

CURRENT ISSUES  
List of 2011 Current Issues Letters

The periodic Current Issues letters began following the 2001 Annual Meeting, and are intended to provide the Society membership discussions of issues that may be of interest. I am retired, so no longer have the day-to-day contacts needed to keep aware of issues that will be of interest. Therefore, I have enlisted several Society members to make me aware of issues.

The letters do not represent the position of the Society of Depreciation Professionals, and are transmitted to members via e-mail and posted on the Society's website. The topics in the Current Issues letters that have been transmitted to the members during 2011 are:

**March 25, 2011** – Failure of Vermont to prevent Vermont Yankee from obtaining a renewed operating license; Further discussion of the future of coal-fired generation in the U.S.; Response of Mike Majoros to the comments on his Public Utilities Fortnightly article, *Main Street Gold Mine*; Comments on the meaning of the GAA definition of depreciation accounting; Comments on the Public Utilities Fortnightly article, *IFRS and You*; Discussion of the early closure of the Oyster Creek Nuclear Station; Discussion of the depreciation aspects of Nevada Docket No. 10-06003 of the Sierra Pacific Power Company; Comments on comparisons of equal life group and average life group depreciation rates; and Comments on the significance of the age-sensitivity of salvage and cost of removal to the determination of depreciation rates.

**May 18, 2011** – Status of the South Texas Project Nuclear Station expansion project; Further discussion of the future of the Vermont Yankee Nuclear Station; Discussion of the Proposal for Decision in Michigan Docket No. U-16117 of Detroit Edison; Further discussion of the accounting for long-term power purchase agreements; Comments on nuclear units that have operated as long as allowed by their initial operating licenses; Discussion of regulatory barriers to energy projects; Comments on some recent developments in wind turbine designs; Discussion of the current status of the IASB and FASB Convergence project; and Further (and repeat) discussions of the policy of the EPA concerning power plant modifications.

**June 17, 2011** – Further discussion of the future of coal-fired generation in the U.S.; Comments on the implications of a distinctive lifecycle for the depreciation accounting of power plants; Discussion of the accounting concept – Substance Over Form; Discussion of recent developments concerning the Yucca Mountain nuclear waste disposal project; Discussion of Germany's recent decision to abandon nuclear generation; and Discussion of Michigan Case No. U-16054 of Consumers Energy Company.

**August 4, 2011** – Further discussion of the status of the Vermont Yankee nuclear station; Discussion of the economic and environmental consequences of abandonment of U.S. nuclear generation; Clarification of positions taken by parties in recent Michigan proceedings; Discussion of the status of development

of carbon capture sequestration technologies; Discussion of implications of FERC electric Uniform System of Accounts General Instruction 22 to FERC Docket No. ER11-3584 of Florida Power Corporation; Comments on organizing for developing and conducting general rate cases; and Comments on treatment of salvage and cost of removal for depreciation accounting purposes that include the financial and regulatory framework, the impact on ratepayers, the sensitivity to the age of the associated assets, the regulatory reaction to age-sensitivity, and the treatment of third-party reimbursements for construction.

**September 1, 2011** – Further discussion of the status of the Vermont Yankee nuclear station; Further discussion of carbon capture and sequestration technologies; Listing of the presentations scheduled for the 2011 Society Annual Meeting; Discussion by Society member Frank D’Andrea of Modified International Financial Reporting Standards adopted by Canadian regulators; Discussion of a SEC Staff paper on an approach for incorporating International Financial Reporting Standards into U.S. GAAP; Comments on depreciation accounting implications of changes to the mode of operation of electric generating units; Discussion of an EPRI report on the future costs of several generation technology options; Brief discussion of a study asserting that wind industry and political advocates have overstated the CO<sub>2</sub> emission reduction benefits of wind power; and Discussion of the Order in Michigan Case No. U-16117 of Detroit Edison Company

**October 13, 2011** – Discussion of equipment designs for easy dismantlement; More discussion of the effort of New York to block operating license renewals for the Indian Point Nuclear Station; Discussion of an effort by Massachusetts to suspend the NRC’s license review for the Pilgrim Nuclear Station; Discussion of the current status of the deferred completion of the Bellefonte Nuclear Station of the Tennessee Valley Authority; Discussion of the 2011 Society Annual Meeting and training; Comments on the value of writing; Comments on a case history of the demise of the technical aspect (rate determination) of depreciation accounting; and Comments on the accounting treatment for third-party reimbursements.

**November 18, 2011** – Explanation of General Instruction 22 of the FERC electric Uniform System of Accounts; Discussion of some potential influences on the depreciation accounting for generation resources; Discussion of an Edison Electric Institute briefing of the financial community on the future outlook of the power sector; Announcement of the availability of Release 28 of Accounting for Public Utilities; and Explanation of the prospective method for calculating a theoretical reserve.

For the most part, these letters have expressed my thoughts on the various topics, and do not represent the position of the Society.

John S. Ferguson, Current Issues Editor