customer classes or jurisdictions.

COVERAGE TEST Computational requirements to be met before a utility company may issue additional securities. Such requirements may be

contained in corporate charters, bylaws, mortgage or debenture indentures, agreements covering the sale of preferred stock or in regulations set forth by the Securities and Exchange Commission.

CREDIT An accounting term used to designate a transaction which increases the balance in a liability account, an asset valuation asset account or an expense account, it reduces the balance in such account. See also DEBITS AND CREDITS.

CROSS (PRICE) ELASTICITY OF DEMAND The ratio of the percentage change in the quantity demanded of one commodity to a one percent change in price of some other related commodity. If the cross elasticity of demand is greater than zero, the commodities are said to be complements.

CURRENT AND ACCRUED ASSETS Generally consist of items realizable or to be consumed within one year from the date of the balance sheet. Includes cash, special deposits, working funds, temporary cash investments, notes and accounts receivable, materials and supplies (including fuel), prepayments, and other current and accrued assets (receivables for interest, dividends, rents, and so on).

CURRENT AND ACCRUED LIABILITIES Generally consist of obligations due or payable within one year, including short-term borrowings and long-term debt due within from the date of the balance sheet one year, accounts and notes payable, customers' deposits, taxes and interest accrued, and other current accrued liabilities (dividends declared, matured long-term debt and interest, and so on).

CURRENT INCOME TAXES The amount of estimated taxes due and payable to Federal and/or state taxing authorities with respect to taxes on income for the calendar or fiscal year period reported in financial statement. The estimate may require adjustment subsequently when the exact amount of the respective tax has been finally determined upon examination of the returns by the authorities.

CURRENT MATURITIES Securities or that part of an issue (usually debt) that will be due and payable within one year from the balance sheet date. For balance sheet presentation, they are usually included in Current and Accrued Liabilities.

CURTAILMENT COST See SHORTAGE COST.

CUSTOMER (ELECTRIC) A customer is an individual, firm, organization, or other electric utility which purchases electric service at one location under one rate classification, contract, or schedule. If service is supplied to a customer at more than one location, each location shall be counted as a separate customer unless the consumptions are combined before the bill is calculated.

COMMERCIAL AND INDUSTRIAL A customer, sales, and revenue

Glossary

classification covering energy supplied for commercial and industrial purposes, except that supplied under special contracts or agreements or service classifications applicable only to municipalities or divisions or agencies of Federal or state governments or to railroads and railways. Usually subdivided into Commercial and Industrial or into Small Light and Power and Large Light and Power. Most electric utilities classify such customers as Commercial or Industrial using the Standard Industrial Classification or predominant kWh use as a yardstick; others still classify as industrial all customers whose demand or annual use exceeds some specified limit. These limits are generally based on a utility's rate schedules.

FARM A customer, sales, and revenue classification maintained by many electric utility companies as a regrouping of the Residential and/or Commercial classifications, covering electric energy supplied to those customers considered by the utility to be engaged principally in the business of farming.

PUBLIC STREET AND HIGHWAY LIGHTING A customer, sales, and revenue classification covering electric energy supplied and services rendered for the purposes of lighting streets, highways, parks, and other public places, or for traffic or other signal service, for municipalities or for divisions or agencies of Federal or state governments.

RESIDENTIAL A customer, sales, and revenue classification covering electric energy supplied for residential (household) purposes. The classification of an individual customer's account where the use is both residential and commercial is based on principal use.

RURAL A rate classification covering electric energy supplied to rural and farm customers under distinct rural rates. See CLASSES OF ELECTRIC SERVICE.

CUSTOMER ADVANCES FOR CONSTRUCTION A deferred credit account on the balance sheet representing cash advances paid to the utility company by customers requiring the construction of facilities in their behalf. These advances are refundable - the time or extent of refund is on the contract provisions of the advance (usually dependent on whether or not during a specified period the revenue from the installation warrants the refund). An advance which is not refunded is credited to the respective plant account.

CUSTOMER CHARGE See CHARGE, CUSTOMER.

CUSTOMER CLASS A distinction between users of electric energy. Customer class is usually defined by usage patterns, usage levels, and conditions of service. Classes are usually categorized generically by customer activity, i.e., residential, commercial,

industrial, and so on. See CLASSES OF ELECTRIC SERVICE.

CUSTOMER COST Costs that are related to and vary with the number of customers, such as meters, meter reading, service equipment, and a portion of distribution.

CUSTOMER LOAD MANAGEMENT SYSTEM Normally consists of a unidirectional signal system operated by a utility company which upon command from a central control station provides switching signals to turn one or more selected customer appliances off and on in order to improve system load factor and reduce peak load.

CUSTOMER SATURATION The total number of residential customers served with electricity divided by the sum of the related total served and unserved dwelling units in a specified service area.

CWIP See CONSTRUCTION WORK IN PROGRESS.

CYCLE In one cycle of alternating electric current, the current goes from zero potential or voltage to a maximum in one direction, back to zero, then to a maximum in the other direction, and then back again to zero. The number of such complete cycles made each second determines the frequency of the current. (Direct current does not fluctuate from positive to negative, and hence cycles, or frequency, can apply only to alternating current.)

CYCLING (INTERMEDIATE) UNIT A generating unit which is used to produce power to satisfy load requirements between base and peak load periods.

Glossary

DEBENTURES Certificates of indebtedness issued under an indenture agreement (administered by a trustee) representing long-term borrowings of capital funds, secured only by the general credit of the issuing corporation.

DEBITS AND CREDITS Accounting terms used to designate the recording of transactions on the books of account. For balancing purposes, for each debit entry made, a credit entry is made in an equal amount. As a rule, asset account transactions in liability and proprietary capital accounts result in credit balances. Income accounts are represented by credit balances and items of expense are represented by debit balances.

DEBT CAPITAL Funds obtained for use by a business organization by borrowing money, primarily through the sale of bonds.

DEBT RATIO The percentage of the total capital structure that is represented by borrowed capital.

DECLINING BLOCK RATE The pattern of unit charges within a customer class that assesses a lower unit charge as usage increases.

DECLINING BLOCK STRUCTURE See RATE SCHEDULE.

DEFERRABLE LOAD A load which was deferred and when reenergized will tend to make up for the time it was down.

DEFERRED CREDITS Accounts carried on the liability side of the balance sheet in which are recorded accumulated provisions for deferred income taxes (such as Accumulated Deferred Income Taxes - Accelerated Amortization and Accumulated Deferred Income Taxes - Liberalized Depreciation); items being amortized as credits to income over a period of time (such as Accumulated Deferred Investment Tax Credits and Unamortized Gain on Reacquired Debt), and items held in suspense pending final transfer or disposition (such as Customer Advances for Construction, and so on).

DEFERRED DEBITS Accounts carried on the asset side of the balance sheet in which are recorded items being amortized as charges against income over a period of time (such as Unamortized Debt Expense); items held in suspense pending final transfer or disposition, (such as extraordinary property losses, clearing accounts (net debits or credits), and so on; and deferred income taxes which arise when income taxes payable for the period are higher because of timing differences (Accumulated Deferred Income Taxes).

DEFERRED INCOME TAXES Amounts provided on the books of account representing income tax reductions or increases, as a result of timing differences. Timing differences arise as a result of reporting certain items of income and expense for book purposes in a different period than these items of income and expense are reported

in the determination of taxable income for income tax purposes. See ACCUMULATED DEFERRED INCOME TAXES, DEFERRED CREDITS and/or DEFERRED DEBITS, NORMALIZING (OR DEFERRED) METHOD, and TIMING DIFFERENCES.

DEGREE-DAY A unit measuring the extent to which the outdoor mean (average of maximum and minimum) daily dry-bulb temperature falls below (in the case of heating) or rises above (in the case of cooling) an assumed base. The base is normally taken as 65 degrees Fahrenheit for heating and for cooling unless otherwise designated. One degree-day is counted for each degree of deficiency below (for heating) or excess over (for cooling) the assumed base, for each calendar day on which such deficiency or excess occurs.

DEMAND (ECONOMIC) The amount of kW or kWh required by consumers at a given price level.

DEMAND (ELECTRIC) The rate at which electric energy is delivered to or by a system, part of a system, or a piece of equipment; expressed in kW, kVA, or other suitable unit at a given instant or averaged over any designated period of time. The primary source of "Demand" is the power consuming equipment of the customers. See LOAD.

ANNUAL MAXIMUM The greatest of all demands of the load under consideration which occurred during a prescribed demand interval in a calendar year.

ANNUAL SYSTEM MAXIMUM The greatest demand on an electric system during a prescribed demand interval in a calendar year.

AVERAGE The demand on, or the power output of, an electric system or any of its parts over any interval of time, determined by dividing the total number of kWh by the number of units of time in the interval.

BILLING The demand upon which billing to a customer is based, as specified in a rate schedule or contract. It may be based on the contract year, a contract minimum, or a previous maximum and, therefore, does not necessarily coincide with the actual measured demand in the billing period.

COINCIDENT The sum of two or more demands which occur in the same demand interval.

CONTRACT The demand that the supplier of electric service agrees to have available for delivery.

EXCESS The difference between a particular load's maximum demand and its average demand for a given time period.

INSTANTANEOUS PEAK The maximum demand at the instant of greatest load, usually determined from the readings of

Glossary

indicating or graphic meters.

INTEGRATED The demand usually determined by an integrating demand meter or by the integration of a load curve. It is the summation of the continuously varying instantaneous demands during a specified demand interval.

MAXIMUM The greatest of all demands of the load under consideration which has occurred during a specified period of time.

NONCOINCIDENT The sum of two or more individual demands which do not occur in the same demand interval. Meaningful only when considering demands within a limited period of time, such as a day, week, month, or heating or cooling season, and usually for not more than one year.

RATCHET The maximum past or present demands which are taken into account to establish billings for previous or subsequent periods.

DEMAND CHARGE See CHARGE, DEMAND CHARGE.

DEMAND CONTROLLER A demand controller is an electrical, mechanical, or electromechanical device or system which monitors the customer demand and causes that demand to be leveled and/or limited.

DEMAND (STANDING) COSTS Those costs which reflect the utility's ability to render the service committed to the customer. Demand or capacity costs vary with the kW demanded. These costs exist for the utility company if the customer takes only one kWh in a year or takes all the energy which the utility can potentially deliver to that customer. The capital costs of generating stations and transmission lines constitute a major portion of these costs. Demand costs are frequently billed according to the maximum demand registered during a specified period, e.g., year, month, diurnal period.

DEMAND DIVERSITY See DIVERSITY.

DEMAND FACTOR The ratio of the maximum demand over a specified time period to the total connected load on any defined system.

DEMAND INTERVAL The period of time during which the electric energy flow is averaged in determining demand, such as 60-minute, 30-minute, 15-minute, or instantaneous.

DEMAND RATES See RATE SCHEDULE, DEMAND RATES.

DEMAND READING Highest or maximum demand for electricity an individual customer registers in a given interval, for example, 30

minutes during the month. The metered demand or billing demand reading sets the demand charge for the month.

DEPENDABLE CAPACITY The load carrying ability for the time interval and period specified when related to the characteristics of the load to be supplied. Dependable capacity of a station is determined by such factors as capability, operating power factor, and portion of the load which the station is to supply.

DEPLETION (ALLOWANCE) A charge against income for the pro rata cost of extracted depletable natural resources such as coal, gas, oil, and so on.

DEPRECIABLE PLANT Usually tangible plant in service which is subject to depreciation, depletion, or amortization.

DEPRECIATED VALUE The gross value of an item of utility plant, less the related accumulated provision for depreciation.

DEPRECIATION (PROVISION FOR BOOK PURPOSES) Charges made against book income to provide for distributing the cost of depreciable plant less estimated net salvage over the estimated useful life of the asset using the straight-line depreciation method in such a way as to allocate cost pro rata over the period during which services are obtained from the use of facilities. Among the factors to consider are mortality turnover or other appropriate methods, wear and tear, decay, inadequacy, obsolescence, changes in demand, and requirements of public authorities.

STRAIGHT-LINE METHOD Under this method of computing provisions for depreciation, the cost of the asset less estimated net salvage is allocated in equal amounts over the asset's estimated useful life.

DEPRECIATION (PROVISION FOR TAX PURPOSES) Charges made against taxable income to provide for distributing the cost of depreciable plant less estimated net salvage using liberalized depreciation methods and tax life determination procedures.

LIBERALIZED DEPRECIATION METHODS Refers to certain approved methods of computing depreciation allowance for Federal and/or state income tax purposes, applicable to plant additions with a useful life of three years or more. These methods permit relatively larger depreciation charges during the earlier years of the life of the property and relatively smaller charges during the later years, in contrast with the straight-line methods, under which the annual charges are the same for each year.

DECLINING BALANCE METHOD Under this method the depreciation rate is stated as a fixed percentage (up to twice the applicable

Glossary

straight-line rate) per year and the annual charge is derived by applying the rate to the net plant balance which is determined by subtracting the accumulated depreciation deductions for previous periods from the cost of the property. Since depreciation charges under this method would continue on in decreasingly smaller amounts to infinity a switch to the straight-line method, under which remaining cost is recovered over remaining life, is permitted.

SUM OF THE YEARS' DIGITS ("SYD") METHOD Under this method the annual deduction is derived by multiplying the cost of the property less estimated net salvage, by a fraction - the numerator of which is the estimated number of years of service life remaining, and the denominator of which is the sum of the digits corresponding to the total years of estimated service life. For a property with an assumed 25-year life the sum of the digits would be $25 + 24 + 23 + 22 + \dots + 5 + 4 + 3 + 2 + 1$, or 325. A simple way to compute this figure would be to multiply the number of years by the number of years plus one and divide by 2, i.e., $(25 \times 26) \div 2 = 325$. The first year's full depreciation deduction would be 25/325ths of the cost of the property; the second year's would be 24/325ths, and so forth.

TAX LIFE DETERMINATION PROCEDURES Refers to certain approved procedures which generally provide shorter lives than the useful lives used for purposes of computing book depreciation.

GUIDELINE LIVES Elective useful asset lives (by general categories) as authorized for income tax depreciation deductions by the Internal Revenue Service available for assets acquired prior to 1971 and elected on a year by year basis.

ADR LIVES Elective useful asset lives 20 percent shorter than the guideline lives available for assets acquired in 1971 and future years. Upon failure to elect in the year of acquisition neither ADR nor Guideline is later available for such assets.

DEPRECIATION RESERVE See ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION.

DESIGN VOLTAGE The nominal voltage for which a line or piece of equipment is designed. This is a reference level of voltage for identification and not necessarily the precise level at which it operates.

DIFFERENTIAL COST When multiple products, or even multiple units of the same product, are produced jointly or in common, by an organically whole productive process, the only costs allocable solely to any given product or amount of product are differential costs. They are measured by a comparison between the total costs of

the entire operation with the given output included, and the total costs with that output excluded.

DIFFERENTIAL PRICING The opposite of uniform pricing. Differential pricing involves: (a) classifying customers into groups; and (b) charging different prices to each group. The same schedule or schedules or rates are available to all customers within each group.

DIFFERENTIAL REGISTER METER A watt-hour meter with two registers constructed so that it will record the total energy consumed on one set of dials and the energy consumed during a period when the demand is in excess of a predetermined demand level on a second set of dials. This is accomplished with a differential gear, one side of which is driven at a speed proportional to a given load by a synchronous motor and the other side from the watt-hour meter rotor.

DILUTION Dilution in per share earnings of common stock represents the depressing effect that the addition of new shares to those already outstanding common shares has on current or prospective earnings per share.

DIRECT CURRENT (DC) Electricity that flows continuously in one direction, as contrasted to alternating current.

DISALLOWED COST A cost which is not permitted to be charged to the ratepayer by a regulatory commission.

DISCOUNT ON CAPITAL STOCK The excess of par or stated value over the price paid to the company by the shareholders for all original issue shares of its capital stock. In balance sheet presentation, Discount on Capital Stock is usually treated as a deduction from Proprietary Capital.

DISCRIMINATORY RATES A difference in rates, not lawfully justified, which would yield significantly different rates of return to the utility company for like service; not every difference, however, is an unlawful discrimination. See also EQUITY.

DISCOUNT (ON SALE OF SECURITIES) Excess of the par (stated value of no-par stocks) or face value of the securities plus interest or dividends accrued at the date of the sale over the cash value of the consideration received from their sale.

DISPATCHING The operating control of an integrated electric system involving operations including the following.

1. The assignment of load to specific generating stations and other sources of supply to effect the most reliable and economical supply as the total of the significant area loads rise or fall.

Glossary

2. The control of operations and maintenance of high-voltage lines, substations, and equipment, including administration of safety procedures.
3. The operation of principal tie lines and switching.
4. The scheduling of energy transactions with connecting electric utilities.

DISTRIBUTION The act or process of distributing electric energy from convenient points on the transmission or bulk power system to the consumers. Also, a functional classification relating to that portion of utility plant used for the purpose of delivering electric energy from convenient points on the transmission system to the consumers, or to expenses relating to the operation and maintenance of distribution plant.

