



NEWSLETTER

Society of Depreciation Professionals

8100-M4 Wyoming Blvd NE #228 Albuquerque NM 87113
Volume 15, Issue 2 Summer 2003

A Message from Your President

Richard Clarke, CDP

Hello everyone,

I hope you're all enjoying our warm summer and are looking forward to a little cooler weather in Jackson Hole, Wyoming. It should be wonderful temperatures up there when we arrive in September. We have a great Agenda and I know you will not only find the meeting interesting and informative but you will enjoy the area as well.

There are a number of current issues in the accounting area which will have an impact on all of us in the utility industry. FASB 143, Accounting for Asset Retirement Obligations, has been implemented by most of us by this time. However, the FASB has taken a staff position on certain areas concerning the treatment of asbestos. The Accounting Standards Executive Committee (AcSEC) met again to discuss their proposed Statement of Position (SOP), Accounting for Certain Costs and Activities Related to Property, Plant, and Equipment. Both these issues will be discussed at our annual meeting. We are fortunate to have Mr. Leon Mayshak who is on the PP&E Accounting Task Force speaking at our meeting. We also plan to have a representative panel from the electric, gas, and telephone industry give us their perspective on implementing FASB 143.

In 2002 President Bush signed the Sarbanes-Oxley Act intended to address "public company governance, responsibility and disclosure." To implement this policy into our public utility companies is a significant undertaking and we will have a panel of speakers addressing this issue from both an Auditor point of view as well as a utility point of view.

These issues as well as current depreciation issues will all be discussed in Jackson Hole as Rhonda Watts has done an excellent job putting together a program that will be of interest to us all.

I would like to take a moment and address the Training we are planning to offer at our annual meeting. Dr. Susan Jensen has done an outstanding job of putting

together a training package that addresses some of the most significant areas of depreciation. Our training agenda offers courses that will help the novice as well as aid those who have been in the business for some time with an in-depth review. This training is relatively inexpensive and will provide an ideal venue for those involved in depreciation on a daily basis as well as those who wish they were involved on a day to day basis. I would recommend you take a look at the training schedule in this newsletter and if it's not for you, pass it along to someone in your company that it would help.

A few years ago we thought that traditional depreciation studies that set regulatory book depreciation rates would be a thing of the past. We even thought regulation was going to be a thing of the past. Well just like Rhonda has said in the title of her Agenda, "Back to the Future—Regulation," I have discovered that more and more states are now asking for detailed depreciation studies once again.

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Society of Depreciation Professionals

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(President's Message – Continued from Page 1)

I know in California (a once somewhat deregulated State) it had been almost 10 years since SCE completed a depreciation study for the California Public Utilities Commission. We just completed a detailed depreciation study last year and are currently planning to prepare another within the next year. At the same time we are filing depreciation studies with FERC almost annually. My fellow utilities to the north (PG&E) and to the south (SDG&E) are in the same boat. It is common all over the country. State regulators and interveners are requiring more detail due to the level of regulation and because of new audit requirements such as the Sarbanes-Oxley Act referenced previously. Depreciation is not going away, conversely, it is becoming increasingly more important in determining the appropriate financial expenses of the company. The skills of the depreciation analysts are becoming more and more valuable. One way to develop those skills is through training and interfacing with professional peers at meetings and organizations similar to SDP.

Our annual meeting has always been a good place to learn the latest on issues in the industry and it gives everyone a forum for discussion and controversy about those issues and the impact on our specific companies. Becoming an SDP member and attending meetings also affords an excellent opportunity to build relationships and share ideas with other professionals. We hope to see all our members in Wyoming.



Why are these people smiling? They went to the SDP Annual Meeting!

Welcome to our Newest Members

Bruce Bollert, Puget Sound Energy, Bellevue WA
Belivia Boyd, SCANA Corporation, Columbia SC
Michael Dryjanski, MTD Consulting and Services, Inc
John Ganem, Salt River Project, Phoenix AZ
Mark Pughini, Deloitte and Touche LLP, Atlanta GA
Lucy Richner, Sprint, Overland Park, KS
James Taylor, Federal Energy Regulatory Commission, Washington, DC

Be sure to visit the SDP Website at www.depr.org.

