



NEWSLETTER

8100 Wyoming Boulevard NE # 228 Albuquerque, NM 87113 Volume 17, Issue 1 Spring 2005

President's Message

John Wiedmayer, CDP



John Wiedmayer, President
Society of Depreciation
Professionals

I would like to take this opportunity to commend last year's Board of Directors and Committee Chairs and members for a job well done. I would like to especially thank last year's president, Rhonda Watts, for her outstanding leadership and dedication to the Society of Depreciation Professionals (SDP). Thank you.

To my fellow SDP members I would like to welcome you to another year of fellowship and participation in our organization. Over the past nineteen years, the Society has provided many forums for members to derive a significant benefit at a modest cost. Whether it is through the discussion of an important current issue at the annual meeting, or through the insight gained from one of the excellent articles in the SDP Journal, or the knowledge gained from attending the training sessions offered at the annual meeting, members have been provided with a significant benefit from membership in the Society. It is only through the dedicated effort of our members that these benefits exist. I sincerely thank all members who contribute valuable time and effort to the SDP. Your dedication to the Society is impressive and is

greatly appreciated. I strongly encourage those who have not yet been involved in the Society, to call an officer and volunteer to help with some aspect of the Society's operation. The benefits derived from participating in a club or organization are directly proportional to the efforts that you put into the club or organization.

For those new members and newcomers in the Society I would like to introduce myself. I have been a member and have been involved with this Society since 1997 and have functioned in a number of positions on the Board of Directors. I currently work in the Valuation and Rate Division of Gannett Fleming, Inc. and have since 1986. I am a Certified Depreciation Professional and have responsibility primarily for conducting depreciation studies across several industry groups. Since 2000, I have been one of the instructors at the training sessions held in connection with the Society's annual meeting. I look forward to the coming year and serving as your President.

As I mentioned earlier, the Society is entering its nineteenth year of existence. The Society was started by a few very dedicated professionals facing common issues who wanted a forum or an organization where ideas and questions could be exchanged with other industry colleagues. Today, the Society has grown to over 200 members from various industries and backgrounds. The opportunities to network with colleagues has expanded significantly with the addition of the three day training session. I witnessed this firsthand at Jackson Hole in 2003 (the first year of the expanded training session) when I stayed at the hotel the entire week through Friday. At the end of each day after training session, light refreshments were provided and it gave those attending the training session the opportunity to ask each other and the instructors further questions about what they had

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SDP EXECUTIVE BOARD**Officers**

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<hr style="border-top: 1px dashed black;"/>	
Newsletter Publisher	Rod Daniel Phone: (505) 792-4604 FAX: (505) 922-1495 Email: sdp@his.com

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learned that day. After a couple of days together, many of the training participants felt comfortable interacting among the group and were able to establish valuable industry contacts. This is a new and important dynamic for the Society, since in past years we were only together for a day or two for the Annual Meeting. With the expanded training, members (especially new members) have the opportunity to be together for an additional three days. Last year on the final night together in Washington D.C., the training group gathered on the veranda in Union Station for some refreshments and fellowship. We received many positive comments about the Annual Meeting and Training sessions held in Washington, D.C. and look forward to the upcoming meeting in San Antonio in 2005.

There is much to do for 2005. We will continue to search for ways that we can add value to being a member of the Society. Specifically, we are adding more options to our training program. The Society and its membership realize that the availability of detailed training in the area of depreciation accounting is limited. The more we do to help this situation the more we benefit our industry. Dr. Susan Jensen again will be leading a group of instructors to incorporate expanded basic, intermediate and advanced training courses in the areas of life analysis, net salvage analysis, technology forecasting and depreciation accounting. You will find more about the course offerings in this Newsletter and at our web site at www.depr.org. Lou Walters has been the Society's web page editor and caretaker for several years and the Society is grateful for his efforts. Lou is responsible for providing our members and potential new members with vital information regarding our Society.

