

NEWSLETTER

8100 Wyoming Boulevard NE # 228 Albuquerque, NM 87113 Volume 16, Issue 1 Spring 2004

President's Message

Rhonda Watts

Welcome to a new year for the SDP. I believe this coming year will continue to provide new learning opportunities as well as the continued exchange of information, ideas and networking among the members of the Society.

When I began to formulate my thoughts for this first message I decided to review some of the fundamental concepts under which the Society was formed. In so doing I looked up the Society's Articles of Constitution, where several things caught my attention. The first was the Preamble, which states that the Society "...does hereby dedicate itself as an educational institution to the promotion and understanding of depreciation principles."

I believe the Society has always been a provider of education on depreciation principles, but definitely hit the mark with last year's "Basic Course". This year the Society will not only be offering "Basics" but will be expanding to offer an "Advanced Course" as well. The Education Committee headed by Dr. Susan Jensen is requesting, through a survey in this newsletter, specific input from members and last year's training participants. Please be responsive so we can continue to provide meaningful training programs.

The second item in the Constitution that struck me was Article II. – Purpose, Section 2. It reads:

The objectives of the society shall be to recognize the professional field of depreciation and those individuals contributing to this field, to promote the professional development and professional ethics of those

practitioners in the field of depreciation; to collect and exchange information about depreciation engineering and analysis; to provide a national forum of programs and publications concerning depreciation."

The Society has attained its objectives by the established Certification process, last year's expanded Training Program, the publication of the Journal and the ongoing exchange of information that comes from the Current Issues letters we all receive. I commend the founding members and all the past officers and committee members for their dedication in achieving these things.

When I attended my first meeting in 1997 there was some discussion that depreciation studies as they had been known might fall prey to deregulation. Here we are today with deregulation "stalled" in some states, other states have simply said "no" and others are exploring ways to "undo" it. The real point here is that the need for depreciation professionals has grown not diminished. The Financial Accounting Standards Board (FASB) Statement No. 143, Accounting for Asset Retirement Obligations, the Accounting Services Executive Committee (AcSEC) Statement of Position on Property, Plant and Equipment and the most recent ruling by the Securities and Exchange Commission (SEC) regarding the reclassification of embedded cost of removal from accumulated depreciation to a regulatory liability on the balance sheet have all had major implications into the accounting of depreciable property. These financial reporting requirements have been met and assisted by the expertise and knowledge possessed by depreciation professionals across

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this country. The need for knowledgeable depreciation professionals will persist.

I urge all of you to make a contribution to the Society. The Society needs active participation by submission of articles for publication in the Journal, comments on the Current Issues items, a short article for the Newsletter, or a commitment to be part of the leadership. The growth of the Society as a whole and its individual membership occurs through the exchange of information and ideas and active participation of its members.

I am looking forward to serving you as your President in 2004. Please feel free to email or phone me anytime with questions or comments. Thanks and enjoy the spring!

Current Issues Committee

John Ferguson, CDP, Chair – Current Issues Committee

SFAS 143 and the SOP on property, plant and equipment accounting continue to be hot topics. They have been mentioned in each of the six Committee letters distributed since the September 2003 Annual Meeting in Jackson Hole, and undoubtedly will be mentioned in future Committee letters.

In December 2003, the SOP was submitted to the FASB for its concurrence, and FASB consideration is scheduled for April. This timing indicates that finalization could be prior to the September 2004 Annual Meeting in Washington DC, so the SOP is likely to be the hot topic at that meeting.

I understand that proposals for expensing cost of removal for regulatory purposes have increased as a result of SFAS 143 and the SOP draft submitted for FASB concurrence, which I do not find surprising. I would like to address arguments for and against expensing in a future Committee letter, so I ask that readers of this newsletter send me excerpts of testimony on this subject and administrative law judge and commission responses thereto.

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The 2002 - 2003 SDP Journal recently distributed to the membership includes a call for articles for the 2004 Journal, which is repeated elsewhere in this newsletter. I have heard it said that *writing is development*, which has certainly been my experience. Writing about what you do generates greater knowledge and better understanding that broaden horizons and increases the quality of work. Another advantage of writing is that sharing your knowledge with others encourages them to share their knowledge with you, thereby benefiting everyone.

2004 SDP Training

Susan Jensen, CDP

Mark your calendars now for the **2004 SDP Training Sept. 14-17 in Washington, DC**. We plan to offer two concurrent courses: the *Basics Course* and the *Advanced Course*. The *Basics Course* will include the following segments:

- *Plant and Depreciation Accounting*
- *FASB143 & the SOP on PP&E*
- *Data Requirements for a Depreciation Study*
- *Actuarial Life Analysis*
- *Simulated Life Analysis*
- *Salvage and Cost of Removal*
- *Depreciation Models & Theoretical Reserve*
- *Life Cycle Analysis & Technology Forecasting*

We have several segments to choose from for the *Advanced Course*. We'd like to know what segments meet your needs. In this issue of the SDP News, you will find a brief training survey. We ask that you take a few minutes to complete this survey and return it to the SDP office. Once we have your input, we will select the segments you want. Because space is limited, if you'd like advance notice of the *Advanced Course* segments, please

remember to insert your name and e-mail at the bottom of the survey.

