



# Resource Cost and Levelization

## Acronyms

**AFUDC:** Allowance for Funds Used During Construction

- Financing costs included in the initial asset value of a new facility.

**COD:** Commercial Operation Date

- The date a facility is placed online.

**CWIP:** Construction Work in Progress

- An account used to track the value of an unfinished product. In this case, CWIP is a build-up of project value prior to the commercial operation date.

**Decom:** Decommissioning Cost

- The estimated amount required to reverse any modifications made to a facility's location upon retirement.

**EPC:** Engineering, Procurement, and Construction

- The period leading up to the Commercial Operation Date (COD). During the EPC period, the assets value is increased through capital expenditures, an allowance for funds during construction, property taxes, and deferred income taxes.

**ITC:** Investment Tax Credit

- A tax incentive that permits deduction of a specified percentage of certain investment costs related to qualified energy resources.

**MX:** Maintenance

**NF Var O&M:** Non-Fuel Variable Operation & Maintenance

- Costs other than fuel to produce and deliver electricity to customers, including the cost to operate equipment and maintain facilities.

**NPV:** Net Present Value

- The difference between the present value of cash inflows and the present value of costs. For utilities, the concept of NPV is typically used to summarize the present value (i.e. discounted) revenue requirement streams into one number.

**O&M:** Operation & Maintenance

- Operational expenses associated with a facility -- these can either be fixed or variable.

**PTC:** Production Tax Credit

- A per-kilowatt-hour tax credit for electricity generated by qualified energy resources

**Rev-Req:** Revenue Requirement

- The amount a regulated utility is allowed to receive from customers to cover operating and maintenance costs, depreciation, operating expenses, taxes, interest, and allowed return.

**TMO:** Technical Maturity Outlook

- Estimated change in technology cost by year.

**WACC:** Weighted Average Cost of Capital

- The rate a company expects to pay to finance an asset. The WACC is typically used to provide a discount rate for projects requiring outside capital (e.g. debt and equity).