This year's annual meeting is scheduled for September 11-16 in San Antonio, Texas. For those of you who have not visited San Antonio, it is a wonderful city full of cultural and historical attractions. The Alamo and the famed San Antonio River Walk (Paseo Del Rio) are among the attractions that you will want to see and they are within walking distance of our hotel. The River Walk meanders through downtown San Antonio below street level and is lined with unique retail shops,

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restaurants and nightclubs. On the River Walk, the pace is relaxing and tranquil and you'll feel worlds away from the busy urban center of San Antonio. The Spanish and Mexican influence is quite apparent in San Antonio and adds to the culinary options and cultural richness of the city. Our hotel and meeting accommodations are certainly first rate and I believe you will enjoy the hotel and the lovely city of San Antonio. San Antonio is one of the premier convention cities in the country offering fine weather, convenient travel options from either coast, great accommodations and many cultural and historical attractions within close proximity of the downtown area. Mark your calendars today so that you will attend the Society's annual meeting this September. Bob Welsh is planning a great meeting which will again address current depreciation and accounting issues and provide us with information concerning the electric, gas, telecommunications, water and transportation industries. If you have any ideas or outstanding issues you would like to see addressed, give Bob a call.

In this Newsletter we have identified those members that have volunteered to work on the Board of Directors and serve as Committee Chairpersons this year. I would like to thank all of them for helping me and the Society. We are always looking for new and fresh ideas. If you have any suggestions, questions, or comments feel free to contact any of us. We are here to serve you and the Society.

New Members*Rod Daniel*

The following individuals have recently become members of the Society of Depreciation Professionals.

- Zeone Andrijaszyn - British Columbia Hydro, Burnaby - British Columbia
- Richard Bennett - Southern California Edison, Rosemead, CA
- Donald Clayton – Gannett Fleming, Inc, Pittsburgh, PA

- John Grant, II - SCANA Services Inc, Columbia, SC
- Peggy Laub - Cinergy, Cincinnati, OH
- Robert Miller - Arizona Public Service Commission, Phoenix, AZ
- John Moodie - New York State Office of Real Property Services, Albany, NY
- Russell Shipe - Brunswick Electric Membership Corporation, Shallotte, NC
- Steven Spencer - Citizens Utilities Co, Stamford, CT
- Rick Taracka - Citizens Communications, Stamford, CT

In Memoriam*Rod Daniel*

It is with sadness that we inform you that one of the Society's members, Mutombo Lukasu, passed away after a battle with cancer in December of 2004. Mutombo worked for the Oklahoma Corporation Commission. Those of us who attended the 2003 and 2004 SDP Annual Meeting and Training will remember Mutombo. He was a respected and enjoyable colleague. We extend our condolences to his family and to his colleagues at the Oklahoma Corporation Commission.

Current Issues*John Ferguson, CDP*

The treatment of salvage and cost of removal remains a hot depreciation accounting topic, as is evident from recent Committee letters to the Society membership. Committee letters will continue to address this issue as long as it is being raised in regulatory proceedings, and materials currently in hand assure its discussion by the next several letters. A significant event concerning the regulatory accounting treatment of salvage and cost of removal is the recent decision of the Missouri Commission to abandon its policy of dictating cash treatment and revert back to

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accrual treatment.

FASB Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations, was issued in late March and relates to SFAS 143. Various aspects of the development of the Interpretation have been addressed by Committee letters, and the issued document is addressed by a letter distributed in early April. These Committee letter discussions are no substitute for reading the document, which can be downloaded from the FASB web site.

The Interpretation is that uncertainty concerning the timing or method of settlement is to be reflected in the measurement of the obligation – not in the timing of its recognition. Recognizing the obligation only when retirement occurs or is probable has been common for dealing with treated wood pole disposal regulations and with natural gas and petroleum facility abandonment regulations. The Interpretation states that the conditional event is the construction or acquisition of the asset, so recording an asset retirement obligation can no longer be delayed until retirement. Entities with wood poles or natural gas facilities typically practice the group concept of depreciation accounting and record such facilities as mass-type assets. SFAS 143 was not written with this situation in mind, so adoption of the Interpretation by such entities will not be easy.

SDP Journal

Tony Flesch

The 2005 SDP Journal is undergoing final formatting and printing, and should be arriving in your mailbox soon. The 2005 Journal is now accepting advertising sponsorship. See the related newsletter article “SDP Journal Sponsorship”.