DISTRIBUTION LINE One or more circuits of a distribution system on the same line of poles or supporting structures, operating at relatively low voltage as compared with transmission lines.

DIVERSITY That characteristic of various electric loads whereby individual maximum demands usually occur at different times. Diversity among customers' loads results in diversity among the loads of distribution transformers, feeders, and substations, as well as between entire systems. See LOAD DIVERSITY.

DIVERSITY FACTOR The ratio of the sum of the noncoincident maximum demands of two or more loads to their coincident maximum demand for the same period. Diversity factor is the reciprocal of coincidence factor. See LOAD DIVERSITY.

DIVESTMENT The disposal of investments in utility companies; usually refers to those companies or departments (gas, water, and so on) not retainable in a holding company system under the provisions of the Public Utility Holding Company Act of 1935.

DIVIDEND APPROPRIATIONS Amounts declared payable out of unappropriated retained earnings as dividends on outstanding preferred or common stock (issued less reacquired).

DIVIDEND (PRICE) YIELD See YIELD.

DIVIDENDS ON COMMON STOCK See COMMON CAPITAL STOCK or COMMON STOCK, COMMON STOCK DIVIDENDS.

DIVIDENDS ON PREFERRED STOCK See PREFERRED STOCK DIVIDENDS.

DOUBLE-RATE, DUAL-RATE, OR TWO-RATE WATTHOUR METER A watthour meter with two registers constructed so that the off-peak and on-peak energy (kWh) will be indicated on separate sets of dials. The

switch from one register to the other is controlled by an internal time switch or by an external signal that may be actuated from a local device or from a device located at a remote location. Carryover may be accomplished by battery or spring storage or photocell synchronization.

DUCT See CONDUIT BANK.

DUMP ENERGY See ENERGY, ELECTRIC - DUMP.

DUMP POWER See ENERGY, ELECTRIC - DUMP.

DURATION CURVE See LOAD DURATION CURVE.

Glossary

EARNED SURPLUS See EARNINGS RETAINED IN THE BUSINESS.

EARNINGS AVAILABLE FOR COMMON STOCK Net income for the period less requirements for preferred stock dividends.

EARNINGS PER SHARE The earnings attributable to common stock for a stated period divided by the weighted average number of shares outstanding during the period. The term "earnings per share" should not be used without qualifying language if potentially dilutive convertible securities, options, warrants, or other agreements providing for contingent issuances of common stock are outstanding. In that case, the following terms and calculations should be employed.

FULLY DILUTED EARNINGS PER SHARE The amount of current earnings per share reflecting the maximum dilution that would have resulted from conversions, exercises, and other contingent issuances that individually would have decreased earnings per share and in the aggregate would have had a dilutive effect. All such issuances are assumed to have taken place at the beginning of the period (or at the time the contingency arose, if later).

PRIMARY EARNINGS PER SHARE The amount of earnings attributable to each share of common stock outstanding, including common stock equivalents, that is, securities which because of circumstances of issuance, are in substance equivalent to common stock.

SUPPLEMENTARY EARNINGS PER SHARE A computation of earnings per share, other than primary or fully diluted earnings per share, which gives the effect to conversions, and so on, taking place during the period or shortly thereafter as though they had occurred at the beginning of the period (or date of issuance, if later).

EARNINGS PRICE RATIOS Earnings per share on common stock divided by its market price. The market price used may be a spot price or an average of the closing or high and low prices for a period; the earnings are for the corresponding period and may be either actual or an estimated annual rate.

EARNINGS RETAINED IN THE BUSINESS The remainder of net income for the period (usually for the reporting year) after deducting preferred and common dividends payable in cash. See also RETAINED EARNINGS.

EAST NORTH CENTRAL DIVISION See GEOGRAPHIC DIVISIONS.

EAST SOUTH CENTRAL DIVISION See GEOGRAPHIC DIVISIONS.

ECONOMIC COSTS The resource costs incurred by society as a whole in the production and consumption of a good or service. Economic costs include external economies (or diseconomies), which relate to the benefits (or costs) of the favorable (or unfavorable) consequences of economic decisions on others.

ECONOMIC EFFICIENCY The efficient utilization of economic resources and the minimization of economic costs for the economy as a whole. See also ECONOMIC COSTS.

ECONOMIES OF SCALE Economies of scale exist when, for a given level of technology and set of prices, relatively larger production facilities have lower unit costs than relatively smaller facilities. Economies of scale may exist for any of the phases of power supply - generation, transmission, or distribution. Economies of scale are often confused erroneously with short-run decreasing costs, which are the costs of productive capacity at a particular time.

EFFECTIVE EARNING RATE The discount rate used in the computations involving present worth techniques which becomes equal to a specified return rate on invested capital minus the effect of tax exemption on that portion of such return rate which is represented by the interest requirement of the debt portion of such capital.

EFFECTIVE RATING See CAPABILITY, NET GENERATING STATION.

EFFICIENCY (ENGINEERING) The ratio of the useful energy delivered by a system to the energy supplied to it, commonly expressed in percent. Efficiency may also be used in an economic sense; see ECONOMIC EFFICIENCY.

ELASTICITY OF DEMAND The ratio of the percentage change in the quantity demanded of a good to the percentage change in price. See DEMAND (ECONOMIC).

ELASTIC Demand characterized by an elasticity greater than one. In the case of price elastic demands, the proportionate decline in consumption is greater than the increase in price; consequently, total revenues after a price increase are less than revenues before the increase, since the revenue effect of the higher rates is less than the revenue effect of the reduced sales.

INELASTIC Demand characterized by an elasticity less than one. In the case of price inelastic demands, the proportionate decline in consumption is less than the increase in price; consequently, total revenues after a price increase are greater than revenues before the increase, since the revenue effect of the higher rates is greater than the revenue effect of the reduced sales.

Glossary

UNIT ELASTIC Demand characterized by an elasticity equal to one. In the case of unit price elastic demands, the percentage decline in consumption is equal to the percentage increase in price; consequently, total revenues after a price increase are equal to revenues before the increase.

ELASTICITY, INCOME See INCOME ELASTICITY OF DEMAND.

ELECTRIC COMPANY EMPLOYEES Employees engaged in the operation, maintenance, construction, or merchandising activities of an electric utility and, in the case of a combination company, the number of electric employees plus those allocated to the electric department because their jobs are only partially related to electric operations, the other part being associated with other utility departments, i.e., gas, water, and so on.

ELECTRIC DEPARTMENT That part of a multipurpose utility which is devoted to electric utility functions and the investment, facilities, operations, and employees engaged in this function.

ELECTRIC OPERATING REVENUES See OPERATING REVENUES.

ELECTRIC PLANT ACQUISITION ADJUSTMENTS See PLANT ACQUISITION ADJUSTMENTS.

ELECTRIC SPACE HEATING Space heating of a dwelling or business establishment or other structure using permanently installed electric heating as the principal source of space heating throughout the entire premises.

ELECTRIC UTILITY INDUSTRY, OR ELECTRIC UTILITIES All enterprises engaged in the production and/or distribution of electricity for use by the public, including investor-owned electric utility companies; cooperatively-owned electric utilities; government-owned electric utilities (municipal systems, Federal agencies, state projects, and public power districts); and, where the data are not separable, those industrial plants contributing to the public supply.

ELECTRIC UTILITY PLANT See UTILITY PLANT.

ELECTRICITY AVAILABLE IN THE UNITED STATES Generation from electric utility plants and other sources in the United States, plus net imports from Canada and Mexico. See ELECTRIC UTILITY INDUSTRY OR ELECTRIC UTILITIES and OTHER SOURCES (OF ELECTRIC ENERGY).

EMBEDDED COST Costs incurred by a company and recorded as investment in plant and in operating expenses on its books of account.

Embedded cost may be adjusted or normalized on the basis of known changes that occur during the past test period. For example, a new

labor contract executed during the test period would further increase labor costs by a known amount. On the other hand, where it is known that certain test year expenses will not recur in the near future, those expenses should not be considered embedded costs.

EMBEDDED COST (OF CAPITAL) The weighted annual cost of long-term capital at a specific date, expressed as a percent.

ENCODER A device that provides a means of converting a meter reading into a form suitable for communicating to a remote central location.

ENERGIZED FACILITIES Facilities that are under load (supplying energy to load) or carrying rated voltage and frequency but not supplying load.

ENERGIZED SYSTEM A system under load (supplying energy to load) or carrying rated voltage and frequency but not supplying load.

ENERGY, ELECTRIC That which does or is capable of doing work. It is measured in terms of the work it is capable of doing; electric energy is usually measured in kWh. (The heat equivalent of one kWh is equal to 3,412.97 Btu's.)

DUMP Energy generated by water power that cannot be stored or conserved when such energy is beyond the immediate needs of the producing system.

ECONOMY Energy produced and supplied from a more economical source in one system, substituted for that being produced or capable of being produced by a less economical source in another system.

FUEL REPLACEMENT Electric energy generated at a hydroelectric plant as a substitute for energy which would otherwise have been generated by a thermal-electric plant.

FURNISHED WITHOUT CHARGE Represents electric energy in kWh furnished by a utility without charge, such as to a municipality under a franchise agreement. Usually, these are agreements of long standing since most agreements entered into in recent years do not require furnishing energy without charge.

INTERCHANGE Kilowatt-hours delivered to or received by one electric utility system from another. Interchange energy may be specified as returnable in like amount and under like system conditions at a later time or may be accumulated as energy balances until the end of a stated period.

NET FOR DISTRIBUTION On an electric system or company basis this means the kWh available for total system or company load.

Glossary

Specifically, it is the sum of net generation by the system's own plants, purchased energy, and net interchange (in less out). On a national basis, it is the sum of the net generation of the total electric utility industry, plus or minus net interchange with Canada and Mexico, plus purchases from industrial sources. See also ELECTRICITY AVAILABLE IN THE UNITED STATES.

NET FOR LOAD A term used in Federal Energy Regulatory Commission reports, and comprising: 1) The net generation by the system's own plants, plus; 2) Energy received from others (exclusive of receipts for borderline customers), less; 3) Energy delivered for resale to those Class I and II systems which obtain a part of their power supply from sources other than the company's system.

NET FOR SYSTEM A term used in Federal Energy Regulatory Commission reports, and comprising: 1) The net generation by the system's own plants, plus; 2) Energy received from others (exclusive of receipts for borderline customers), less; 3) Energy delivered for resale to those Class I and II systems which obtain a part of their power supply from sources other than this company's system, plus; 4) Energy received for borderline customers, less; 5) Energy delivered for resale to all systems other than those specified in Item 3) preceding.

OFF-PEAK Energy supplied during periods of relatively low system demands.

ON-PEAK Energy supplied during periods of relatively high system demands.

POTENTIAL HYDRO The possible aggregate energy obtainable over a specified period by practical use of the available streamflow and river gradient.

PRIMARY See PRIMARY ENERGY.

SECONDARY See SECONDARY ENERGY.

SURPLUS Energy generated that is beyond the immediate needs of the producing system. This energy is frequently obtained from spinning reserve and sold on an interruptible basis.

ENERGY ACCOUNTED FOR BUT NOT SOLD kWh used by the company in its electric and other departments but not included in "sales," plus that furnished to others without charge.

ENERGY CHARGE See CHARGE, ENERGY CHARGE.

ENERGY CONSERVATION The more efficient use of energy resources.

Energy conservation seeks to reduce energy invested per unit of product output, service performed, or benefit received through waste reduction. Energy conservation and energy use reduction are not synonymous.

ENERGY COSTS Costs, such as for fuel, that are related to and vary with energy production or consumption.

ENERGY LOSS (ELECTRIC) See LOSS (LOSSES).

ENERGY LOST AND UNACCOUNTED FOR The difference between total net system input in kWh and the sum of kWh sales and kWh accounted for but not sold.

ENERGY STAMPS An explicit device, with defined eligibility standards, for providing assistance to low-income families for all types of energy expenses including electricity expenses.

ENERGY USED BY PRODUCER Energy generated and used by certain large industrial companies having their own electric generating facilities whose output is not available to the public but is included with the generation of electric utilities by the Federal Energy Regulatory Commission as part of the electric utility industry's generation.

EQUITY Equity refers to the considerations of fairness or justice in the setting of rates - fairness between investors and consumers when the general level of rates is at issue, and fairness among different classes of consumers when the rate relationships are under inquiry. Fair treatment in the setting of rates does not necessarily associate with equal treatment since, for example, the unit costs of serving different customer classes may be far apart.

EQUITY (CAPITALIZATION) The portion of capitalization represented by stock ownership, as distinct from borrowed capital.

EQUITY ACCOUNTING A method whereby the book value of an investment in a subsidiary company is shown to include not only the cost at the time of acquisition, but also the amount of equity in the subsidiary's undistributed net earnings or net losses since acquisition. The account containing this information appears on the balance sheet as Investment in Subsidiary Companies. Equity in the subsidiary's earnings is reported in the Other Income section of the income statement as Equity in Earnings of Subsidiary Companies. The accumulated undistributed earnings of the subsidiary since acquisition are reported in the balance sheet under Retained Earnings as Unappropriated Undistributed Subsidiary Earnings. When dividends are received from the subsidiary the account Investment in Subsidiary Companies is reduced, as is the account Unappropriated Undistributed Subsidiary Earnings.

EQUITY IN EARNINGS OF SUBSIDIARY COMPANIES An account appearing on

Glossary

the income statement in the section Other Income. See Equity Accounting.

EQUITY RATIO Preferred and common stock equity as a percent of total capitalization.

EQUIVALENT OF FUELS BURNED The Btu equivalent of fuels burned is the aggregate heat energy of all fuels burned. It is derived by calculating total Btu content of each kind of fuel burned and summing to establish the Btu content of all fuels burned.

EXCITATION The power required to energize the magnetic field of generators, motors, transformers, loaded transmission lines, and inductive reactors.

EXPORTS, NET (ELECTRIC) Exports of electrical energy in excess of imports across a political boundary or boundaries, being "gross out" less "gross in" during a stated period. This term is applied also to power flow or load at stated times.

EXTERNAL DISECONOMIES The result when consumption or production by one person or firm results in uncompensated costs to another person or firm. For example, when a firm dumps pollutants into a stream, it diminishes the value of the water to users downstream.

EXTERNAL ECONOMIES Occur when consumption or production by one person or firm results in uncompensated benefits to another person or firm. For example, a homeowner who maintains his/her house in excellent condition benefits nearby property owners by improving the average quality of the neighborhood.

EXTERNAL FINANCING See NEW CAPITAL (NEW MONEY).

EXTERNALITIES Exist whenever there are external costs and/or benefits.

EXTRA HIGH VOLTAGE (EHV) A term applied to voltage levels of transmission lines which are uncommonly high. At present, the electric utility industry generally considers EHV to be any voltage of 345,000 volts or higher.

EXTRAORDINARY ITEMS Income statement captions (Extraordinary Income and Extraordinary Deduction) which segregate material gains and losses, less applicable income taxes, arising out of current year transactions which are of a character significantly different from the typical or customary activities of the company and would not be expected to recur frequently. For example, the sale or abandonment of a plant or a significant segment of the company's investments or business might constitute an extraordinary item. To be considered as extraordinary, an item should be more than 5% of income, computed before extraordinary items. Items of less than 5%, may be treated

as extraordinary with commission approval. If a regulatory authority requires amortization against income over a period of years and/or, for rate making purposes, treats the item as revenue or expense in the normal course of the company's business, the item would not be considered extraordinary.

EXTRAORDINARY PROPERTY LOSSES An amortizable (Deferred Debit) balance sheet account, which includes the depreciated value of property abandoned or damaged by circumstances that could not have been reasonably anticipated and which is not covered by insurance.

Glossary

FACTOR

CAPACITY See CAPACITY FACTOR.

COINCIDENCE See COINCIDENCE FACTOR.

DEMAND See DEMAND FACTOR.

DIVERSITY See DIVERSITY FACTOR.

LOAD See LOAD FACTOR.

POWER See POWER FACTOR.

UTILIZATION See UTILIZATION FACTOR.

FAIR VALUE COSTS Fair value costs are those derived by the use of a fair value rate base. The definition of a fair value rate base is flexible according to individual regulatory commissions. Fair value is a judgment figure which may involve considering reproduction cost, original cost, replacement cost, market value, assessed value, or other elements.

FARM See CUSTOMER (ELECTRIC), FARM.

FEDERAL INCOME TAXES See INCOME TAXES.

FEED BACK Credits to income in a given year due to actions taken in a previous year or years.

ACCELERATED AMORTIZATION AND LIBERALIZED DEPRECIATION Credits to income arising from prior years' use of accelerated amortization and/or liberalized depreciation accounting in income tax returns. Such credits compensate for the absence or reduction of the tax benefits that would have resulted from normal depreciation deductions for tax purposes had the accelerated methods not been in use. See NORMALIZING (OR DEFERRED) METHOD.

