

SDP 2011 TRAINING

LIFE AND NET SALVAGE ANALYSIS

This course provides experience in using the life analysis models that were included in the Depreciation Basics course: *Actuarial Analysis* and *Simulation Analysis*. In this course, these models are applied to real-world data. The course also includes segments on *Gross Salvage and Cost of Removal, FAS 143, and IFRS*. In *Evaluation of a Depreciation Study*, you will learn how to “*get behind the numbers*” developed in a depreciation study. Additionally, ample opportunity is provided during class and at informal evening receptions to ask questions of the expert instructors as well as network with fellow attendees from utilities, State and Federal commissions, and consulting firms. You will receive **22 CPE credits** for this course.

LIFE AND NET SALVAGE ANALYSIS

Actuarial Life Analysis

Purpose of Actuarial Analysis
Data Requirements
Fundamental Life Analysis Techniques
Life Tables
Retirement Dispersions
Curve Smoothing and Extrapolation
Interpretation of Results
Pitfalls and Possibilities

Simulation Life Analysis (SPR, STAGE, Computed Mortality)

Review of Simulation Analysis

- SPR Calculations
- Conformance Index (CI)
- Retirement Experience Index (REI)

Analyzing SPR Results Using Actual Data

- Interpreting CI and REI
- Trend Analyses
- Width of Analysis Band

Data

- Data Other Than Additions and Retirements
- Missing Early Additions

Detecting SPR Biases

Statistical Aging (STAGE)

- Initial Application & Annual Calculations
- Analyzing STAGE Results

Computed Mortality

Turnover Methods

LIFE AND NET SALVAGE ANALYSIS - cont'd

FAS 143 and Overview of IFRS

FAS 143

- Obligations Included
- Affect on Computation of Income
- Affect on Financial statements
- Conditional Asset Retirement Obligation
- Examples of Application

Overview of IFRS (International Financial Reporting Standards)

- Asset Valuation
- Depreciation
- Impairment

Gross Salvage and Cost of Removal Analysis

Analyzing the Age Sensitivity of Gross Salvage and Cost of Removal

Identifying Future Trends in Gross Salvage and Cost of Removal

Calculating Factors for Gross Salvage, Cost of Removal, and Net Salvage

Analyzing Interim Additions & Retirements

Treating Demolition and Decommissioning Estimates

FAS 143 - Handling Retirement Obligations

Evaluation of a Depreciation Study: Getting Behind the Numbers

Significance of Accounting Practices

Regulatory Considerations

Knowledge and Data Needs

Influences on Depreciation Rates

- Uniqueness of Entities
- Accounting Practices
- Types of Property
- Sensitivity to Age and Growth
- Technology
- Life Analysis Methods