In order to continue to be a viable

resource for our members, the SDP Journal needs your article; please consider contributing an article for the 2006 edition. Some of the benefits of submitting an article include: 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 25 Certified Depreciation Professional re-certification 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. Article guidelines are listed on the SDP web page. Articles for the next edition are due by February 1, 2006. So, don't delay – commit today! 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!

SDP Journal Sponsorship

Tony Flesch

SDP is pleased to offer you the opportunity to promote your business while supporting the Society of Depreciation Professionals by sponsoring / advertising in the 2005 Journal of the Society of Depreciation Professionals.

The 2005 Journal will contain the most recent work in the field of depreciation for regulated industries. Your support helps make possible the publication of this annual collection of scholarly writing. The Journal is a valuable resource for our members, and is retained and referenced often, giving your sponsorship ongoing visibility.

Ad costs are \$100 for a 1/8 page, which is 2"x4" standard business card size; \$250 for 1/2 page; \$400 for a full page. We will need to

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Thanks to These Contributing Members

SDP Sustaining Members

AUS Consultants
PowerPlan Consultants

Business Patron

E. Wotring Associates, Inc.

SDP Friends

Herbert Crowhurst, CDP
John Lamparello
Branko Terzic

have your response and advertising copy by May 10, 2005. Please contact Rod Daniel at the SDP office if you are interested in being a Sponsor, or to answer any advertising copy or sponsorship questions

Thank you for your continued interest and support of the Society.

2005 SDP Annual Meeting

Bob Welsh, CDP

The 19th Annual Meeting of the Society will be at La Mansion del Rio Hotel in San Antonio, Texas. As John said, San Antonio is a wonderful city full of cultural and historical attractions; we will be a few blocks from the Alamo and on the famed River Walk (Paseo Del Rio). The meeting will start with a welcome reception on Sunday evening, September 11th, and end by Noon on Tuesday, September 13th. This year we are fortunate to have Don Reynolds a noted economist and futurist. Some of you may remember him from the 1999 annual meeting in Albuquerque, New Mexico. Don is a dynamic professional speaker who is known for his spontaneous humor and rapid fire Q & A's. He is President of 21st Century Forecasting a consulting firm specializing in long term global economic, demographic and technology forecasts and the past Chairman of Board for over \$120 Billion dollars in Pension & Trust funds.

We have a great meeting planned and I am currently firming up the program which will cover current depreciation and accounting issues which should be of interest to all attendees. In addition to the normal break out sessions for telecommunications and power,

this year we are planning a third session for the Canadian members. The session will allow them to discuss issues that may get missed in the regular sessions. Shortly I will be putting an agenda on the web site. I have two open time slots left so if you have any ideas or outstanding issues you would like to see addressed please give me a call.

SDP Training

Susan Jensen, CDP

The SDP is pleased to offer the following three concurrent courses immediately following the 2005 Annual Meeting. Choose the course that best fits your background and needs.

“Basic Depreciation” Course

This hugely popular *Beginning Level* course was offered for the first time in 2003 and again in 2004. This course covers the fundamentals of life and salvage analysis and depreciation models and provides experience in performing the calculations that underpin a depreciation study. The course includes an introduction to *Plant and Depreciation Accounting, Data Requirements and Collection, Simulation Life Analysis, Actuarial Life Analysis, Salvage and Cost of Removal Analysis, Depreciation Models, Life Cycle Analysis, and Technology Forecasting.*

“Life Analysis” Course

This *Intermediate Level* course includes in-depth study of the most popular life analysis models: *Actuarial Analysis (Retirement Rate), Simulation Analysis (Simulated Plant Record, Statistical Aging), Technology Forecasting and Obsolescence, and Life Cycle Analysis.*

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Prerequisite: The prerequisite for this course is the Basic Depreciation course or permission from Dr. Susan Jensen, Chair, Depreciation Education and Training.

“Preparing and Defending a Depreciation Study” Course

This is our *Advanced Level* course that will be offered for the first time in 2005. This course includes the following three segments:

Developing a Depreciation Rate. Students will develop life and salvage estimates for sample accounts and use these estimates to develop depreciation rates and reserve ratios. Life estimates will be based on analyses performed using life analysis models (Actuarial Retirement Rate, SPR, Technology Forecasting, and Life Span) together with comparables and information about the sample property. Salvage estimates will be based on averages of gross salvage, cost of retiring, and net salvage together with comparables and information about the sample property. Depreciation calculations will be made using the whole life and remaining life techniques.