INVESTMENT TAX CREDITS Credits to income arising out of the amortization of the accumulated credits following a policy which spreads over the average useful life of the property or some shorter period, the income tax reductions resulting from the investment tax credit. Used by those companies which do not apply the entire amount of the benefit of the investment tax credit to increase income in the year in which such credit is realized. See NORMALIZING (OR DEFERRED) METHOD.

FEEDER An electric line for supplying electric energy within an electric service area or subarea.

FERC Federal Energy Regulatory Commission (formerly Federal Power

Commission).

FINANCIAL STATEMENTS The basic list consists of the balance sheet, income statement, and statement of retained earnings. For a better understanding of the basic statements, the statement of changes in financial position is included. Notes to financial statements are considered an integral part of the statements themselves.

FIRM OBLIGATION A commitment to supply electric energy or to make capacity available at any time specified during the period covered by the commitment.

FIRM POWER See POWER (ELECTRIC), FIRM.

FISSION The process whereby the nucleus of an appropriate type, after capturing a neutron, splits into (generally) two nuclei of lighter elements, with the release of substantial amounts of energy and two or more neutrons. The most important fissionable materials are uranium-235, plutonium-239, and uranium-233.

FIXED CHARGES When used in connection with income statements, this term is usually synonymous with interest charges. A concept, initiated by the Securities and Exchange Commission, includes in fixed charges one-third of significant rentals. When used in its broader sense, particularly in cost studies, this term refers to the annual costs attached to the ownership of property such as depreciation, taxes, insurance, cost of money, and in some instances rents, general and administrative expenses, and necessary regular maintenance. See FIXED COSTS.

FIXED COSTS Those costs which do not vary with kWh produced or sold. Examples would be carrying charges on plant and other overhead costs.

FLAT DEMAND RATE See RATE SCHEDULE.

FLAT RATES See RATE SCHEDULE.

FLATTENED RATE DESIGN The reduction or elimination of differential charges per unit of consumption based on quantity of usage.

FLOW-THROUGH METHOD An accounting method under which decreases or increases in state or Federal income taxes resulting from the use of liberalized depreciation and the investment tax credit for income tax purposes are carried down to net income in the year in which they are realized. In a broad sense, the flow-through method is said to apply to any timing difference for which deferred income taxes are not provided.

FORECAST (FINANCIAL) A management tool, often prepared for a five-year period, estimating operating results and cash flow,

Glossary

external financing, and construction requirements. See also LOAD FORECAST.

FPC Federal Power Commission - now called Federal Energy Regulatory Commission, abbreviated as FERC.

FREQUENCY The number of cycles through which an alternating current passes per second. Frequency has been generally standardized in the United States electric utility industry at 60 cycles per second (60 Hertz).

FUEL ASSEMBLY See NUCLEAR FUEL ASSEMBLIES - IN REACTOR, and NUCLEAR FUEL MATERIALS AND ASSEMBLIES - STOCK ACCOUNT.

FUEL CELL A generic term which describes a cell containing a fuel and oxidant that continuously converts chemical energy into electrical energy.

FUEL CLAUSE See ADJUSTMENT CLAUSES, FUEL ADJUSTMENT CLAUSE.

FUEL COSTS (MOST COMMONLY USED BY ELECTRIC UTILITY COMPANIES)

CENTS PER MILLION BTU CONSUMED Since coal is purchased on the basis of its heat content, its cost is measured by computing the "cents per million Btu" of the fuel consumed. It is the total cost of fuel consumed divided by its total Btu content, and the result is multiplied by one million.

COAL Average cost per (short) ton (dollars per ton), includes bituminous and anthracite coal and relatively small amounts of coke, lignite, and wood.

GAS Average cost in cents per thousand cubic feet (Mcf) includes natural, manufactured, mixed, and waste gas. Frequently expressed as cost per therm (100,000 Btu's).

NUCLEAR Nuclear fuel costs can be given on a fuel cycle basis. A fuel cycle consists of all the steps associated with procurement, use, and disposal of nuclear fuel. Accounting for the cost of each step in the fuel cycle including interest charges, nuclear fuel costs can be given in cents per million Btu or mills per kWh for the cycle lifetime of the fuel, which is normally five to six years.

OIL Average cost per (42-gallon) barrel (dollars per barrel), includes fuel oil, crude and diesel oil, and small amounts of tar and gasoline.

FUEL EFFICIENCY See HEAT RATE.

FUEL FOR ELECTRIC GENERATION This includes all types of fuel -

solid, liquid, gaseous, and nuclear - used exclusively for the production of electric energy. Fuel for other purposes, such as building heating or steam sales, is excluded.

FUEL MIX The fraction of each type of fuel used in the total generating system. Fuel mix variations can result in significant alterations in utility operating costs.

FUEL STAMPS See ENERGY STAMPS.

FUEL REPROCESSING (NUCLEAR) The processing of used or spent reactor fuel to recover the unused fissionable material and other valuable isotopes and place them in usable form.

FULL ADDITIONAL COSTS Costs expressed on an aggregate basis or a unit basis, associated with discrete blocks of planned plant investment over a reasonable planning horizon or time period (e.g., the next five to ten years for electric utilities).

FULL NORMALIZATION See COMPREHENSIVE INTERPERIOD INCOME TAX ALLOCATION.

FULLY ALLOCATED COST OF SERVICE STUDY An analytical process wherein the total cost of service is: 1) functionalized; 2) classified as customer, commodity, or capacity related; and 3) assigned or allocated to the various customer classifications of service. These studies assess the cost of service by class and may be utilized in determining class revenue requirements. Also referred to as "class cost of service study" and simply "cost-of-service study."

FULLY ALLOCATED PROJECTED COST An allocation of total costs among classes of service and jurisdictions using allocation bases reflecting energy and customer data and costs for a future period of time.

FUNCTIONAL ACCOUNTS Groupings of plant and expense accounts according to the specified function or part they play in the rendition of utility service.

ELECTRIC UTILITY PLANT FUNCTIONAL ACCOUNTS Includes intangible, production, transmission, distribution, and general plant.

OPERATION AND MAINTENANCE FUNCTIONAL EXPENSE ACCOUNTS Includes power production, transmission, distribution, customer accounts, sales, and administrative and general expenses.

FUNCTIONALIZATION The arrangement of costs according to major functions, e.g., production, transmission, distribution.

FUNDED DEBT The long-term debt which has arisen from the sale or assumption of debt securities with maturities of more than one year.

Glossary

FUNDS Generally interpreted to mean cash or its equivalent. In a broader sense, it includes business transactions that affect the financial statements, but do not involve cash at the time of recording.

FUNDS FROM OUTSIDE SOURCES See NEW CAPITAL (NEW MONEY).

FUNDS STATEMENT See STATEMENT OF CHANGES IN FINANCIAL POSITION.

FURNISHED WITHOUT CHARGE (ENERGY) See ENERGY, ELECTRIC - FURNISHED WITHOUT CHARGE.

FUSION (NUCLEAR) The formation of a heavier nucleus from two lighter ones with the attendant release of energy.

FUTURE INCOME TAXES See DEFERRED INCOME TAXES.

GAINS FROM DISPOSITION OF UTILITY PLANT An account appearing in the income statement under Operating Expenses. Contains gains from the disposition of plant held for future use.

GAS A fuel burned under boilers, by internal combustion engines, and by gas turbines for electric generation. Includes natural, manufactured, mixed, and waste gas. See GAS - MCF and also see THERM.

GAS - FUEL COSTS See FUEL COSTS, GAS

GAS - MCF 1,000 cubic feet of gas.

GENERAL PLANT A group of utility plant accounts not includable in other functional utility plant accounts. Includes items such as: land and land rights, structures and improvements, office furniture and equipment, transportation equipment, stores equipment, tools, shop and garage equipment, laboratory equipment, power operated equipment, communication equipment, miscellaneous equipment, and other tangible property.

GENERAL TAXES See TAXES OTHER THAN INCOME TAXES.

GENERATING CAPABILITY See CAPABILITY, NET GENERATING STATION.

GENERATING RESERVE MARGIN See CAPACITY, RESERVE.

GENERATING STATION (GENERATING PLANT OR POWER PLANT) A station at which are located prime movers, electric generators, and auxiliary equipment for converting mechanical, chemical, and/or nuclear energy into electric energy.

ATOMIC See NUCLEAR.

COMBINED CYCLE An electric generating station employing a combination of gas turbine(s) and steam turbine(s) as the prime movers such that the waste heat from the gas turbine cycle provides the heat energy for the steam turbine cycle. The steam unit boiler may have supplementary firing in addition to the heat from the gas turbine exhaust.

GAS TURBINE (COMBUSTION TURBINE) An electric generating station in which the prime mover is a gas turbine engine.

GEOTHERMAL An electric generating station in which the prime mover is a steam turbine. The steam is generated in the earth by heat from the earth's magma.

HYDROELECTRIC An electric generating station in which the prime mover is a turbine or impeller which is driven by water power.

Glossary

INTERNAL COMBUSTION An electric generating station in which the prime mover is an internal combustion engine. See INTERNAL COMBUSTION ENGINE.

NUCLEAR An electric generating station in which the prime mover is a steam turbine fed by steam generated in a reactor by heat from the fissioning of nuclear fuel.

PUMPED STORAGE A hydroelectric generating station at which electric energy is normally generated during periods of relatively high system demand by utilizing water which has been pumped into a storage reservoir usually during periods of relatively low system demand.

STEAM (CONVENTIONAL) An electric generating station in which the prime mover is a steam turbine. The steam is generated in a boiler by heat from burning fossil fuels.

GENERATING STATION CAPABILITY See CAPABILITY, NET GENERATING STATION.

GENERATING UNIT An electric generator together with its prime mover.

GENERATION, ELECTRIC This term refers to the act or process of transforming other forms of energy into electric energy, or to the amount of electric energy so produced, expressed in kWh.

GROSS The total amount of electric energy produced by the generating units in a generating station or stations.

NET Gross generation less kWh consumed for station use.

GENERATION, NONUTILITY Generation by producers having generating plants for the purpose of supplying electric power required in the conduct of their nonutility operations. Generation by mining, manufacturing, and commerce and by stationary plants of railroads and railways for active power is included.

GENERATION OF ELECTRICITY (INDUSTRIAL PLANTS) See GENERATION, NONUTILITY.

GENERATOR, ELECTRIC A machine which transforms mechanical energy into electric energy.

GENERATOR, STEAM The equipment which uses a heat source to change water into steam.

**GEOGRAPHIC DIVISIONS OF UNITED STATES BUREAU OF CENSUS,
REGIONAL GROUPING BY STATES¹**

New England	Maine New Hampshire Vermont	South Atlantic	Delaware Maryland District of Columbia Virginia West Virginia North Carolina South Carolina Georgia Florida
Middle Atlantic	New York New Jersey Pennsylvania		
East North Central	Ohio Indiana Illinois Michigan Wisconsin	East South Central	Kentucky Tennessee Alabama Mississippi
West North Central	Minnesota Iowa Missouri North Dakota South Dakota Nebraska Kansas	Mountain	Montana Idaho Wyoming Colorado New Mexico Arizona Utah Nevada
West South Central	Arkansas Louisiana	Pacific ²	Washington Oregon California Hawaii
		Oklahoma Texas	

¹Census Bureau Divisions differ from EEI Geographic Division (used in reporting weekly output), whose limits are determined by the service areas of certain operating companies as a matter of practical convenience. These regions also differ from the nine regions utilized by the National Electric Reliability Council.

²The United States Bureau of the Census will include statistics for Alaska and Hawaii in the Pacific Region. The Edison Electric Institute, however, will for the time being report Alaska-Hawaii as a separate region so as not to destroy the historical series on the Pacific Region.

Glossary

GEOTHERMAL POWER PLANT See GENERATING STATION (GENERATING PLANT OR POWER PLANT).

GOVERNMENT (GOVERNMENT-OWNED ELECTRIC UTILITIES AND AGENCIES) When used in statistical tables to indicate class of ownership, it includes municipally-owned electric systems and Federal and state public power projects.

GROSS ADDITIONS See ADDITIONS (TO UTILITY PLANT), GROSS.

GROSS COMPLEMENTS Goods are gross complements when the cross elasticity of demand between them is negative, that is, when one good's rise (decrease) in price causes less (more) of the other good to be purchased.

GROSS CONSTRUCTION EXPENDITURES See CONSTRUCTION EXPENDITURES (GROSS).

GROSS GENERATION See GENERATION, ELECTRIC (GROSS).

GROSS INCOME See INCOME BEFORE INTEREST CHARGES.

GROSS MARGIN The amount, per kWh, by which a rate charged to a consumer is higher than the variable fuel costs. This difference represents a contribution to the recovery of fixed costs and to return on investment. See also CAPABILITY MARGIN.

GROSS REVENUES See OPERATING REVENUES.

GROSS SYSTEM CAPABILITY See CAPABILITY, GROSS SYSTEM.

GROSS SUBSTITUTES Goods are gross substitutes when the cross elasticity of demand between them is positive, that is when one good's rise (decrease) in price causes more (less) of another good to be purchased.

GUIDELINE LIVES See DEPRECIATION (PROVISION FOR TAX PURPOSES), GUIDELINE LIVES.

HEARING EXAMINER See ADMINISTRATIVE LAW JUDGE.

HEAT PUMP A year-round air-conditioning system employing refrigeration equipment in a manner which enables usable heat to be supplied to a space during the winter period and by reversing the operation cycle to abstract heat from the same space during the summer period. When operating as a heating system, heat is absorbed from an outside medium (either air, water, or the earth) and this heat together with the heat equivalent of the work of compression is supplied to the space to be heated. When operating on the cooling cycle, heat is absorbed from the space to be cooled and this heat together with the heat equivalent of the work of compression is rejected to the outside medium.

HEAT RATE A measure of generating station thermal efficiency, generally expressed as Btu per net kWh. It is computed by dividing the total Btu content of the fuel burned (or of heat released from a nuclear reactor) by the resulting net kWh generated.

HERTZ The unit of frequency. One hertz is one cycle per second. In this unit, the usual A-C system frequency is 60 hertz, or 60 hz. See CYCLE.

HISTORICAL COSTS See EMBEDDED COSTS.

HOLDING COMPANY (ELECTRIC UTILITY) Usually means a corporation (parent company) that directly or indirectly owns a majority or all of the voting securities of one or more electric utility companies which are located in the same or contiguous states. As most states do not permit a utility company that operates in another state to operate within their own boundaries, the holding company type of organization is used to bring into one family, without jeopardy to state control, companies that can best be operated as part of an integrated utility system. The Securities and Exchange Commission, as administrator of the Public Utility Holding Company Act of 1935, defines a holding company as "any company which...owns, controls...10% or more of the outstanding voting securities of a public utility company."

HOPKINSON DEMAND RATE See RATE SCHEDULE.

HOT RESERVE See CAPACITY, RESERVE (HOT).

HOUSE TURBINE See AUXILIARY POWER SUPPLY (GENERATING STATION).

HYDRAULIC CAPACITY See CAPACITY, HYDROELECTRIC.

HYDRO A term used to identify a type of generating station or power or energy output in which the prime mover is driven by water power.

Glossary

IDC Interest During Construction. See ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION.

IMPORTS, NET (ELECTRIC) Imports of electric energy in excess of exports across a political boundary or boundaries, being "gross in" less "gross out" during a stated period. This term applies also to power flow or load at stated times.

INCOME BEFORE EXTRAORDINARY ITEMS Net utility operating income plus net other income and deductions less interest charges.

INCOME BEFORE INTEREST CHARGES Net utility operating income plus net other income and deductions.

INCOME ELASTICITY OF DEMAND Measures the percentage change in the purchase of a commodity or service resulting from a one percent change in income. It can be positive, negative, or zero. If the income elasticity of demand is less than zero, then it is said that the commodity or service is inferior; if the income elasticity of demand is greater than zero, then it is said that the commodity or service is normal.

INCOME FROM ELECTRIC PLANT LEASED TO OTHERS Represents rents less expenses received by the utility for the use of electric plant constituting a distinct operating unit or system leased to others.

INCOME STATEMENT The presentation of the recorded book amounts of all items of income and expense that arise and pertain to all operations for the period reported, with the exception of specified income or expense that relates to prior periods. Prior period items are treated as adjustments to retained earnings. For the utility company, prior to reaching the "bottom line" or resulting net income, a intermediate total is arrived at which represents the income derived solely from utility operations, to distinguish it from other activities. This intermediate total (or line) is called utility operating income. It is the point at which the allowed rate of return is set by regulatory authorities.

INCOME TAXES A subdivision of Operating Expenses, Other Income and Deductions, retained earnings in connection with prior period adjustments or Extraordinary Items. Income Taxes (Federal and state) applicable to nonutility operations are allocated to Other Income and Deductions, prior period adjustments, and to Extraordinary Items, if appropriate. Used in the broad sense Income Taxes include, in addition to Federal and state income taxes: Provisions for Deferred Income Taxes, Income Taxes Deferred in Prior Years - Credit, and Investment Tax Credit Adjustments - Net.