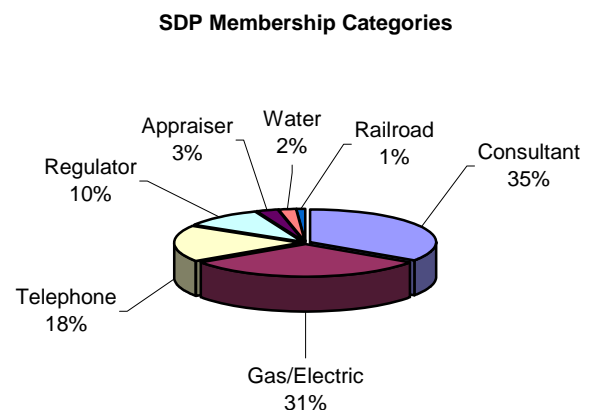
We look forward to seeing you at the 2004 SDP Conference and Training. If you have any questions or suggestions, please feel free to contact Rod Daniel (SDP@his.com) or Susan Jensen (JensenS@stb.dot.gov)

SDP Membership

Jacob Ransom/Rod Daniel

Membership in the Society of Depreciation Professionals consists of a wide range of disciplines. Individuals from consulting firms comprise the largest member category at 35% while the railroad category at 1% is the least represented category.

Current members can aid in increasing membership in all categories by inviting colleagues and acquaintances to join.



Annual SDP Meeting

Rod Daniel

The 2004 SDP Annual Meeting and Expanded Training will be held in Washington DC September 12 – 17. The Washington DC Marriott Hotel at Metro Center will be the site

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Thanks to These Contributing Members

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for the Annual Meeting. The schedule will be similar to the 2003 meeting and will include the Annual Meeting beginning Monday morning, September 13th, and ending at Noon on Tuesday, September 14th. The Expanded Training program will begin at 1:00pm on Tuesday, September 14th and continue until Noon on Friday September 17th. As the program and other details develop, that information will be posted on the Society's web site at www.depr.org.

The Marriott at Metro Center is conveniently located in the heart of Downtown Washington DC directly above the city's primary subway (Metro) intersection. Upon arriving at National Airport, you can walk to the Metro inside the airport and ride directly to the hotel. Within an easy stroll are all of the major monuments, museums, galleries, theatres and great restaurants. Washington DC will

provide opportunities to network with key decision makers in the Federal government, and to experience the history and culture of the Nation's capitol. We hope that you will make your plans now to attend the September conference.

To help you plan your trip to Washington, DC, please visit these web sites:

- www.washington.org for information on the city, and current activities.
- www.marriottmetrocenter.com for information on the conference hotel and local attractions
- www.washingtonpost.com for the latest news in the Nation's capitol.



New Members

- Jean AgerBellSouth Telecommunications..... Birmingham, AL
- Mary Balmer.....Best Software..... Herndon, VA
- Richard Chabot.....EVIMBEC, Ltd..... Quebec
- Betty GardnerFlorida Public Service Commission Tallahassee, FL
- Rebecca HalkoskiCity of Tacoma Tacoma, WA
- James Jones.....Qwest Communications..... Littleton, CO
- Mike OlsonAltalink Calgary, Alberta
- George SansoucyGeorge E. Sansoucy, P.E., LLC..... Lancaster, NH
- March Stefan.....Management Applications Consulting, Inc. Reading, PA
- Michael Wataha.....Accountant..... South River, NJ

Past Issues of the SDP Journal

If you are missing any volumes of the SDP Journal, you can purchase past volumes by contacting the SDP office. The cost is \$15 per Journal, or only \$60 for a complete set of all past Journals. For more information, please contact the SDP office at: sdp@his.com.



SOCIETY OF DEPRECIATION PROFESSIONALS

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SDP Training Survey

We'd like to provide training in 2004 and in the future that meets your needs. At the **SDP Annual Meeting Sept. 13-17, 2004, in Washington, DC** we plan to offer not only the *Basics Course* but also an *Advanced Course*. This is your opportunity to tell us what you are looking for. We welcome your views by **fax, e-mail, or postal mail**.

Did you attend the 2003 SDP *Basics Course* training in Jackson Hole, WY? Yes _____ No _____

If YES, how many years of depreciation experience do you have? _____

How many SDP training or refresher programs have you attended? _____

If we offer Continuing Education Units (CEUs) for training, would you attend the 2004 *Basics Course* or *Advanced Course*? Yes _____ No _____

Please use the following scale to rate the questions below.

- 1. Very important**
- 2. Somewhat important**
- 3. Not at all important**

A. The **2003 Basics Course** included the following segments. How important to you was each segment?

- 1. Plant and Depreciation Accounting _____
- 2. FASB143 & the SOP on PP&E _____
- 3. Data Requirements for a Depreciation Study _____
- 4. Actuarial Life Analysis _____
- 5. Simulated Life Analysis _____
- 6. Salvage and Cost of Removal _____
- 7. Depreciation Models & Theoretical Reserve _____
- 8. Life Cycle Analysis & Technology Forecasting _____

B. For the **2004 Advanced Course** we are considering the following segments. How important to you is each segment?

- 1. Advanced Actuarial Life Analysis & Application _____
- 2. Advanced Simulated Life Analysis & Application _____
- 3. Forecast Methods of Depreciation for Power Plants _____
- 4. Conducting a Depreciation Study _____
- 5. Defending a Depreciation Study in a Rate Case _____
- 6. Advanced Technology Forecasting _____
- 7. Advanced Life Cycle Analysis (Capturing the Influence of Changing Technology & Competition) _____
- 8. Impacts of Depreciation on Accounting, Financial Statements, Earnings, & Revenue Requirements _____

C. Would you recommend any other topics for the **2004 Basics Course** or *Advanced Course*? (Use additional pages if needed.)

D. Would you like to receive e-mail notification of the *Advanced Course* segments?

Your name _____ Your e-mail _____

Society of Depreciation Professionals
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INVOICE

MEMBERSHIP DUES JANUARY 1, 2004 – DECEMBER 31, 2004

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Sustaining Member	@	\$750	\$ _____	New _____	Renewal _____
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