Special Thanks to our Contributing Members

SDP SUSTAINING MEMBER

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John Lamparello, Jr

SDP Journal News

By Tony Flesch

The SDP Journal needs your article to publish a 2003 edition. The next edition of the Journal will be published in the fall, so there is still time if you would like to contribute an article.

Some of the benefits of submitting an article are: Providing a resource of knowledge and research to the Society -- becoming a published author in a prestigious international professional journal -- enhancing credentials for your resume or testimony -- demonstrating your professional knowledge and skills to other members of the Society -- earning CDP recertification points (writing an article is worth 25 points!) -- becoming a contributing member of the Society -- and personal satisfaction!

Writing an article is not as hard as you think, it just requires some motivation and dedication. If you cannot contribute an article for this year's edition, I encourage you to consider writing an article for 2004. Article guidelines are listed on the SDP web page.

If you have an article to submit, or would like to discuss contributing an article please feel free to contact me with any questions - Tony Flesch, phone 972-718-5934 or e-mail tony.flesch@verizon.com. Thanks!

THE RECERTIFICATION RUSH IS ON!

Dr. Susan Jensen

We are pleased to tell you that 10 Certified Depreciation Professionals (CDPs) have recertified thus far. Although only 100 Professional Development Credits (PDCs) are required to recertify, these applicants had an average of 169 PDCs and some applicants had accumulated over 200 PDCs! One applicant qualified by taking the CDP test again (85 PDCs) and attending an annual meeting (15 PDCs). And you can get 99 of the required 100 PDCs simply by attending 5 SDP Annual Meetings (75 PDCs) and the SDP Expanded Training (24 PDCs)!

Don't delay -- 23 of you that studied for and passed the CDP test are *no longer certified and can no longer use the CDP designation!* To determine the date your certification expires, add 5 years to the date on your CDP Certificate or contact our Executive Secretary, Rod Daniel. You may have already qualified for recertification! Qualifying activities are listed on our website www.depr.org. All activities for which PDCs are claimed must be relevant to the practice of depreciation and should advance the professional or technical competence of the applicant and/or the depreciation profession.

So visit our website *now* to download a recertification application. If you've been active, you need to act soon because only those activities within the last 5 years are eligible for inclusion. If you lack a few points, bring the application to the meeting and get 15 PDCs just by showing up! We look forward to hearing from you.

Certified Depreciation Professional (CDP) Examination

If you are interested in earning the credential of "CDP," you can download the application and requirements from the SDP website at www.depr.org. Passing the CDP written examination is a basic requirement for completing the application. During this year's annual meeting in Jackson Hole, Wyoming, we will be offering the examination twice. The first examination will be given from 8:00am -- Noon on Wednesday, September 10, 2003. The second examination will be given from 1:00pm -- 5:00pm on Friday, September 12th, 2003. For those individuals who do not plan to participate in the expanded training, but wish to take the CDP examination, the Wednesday morning time will be best for you. For those who will be involved in the expanded training, the Friday afternoon time will work best for you. For any additional information, feel free to contact the SDP office.

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8100-M4 Wyoming Blvd NE #228
Albuquerque NM 87113

SOCIETY OF DEPRECIATION PROFESSIONALS
8100-M4 Wyoming Blvd NE #228 Albuquerque NM 87113
INVOICE
MEMBERSHIP DUES JANUARY 1, 2004 - DECEMBER 31, 2004

Name _____

Professional Affiliation: _____

Address: _____

Telephone: _____ FAX: _____ E-Mail _____

Dues:				
Member		\$40	\$ _____	New ___ Renewal ____
Sustaining Member	@	\$750	\$ _____	
Business Sponsor	@	\$300	\$ _____	
Patrons' Donation	@	\$200	\$ _____	
Friends' Donation	@	\$100	\$ _____	

SOCIETY OF DEPRECIATION PROFESSIONALS

17TH ANNUAL MEETING
SEPTEMBER 7-10, 2003
SNOW KING RESORT, JACKSON HOLE, WYOMING

“BACK TO THE FUTURE – REGULATION”