INCOME TAXES DEFERRED IN PRIOR YEARS - CREDIT Credits to income (with corresponding charges to the accumulated provisions set up in prior years) representing the normalization of the current income

tax increase with respect to items for which deferred income taxes had been provided in the past. See NORMALIZING (OR DEFERRED) METHOD.

INCREMENTAL COST The additional cost of producing an additional increment of a product, computed by dividing the total additional cost by the additional units produced or sold. This term reflects an attempt to apply marginal cost concepts in a practical way and has been used in the context of FERC incremental pricing, as well as in the determination of long-run incremental costs. See MARGINAL COST.

INCREMENTAL COST (ENERGY) The increase in cost of generating or transmitting additional energy above some previously determined base amount.

INCREMENTAL COST - LONG RUN (LRIC) The change in total costs when output is increased or decreased by an increment or block of ten output for an extended period of time (e.g., ten years), during which system capacity can be altered. Alternative definitions include expected shortage costs and the incremental cost of preventing the probability of shortage from increasing.

INCREMENTAL COST - SHORT RUN (SRIC) The change in total costs when output is increased or decreased by an increment or block of output for a short period of time (e.g., one year), during which system capacity cannot be altered. Alternative definitions include the expected incremental cost of shortages.

INDENTURE A written mortgage, deed of trust, or trusts under which securities are outstanding or to be issued. Provisions contained in indentures are known as covenants.

INDEX OF WEEKLY ELECTRIC OUTPUT This is a weekly index of variations in the aggregate kWh output of the electric utility industry. It is representative of all energy contributing to the public supply and includes the output of both investor-owned and government-owned generating stations.

INDUCTANCE The property of an electric circuit by virtue of which a varying current induces a voltage in that circuit or in a neighboring circuit.

INDUSTRIAL See CUSTOMER (ELECTRIC), COMMERCIAL AND INDUSTRIAL.

INDUSTRIAL AND RAILROAD GENERATING STATIONS Electric generating stations operated by industrial establishments and railroads to supply all or part of their own power requirements.

INELASTIC DEMAND See ELASTICITY OF DEMAND.

INPUT, SYSTEM NET See SYSTEM NET INPUT.

Glossary

INSTALLED GENERATING CAPACITY See NAMEPLATE RATING.

INSTANTANEOUS PEAK DEMAND See DEMAND, INSTANTANEOUS PEAK.

INTANGIBLE PLANT Organization, franchises and consents, patent rights, licenses, privileges, and other intangible property necessary or valuable in the conduct of a utility's operations.

INTEGRATED DEMAND See DEMAND, INTEGRATED.

INTEGRATED PEAK See DEMAND, INTEGRATED.

INTERCHANGE KWh delivered to or received by one electric utility system from another. They may be returned in kind at a later time or may be accumulated as energy balances until the end of a stated period. Settlement may be by payment or on a pooling basis.

INTERCHANGE ENERGY See ENERGY, INTERCHANGE.

INTERCONNECTION, SYSTEM See SYSTEM INTERCONNECTION.

INTERDEPARTMENTAL SALES KWh sales of electric energy to other departments within the same company (gas, steam, water, and so on) and dollar value of such sales at tariff or other specified rates for the energy supplied.

INTEREST CAPITALIZED See ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION.

INTEREST CHARGED TO CONSTRUCTION See ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION.

INTEREST CHARGES See NET INTEREST CHARGES.

INTEREST ON LONG-TERM DEBT Interest on outstanding debt with an initial maturity of one year or more from the date of issuance.

INTERIM FINANCING Funds raised for short time periods having maturities of less than one year. These funds are typically converted into some form of permanent capital on a periodic basis.

INTERIM RELIEF An increase in rates, collected under bond and subject to refund, that is requested by a utility during a hearing of a rate case, usually representing a portion of the total requested increase sought, to be effective before the full case has been completed and a final determination made.

INTERNAL COMBUSTION ENGINE A prime mover in which energy released from rapid burning of a fuel-air mixture within the engine is directly converted into mechanical energy. Diesel, gasoline, and gas engines are the principal types in this category.

INTERNALLY GENERATED FUNDS The amount of funds provided from operations before the payment of dividends. See also CASH FROM OPERATIONS.

INTERRUPTIBLE LOAD A load which can be interrupted as defined by contract.

INTERRUPTIBLE POWER See POWER (ELECTRIC), INTERRUPTIBLE.

INTERRUPTIBLE RATE A rate normally containing reduced pricing for a supply of electricity that can be interrupted at the utility's option, either instantaneously as required or with advance notice.

INTERTIE Same as Interconnection See. SYSTEM INTERCONNECTION

INTERVAL, DEMAND See DEMAND INTERVAL.

INTERVENORS Individuals, groups, government representatives, and corporations that formally appear before a regulatory commission at the time of a hearing on rates or rules and participate in that hearing, either on behalf of or in opposition to the applicant utility company.

INVERSE ELASTICITY RULE A guideline for adjusting rates in the event of a calculated revenue surplus (shortfall) because of marginal cost pricing. It specifies that each customer class's rate should be adjusted downward (upward) from its marginal cost in inverse proportion to its price elasticity of demand for electricity.

INVERTED RATE DESIGN A rate design for a customer class for which the unit charge for electricity increases as usage increases.

INVESTED CAPITAL The sum of capitalization, long-term debt due within one year, and short-term debt.

INVESTMENT IN NUCLEAR FUEL Includes nuclear fuel assemblies - in reactor; nuclear fuel materials and assemblies - stock account; nuclear fuel in process of refinement, conversion, enrichment, and fabrication; and spent nuclear fuel; and accumulated provision for amortization of nuclear fuel assemblies.

INVESTMENT IN SUBSIDIARY COMPANIES A balance sheet account on the asset side, appearing in the section Other Property and Investments. See EQUITY ACCOUNTING.

INVESTMENT PER OPERATING EMPLOYEE - ELECTRIC Total electric plant plus the portion of the common plant allocable to electric plant (average at beginning and end of year), divided by the average for the year of total electric operating employees and the portion of general employees allocable to electric.

Glossary

INVESTMENT TAX CREDIT Regular investment tax credit determined by reference to a percentage applied to qualified depreciable property additions. The credit reduces the computed income tax liability and is subject to certain limitations based on a percentage of such liability. Additional credit is available provided it is used to fund a qualified employees stock ownership plan (ESOP) and the additional credit may be increased if employees agree to contribute an amount equal to the increase.

INVESTMENT TAX CREDIT ADJUSTMENTS The title of the income account used by those companies which do not apply the entire benefit of the investment tax credit as a reduction of the overall income tax expense in the year in which such credit is realized. This account is used to record the charges for the current year's investment tax credit less the current year's amortization of the accumulated investment tax credits under a plan which spreads over the useful life of the qualified property additions or some shorter period the investment tax credit benefits applicable to that property.

INVESTOR-OWNED ELECTRIC UTILITIES Those electric utilities organized as tax-paying businesses usually financed by the sale of securities in the open market, and whose properties are managed by representatives regularly elected by their shareholders. Investor-owned utilities are granted franchises by government to serve specific areas and are subject to the regulatory laws of the political jurisdictions.

INVESTOR-SUPPLIED CAPITAL See CAPITAL STRUCTURE.

ISSUED (SECURITIES) See ACTUALLY ISSUED (SECURITIES).

ITC See INVESTMENT TAX CREDIT.

JOB ORDERS See WORK ORDERS.

JOINT COSTS Costs incurred jointly for two or more types of operations, each not having a genuine separate incremental cost function, and each produced only in fixed proportions. For example, if producing a bale of cotton fiber involves also producing the seeds from which can be extracted ten gallons of cottonseed oil, there is no objective way of attributing causal responsibility for some part of the joint production costs to one of the products and the remainder to the other.

Glossary

KILO A prefix used to denote 1,000 units.

KILOVAR (kVAR) 1,000 reactive voltamperes. See POWER (ELECTRIC), REACTIVE.

KILOVOLT (kV) 1,000 volts. See VOLT.

KILOVOLTAMPERE (kVA) 1,000 voltamperes. See VOLTAMPERE.

KILOWATT (kW) 1,000 watts. See WATT.

KILOWATT-HOUR (kWh) The basic unit of electric energy equal to one kW of power supplied to or taken from an electric circuit steadily for one hour.

KILOWATT-HOURS PER CAPITA Net kWh generation divided by the national population, or the population of a selected service area.

KNOWN AND MEASURABLE CHANGE Where historical accounting data is presented in a rate case as the basis for rate relief, it is common practice to update (or adjust) the historical data in an attempt to recognize current operating conditions. Adjustments of this nature that are allowed by regulatory authorities generally must meet the criteria of a change that is both known and subject to calculation with reasonable accuracy. See also PRO FORMA ADJUSTMENT.

LAMBDA (SYSTEM LAMBDA) The incremental cost of produce, the next kilowatt-hour or the incremental savings by reducing the load by one kilowatt-hour. Lambda is commonly expressed in mills per kWh.

LARGE LIGHT AND POWER See CUSTOMER (ELECTRIC), COMMERCIAL AND INDUSTRIAL.

LAW OF DEMAND The inverse relationship between the price of a good and the quantity demanded, which is normally represented by a curve that slopes downward and to the right.

LEAD-LAG STUDY A method sometimes employed in developing the amount of cash working capital to be included in a rate base determination for a utility company. The study seeks to measure and quantify the lag (delay) in receipt of revenues from customers from the time service is rendered, offset by the lead; that is, the period the utility company has from the time it incurs an expense until cash is actually disbursed in payment for the expense.

LEASE Contract wherein one party (lessor) gives to another (lessee) the use and possession of land, buildings, equipment, and so on, for a specified time and for fixed payments.

CAPITALIZED LEASE For accounting purposes, certain leases are treated as though the lessee owns the property he is leasing in order to reflect the substance of the agreement. As a result, rather than simply recording the lease payment on the books of account as an expense, the lessee is required to reflect the lease as an asset and to set up appropriate liability accounts.

OPERATING LEASE A conventional lease which does not qualify as a capitalized lease. Lease payments are reflected as operating expenses on the income statement.

LEAST SQUARES ESTIMATE In statistics and econometrics, the method of estimation that involves the choice of an estimate such that the sum of the squares of the deviations of the data from the estimate is a minimum. A curve fitted to data on a least squares basis need not be linear. See LINEAR REGRESSION.

LIABILITIES (AND OTHER CREDITS) Amounts recorded in books of account which represent obligations to creditors, items deferred or in suspense, and the equity of shareowners. Includes capitalization, (long-term debt and proprietary capital), current and accrued liabilities, deferred credits, operating reserves, contributions in aid of construction and accumulated deferred taxes on income.

LIBERALIZED DEPRECIATION See DEPRECIATION, LIBERALIZED.

LIFELINE RATES See RATES, LIFELINE.

Glossary

LINE LOSS See LOSS (LOSSES).

LINE OF CREDIT The maximum dollar amount which a lending institution has agreed to make available to a borrower. The borrowing is normally evidenced by unsecured short-term notes.

LINEAR REGRESSION The finding of a straight line that best fits the data points, commonly by use of the Least Squares technique. See LEAST SQUARES ESTIMATE.

LOAD The amount of electric power delivered or required at any specified point or points on a system. Load originates primarily at the power consuming equipment of the customers. See DEMAND.

AVERAGE See DEMAND (ELECTRIC), AVERAGE.

BASE See BASE LOAD.

CONNECTED Connected load is the sum of the capacities or ratings of the electric power consuming apparatus connected to a supplying system, or any part of the system under consideration.

PEAK See DEMAND (ELECTRIC), MAXIMUM and also DEMAND (ELECTRIC), INSTANTANEOUS PEAK.

LOAD CENTER A point at which the load of a given service area is assumed to be concentrated.

LOAD CHARACTERISTICS Collectively, all or each of the features of the electric service rendered, including the quantity of energy supplied, the load or demand, the time of its occurrence, and derivable factors, such as coincidence factor, diversity factor, and load factor.

LOAD CONTROLLER (MECHANICAL CONTROL) An electrical, mechanical, or electromechanical device or system operated by the electric utility and which is designed to switch electric loads off (and on) to achieve a utility system peak power reduction and optimization of system energy use.

LOAD CURVE A curve on a chart showing power (kW) supplied, plotted against time of occurrence, and illustrating the varying magnitude of the load during the period covered.

LOAD DIVERSITY The difference between the sum of the maxima of two or more individual loads and the coincident or combined maximum load, usually measured in kW. See DIVERSITY FACTOR.

LOAD DURATION CURVE A curve showing hourly loads during a specified time period arranged in descending order to magnitude. The coordinates may be absolute quantities, or percentages. Load duration

curves are frequently used to determine the hours of operation each year of each generating unit on a system.

LOAD FACTOR The ratio of the average load in kW supplied during a designated period to the peak or maximum load in kW occurring in that period. Load factor, in percent, also may be derived by multiplying the kWh in the period by 100 and dividing by the product of the maximum demand in kW and the number of hours in the period.

LOAD FORECAST An estimate of electrical demand or energy consumption at some future time.

LOAD-FREQUENCY CONTROL The regulation of the power output of electric generators within a prescribed area in response to changes in system frequency, tie-line loading, or the relation of these to each other, so as to maintain the scheduled system frequency and/or the established interchange with other areas within predetermined limits.

LOAD MANAGEMENT Techniques designed to level the time patterns of electric generation, usually in order to increase the utility system load factor, reduce peak demand, and to conserve energy.

LOAD RESEARCH Load research is an activity embracing the measurement and study of the characteristics of electric loads for the purpose of providing a thorough and reliable knowledge of trends in, and the general behavior of, the load characteristics of the more important electric services rendered by the electric utility industry. Such studies should serve as essential guides to aid company managements in the development of economically sound policies governing system planning and design, cost-of-service analyses, rate structures, and sales promotion programs.

LOAD RESPONSIBILITY A term used by some utilities to refer to the sum of a system's peak demand plus its scheduled firm power deliveries to other systems less its scheduled firm power purchases from other systems, at the time of the system peak.

LOAD SURVEY The various steps and processes generally used in making load analyses; i.e., selecting loads to be studied, collecting and analyzing load data and presenting the load characteristics data in useful form.

LONG-RUN A period of time long enough that all inputs to production, including capital, are variable.

LONG-RUN INCREMENTAL COST (LRIC) See INCREMENTAL COST - LONG RUN.

LONG-RUN MARGINAL COST (LRMC) See MARGINAL COST - LONG RUN.

LONG-TERM DEBT Includes outstanding mortgage bonds, debentures,

Glossary

advances from associated companies, and notes which are due one year or more from date of issuance. The portion of such securities (inclusive of sinking fund requirements) that is due within one year from the date of the balance sheet is usually included in Current and Accrued Liabilities, but Long-term Debt to be refinanced within one year should continue to be reported under Long-term Debt.

LONG-TERM DEBT DUE WITHIN ONE YEAR See CURRENT MATURITIES and LONG-TERM DEBT.

LONG-TERM FINANCING Refers to the issuance and sale of debt securities, with a maturity of one year or more, and preferred or common stock for the purpose of raising new capital or refunding outstanding securities.

LOSS (LOSSES) The general term applied to energy (kWh) and power (kW) lost in the operation of an electric system. Losses occur principally as energy transformations from kWh to waste-heat in electrical conductors and apparatus.

AVERAGE The total difference in energy input and output or power input and output (due to losses) averaged over a time interval and expressed either in physical quantities or as a percentage of total input.

ENERGY The difference between energy input and output as a result of transfer of energy between two points, such as between terminal points of a transmission line, or between input and output terminals of a transformer, or other electrical device.

LINE Energy loss and power loss on a transmission or distribution line.

NO-LOAD Power and energy losses in an electric system, or portion thereof, when energized at rated voltage and frequency, but not supplying load.

PEAK PERCENT The difference between the power input and output, as a result of losses due to the transfer of power between two or more points on a system at the time of maximum load, divided by the power input.

PERCENTAGE The ratio of loss to input expressed as a percent.

POWER The difference between power input and output as a result of transfer of energy between two points. (Sometimes referred to as "Capacity Loss.")

SYSTEM The difference between the system net energy (or power input and output, resulting from energy (or power) lost and unaccounted for between the sources of supply and the metering

points of delivery on a system.

LOSS OF LOAD PROBABILITY (LOLP) A measure of the probability that system demand will exceed capacity during a given period, often expressed as the expected number of days per year over a long period, frequently taken as ten consecutive years.

LOSSES FROM DISPOSITION OF UTILITY PLANT An account appearing in the income statement under operating expenses. Contains losses from the disposition of plant held for future use.

LOST AND UNACCOUNTED FOR ENERGY (ELECTRIC) See ENERGY LOST AND UNACCOUNTED FOR.

