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June 4, 2013

MEMORANDUM

TO: Power Committee

FROM: Charlie Black

SUBJECT: Follow-up Presentation on Levelized Costs

At the Power Committee meeting on June 11, 2013, Power Division staff will provide a demonstration detailing how the life-cycle levelized cost of energy is calculated for generic types of electric resources. The demonstration will be a follow-up to the levelized cost presentation that was made for the full Council at its meeting on May 7, 2012.

The demonstration on June 11 will be made on-screen, beginning with major input assumptions and formulas. Key calculations will also be displayed on a step-by-step basis. Intermediate results, including cash flows will be shown. Finally, the levelized cost results will be provided.

As part of this process, we will provide side-by-side comparisons showing how changes in key inputs affect the results, and how the impacts vary across different types of electric resources. Usefulness and limitations of life-cycle levelized costs of energy will also be discussed.