*****AGENDA*****

Sunday, September 7, 2003

6:00 - 7:30 pm HOSPITALITY & RECEPTION, Snow King Resort

Monday, September 8, 2003

7:30 - 8:30 am Registration
7:30 - 8:30 am CONTINENTAL BREAKFAST
8:30 - 8:35 am Opening Remarks
Dick Clarke, President, Society of Depreciation Professionals
8:35 - 8:45 am “Welcome to Jackson Hole”
Jackson Hole Convention and Visitors Bureau
8:45 - 9:45 am “Update on AcSec SOP on PP&E
Leon Maysback, Deloitte & Touche
9:45 - 10:35 am “The Past, Present and Future of Telecom
Mark Kenyon, Sprint
10:35 - 10:50 am BREAK
10:50 - 12:15 pm Post-Implementation of SFAS 143 and Other Related Issues
Dane Watson, TXU – Electric & Gas
Robert N. Welsh, Verizon - Telecommunications
12:15 - 1:30 pm LUNCH & ANNUAL BUSINESS MEETING
1:30 - 2:30 pm “The Heart of Change”
Dan Cohen, Deloitte Consulting
2:30 - 3:30 pm Sarbanes-Oxley Section 404 Panel
Coleman McDonough, E&Y
Annette Fountain, SCANA Corporation
Cathy Muszynski, Excel Energy
3:30 - 3:45 pm BREAK (Sponsor)
3:45 - 4:15 pm “Hot Topics in Financial Accounting and Reporting/FASB Update”
Dr. John M. Lacey, Professor, California State University, Long Beach, California
4:15 - 5:00 pm Concurrent Industry Discussions Breakout
Energy Moderator - John Spanos, Gannett Fleming
Telco Moderator – Robert Paulsen, Sprint
6:00 - 7:30 pm HOSPITALITY & RECEPTION, Snow King Resort

Tuesday, September 9, 2003

7:30 - 8:30 am CONTINENTAL BREAKFAST
8:30 - 9:30 am: “SEC- Public Company Accounting Oversight Board/Sarbanes-Oxley Act and other related topics”
Ted Sonde, Senior Counsel of Crowell & Moring LLP
9:30 - 10:30 am “FERC: Update (SMD, California Resolution, RTO, and Docket No. RM02-7-000, Order 631”
10:30 - 10:45 am BREAK
10:45 - 11:30 pm Open Forum
Moderator- Steve Barecca
11:30 Adjournment of Formal Meeting
11:30 - 1:00 pm SDP Board of Directors Business Meeting (Officers Only)
1:00 - Depreciation Training

SDP EXPANDED TRAINING

We listen to you! As you requested, we *expanded* our training from a 1-day refresher to a 3-day course covering the fundamentals of *plant/depreciation accounting and data; life and salvage analysis; depreciation models; and life cycle analysis and technology forecasting*. This **Basics Course** also gives you hands-on experience in performing the calculations that underpin a depreciation study. Additionally, you will have ample opportunity to ask questions of the experts in the field – your instructors! In the future, we will offer additional courses which will expand upon the topics covered in the **Basics Course**.

The **Basics Course** is being offered directly following the 2003 SDP Annual Meeting. The course ends by noon Friday so you can return home or enjoy a relaxing weekend in Jackson Hole. We invite you to look over the schedule for the course and see if you don't agree that it is a considerable value offered conveniently at the next SDP meeting.

SDP BASICS COURSE		
TUES, SEPT. 9		
1:00 PM – 3:00 PM	Plant & Depreciation Accounting	<i>Dale Urban, CDP</i>
3:00 PM – 5:00 PM	Data Requirements for a Depreciation Study	<i>John Wiedmayer, CDP</i>
WEDS, SEPT. 10		
8:00 AM – Noon	Simulation Life Analysis	<i>Susan Jensen, Ph.D.</i> <i>John Ferguson, P.E., CDP</i>
1:00 PM – 5:00 PM	Actuarial Life Analysis	<i>Bill Stout, P.E.</i>
THURS, SEPT. 11		
8:00 AM – 10:00 AM	Salvage & Cost of Removal Analysis	<i>John Ferguson, P.E., CDP</i>
10:00 AM – 5:00 PM	Depreciation Models	<i>John Wiedmayer, CDP</i>
FRI, SEPT. 12		
8:00 AM – Noon	Life Cycle Analysis & Technology Forecasting	<i>Steve Barreca, P.E., CDP</i> <i>Tony Flesch</i>

As shown below, we have discounted this course to enable our members to take advantage of this excellent training opportunity.