Glossary

MAGNETIC TAPE RECORDER A magnetic recording device which utilizes one or more pulse initiators attached to meters to generate pulses proportional to load, for storage on one or more data tracks of a magnetic tape; on a remaining tape track a time pulse, generated every 15, 30, or 60 minutes by the recorder, is marked on the tape at appropriate intervals to properly space the pulse data.

MAGNETIC TAPE TRANSLATION SYSTEM A system designed to read magnetic tape pulse information from magnetic tape meter tapes and arrange the data, generally on magnetic tape such as nine-track, for direct input to a main-frame computer for conversion to engineering units and for use in combination with output from similar magnetic tape meters.

MAINTENANCE EXPENSES A subdivision of operating expenses; includes labor, material, and other direct and indirect expenses incurred for preserving the operating efficiency or physical condition of utility plant used for power production, transmission and distribution of energy, and administrative and general operations.

MANUFACTURERS GUARANTEED CAPACITY See NAMEPLATE RATING.

MARGIN OF RESERVE CAPACITY See CAPABILITY MARGIN.

MARGINAL COST The change in total costs associated with a unit change in quantity supplied (i.e., demand or energy). In a strict sense, a marginal cost may be defined for each and every level of output.

MARGINAL COST - LONG RUN (LRMC) The change in total costs when output is increased or decreased by one unit of output for an extended period of time (e.g., ten years), during which system capacity can be altered. Alternative definitions include expected shortage costs or the marginal cost of preventing the probability of shortage from increasing.

MARGINAL COST - SHORT RUN (SRMC) The change in total costs when output is increased or decreased by one unit of output for a short period of time (e.g., one year), during which system capacity cannot be altered. Alternative definitions include the expected marginal cost of shortages.

MARGINAL COST PRICING The economic proposition that the most economically efficient way to allocate a society's scarce resources, including electricity, is to price it at the cost of producing the next unit of the good.

MARGINAL PRICE The payment required to obtain one additional unit of a good.

MARGINAL SOCIAL COST All costs borne by society in the production

of one more unit of output. Social costs consist of both private production costs and external costs such as environmental pollution.

MAXIMUM DEMAND See DEMAND (ELECTRIC), MAXIMUM.

MAXIMUM LOAD See DEMAND (ELECTRIC), MAXIMUM.

MARKET VALUE (OF SECURITIES) The per share price of a publicly traded security multiplied by the number of outstanding shares produces the aggregate market value of such class of security. Major markets include New York, American, Midwest, Pacific, Philadelphia and Boston Stock Exchanges, and the over-the-counter trading represented by the National Association of Security Dealers.

MATCHING PRINCIPLE A concept which holds that in the rate making process the revenue requirement derived should be based upon the interrelationship of operating expenses and return requirement and the investment (rate base) that gives rise to such operating expenses and return requirement.

MATURITY (OF SECURITIES) Used in connection with debt, it is the date on which an entire issue or any portion thereof is scheduled to be repaid to the holder. See also SINKING FUND.

MEDIAN STREAM FLOW (MEDIAN HYDRO) The rate of flow at a given point of a stream for which there are an equal number of greater and lesser flow occurrences during a specified period.

MEGA A prefix used to denote 1,000,000 units.

MEGAWATT (MW) 1,000 kW, or 1,000,000 watts.

METER RATES Any method of charge for electric service based solely upon quantity, such as kWh used. See RATE SCHEDULE, METER RATES.

MIDDLE ATLANTIC DIVISION See GEOGRAPHIC DIVISIONS.

MILL One mill is equal to one-tenth of a cent. (A common utility industry monetary measure.)

MINIMUM CHARGE A specified charge which a customer must pay, usually for a minimum allowance of service, regardless of whether he actually uses that amount of electricity or any electricity at all. This charge is intended to reimburse the utility company for specific customer costs such as meter reading and billing, plus partial coverage of fixed costs on equipment serving only that customer.

MINORITY INTEREST When a parent company has not acquired all of the stock of a subsidiary, a minority interest in the earnings and equity will emerge in consolidation. In the income statement it

Glossary

represents the portion of the subsidiary's earnings applicable to the minority interest; on the balance sheet it is the minority interest's share of the subsidiary's net assets (assets less liabilities) represented by their pro rata share of the subsidiary's common equity.

MODERATOR A material such as ordinary water, heavy water, or graphite used in a nuclear reactor to slow down high velocity neutrons, thus increasing the probability of their causing fission of a uranium or plutonium nucleus.

MOODY'S BOND RATINGS See BOND RATINGS.

MOODY'S BOND YIELD (ANNUAL AVERAGES OR MONTHLY YIELD) Represents the average yield on 40 operating utility companies' bonds (ten each of Classes Aaa, Aa, A, and Baa) as determined and rated by Moody's Investors Service. This "yield" is the arithmetic average of twelve months and is calculated on the basis of market price, interest rate, and on being "held to maturity."

MOODY'S STOCK QUALITY GROUPS

Preferred and Common Stocks:

High Quality - High quality by all standards.

Good Quality - Possesses many favorable high-grade investment attributes

Medium Quality - Medium grade equity securities.

MORTGAGE See INDENTURE.

MOUNTAIN DIVISION See GEOGRAPHIC DIVISIONS.

MULTIRATE WATTHOUR METER A watt-hour meter having more than one set of energy recording registers, e.g., dual-rate or differential register meter.

MUNICIPALITY A city, county, irrigation district, drainage district or other political subdivision or agency of a state competent under the laws thereof to carry on the business of developing, transmitting, utilizing or distributing power.

MUNICIPALLY-OWNED ELECTRIC SYSTEM An electric utility system owned and/or operated by a municipality engaged in serving residential, commercial, and/or industrial customers, usually - but not always - within the boundaries of the municipality.

NAMEPLATE RATING The full-load continuous rating of a generator, prime mover, or other electrical equipment under specified conditions as designated by the manufacturer. It is usually indicated on a nameplate attached mechanically to the individual machine or device. The nameplate rating of a steam electric turbine-generator set is the guaranteed continuous output in kW or kVA and power factor at the generator terminals, at specified, steam pressure and temperature, specified reheat temperature, specified exhaust pressure, and with full extraction from all extraction openings.

NARUC The National Association of Regulatory Utility Commissioners, an advisory council composed of Federal and state regulatory commissioners having jurisdiction over transportation agencies and public utilities.

NET ADDITIONS See ADDITIONS (TO UTILITY PLANT), NET.

NET AVAILABLE FOR COMMON STOCK See EARNINGS AVAILABLE FOR COMMON STOCK.

NET CAPABILITY See CAPABILITY, NET GENERATING STATION.

NET ENERGY FOR DISTRIBUTION See ENERGY, ELECTRIC - NET FOR DISTRIBUTION.

NET ENERGY FOR LOAD See ENERGY, ELECTRIC - NET FOR LOAD.

NET ENERGY FOR SYSTEM See ENERGY, ELECTRIC - NET FOR SYSTEM.

NET EXPORTS See EXPORTS, NET (ELECTRIC).

NET FOR DISTRIBUTION KWh available for total system or company load. The sum of net generation by the system's own plants, purchased energy, and net interchange (in less out). On a national basis it is the sum of the net generation of the total electric utility industry, plus or minus net interchange with Canada and Mexico, plus purchases from industrial sources.

NET GENERATING STATION CAPABILITY See CAPABILITY, NET GENERATING STATION.

NET GENERATION See GENERATION, ELECTRIC - NET.

NET IMPORTS See IMPORTS, NET (ELECTRIC).

NET INCOME Income before interest charges less interest charges plus or minus extraordinary items.

NET INTEREST CHARGES A section or group of accounts in the income statement, described as interest charges, which represent

Glossary

principally the amounts accrued as expenses for the cost of borrowed funds. This section also shows that portion of borrowed funds which is considered to be applicable to the construction of utility plant. Includes interest on long-term debt, amortization of debt discount and expense, amortization of loss on reacquired debt, amortization of premium on debt - credit, amortization of gain on reacquired debt - credit, interest on debt to associated companies, other interest expense and allowance for borrowed funds used during construction - credit.

NET OTHER INCOME AND DEDUCTIONS Other income less other income deductions plus or minus taxes applicable to other income and deductions.

NET PLANT Utility plant less accumulated provision for depreciation (including depletion) and amortization.

NET PLANT CAPABILITY See CAPABILITY, NET GENERATING STATION.

NET PLUTONIUM That plutonium which is recoverable after the irradiated fuel assemblies have been chemically processed.

NET SALVAGE VALUE Salvage value of property retired less the related cost of removal.

NET SYSTEM CAPABILITY See CAPABILITY, NET SYSTEM.

NET UTILITY OPERATING INCOME See OPERATING INCOME.

NETWORK A system of transmission or distribution lines so cross-connected and operated as to permit a power supply from multiple sources to any principal point on it. The term is also used as a synonym for "system" and when so used it is intended to include the generating units and substations connected to the lines.

NEW CAPITAL (NEW MONEY) That part of a company's long-term debt and preferred and common stock issued for other than the refunding of securities. Short-term debt that will be replaced with permanent securities is frequently included in this category.

NEW ENGLAND DIVISION See GEOGRAPHIC DIVISIONS.

NONCOINCIDENT DEMAND See DEMAND (ELECTRIC), NONCOINCIDENT.

NONFIRM POWER See POWER (ELECTRIC), NONFIRM.

NONRECURRING In the context of a rate case, refers to items of income or expense, appearing in the test year statements which are not likely to occur again, or occur very infrequently.

NONUTILITY GENERATION See GENERATION, NONUTILITY.

NONUTILITY OPERATIONS Any operation or investment activity engaged in by a utility company which is accounted for below-the-line.

NORMALIZING (OR DEFERRED) METHOD An accounting method under which decreases or increases in income taxes, as a result of timing differences, are offset in the income statement with corresponding credits or charges to the balance sheet accounts maintained for accumulating the net balances of deferred income taxes. The normalizing method may apply to selected timing differences or to all timing differences, depending on regulatory authority preferences. It is generally associated with the use of liberalized depreciation and accelerated amortization claimed for income tax purposes. In a very broad sense, the term is also used in connection with the accounting treatment of investment tax credits.

FOR DEPRECIATION/AMORTIZATION TIMING DIFFERENCES A procedure under which decreases or increases in income taxes resulting from the use of accelerated amortization, liberalized depreciation, and/or guideline or ADR lives, in income tax returns (Federal and state) as compared with straight-line depreciation and book lives, used for book purposes, are offset in the income account with corresponding credits or charges to balance sheet accounts maintained for accumulating the net balances of deferred income taxes. Charges (provisions) equal to the related tax deferrals are made against income when the use of accelerated amortization, liberalized depreciation, and/or guideline or ADR lives, produces lower income taxes than would be the case if straight-line depreciation and book lives had been used in the company's tax return. Conversely, credits (feedbacks) are made to income when taxes are increased because for tax purposes the related facilities were fully amortized or the applicable accelerated method or tax life resulted in a rate lower than straight-line depreciation using book lives. Charges for taxes deferred until future years reduce current year book income; feed-back credits for taxes deferred in prior years increase current year book income.

FOR INVESTMENT TAX CREDIT The accounting method used by companies not flowing through to income the entire investment tax credit in the year the credit is realized. When normalizing for the investment tax credit, the credit to the income account is offset by providing an amount equivalent to the reduction in income taxes and allocating to income an appropriate portion of it over the life of the asset giving rise to the tax credit or over some shorter period. This may be called ratable flow-through as compared to immediate flow-through in one year. When considering the investment tax credit in conjunction with a discussion of the normalizing method for accelerated depreciation, it must be kept in mind that the investment tax credit produces a permanent reduction in the amount of income taxes payable. The accounting decision

Glossary

therefore with respect to the investment tax credit is a matter of when the credit is used to increase income.

NUCLEAR Pertaining to the nucleus of an atom.

NUCLEAR ENERGY Energy produced in the form of heat during the fission process in a nuclear reactor. When released in sufficient and controlled quantity, this heat energy may be used to produce steam to drive a turbine-generator and thus be converted to electrical energy.

NUCLEAR (ATOMIC) FUEL Material containing fissionable materials of such composition and enrichment that when placed in a nuclear reactor they will support a self-sustaining fission chain reaction and produce heat in a controlled manner for process use.

NUCLEAR FUEL IN PROCESS OF REFINEMENT, CONVERSION, ENRICHMENT, AND FABRICATION A balance sheet account which includes the original cost of nuclear fuel materials in process of refinement, conversion, enrichment, and fabrication into nuclear fuel assemblies, including manufacturing and shipping costs. Salvage value of nuclear materials which are to be reprocessed for use in fuel assemblies shall also be included.

NUCLEAR FUEL ASSEMBLIES - IN REACTOR A balance sheet account which includes the cost to the utility of assemblies installed in the reactor for production of heat energy. The assemblies refer to the fabricated form of fissionable material and other materials used in reactors. The main purpose of the fuel assemblies is to facilitate assembly of the fissionable material into the geometric lattice required to sustain a controlled fission process. The lattice contains a number of fuel assemblies.

NUCLEAR FUEL MATERIALS AND ASSEMBLIES - STOCK ACCOUNT A balance sheet account which includes the cost to the utility of nuclear fuel assemblies held in stock as spare assemblies.

NUCLEAR MATERIAL HELD FOR SALE A balance sheet account in which are recorded the net recoverable values of plutonium and other nuclear materials obtained when the spent fuel is processed and when such materials are to be held by the company for sale or other disposition and are not to be reused immediately by the company in its electric utility operation.

NUCLEAR POWER Power released in exothermic (a reaction which gives off heat) nuclear reactions which can be converted to electric power by means of heat transformation equipment and a turbine-generator unit.

NUCLEAR POWER PLANT See GENERATING STATION (GENERATING PLANT OR POWER PLANT), NUCLEAR.

NUCLEAR POWERED GENERATING CAPACITY The rated electrical output of a turbine-generator utilizing a nuclear reactor as the heat-energy source for producing the steam which drives the turbine.

NUCLEAR PRODUCTION PLANT Electric plant generating facilities utilizing nuclear energy as the source of power.

NUCLEAR REACTOR An apparatus in which the nuclear fission chain may be initiated, maintained, and controlled, so that the accompanying energy is released at a specified rate. It includes fissionable material (contained in fuel) such as uranium or plutonium, fertile material, moderating material (unless it is a fast reactor), a heavy-walled pressure vessel, shielding to protect personnel, provision for heat removal, control elements, and instrumentation.

A thermal reactor is a nuclear reactor in which fission is induced primarily by neutrons of such energy that they are in substantial thermal equilibrium with the material of the core. Heat energy is produced principally from the kinetic energy of fission fragments and fission neutrons that result from the fission process.

An intermediate reactor is a nuclear reactor in which fission is induced predominantly by neutrons whose energies are greater than thermal, but much less than the energy with which neutrons are released in fission.

A fast reactor is a nuclear reactor in which there is little moderation and in which fission is induced primarily by fast neutrons, i.e., those that have lost relatively little of the energy with which they were released.

Glossary

OCCUPIED FARMS Those farms on which the owner or operator maintains residence.

OFF-PEAK Periods of relatively low system demands. See ENERGY, ELECTRIC - OFF-PEAK.

OHM The unit of measurement of electrical resistance. It is that resistance through which a difference of potential, or electromotive force, of one volt will produce a current of one ampere.

OIL - FUEL COSTS See FUEL COSTS (MOST COMMONLY USED BY ELECTRIC UTILITY COMPANIES).

OIL BURNED FOR FUEL Oil burned for fuel includes fuel oil, crude oil, diesel oil, and small amounts of tar and gasoline, with fuel oil predominating. See also FUEL FOR ELECTRIC GENERATION.

ON-PEAK Periods of relatively high system demands. See ENERGY, ELECTRIC - ON-PEAK.

ON-PEAK DEMAND REGISTER A register that will record the total energy used and in addition will register maximum demand during on-peak periods.

OPERATING COMPANY Any company engaged in the production and/or transmission and/or distribution of electric energy. Usually excludes those which are cooperatively or municipally operated and Federal and state power projects.

OPERATING EMPLOYEE An employee engaged in operation and maintenance functions of a utility as opposed to one engaged exclusively in construction.

OPERATING EXPENSES A group of expenses applicable to utility operations composed of: operation expense, maintenance expense, provisions for depreciation and amortization, taxes other than income taxes, income taxes, provisions for deferred income taxes, investment tax credit adjustments - net, and gains and losses for disposition of utility plant.

OPERATING INCOME Operating revenues less operating expenses.

OPERATING LEASE See LEASE.

OPERATING RATIO The ratio, generally expressed as a percentage, of operating expenses to operating revenues. In special variations, the numerator may be defined as exclusive of depreciation or taxes, or both.

OPERATING RESERVES (FINANCIAL) A group of balance sheet accounts on the liability side reflecting the net accumulated balances provided

for: property insurance, injuries and damages, pensions and benefits, amortization - Federal, and miscellaneous operating reserves.