Preparing a Depreciation Study Report. Students will learn the several parts that comprise a depreciation study report.

Defending a Depreciation Study. Students will discuss the process of defending a depreciation study before a government commission.

Prerequisite: Because this *Advanced Level* course does not include a review of life analysis, salvage, and depreciation models, it has two prerequisites: 1) the Basic Depreciation (*Beginning Level*) course from either 2003 or 2004 and 2) the Life Analysis (*Intermediate Level*) course from 2004. Alternatively, you may contact Dr. Susan Jensen, Chair, Depreciation Education and Training.

All courses begin at 1:00 PM Tuesday, September 13th, and end by noon Friday, September 16th. Ample opportunity will be 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.

Space is limited so be sure to register early! You will receive 22 CPE credits for each course. Below is a listing of the course fee, which includes a continental breakfast each morning and evening receptions Tuesday, Wednesday, and Thursday.

TRAINING FEE FOR EACH COURSE (Use the lower rate if you are also attending the SDP Annual Meeting)	
\$895/\$795	Nonmembers
\$695/\$595	SDP Members
\$595/\$495	Each additional SDP member from the same company/commission (first member from a company pays SDP member rate above) and SDP members employed by a State/Federal Commission
\$50	Guest fee for the three evening receptions

To obtain more information or to register for one of the courses, please contact the Society at sdp@his.com, (505) 792-4604 voice, or (505) 922-1495 fax. We look forward to hearing from you.

Earn CPE Credits

Rod Daniel

Attendees at the 2005 SDP Annual Meeting and/or Training can receive CPE credits. The Society of Depreciation Professionals is a registered sponsor on the National Registry of CPE Sponsors through the National Association of State Boards of Accountancy (NASBA). Status as a registered

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sponsor affirms the Society's commitment to adhere to standards for the delivery of high quality continuing professional education. All participants in the 2005 SDP Annual Meeting and Training will receive official certificates for their CPE credits. Those attending the Annual Meeting will receive up to 12 CPE credits, and those attending Training will receive up to 22 CPE credits.



Certified Depreciation Professional

Susan Jensen, CDP

Add to Your Professional Credentials by becoming a Certified Depreciation Professional (CDP). Becoming a *CDP* provides you a number of professional benefits. Certification helps to demonstrate your knowledge of depreciation and to keep you current and participating in the field of depreciation. Certification also enables you to be recognized as having met the requirements established by the Society. To become a CDP, you must:

- ***Maintain active membership in the SDP.***
- ***Have at least 5 years of full time professional depreciation experience.*** At least 2 of the 5 years must be in depreciation administration: involvement in or responsibility for the preparation of depreciation studies, review of depreciation studies, development of depreciation analysis software systems, or instruction in depreciation analysis and procedures. Three of the 5 years may be in related fields such as engineering, finance, planning, regulation, or regulatory consulting.

- ***Have a college degree or its equivalent.*** Each year of practical depreciation experience equals 1 year of college equivalency. Documentation of all academic and nonacademic experience must be on file at the SDP office (e.g., copy of diploma, college transcript).

We encourage you to start the process of becoming a CDP by completing an application form and submitting it with the \$100 fee. For more information and to download an application, visit the SDP website www.depr.org.

CDP Recertification

To ensure that competent, relevant, and current depreciation counsel be available to the public, the SDP requires Certified Depreciation Professionals to recertify every 5 years. To recertify, you must accumulate 100 Professional Development Credits (PDCs) primarily through professional participation in the SDP, the publication of SDP Journal articles and other scholarly papers, and continuing education. Additionally, you can earn 85 PDCs by retaking and passing the CDP test.

For more information and to download a recertification application, visit the SDP website www.depr.org. It is recommended that you begin recording your qualifying activities on this application form as soon as possible after becoming a CDP so that you can determine what additional activities you need to complete by the end of your 5-year period. If you are unsure as to your recertification period, feel free to contact the Society at sdp@his.com, (505)792-4604 voice, or (505)922-1495 fax.

