

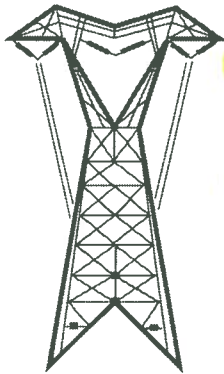


**EDISON ELECTRIC
INSTITUTE**

GLOSSARY

OF

ELECTRIC INDUSTRY TERMS



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Fuel Rod A long slender tube that holds fissionable material (fuel) for nuclear reactor use. Fuel rods are assembled into bundles called fuel elements or assemblies, which are loaded individually into the reactor core.

Full-Forced Outage The net capability of main generating units that is unavailable for load due to emergency reasons.

Full Requirements A wholesale customer (utility) that is committed to purchase all of its electric power generation from a single generator and generally there is not a ceiling on the amount of power purchased.

Full Service Provider A utility or company that provides both energy and delivery services of retail sales to ultimate consumers.

Fully Allocated Historical Cost An allocation of total costs (e.g., revenue requirement expenses, interest, taxes, and return) among all classes of service and jurisdictions using allocation bases reflecting demand, energy, and customer data and costs for a historical period of time. See also *Cost of Service Study*.

Fully Allocated Projected Cost Same as above, except based on future period of time.

Fume Airborne solid particles under one micron diameter, formed as vapors condense or as chemical reactions take place. The term is generally used to convey particles that are irritating, hazardous, and/or toxic.

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 Plant Account Includes Intangible, Production, Transmission, Distribution, and General Plant.

Operation and Maintenance Functional Expense Account Includes Power Production, Transmission, Distribution, Customer Accounts, Customer Service and Information, Sales, and Administrative and General Expenses.

Functional Unbundling A rate design or corporate organization that offers generation, transmission, or distribution services as stand-alone services with separate charges.

Fictionalization The procedural step in a cost of service study that categorizes the supply costs related to the operating functions (e.g., generation, transmission, customer, and distribution). The next step is to classify the functionalized costs to categories reflecting cost incurrence. These categories are generally demand, energy, and customer costs.

Funded Debt The long-term debt that has arisen from the sale or assumption of debt securities with maturities of more than one year.

Funnel Sinking Fund The trustee may purchase bonds of any series outstanding under a mortgage in order to satisfy a sinking fund requirement. The requirement is stated as a percentage of the total debt outstanding in a year.

Local Distribution Utility (LDU) The utility that delivers electricity to a retail customer's home or business along the distribution poles, wires and other necessary equipment, that the LDU either owns or operates (formerly a local electric utility). See also *Default Service*.

Locational Marginal Pricing (LMP) Under the LMP proposal, the transmission provider establishes separate energy prices at each node on the transmission grid and separate prices to transmit energy between any two nodes on the grid. These prices reflect the cost of congestion and losses. The use of this congestion management system ensures that all transmission constraints are considered in developing day-ahead schedules and any congestion is reflected in the prices for energy and transmission services. See also *Standard Market Design and Structure*.

Long-Run A period of time long enough to permit the variation of all inputs to production, including capital and technological change.

Long-Run Incremental Cost (LRIC) See *Incremental Cost — Long Run (LRIC)*.

Long-Run Marginal Cost (LRMC) See *Marginal Cost — Long Run (LRMC)*.

Long-Term Debt Includes outstanding mortgage bonds, debentures, 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. 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 more than one year, and preferred or common stock for the purpose of raising new capital or refunding outstanding securities.

Loop An electrical circuit that provides two sources of power to a load or substation so that if one source is de-energized the remaining source continues to provide power.

Loop Flows The unscheduled use of another utility's transmission resulting from movement of electricity along multiple paths in a grid, whereby power, in taking a path of least resistance, might be physically delivered through any of a number of possible paths that are not easily controlled. See also *Parallel Flow*.

Loss (Losses) Total electric energy losses in the electrical system. The losses consist of transmission, transformation, and distribution losses between supply sources and delivery points. Electric energy is lost primarily due to heating of transmission and distribution elements.

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.

Demand The kilowatts lost in the operation of an electric system at any instant.

Energy The kilowatthours lost in the operation of an electric system.

P

Pancake Rates (Pancaking) See *Rates, Transmission Pricing* — *Pancake Rates*.

Paper Colloquially, refers to securities of a particular industry or sector. May also refer to commercial paper, in money market discussions.

Par (1) Price at 100%; (2) Face value assigned by a corporation to common, preferred or preference stock; (3) The principal amount or denomination at which the obligor issuing corporation contracts to redeem a debt security at maturity. This amount is stated on the face of the debt security.

Parallel Flow The flow of electricity according to the laws of physics: electricity flows on all available transmission paths between generators and points of use. The actual flow of electricity is referenced as flowing "parallel" to contractual paths (transmission paths) that are reserved for the flow of electricity, but are not actually used.

Parallel Operation (Parallel Generation) The operation of a customer-owned generator while connected to the utility's grid. Parallel operation may be required solely for the customer's operating convenience or for the purpose of delivering power to the utility's grid. This term is often used in reference to distributed generation.

Paralleling Equipment Generating and protective equipment system that interfaces and synchronizes a customer-owned generator with the distribution system facility. This term is often used in reference to distributed generation.