OPERATING RESERVES (GENERATION) Generating capacity available to take load (connected to bus) in operating units and in units that can pick up load in ten minutes or less. The definition may vary among utilities.

OPERATING RETURN Operating income before income taxes and depreciation and amortization expense. This may be for total operations or for departmental operations, such as electric and gas. See also OPERATING RATIO.

OPERATING RETURN RATIO The ratio of (a) operating income before depreciation (including amortization) and income taxes to (b) operating revenues.

OPERATING REVENUES The amounts billed by the utility company for utility services rendered and for other services incidental thereto.

OPPORTUNITY COSTS The value given up by foregoing alternative outputs from the resources used in supplying an economic good. See also ECONOMIC COSTS.

OPTIMIZED GENERATION PLAN A mix of various types of generating plants that would produce the least overall cost when operated to meet the requirements of a given projected load requirement.

ORIGINAL COST The cost of utility property to the person first devoting it to public service.

OTHER ELECTRIC PLANT ADJUSTMENTS Amount by which the book cost of electric plant differs from the original cost when the difference is not properly includable in Plant Acquisition Adjustments.

OTHER INCOME A group of income accounts "below the line," which are not considered applicable to utility operations. Includes revenues and costs and expense of merchandising, jobbing and contract work, revenues and expenses of nonutility operations, nonoperating rental income (revenues and expenses related to nonutility property), equity in earnings of subsidiary companies, interest and dividend income, allowance for other funds used during construction, miscellaneous nonoperating income (including profit on sale of timber) and gain on disposition of property.

OTHER INCOME AND DEDUCTIONS Income and expenses relating to non-utility operations composed of three subdivisions: other income, other income deductions, and taxes applicable to other income and deductions.

OTHER INCOME DEDUCTIONS A group of expense accounts "below the

Glossary

line" which are not considered applicable to utility operations. Includes loss on disposition of property, miscellaneous amortization (including those amounts not authorized to be included "above the line" by a commission), donations, life insurance (where company is beneficiary), penalties, expenditures for certain civic, political, and related activities, certain losses related to investment or debt securities, and preliminary survey and investigation expenses related to abandoned projects.

OTHER LONG-TERM DEBT Long-term debt with an original maturity of more than one year, other than mortgage and debenture bonds, and advances from associated companies.

OTHER OPERATING REVENUES (ELECTRIC) Operating revenue received from sources other than sales of electricity. It includes forfeited discounts, miscellaneous service revenues (including fees for changing, connecting, or discontinuing service) sales of water and water power, rent from electric property, interdepartmental rents, and other electric revenues (including revenues from operation of fish and wildlife and recreation facilities).

OTHER PAID-IN CAPITAL (CAPITAL SURPLUS) A group of proprietary capital accounts which includes premium on capital stock, donations received from stockholders, reduction in par or stated value of capital stock, gain on resale or cancellation of reacquired capital stock, and miscellaneous paid-in capital. Premiums on common stock are included herein if not separately listed elsewhere. Premiums on preferred stock are included in the preferred stock grouping or in common equity according to the accounting policy of the reporting company.

OTHER PROPERTY AND INVESTMENTS A group of balance sheet accounts on the asset side which includes nonutility property, accumulated provision for depreciation and amortization of nonutility property, investment in associated companies, other investments (including the book cost of investments in securities issued or assumed by non-associated companies), and the special funds accounts.

OTHER PUBLIC AUTHORITIES A customer, sales, and revenue classification covering electric energy supplied to municipalities or divisions or agencies of Federal or state governments (as ultimate customers) under special contracts or agreements or service classifications applicable only to public authorities, except such items as are includable in the classifications public street and highway lighting, sales to railroads and railways, and sales for resale. Excludes Atomic Energy Commission sales which are classified as industrial.

OTHER SOURCES (OF ELECTRIC ENERGY) Includes as a group, as differentiated from electric utilities, all industries, mines, and railways having their own power plants, the output of which does not

contribute directly to the public supply.

OTHER TAXES See TAXES OTHER THAN INCOME TAXES.

OTHER UTILITY OPERATING INCOME Revenue from, less operating expenses relating to utility plant other than electric plant.

OUTAGE The period during which a generating unit, transmission line, or other facility, is out of service.

FORCED OUTAGE The shutting down of a generating unit, transmission line, or other facility, for emergency reasons. ("Emergency" here usually means not postponable beyond the very next week-end.)

SCHEDULED OUTAGE The shutdown of a generating unit, transmission line, or other facility, for inspection or maintenance, in accordance with an advance schedule.

OUTPUT, STATION See GENERATION, ELECTRIC - NET.

OUTPUT, SYSTEM See SYSTEM OUTPUT.

OUTSIDE FINANCING See NEW CAPITAL.

OUTSTANDING (SECURITIES) See ACTUALLY OUTSTANDING (SECURITIES).

OVERHEAD CONSTRUCTION COSTS Costs added as components of construction costs including engineering, supervision, general office salaries and expenses, outside construction engineering and supervision, law expenses, insurance, injuries and damages, relief and pensions, taxes, and interest.

OVERHEADS CAPITALIZED In very broad terms, consists of the overheads added to utility plant as a component of construction costs. Quite often the phrase is used to refer to specific expenses (such as the interest component of AFUDC, pension costs, payroll taxes) which are added to utility plant costs for book purposes and depreciated over the life of the plant, but for tax purposes are deducted as an expense in the year incurred. As a result, these types of expenses give rise to timing differences.

Glossary

PACIFIC DIVISION See GEOGRAPHIC DIVISIONS.

PARENT A utility company which, due to its ownership of a sufficient amount of voting stock, has the ability to direct the management and policies of another company called the subsidiary.

PARTICULATE MATTER Solid particles, such as ash, released in exhaust gases at fossil-fuel plants during the combustion process.

PAYOUT RATIO The ratio of cash dividends on common stock to earnings available for common stock, based either on the actual dividends declared for a period or on the current indicated annual dividend rate.

PEAK See DEMAND, (ELECTRIC) MAXIMUM.

PEAK CAPABILITY See CAPABILITY, PEAKING.

PEAK DEMAND See DEMAND (ELECTRIC), MAXIMUM.

PEAK LOAD See DEMAND, MAXIMUM.

PEAK LOAD PRICING Pricing of electric service which reflects different prices for system peak periods or for hours of the day during which loads are normally high. In the electric power industry, this means charging more for electricity bought on or near the seasonal peak of the utility or on or near the daily peak. The latter required special meters; the former does not. There are several forms of peak load pricing.

PEAK LOAD STATION A generating station which is normally operated to provide power during maximum load periods.

PEAK PERCENT LOSS See LOSS (LOSSES).

PEAK RESPONSIBILITY A pricing and costing methodology which assigns peak related costs (i.e., capacity costs) to customers, or groups of customers, in proportion to their demands during peak periods. Peak responsibility concepts may be applied to both marginal and average costing approaches.

PEAK SEASON PRICING Pricing of electric service which reflects different prices for system seasonal peak time periods.

PEAK SPLITTING The splitting of peak loads over two adjacent demand intervals.

PEAKING CAPABILITY See CAPABILITY, PEAKING.

PEAKING CAPACITY Generating equipment normally operated only during the hours of highest daily, weekly, or seasonal loads. The Power

Plant and Fuel Use Act of 1978 defines peaking capacity as "a power plant the electrical generation of which in kWh does not exceed, for any 12-calendar-month period, such power plants's design capacity multiplied by 1,500 hours".

PEAKING UNIT See PEAKING CAPACITY.

PENALTY PRICING Penalty pricing arises in a tariff structure when a consumer pays more for electricity than it costs to produce that electricity.

PERTUBATION The state of being disturbed. The term may refer to a small change in the forecasted demand for electricity, or a small change in system frequency, voltage, power flow, or other characteristics. "Pertubation method" refers to a marginal costing methodology which seeks to determine the change in the cost of supplying electricity as a consequence of a forecasted change in system load.

PLANT (GENERATING) A station at which prime movers, electric generators, and auxiliary equipment for converting mechanical, chemical, and/or nuclear energy into electric energy are located. A given generating plant is part of total utility plant. See GENERATING STATION, and UTILITY PLANT.

PLANT (UTILITY) See UTILITY PLANT.

PLANT ACQUISITION ADJUSTMENTS Represents the difference between the cost to the utility company of plant acquired as operating units or systems by purchase, merger, consolidation, liquidation, or otherwise, and the original cost of such plant less the amount(s) credited at the time of acquisition to accumulated provision for depreciation and amortization and contributions in aid of construction.

PLANT AND PROPERTY - GROSS The book cost of utility plant before deducting accumulated provision for depreciation. Used in the broad sense, also includes nonutility property.

PLANT FACTOR See CAPACITY FACTOR.

PLANT HELD FOR FUTURE USE -A balance sheet account which includes the cost of land, land rights, and plant owned and held for future use, under a definite plan.

PLANT RATIO See UTILIZATION FACTOR.

PLANT USE See STATION USE (GENERATING).

PLUTONIUM (Pu) A heavy, fissionable, radioactive, metallic element with atomic number 94. Plutonium occurs in nature in trace amounts

Glossary

only. However, it can be produced as a byproduct of the fission reaction in a uranium fueled nuclear reactor and can be recovered for future use.

POLE-MILES (OF LINE) Miles measured along the line of poles, structures, or towers carrying electric conductors regardless of the number of conductors or circuits carried. See also CONDUIT BANK-MILES.

PONDAGE Hydro reserve and limited storage capacity that provides only daily or weekly regulation of stream flow.

POOL, POWER See POWER POOL, ELECTRIC.

POUNDS OF COAL PER NET KWH See COAL RATE.

POWER (ELECTRIC) The rate at which electric energy is generated, or transferred with respect to time, usually expressed in kW.

APPARENT Apparent power is proportional to the mathematical product of the volts and amperes of a circuit. This product generally is divided by 1,000 and designated in kilovoltamperes (kVA). It is comprised of both real and reactive power.

CONTINUOUS POWER Hydroelectric power available from a plant on a continuous basis under the most adverse hydraulic conditions contemplated.

DISPLACEMENT Power from one generating source which displaces the requirement for power in a particular area from another generating source. In concept, this permits power from the new source effectively to be transmitted to more distant loads.

DUMP See ENERGY, ELECTRIC - DUMP.

EMERGENCY Power required by a system to make up a deficiency between the current firm power demand and the immediately available generating capability.

FIRM Power or power-producing capacity intended to be available at all times during the period covered by a commitment, even under adverse conditions.

INTERRUPTIBLE Power made available under agreements which permit curtailment or cessation of delivery by the supplier. The conditions under which service may be interrupted are specified in a contract and the rate charged is usually less than for firm service.

NON-FIRM Power or power-producing capacity supplied or available under an arrangement which does not have the

guaranteed continuous availability feature of firm power.

OFF-PEAK See ENERGY, ELECTRIC - OFF-PEAK.

ON-PEAK See ENERGY, ELECTRIC - ON-PEAK.

REACTIVE The portion of "apparent power" that does no work. It is commercially measured in kilovars. Reactive power must be supplied to most types of magnetic equipment, such as motors. "Leading" reactive power is caused by the capacitive effects of lines and cables as well as by capacitors. "Lagging" reactive power is caused by the inductive effects of lines, cables, motors, generators and transformers as well as by reactors. Generators carrying load can be so controlled as to produce leading reactive power but may become unstable under that regime.

REAL This is the energy or work-producing part of "apparent power." It is the rate of supply of energy, measured commercially in kW. The product of real power and length of time is energy, measured by watt-hour meters and expressed in kWh.

SURPLUS See ENERGY, ELECTRIC - SURPLUS.

POWER FACTOR Power factor is the ratio of real power (kW) to apparent power (kVA) for any given load and time. Generally, it is expressed as a percentage, or as a ratio between zero and one.

POWER FACTOR ADJUSTMENT CLAUSE See ADJUSTMENT CLAUSES, POWER FACTOR ADJUSTMENT CLAUSE.

POWER FACTOR CHARGE A charge made when the customer's power factor falls below a specified value. The charge is collected to offset the costs due to the energy lost in supplying reactive power as a result of the characteristics of the electrical load.

POWER LINE CARRIER A communication system where the utility power line is used as the primary element in the communication link. Frequencies may range from 8 khz to 200 khz and above. The system can be unidirectional or bidirectional and power levels are normally low (in the 1-20 watt range).

POWER PLANT See GENERATING STATION (GENERATING PLANT OR POWER PLANT).

POWER POOL, ELECTRIC Two or more electric systems which are interconnected and operated on a coordinated basis to achieve economies in supplying their combined loads.

POWER SUPPLY SYSTEM The power supply system includes the interconnected power plants of the company, the transmission facilities which serve to interconnect those plants, and points of supply from

Glossary

other systems into a single supply for all customers.

POWER SUPPLY TRANSMISSION That part of the company's transmission system used to interconnect the company's power plants and points of supply from other systems or that part of the company's transmission system which is used by all of the company's customers.

PREFERRED STOCK, OR PREFERRED CAPITAL STOCK Capital stock to which preferences or special rights attach particularly as to dividends and/or proceeds in liquidation.

PREFERRED STOCK DIVIDENDS, OR PREFERRED DIVIDEND CHARGES The amount of preferred dividends (declared or accrued) that are deductible from net income in arriving at the earnings for common stock for any given period of time.

PREMIUM ON CAPITAL STOCK The excess of the amount received by the company from the sale of an issue of its Capital Stock over the par or stated value of the stock. A premium also arises when a company issues a stock dividend and the market price of such stock exceeds its par or stated value. In this instance, an amount equal to the difference is transferred from retained earnings to premium on Capital Stock.

PREMIUM (ON SALE OF SECURITIES) Excess of the cash value of the consideration received from the sale of securities over the sum of their par (stated value of no-par stocks) or face value and interest or dividends accrued at the date of sale.

PRETAX ACCOUNTING INCOME The amount of net income on the books of account, before any provision is made with respect to current or deferred income taxes and the investment tax credit.

PRICE EARNINGS (P/E) RATIO Market price divided by the annual earnings per share of common stock. The market price used may be a spot price, or an average of closing or the high and low prices for a period; the earnings are for the corresponding period and may be either the actual or an estimated annual rate.

PRICE ELASTICITY OF DEMAND FOR ELECTRICITY See ELASTICITY OF DEMAND.

PRIMARY DISTRIBUTION FEEDER A primary voltage distribution circuit, usually considered to be between a substation or point of supply and the line transformers.

PRIMARY ENERGY Energy available from firm power. See POWER (ELECTRIC), FIRM.

PRIMARY VOLTAGE The voltage of the circuit supplying power to a transformer is called the primary voltage, as opposed to the output voltage or loadsupplying voltage, which is called secondary volt-

age. In power supply practice the primary is almost always the high-voltage side and the secondary the low-voltage side of a transformer.

PRIME MOVER The engine, turbine, waterwheel, or similar machine which drives an electric generator.

PRIOR PERIOD ITEMS See ADJUSTMENTS TO RETAINED EARNINGS.

PRODUCTION The act or process of generating electric energy. Also a functional classification relating to that portion of utility plant used for the purpose of generating electric energy, or to expenses relating to the operation or maintenance of production plant, or the purchase and interchange of electric energy.

PRO FORMA ADJUSTMENT A computation made to develop the effect of a known and measurable change on the statements presented for test year purposes in a rate case.

PRO FORMA STATEMENTS Financial statements containing pro forma adjustments or any financial statements prepared from the books of account which have been adjusted to reflect the effect of a business transaction, for example, the proposed sale of bonds.

PROJECT FINANCING A financing of a particular economic unit in which a lender is satisfied to look initially to the cash flows and earnings of that economic unit as the source of funds from which a loan will be repaid and to the assets of the economic unit as collateral for the loan.

PROMOTIONAL RATE A promotional rate establishes a pricing level which encourages sales to be made which would otherwise not occur. Promotional rates are occasionally thought of as (1) rate schedules with rates below the associated costs of providing service to the customer, (2) rate schedules which have declining blocks.

PROPRIETARY CAPITAL That portion of total capitalization consisting of book amounts applicable to the common and preferred stockholders.

PROTECTIVE RELAY A device whose function is to detect defective lines or apparatus or other power system conditions of an abnormal or dangerous nature and to initiate appropriate control action.

PROVISIONS FOR DEFERRED (FUTURE) INCOME TAXES Charges against income (with corresponding credits to a liability account) representing the tax deferrals resulting from the use of larger deductions for income tax purposes than those shown as expenses on the income statement. See NORMALIZING (OR DEFERRED) METHOD.

PUBLIC SERVICE COMMISSION A state regulatory body established by statute to regulate private and public electric utilities. The

Glossary

orders of public service commissions are subject to judicial review for conformity to Federal and state constitutions and to the appropriate statutes.