Society of Depreciation Professionals
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, 2005 – DECEMBER 31, 2005

Name _____

Professional Affiliation _____

Address _____

Telephone _____ FAX _____ E-Mail _____

Dues:

Member		\$40	\$ _____	New _____	Renewal _____
Sustaining Member	@	\$750	\$ _____	New _____	Renewal _____
Business Member	@	\$300	\$ _____	New _____	Renewal _____
Patron Donation	@	\$200	\$ _____	New _____	Renewal _____
Friends Donation	@	\$100	\$ _____	New _____	Renewal _____

Society of Depreciation Professionals
MEETING, TRAINING, & CDP EXAM REGISTRATION FORM

19th Annual Meeting, September 11-16, 2005

La Mansion del Rio, San Antonio, Texas 78205

Early Registration Deadline: August 12, 2005*

2005 SDP ANNUAL MEETING REGISTRATION

The Annual Meeting will begin with a welcome reception Sun. evening, Sept. 11th, and end by noon Tues., Sept. 13th

	SDP Member	Nonmember	
Attendee	\$295	\$345	\$ _____
Guest (Includes evening receptions Sun. & Mon.)	\$ 50	\$ 50	\$ _____

SDP MEMBERSHIP

2005 Dues	\$ 40	\$ 40	\$ _____
2006 Dues	\$ 40	\$ 40	\$ _____

SDP TRAINING REGISTRATION

*Select **ONE** of the following three courses. Trainees may earn up to 22 CPEs per course. Please note that some courses have prerequisites. Space is limited so early registration is advisable.*

___ **“Basic Depreciation”** (Beginning Level)

___ **“Life Analysis”** (Intermediate Level) (*Prerequisite: prior attendance in “Basic Depreciation” course or permission from Dr. Susan Jensen, Susan.Jensen@STB.DOT.GOV*)

___ **“Preparing and Defending a Depreciation Study”** (Advanced Level) (*Prerequisites: prior attendance in “Basic Depreciation” course & “Life Analysis” course or permission from Dr. Susan Jensen*)

(Use lower rate if you are also registering for the Annual Meeting)

	SDP Member	Nonmember	
First registrant from a company/commission	\$695 / \$595	\$895 / \$795	\$ _____
Each additional registrant from same company/commission	\$595 / \$495	\$895 / \$795	\$ _____
Registrant from State/Federal Commission	\$595 / \$495	\$895 / \$795	\$ _____
Guest fee (Includes evening receptions Tues., Weds., Thurs.)	\$50	\$50	\$ _____

CDP EXAM REGISTRATION

Certified Depreciation Professional Exam (Please specify exam session: ___Weds. 8:00 AM or ___Fri. 1:00 PM)	\$100	\$100	\$ _____
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LATE FEE

* <i>Late Fee after August 12th</i>	\$ 25	\$ 25	\$ _____
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TOTAL (Annual Meeting, Membership, Training, CDP Exam, Late Fee) **\$ _____ .00**

PAYMENT

Name: _____

Title: _____ Company: _____

Address/City/State/Zip/Country: _____

Phone: _____ FAX: _____ E-mail: _____

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

Visa/MasterCard/AmEx Card # _____

Exp. _____ Signature _____

Please check here if you need special assistance. Someone from the Society will contact you

Please identify any special dietary requirements _____

HOTEL INFORMATION

Location: La Mansion del Rio Hotel
112 College Street
San Antonio TX 78205

For room reservations, call the hotel directly (210/518-1000) and request the Society of Depreciation Professionals rate: **\$149.00**.

Hotel reservation deadline: Room availability at the conference rate is guaranteed until **August 15th**. After August 15th rooms will be available at the conference rate only if space is available at the hotel.

Return this form to:

SDP
8100-M4 Wyoming Blvd NE #228
Albuquerque NM 87113

Fax: 505/922-1495, sdp@his.com

Cancellations prior to August 12, 2005 will receive a refund, minus a \$50 processing fee. After August 12, 2005, any fees paid for an individual who cannot attend the annual meeting or training will be applied to the 2006 annual meeting or training. For more information on complaint and program cancellation policies, please contact our offices at 505/792- 4604.

The Society of Depreciation Professionals is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Nashville, TN 37219-2417. Telephone: 615/880-4200. Website: www.nasba.org