FEE FOR SDP BASICS COURSE	
<i>(includes continental breakfast each morning and lunch Weds & Thurs)</i>	
\$700	Nonmembers
\$500	SDP members
\$400	Each additional SDP member from the same company/commission
\$400	SDP members employed by a State/Federal Commission

Additional information about each segment of the course is available on our website www.depr.org. See you in Jackson Hole!

**2003 Annual Meeting
September 8-12, 2003
Snow King Resort, Jackson Hole, Wyoming**

Come join us at the Snow King Resort in Jackson Hole, Wyoming. This year's agenda will include presentations on current issues at the FERC, the SEC's newly created Public Company Accounting Oversight Board (PCAOB) and the Sarbanes-Oxley Act, Post ARO Implementation Panel and an update on the AcSec Statement of Position on Property, Plant and Equipment. If these topics are not enough to interest you maybe the beautiful surroundings will be.

For the first time, the Society of Depreciation Professionals will be offering an expanded training course beginning at 1:00pm on Tuesday, and continuing until Noon on Friday. Complete details on the training agenda are on the following pages.

Snow King Resort is located in the Town of Jackson at the base of Snow King Mountain. The Jackson Hole Airport is a convenient ten miles away. Grand Teton National Park is four miles and Yellowstone National Park is fifty-nine miles from Jackson. Teton Village and the Jackson Hole Ski Area are located twelve miles from our resort. September is a time when the weather is at its best, and the Fall colors should be reaching their peak.

The Jackson Hole Airport has regularly scheduled flights from most major airlines. For most people, the trip will involve a one-connection flight from a major hub such as Chicago or Denver.

To learn more about the Snow King Resort, and Jackson Hole, visit their web site at www.snowking.com.

Please share this information with any colleagues who you think would be interested in joining us in Jackson Hole.

**Society of Depreciation Professionals MEETING RESERVATION FORM
17th Annual Meeting * September 8-12, 2003 * Snow King Resort, Jackson Hole, Wyoming**

Early Registration Deadline: August 5, 2002

Name: _____ Please check here if you need special assistance.

Title: _____ Company: _____

Address/City/State/Zip/Country: _____

Phone: _____ FAX: _____ Email: _____

2003 Annual Meeting – Member (\$200)*	\$ _____
2003 Annual Meeting – Nonmember (\$250)*	\$ _____
2003 Training – Member (\$500)	\$ _____
2003 Training – Nonmember (\$700)	\$ _____
2003 Training – each additional SDP member from the same company/commission – (\$400)	\$ _____
2003 Training – SDP Members employed by a State/Federal Commission – (\$400)	\$ _____
2003 Membership Dues (\$40)	\$ _____
2004 Membership Dues (\$40)	\$ _____
Certified Depreciation Prof Exam (\$100)	\$ _____
Guest Fee (Includes recep & luncheons) (\$50)	\$ _____
* Late Fee After August 5 (\$20)	\$ _____
Total:	\$ _____

Check (payable in US dollars to: Society of Depreciation Professionals)

Visa/MasterCard/AmEx Card # _____

Exp. _____ Signature _____

Location: Snow King Resort
400 E. Snow King Ave.
Jackson Hole WY 83001

Reservations: 800-522-KING (5464)

Room Rates: \$130 Single; \$140 Double

Request special rates for Society of Deprec. Prof.
Hotel reservation deadline: After August 7th
rooms will be available at the conference rate
as long as space is available at the hotel.

Return this form to:
SDP, 8100-M4 Wyoming Blvd NE #228
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