PUBLIC STREET AND HIGHWAY LIGHTING A customer, sales, and revenue classification covering electric energy supplied and services rendered for the purposes of lighting streets, highways, parks, and other public places, or for traffic or other signal service, for municipalities or other divisions or agencies of Federal or state governments.

PUBLIC UTILITY DISTRICT A political subdivision (quasi-public corporation of a state), with territorial boundaries embracing an area larger than a single municipality and frequently covering more than one county, for the purpose of generating, transmitting, and distributing electric energy.

PUBLICLY-OWNED ELECTRIC UTILITIES See GOVERNMENT (GOVERNMENT-OWNED ELECTRIC UTILITIES AND AGENCIES).

PUMPED STORAGE A facility designed to generate electric power during peak load periods with a hydroelectric plant using water pumped into a storage reservoir during off-peak periods.

PURCHASE CAPACITY See CAPACITY, PURCHASE.

RAILROADS AND RAILWAYS A customer, sales, and revenue classification covering electric energy supplied to railroads and interurban and street railways for general railroad use, including the propulsion of cars or locomotives, where such energy is supplied under separate and distinct rate schedules.

RATCHET DEMAND See DEMAND (ELECTRIC), RACHET.

RATCHET DEMAND CLAUSE See ADJUSTMENT CLAUSES - RATCHET DEMAND CLAUSE.

RATE BASE The value established by a regulatory authority, upon which a utility is permitted to earn a specified rate of return. Generally, this represents the amount of property used and useful in public service and may be based on the following values or combinations thereof: fair value, prudent investment, reproduction cost, or original cost; and may provide for the inclusion of cash working capital, materials and supplies, and deductions for: accumulated provision for depreciation and amortization, customer advances for construction, and accumulated deferred income taxes and accumulated deferred investment tax credits.

RATE CASE The procedural process used by a regulatory authority so that a utility company may present and justify its need for rate relief.

RATE CASE EXPENSE The additional costs incurred by a utility company in connection with its petition to a regulatory authority for rate relief.

RATE CLASS A group of customers identified as a class and subject to a rate different from the rates of other groups. See CLASS OF SERVICE.

RATE LEVEL The dollar amounts a utility is authorized to collect. The term may refer either to the aggregate collection ("revenue requirement") or to the customer class collection.

RATE OF RETURN The ratio, expressed as a percentage, of operating income to a specified rate base.

ALLOWED The percentage determined in an order from a regulatory commission.

ACHIEVED The result obtained through operations over a specified twelvemonth period.

RATE RELIEF The amount by which a utility company's operating revenues are increased on an annual basis, as a result of rate case proceedings before a regulatory commission.

Glossary

RATE SCHEDULE (FROM EEI RATE BOOK) The accepted forms of electric rates may be divided into two main classes, and each of these classes into several different types of rates, as follows:

DEMAND RATES

Flat Demand
Hopkinson Demand
Three Part
Wright Demand

METER RATES

Block
Step
Straight-line, or Flat kWh

DEMAND RATES Any method of charge for electric service which is based upon, or is a function of the rate of use, or size, of the customer's installation or maximum demand (expressed in kW, kVA, or horsepower) during a given period of time.

FLAT A charge for electric service based upon the customer's installation of energy-consuming devices. This is usually so much per watt, per kW, or per horsepower, per month or per year. Sometimes this type of rate is nominally so much per customer per year, or per month, for each of various classes of customers, but estimated demand and quantity of energy likely to be used play an important part in the determination of the class. Such a rate may be modified by the "block" method or the "step" method.

HOPKINSON The method of charge which consists of a demand charge based upon demand (either estimated or measured) or connected load, plus an energy charge, based upon the quantity of energy used.

BLOCK HOPKINSON Either the demand charge or the energy charge, or both, in a Hopkinson demand rate, may be of the block form.

THREE PART, OR THREE CHARGE Any of the foregoing types of rates may be modified by the addition of a customer charge. When such a charge is introduced in the Hopkinson demand rate, it becomes a "three part rate," or "three charge rate," which consists of a charge per customer or per meter plus demand and energy charges. This rate may be expressed also in either the block or the step form.

WRIGHT That method of charge which was the first to recognize load factor conditions by inclusion of demand costs in an initial high rate per kWh, applicable to a certain number of hours use of a customer's load, all excess kWh being at a lower rate.

METER RATES Any method of charge for electric service based solely upon quantity, such as kWh used.

BLOCK A certain specified price per unit is charged for all or any part of a block of such units, and reduced prices per unit are charged for all or any part of succeeding blocks of such units, each such reduced price per unit applying only to a particular block or portion thereof.

STEP A certain specified price per unit is charged for the entire consumption, the rate or price depending on the particular step within which the total consumption falls.

STRAIGHT-LINE The price charged per unit is constant, i.e., does not vary on account of an increase or decrease in the number of units.

RATE STRUCTURE The design and organization of billing charges by customer class to distribute the revenue requirement among customer classes and rating periods.

RATES, LIFELINE A general term used to denote any of the various utility rate forms or rate policies which, by intent, give explicit subsidies to certain groups of customers or otherwise offer discounts on rates charged with specific consumption ranges regarded as being basic to human needs.

RATING, GENERATOR See NAMEPLATE RATING AND CAPABILITY.

RATING PERIODS The periods of time, corresponding to on-peak and off-peak periods, during which customers pay peak and off-peak prices for electricity.

REACQUIRED CAPITAL STOCK When a utility company purchases or otherwise acquires its own common or preferred stock which had been issued and outstanding, such stock is called reacquired. The cost of this stock, when the intent is not to satisfy a sinking fund or to hold the stock for investment purposes, is shown as a reduction of proprietary capital in the balance sheet. Note, however, that statutes may prescribe the accounting for reacquired stock. See also SINKING FUND.

REACTIVE POWER See NUCLEAR REACTOR.

REACTOR PLANT EQUIPMENT A balance sheet account which includes the installed cost of apparatus necessary to supply steam to the turbine-generators and ensure safety where the heat source is nuclear energy.

REAL POWER See POWER (ELECTRIC), REAL.

REDEMPTION Retirement of either a portion (generally by means of a sinking fund) or the entire amount of an outstanding issue of long-term debt or preferred stock.

Glossary

REFUNDING The retirement of one security issue with the proceeds received from the sale of another to provide for maturing debt or to take advantage of favorable money market conditions.

REGULATED FREQUENCY Frequency which, over a period of time, is regulated to maintain the average frequency at some predetermined value. This must be done in such a way that the deviations from the predetermined value are always small.

REGULATORY COMMISSION EXPENSE Includes not only rate case expense, but also payments to a regulatory commission for fees assessed against the utility company for administration purposes and for pay and expense of such commission, its officers, agents, and employees.'

REGULATORY LAG The lapse of time between a petition for rate relief filed by a utility company and the effective date of the implementation of new rates as authorized by a public service commission. Also the time elapsed between regulatory rate decisions.

RELATIVE PRICE OF ELECTRICITY The price of electricity relative to the price of all other goods. (If the nominal price of electricity rose by 10% and all other prices rose by 20%, a fall in the relative price of electricity has occurred.)

REMOTE METER READING SYSTEM A telemetry system capable of reading a meter (e.g., watt-hour, demand, gas, or water meter) and collecting the data at a collection point.

REPLACEMENT COST Cost to replace existing plant at current prices, giving effect to the availability of alternatives that could prove more efficient or offer other advantages not present when the original plant was installed.

REPLACEMENTS The substitution of a unit of utility plant for another unit generally of a similar or improved character.

REPRODUCTION COST Estimated cost to reproduce, at current prices, an item or property currently owned. See RATE BASE.

RESERVE The net accumulated balance reflecting amounts set aside from income or retained earnings to provide for a reduction in the value of an asset, for a contingent liability or loss, or for other special purposes. See also ASSET VALUATION ACCOUNT.

RESERVE, AMORTIZATION See OPERATING RESERVES.

RESERVE, COLD See CAPACITY, RESERVE, COLD.

RESERVE, HOT See CAPACITY, RESERVE, HOT.

RESERVE, SPINNING See CAPACITY, RESERVE, SPINNING.

RESERVE CAPACITY See CAPACITY, RESERVE.

RESERVE FOR DEFERRED INCOME TAXES See ACCUMULATED DEFERRED INCOME TAXES.

RESERVES FOR DEPRECIATION AND AMORTIZATION See ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION.

RESERVE MARGIN See CAPACITY, RESERVE.

RESIDENTIAL See CUSTOMER (ELECTRIC), RESIDENTIAL.

RESIDENTIAL WITH ELECTRIC SPACE HEATING A subdivision of the residential classification that includes those customers who use electricity as the principal source of space heating throughout the entire premises from permanently installed electric heating equipment.

RESIDUAL CREDIT Cash or credit received from the sale of the byproducts resulting from the materials used in the production of electric energy or another principal product or service.

RESOURCE MIX The mix of generation by type (hydro, fossil steam, nuclear steam, combustion turbines, and so on) and power purchased from another source.

RETAIL Sales of electric energy to ultimate customers. See CLASSES OF ELECTRIC SERVICE.

RETAINED EARNINGS, APPROPRIATED The net accumulated balance reflecting retained earnings being held for a special purpose, and not available for dividends.

RETAINED EARNINGS, RESTRICTED Retained earnings restricted, usually against payment of dividends, by corporate indentures and other covenants and/or by orders of regulatory authorities.

RETAINED EARNINGS, UNAPPROPRIATED (Formerly called earned surplus.) Accumulated net income less distribution to stockholders and transfers to (from) other capital accounts.

RETIREMENTS Cost of utility plant retired from service whether or not it has been physically removed or replaced.

REVENUE REQUIREMENT The total annual revenues that utility is entitled to collect as approved by a commission and modified by automatic adjustment clauses. The revenue requirement is the sum of the estimated operation and maintenance expenses, depreciation, taxes, and a return on rate base to cover the cost of capital invested in the utility company.

Glossary

RIPPLE CONTROL A communications system installed within an electric power network to superimpose on the power line a frequency/time coded message which is interpreted as command or data signals by remotely located receiver(s). Ripple control systems can be used to control (remotely) switches, capacitor banks, reclosers, customer loads, and meter registers.

RISK FREE CAPITAL See COST FREE CAPITAL.

RUN OF RIVER PLANT A hydroelectric power plant using the flow of the stream for generation and having little or no reservoir capacity for storage of water. Sometimes called "stream-flow" plant.

RUNNING COST Costs, such as fuel, that are related to and vary with energy production. See ENERGY COSTS.

RURAL A rate classification covering electric energy supplied to rural and farm customers under distinct rural rates. See CLASSES OF ELECTRIC SERVICE.

ELECTRIC COOPERATIVE A cooperative formed by the residents of a rural area to provide electric energy to its members. See COOPERATIVE, RURAL ELECTRIC.

SALES FOR RESALE A customer, sales, and revenue classification covering electric energy supplied (except under interchange agreements) to other electric utilities, cooperatives, municipalities, and Federal and state electric agencies for resale or distribution.

SATURATION, APPLIANCE See APPLIANCE SATURATION (RESIDENTIAL).

SATURATION, CUSTOMER See CUSTOMER SATURATION.

SCHEDULED MAINTENANCE (GENERATION) Capability which has been scheduled to be out of service for maintenance.

SEASONAL PEAK The maximum demand placed on the utility's capacity resulting from seasonal factors. Some utilities have summer peaks, some winter peaks, some both.

SEC Securities and Exchange Commission.

SECONDARY DISTRIBUTION SYSTEM A low-voltage, alternating-current system which connects the secondaries of distribution transformers to the customer's service.

SECONDARY ENERGY A term generally applied to energy available from Nonfirm Power. See POWER (ELECTRIC), NONFIRM.

SECONDARY VOLTAGE The output or load-supply voltage of a transformer or substation.

SECURITY RATINGS Ratings placed on securities according to the degree of investment risk to purchasers. See BOND RATINGS, and MOODY'S STOCK QUALITY GROUPS.

SERVICE, CUSTOMER'S That portion of conductors usually between the last pole or manhole and the premises of the customer served.

SERVICE AREA Territory in which a utility system is required or has the right to supply electric service to ultimate customers.

SERVICE DROP The overhead conductors between the electric supply, such as the last pole, and the building or structure being served.

SERVICE ENTRANCE The equipment installed between the utility's service drop or lateral and the customer's conductors. Typically consists of the meter used for billing, switches and/or circuit breakers and/or fuses, and a metal housing.

SERVICE LATERAL The underground service conductors between the street main and the first point of connection to the service entrance conductors.

Glossary

SHORT-RUN A period of time of such duration that some inputs to production can be varied and others cannot. For example, fuel inputs and electric output from a utility's generators can be varied over the short-run, but new generators cannot be added.

SHORT-RUN INCREMENTAL COST (SRIC) See INCREMENTAL COST - SHORT RUN.

SHORT-TERM DEBT Notes, drafts, acceptances, commercial paper, or other similar evidences of indebtedness payable on demand or which by their terms are payable within one year from the date of issuance.

SHORTAGE COST The cost incurred by consumers as a result of a shortfall of electricity when that shortage is caused by electric demand exceeding supply at the prevailing rate. These costs are generally measured in terms of inconvenience and lost production.

SHOULDER PEAK The second-highest level of demand of the load under consideration which has occurred during a specified period of time.

SINKING FUND A provision generally found in an indenture covering the issue of debt or in the agreement covering the sale of preferred stock which required that a certain percentage or amount of the securities be retired (in annual amounts) prior to the final maturity date of such issue. This arrangement would require the payment of cash by the utility company. Some debt sinking funds may be satisfied with property. In this case, the utility company would satisfy the sinking fund requirement by pledging additional property as collateral under the mortgage indenture.

SOCIOECONOMIC FACTORS All economic and social factors that are present in a utility's business and regulatory environment.

SOUTH ATLANTIC DIVISION See GEOGRAPHIC DIVISIONS.

SPENT NUCLEAR FUEL A balance sheet account which includes the cost of nuclear fuel assemblies in the process of cooling upon final removal from a reactor.

SPINNING RESERVE See CAPACITY, RESERVE, SPINNING.

STAFF POSITION The recommendation of the staff of a public service commission in any proceeding before the commission. See COMMISSION STAFF.

STANDARD AND POOR'S BOND RATINGS See BOND RATINGS.

STANDARD INDUSTRIAL CLASSIFICATION MANUAL (SIC) A manual published by the United States Department of Commerce which provides a system for use in the classification of establishments by type of activity in which engaged, for purposes of facilitating the collection, tabulation, presentation, and analysis of data relating to establishments, and for promoting uniformity and comparability in the

for promoting uniformity and comparability in the presentation of statistical data collected by various agencies of the United States Government, state agencies, trade associations, and private research organizations.

STANDBY SERVICE Service that is not normally used but which is available through a permanent connection in lieu of, or as a supplement to, the usual source of supply.

STATEMENT OF CHANGES IN FINANCIAL POSITION A presentation, prepared from the books of account, which summarizes the financial, construction, and investing activities of the utility company. It supplements the basic financial statements (balance sheet, income statement and statement of retained earnings) in that it provides information which is not readily available or apparent. While the statement reflects cash transactions, it also encompasses those business transactions which did not require the current outlay of cash, for example, the acquisition of property in exchange for debt securities.

STATION OUTPUT See GENERATION, ELECTRIC - NET.

STATION USE (GENERATING) The kWh used at an electric generating station for such purposes as excitation and operation of auxiliary and other facilities essential to the operation of the station. Station use includes electric energy supplied from house generators, main generators, the transmission system, and any other sources for this purpose. The quantity of energy used is the difference between the gross generation plus any supply from outside the station and the net output of the station.

STEAM ELECTRIC STATION An electric generating station utilizing steam for the motive force of its prime movers. See GENERATING STATION - STEAM (CONVENTIONAL).

STEAM TRANSFER CREDIT That portion of the cost of operating and maintaining joint facilities operated by the utility in connection with the production of steam that is charged to others or to a coordinate department.

STEP-DOWN SUBSTATION See SUBSTATION.

STEP METER RATE See RATE SCHEDULE.

STEP-UP SUBSTATION See SUBSTATION.

STOCK DIVIDENDS The distribution by a utility company of its own common shares to its common stockholders without consideration. To qualify as a stock dividend rather than a stock split, the increase in the number of shares outstanding should be generally less than 25%.

Glossary

STOCKHOLDER The owner of a share or shares of preferred or common stock corporation.

STOCK SPLIT An increase (usually defined as 25% or more) in the number of shares of stock. The individual investor's proportionate interest remains the same, but he has a larger number of shares.

STORAGE STATION A hydroelectric generating station associated with a water storage reservoir.

STRAIGHT-LINE METER RATE See RATE SCHEDULE.

STRAIGHT-LINE METHOD See DEPRECIATION (PROVISION FOR BOOK PURPOSES).

STREAM FLOW The quantity of water passing a given point in a stream or river in a given period of time, usually expressed in cubic feet per second.