Partial Outage See *Outage* — *Partial Outage*.

Partial Requirements A wholesale customer who purchases, or is committed to purchase, only a portion of its electric power generation need from a particular entity. There often is a specified contractual ceiling on the amount of power that a partial requirements customer can take from the entity. In contrast, a "requirements" or "full requirements" customer is committed to purchase all of its needs from a single entity and generally would not have a ceiling on the amount of power it can take.

Participation Certificate (PC) A certificate representing an undivided interest in a pool of conventional mortgages. Principal and interest payments on the mortgages are passed through to the certificate holders each month. Participation certificates qualify as loans secured by an interest in real property and as qualifying real property loans with the respect to certain thrift institutions.

Particulate A particle of solid or liquid matter, also called soot, dust, and aerosols. Emissions of particulate matter are regulated by the Clean Air Act.

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.

PCBs (Polychlorinated biphenyls) A group of toxic, persistent chemicals used in electrical transformers and capacitors. Further sale or new use was banned in 1979 by law.

with another system or a substation where the transmission provider's transmission and distribution systems are connected to another system.

Point of Receipt A point on the electrical system where an entity receives electricity from a power supplier or wheeling entity. This point could include an interconnection with another system or generator busbar.

Point Source A stationary location where pollutants are discharged.

Point-to-Point Transmission A service that allows the customer to utilize a specified amount of transmission capacity to transmit power from designated points of receipt to designated points of delivery. A separate service agreement would be required and a separate charge generally would be paid for each pairing of a receipt point with a delivery point under this service.

Poison In reactor physics, a material other than fissionable material in the vicinity of the reactor core that will absorb neutrons to control or stop a nuclear reaction. The addition of poisons, such as control rods or boron, into the reactor is said to be an addition of negative reactivity.

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. For underground lines, see *Conduit Bank Miles*.

Pollutant An impurity or contaminant emitted to the environment. It may be a solid, liquid, gas, or dissolved material. Environmental standards permit limited emissions of pollutants, because at low levels they are determined to be of negligible concern.

Pooling Company (POOLCO) An independent power pool company that operates for a group of utilities the electric transmission grid and may in some cases dispatch generating plants by buying and selling wholesale power. Although the individual utilities might continue to own portions of the transmission grid, the POOLCO would continually coordinate transmission use and may take bids from generators offering to sell electricity at specific prices. The POOLCO would then purchase the required energy and resell it to the electric distribution operations of the utilities at prices that reflect actual purchase costs that may vary by time of day.

Postage Stamp Rates See *Rates, Transmission Pricing — Postage Stamp Rates*.

Power (Electric) The time rate of generating, transferring, or using electric energy, usually expressed in kilowatts (kW).

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

Dump See *Electric Energy — Dump*.

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 that permit curtailment or cessation of delivery by the supplier. See also *Demand — Interruptible*.

Renewable Resources Any source of energy that is continually available or that can be renewed or replaced. Examples include wind, solar, geothermal, hydro, photovoltaic, wood and waste. Nonrenewable energy sources include coal, oil, and gas, that all exist in finite amounts.

Replacement Cost An estimate of the cost to replace the existing facilities either as currently structured or as redesigned to embrace new technology with facilities that will perform the same functions. This method recognizes the benefits of presently available technology in replacing the system. For example, a number of small generating units may be replaced with a single large unit at lower unit costs and greater efficiency. See also *Reproduction Cost*.

Replacement Power Power that a utility must purchase when one of its own plants (or other long-term suppliers) experiences an outage or is otherwise unavailable.

Replacements The substitution of a unit of Utility Plant for another unit generally of a like or improved character.

Repowering A means of increasing the output and efficiency of conventional thermal generating facilities. For example, adding combustion turbines to supplement or replace steam from fuel combustion used to power steam turbines.

Reprocessing See *Recycling*.

Reproduction Cost The estimated cost to reproduce existing properties in their current form and capability at current cost levels. The mechanics may involve a trending of the original cost dollars to reflect current costing factors, or they may involve a property appraisal accompanied by estimates to reconstruct the facilities. The former is most often utilized as Rate Base.

Repurchase Agreements (Repo) A means of temporarily adding to monetary reserves. The Fed buys government securities under a contract to sell them back at an agreed price and date. Generally repurchase agreements mature within one to seven days (maximum is 15 days). Dealers may usually repurchase before the maturity of the agreement if they wish. Interest rate is determined by auction.

Requirements Service Service that the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate customers.

Rerating A change in the capability of a generator due to a change in conditions such as age, upgrades, auxiliary equipment, cooling, etc.


Reregulation The design and implementation of regulatory practices to be applied to the remaining regulated entities after restructuring of the vertically-integrated electric utility. The remaining regulated entities would be those that continue to exhibit characteristics of a natural monopoly, where imperfections in the market prevent the realization of more competitive results, and where, in light of other policy considerations, competitive results are unsatisfactory in one or more respects. Regulation could employ the same of different regulatory practices as those used before restructuring.

Wholesale Electric

Retail Electric

Wholesale Gas

Retail Gas


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Partial Requirements

NAESB Standard: NO

NAESB Standard Reference number:

Source	Definition
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McGuire	A sale of power to a purchaser in which the seller pledges to meet a specified
Woods	part of the purchaser's requirements.

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