SUBMETERING Remetering of purchased energy by a customer for distribution to his tenants through privately-owned or rented meters.

SUBSCRIPTION RIGHTS A privilege to the stockholders of a corporation to purchase proportionate amounts of a new issue of securities at an established price, usually below the current market price; also, the negotiable certificate or warrant evidencing such privilege.

SUBSIDIARY A company which is controlled by the utility company through the utility company's ownership directly or indirectly, of a sufficient amount of voting stock. The ownership of voting stock is considered sufficient if it enables the utility company (parent) to direct the management and policies of another company. See also PARENT.

SUBSTATION A substation is a facility for the purpose of switching and/or changing or regulating the voltage of electricity. Service equipment, line transformer installations, or minor distribution or transmission equipment are not classified as substations. See also SWITCHING STATION.

STEP-DOWN A step-down substation is used to change electricity from a higher to a lower voltage.

STEP-UP A step-up substation is used to change electricity from a lower to a higher voltage.

SUBSTITUTE GOODS Two or more commodities that are related such that a change in the quantity demanded from one results in an inverse change in the quantity demanded of the other, within a consumer's given budget. For example, if a fall in the price of coffee causes a consumer to increase his/her quantity demanded of coffee, and

this, in turn, reduces his/her quantity demanded of tea, then coffee and tea are substitute goods within his/her given budget.

SUM OF THE YEARS' DIGITS ("SYD") METHOD See DEPRECIATION (PROVISION FOR TAX PURPOSES).

SUMMER PEAK The greatest load on an electric system during any prescribed demand interval in the summer, or cooling, season.

SURPLUS ENERGY See ENERGY, ELECTRIC, SURPLUS.

SWITCHING STATION A facility for the purpose of tying together two or more electric circuits through switches, selectively arranged to permit a circuit to be disconnected, as in case of trouble, or to change the electric connections between the circuits. A type of substation.

SYNCHRONIZED OPERATION An operation wherein power facilities are electrically connected and controlled to operate at the same frequency.

SYSTEM, ELECTRIC The physically connected generation, transmission, distribution, and other facilities operated as an integral unit under one control, management, or operating supervision.

SYSTEM INTERCONNECTION A connection between two electric systems permitting the transfer of electric energy in either direction.

SYSTEM LOAD See DEMAND (ELECTRIC).

SYSTEM LOSS See LOSS (LOSSES).

SYSTEM NET INPUT Net available energy that is put into a utility's system for sale within its own service area or otherwise used by the utility within its own service area. It is the net energy generated in a system's own plants, plus energy received from other systems, less energy delivered to other systems.

SYSTEM OUTPUT The net generation by the system's own generating plants plus purchased energy, plus net interchange energy.

Glossary

TAIL BLOCK The last priced block of energy in a stepped rate structure.

TARIFF A published volume of rate schedules and general terms and conditions.

TAXABLE NET INCOME The amount upon which the utility company computes its estimated income taxes payable to Federal and state taxing authorities. The computation of taxable income begins with the income statement and recognizes that certain items of income and expense that appear in the income statement do not enter the computation or are treated differently therein for a variety of reasons. Consider, for example, that a utility company claiming accelerated depreciation for income tax purposes generally will show a larger deduction for depreciation in this computation than the amount shown for depreciation on the income statement.

TAX EFFECT The amount by which income taxes will increase or decrease in connection with the recording of income or expense for a business transaction, a pro forma adjustment, claiming liberalized depreciation for income tax purposes, and so on.

TAXES AS A PERCENT OF OPERATING REVENUES This ratio indicates the number of cents of reported tax expense (Federal, state, and local) that are included in each dollar of operating revenue.

TAXES APPLICABLE TO OTHER INCOME AND DEDUCTIONS Taxes applicable to nonutility operations including allocated portions of income taxes. Deferred income taxes, investment tax credit adjustments, and taxes other than income taxes.

TAXES OTHER THAN INCOME TAXES Subaccounts of operating expenses and other income and deductions. Includes the amounts of ad valorem, gross revenue or gross receipts taxes, state unemployment insurance, franchise taxes, Federal excise taxes, social security taxes, and all other taxes assessed by Federal, state, county, municipal, or other local governmental authorities, except income taxes.

TEST YEAR The representative year normally covering a consecutive twelvemonth period selected as an analytical base for a rate case. The period may reflect the actual results of operations (historical) or the anticipated results of operations (projected) or it may be a combination of both.

THERM 100,000 Btu's. See BTU (BRITISH THERMAL UNIT).

THERMAL A term used to identify a type of electric generating station, capacity, capability, or output in which the source of energy for the prime mover is heat.

THERMAL CAPACITY See CAPACITY, THERMAL.

THREE-RATE WATT-HOUR METER A watt-hour meter with three sets of registers constructed so that the off-peak energy will be recorded on one set of dials and the on-peak energy for two different on-peak periods will be recorded on the other two sets of dials. The control of the recording system is by an internal time switch or external remote control signal. In the event of power failure, carry-over for an internal time switch can be accomplished by battery or spring storage.

TIME-OF-DAY METERING A method or system for recording kWh consumed, or a maximum kW requirement established during a specified period of time (on-peak) and/or similar measurements for an off-peak period.

TIME-OF-DAY PRICING Pricing of service during periods of the day usually based on the cost of supplying the service during the various times of the day.

TIME-OF-SEASON PRICING Pricing of service during seasons of the year usually based on the cost of supplying the service during various seasons of the year.

TIMES FIXED CHARGES AND PREFERRED DIVIDENDS EARNED The ratio of income before interest charges to the sum of interest charges and dividends on preferred stock. Used as a measure of preferred dividend coverage or safety.

TIMES FIXED CHARGES EARNED BEFORE INCOME TAXES The ratio of income before interest charges, adjusted to exclude income taxes, to interest charges (principally interest on long-term debt). Used as a measure of the interest coverage or safety.

TIMING DIFFERENCES A term which arises when comparing the dollar amounts of the various items of income and expense as reported for income statement purposes for a particular period to the various items of income and expense appearing in the determination of taxable income for income tax purposes for the same period. When an item of income or expense, which has a tax effect, is treated differently, a timing difference is said to exist. Timing differences give rise to accounting for deferred income taxes.

TOTAL CAPACITY AVAILABLE AT TIME OF ANNUAL MAXIMUM SYSTEM LOAD See CAPABILITY, GROSS SYSTEM.

TOTAL COST OF SERVICE The company-wide total of all expenses, including operation and maintenance expense, depreciation expense, taxes, and return on investment. Total cost of service is conventionally expressed in terms of accounting costs.

TOTAL ELECTRIC UTILITY INDUSTRY See ELECTRIC UTILITY INDUSTRY or ELECTRIC UTILITIES.

Glossary

TOTAL FUEL EXPENSE (AFTER RESIDUAL CREDIT) Total cost (including freight and handling) of coal, oil, gas, nuclear, or other fuel used in the production of electric energy, less fuel portion of steam transfer credit, and residual credits, such as net credits from the disposal of ashes, cinders, and nuclear byproducts.

TOTAL UNITED STATES SUPPLY (ELECTRIC) Total of electricity made available in the United States through total electric utility generation, generation from nonutility sources, such as industrial power plants and railroad and railway power plants, and net imports of energy over international boundaries.

TOTAL UTILITY OPERATING EXPENSES See OPERATING EXPENSES.

TRANSFORMER An electromagnetic device for changing the voltage of alternating-current electricity.

TRANSFORMER, LINE A transformer classified as distribution line equipment, generally having a rated primary voltage of 2,300 to 15,000 volts. Such transformers usually are step-down transformers and either pole-type or underground.

TRANSMISSION The movement or transfer of electric energy in bulk. Ordinarily the transmission movement is considered to end when the energy is transformed for distribution to ultimate consumers. Also a functional classification relating to that portion of utility plant used for the purpose of transmitting electric energy in bulk to other principal parts of the system or to other utility systems, or to expenses relating to the operation and maintenance of transmission plant.

TRANSMISSION LINE CAPACITY The maximum continuous rating of a transmission line. The rating may be limited by thermal considerations, capacity of associated equipment, voltage regulation, system stability, or other factors.

TRANSMISSION SYSTEM An interconnected group of electric transmission lines and associated equipment for the movement or transfer of electric energy in bulk between points of supply and points at which it is transformed for delivery to ultimate consumers, or is delivered to electric systems of others.

TURBINE (HYDRAULIC) An enclosed rotary type of prime mover in which mechanical energy is produced by the force of water directed against blades fastened to a vertical or horizontal shaft. See WATERWHEEL.

TURBINE (STEAM OR GAS) An enclosed rotary type of prime mover in which the heat energy in steam or gas is converted into mechanical energy partly through the force of the high velocity flow, and partly through expansion as the steam or gases are directed against

successive rows of radial blades which are fastened to a central shaft.

TURBINE-GENERATOR A rotary-type unit consisting of a turbine and an electric generator.

TURBO-GENERATOR See TURBINE-GENERATOR.

TWO-RATE WATT-HOUR METER A watt-hour meter with two registers or sets of dials, constructed so that the off-peak energy will be recorded on one set of dials and the on-peak energy on the other set. The control of the recording system is by an internal time switch or external remote control signal.

TYPICAL ELECTRIC BILLS Refers to the annual report prepared by the Federal Energy Regulatory Commission covering the typical net monthly bills for residential, commercial, and industrial service for various levels of use in a number of cities in the United States.

Glossary

ULTIMATE CUSTOMERS Those customers purchasing electricity for their own use and not for resale. See CLASSES OF ELECTRIC SERVICE.

UNAMORTIZED DISCOUNT ON LONG-TERM DEBT - DEBIT An account appearing in the long-term debt section of the balance sheet. See AMORTIZATION, OF DEBT DISCOUNT AND EXPENSE.

UNAMORTIZED GAIN ON REACQUIRED DEBT An account appearing in the deferred credits section of the balance sheet. See AMORTIZATION, OF GAIN ON REACQUIRED DEBT.

UNAMORTIZED LOSS OR REACQUIRED DEBT A deferred debit account on the balance sheet. See AMORTIZATION, OF LOSS ON REACQUIRED DEBT.

UNAMORTIZED PREMIUM ON LONG-TERM DEBT An account appearing in the long-term debt section of the balance sheet. See AMORTIZATION, OF PREMIUM ON DEBT - CREDIT.

UNAPPROPRIATED RETAINED EARNINGS See RETAINED EARNINGS, UNAPPROPRIATED.

UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS An account appearing on the liability side of the balance sheet as a subdivision of retained earnings. See EQUITY ACCOUNTING.

UNBILLED REVENUES Revenues applicable to electric energy consumed but not yet billed to the customer because of bimonthly or cyclical billing, or for other reasons. Some companies estimate the amount of unbilled revenue at the end of a period and at that time adjust their operating revenue to reflect the difference between the amount of unbilled revenue at the beginning and end of the period.

UNIFORM SYSTEM OF ACCOUNTS A list of accounts for the purpose of classifying all plant and expenses associated with a utility's operations. The uniform system of accounts specifies a number for each account, together with a title, and a description of content, and prescribes the rules and regulations governing the use of such accounts. Systems of accounts may be prescribed by Federal (FERC) and state regulatory authorities.

UNIT (GENERATING) See TURBINE-GENERATOR.

UNIT ELASTIC DEMAND See ELASTICITY OF DEMAND, UNIT ELASTIC.

URANIUM (U) A heavy naturally radioactive, metallic element with a atomic number 92. The two principally occurring isotopes are uranium-235 and uranium-238. Uranium-235 is indispensable to the nuclear industry because it is the only isotope existing in nature to any appreciable extent which is fissionable by thermal neutrons. Uranium-238 is also important because it absorbs neutrons to produce a radioactive isotope which subsequently decays to plutonium-239, an

isotope which is also fissionable by thermal neutrons.

USE KWh consumed during a specified time period.

USED AND USEFUL A criterion used by many regulatory authorities to determine the admissibility of utility plant as a component of rate base. Because judgment is involved in the exercise of the criteria, a review of a regulatory authority's findings with respect to rate base in a rate proceeding should indicate the nature of the utility property it has considered to be "used and useful."

UTILITY PLANT All equipment used for the generation, transmission, and distribution of electricity, or an account in which record is kept of this equipment. Includes plant in service, purchased or sold, in process of reclassification, leased to others, held for future use, and under construction, and acquisition adjustments and adjustment accounts, without deduction of accumulated provision for depreciation and amortization.

UTILITY PLANT IN SERVICE That portion of a utility's plant which is devoted to the operations of the company. Excludes plant purchased or sold, in process of reclassification, leased to others, held for future use, and under construction, and acquisition adjustments and adjustment accounts, without deduction of accumulated provision for depreciation and amortization.

UTILITY RATE STRUCTURE A utility's approved schedules of charges for billing utility service rendered to various classes of its customers.

UTILIZATION FACTOR The ratio of the maximum demand of a system or part of a system, to the rated capacity of the system or part of the system, under consideration.

Glossary

VALLEY STORAGE The natural storage capacity in a given reach of a stream both within and without the banks. It varies with the position of the surface of the water.

VALUATION ACCOUNT See ASSET VALUATION ACCOUNT.

VALUE

AT-MARKET The value of power at the market as measured by the cost of producing and delivering equivalent alternative power to the market.

AT-SITE The value of power at the site of the generating station as measured by the at-market value minus the cost of transmission facilities and losses from generating station to market. The amount of power at the site is more than the amount of power at the market due to transmission losses.

CAPACITY That part of the at-site or at-market value of electric power which is assigned to capacity or capability.

ENERGY That part of the at-site or at-market value of electric power which is assigned to energy.

FUEL REPLACEMENT The value of electric energy, usually hydro, which may be substituted for energy generated in a fuel-electric plant, in terms of the incremental cost of producing the energy in the fuel-electric plant.

VALUE-OF-SERVICE Refers to the conditions of demand which characterize the different segments of a utility's market. Whereas cost analyses look to conditions on the supply side of the market, consideration of value-of-service is not subject to precise measurement.

VAR The unit of reactive power. For a two-wire circuit, the product of the voltage times the current times the sine of the angular phase difference by which the voltage leads or lags the current. Vars and watts combine in a quadrature relationship to form voltamperes. See POWER (ELECTRIC).

VARIABLE COSTS Costs, such as fuel costs, that vary with the amount of electric energy supplied.

VOLT (V) The unit of electromotive force or electric pressure analogous to water pressure in pounds per square inch. It is the electromotive force which, if steadily applied to a circuit having a resistance of one ohm, will produce a current of one ampere.

VOLTAGE OF A CIRCUIT The voltage of a circuit in an electric system is the electric pressure of that circuit measured in volts. It is

generally a nominal rating based on the maximum normal effective difference of potential between any two conductors of the circuit.

VOLTAMPERE (VA) The basic unit of apparent power (see POWER). The voltamperes of an electric circuit are the mathematical product of the volts times amperes of the circuit. The practical unit of apparent power is the kilovoltampere (kva), which is 1,000 voltamperes.

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Glossary

WATERWHEEL Any wheel designed to be rotated by the direct impact or reaction force of water.

WATT The electrical unit of power or rate of doing work. The rate of energy transfer equivalent to one ampere flowing under a pressure of one volt at unity power factor. It is analogous to horsepower or foot-pounds per minute of mechanical power. One horsepower is equivalent to approximately 746 watts. See POWER (ELECTRIC), REAL.

WEEKLY ELECTRIC OUTPUT (OF UTILITIES IN UNITED STATES) The weekly electric output is the sum of the system output of all investor-owned utilities, rural electric cooperatives, and government power projects in the United States, adjusted for all inter-utility deliveries for a one-week period.

WEST NORTH CENTRAL DIVISION See GEOGRAPHIC DIVISIONS.

WEST SOUTH CENTRAL DIVISION See GEOGRAPHIC DIVISIONS.

WHEELING SERVICE The use of the transmission facilities of one system to transmit power of and for another system. Wheeling service may be employed in transmitting power by displacement.

WHOLESALE (ELECTRIC ENERGY) See SALES FOR RESALE.

WINTER PEAK The greatest load on an electric system during any prescribed demand interval in the winter, or heating, season.

WORKING CAPITAL The amount of cash or other liquid assets (including materials and supplies) that a company must have on hand to meet the current costs of operations until such a time as it is reimbursed by its customers. Sometimes it is used in the narrow sense to mean the difference between Current and Accrued Assets and Current and Accrued Liabilities.

WORK ORDERS An accounting system to record the costs of all construction and retirement activity in a manner that will show the nature of each addition or retirement and the plant account or accounts affected.

WRIGHT DEMAND RATE See RATE SCHEDULE.

YIELD Percentage return based on the market price of a security. For common and preferred stock, the current annual dividend rate is divided by market price. In the case of bonds, yield is computed on the basis of the bonds being held to maturity. Yield to maturity is the current interest rate adjusted to amortize the related debt discount or premium over the remaining life of the bond. Such yields are published on bond yield tables.

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