



NEWSLETTER

8100 Wyoming Boulevard NE # 228 Albuquerque, NM 87113 Volume 18, Issue 1 Spring 2006

President's Message

Bob Welsh, CDP



Bob Welsh, President

Society of Depreciation Professionals

Welcome to a new year for SDP. This year marks our twentieth anniversary, a milestone that usually calls for reflection on what

we have accomplished, and where we as a society are headed. Looking back we have a lot to be proud of. The Society has grown from the 17 charter members back in 1987 to over 200 members today. Over the years our membership has ebbed and flowed as people move in and out of the depreciation field. But what is remarkable is the large number of members who have been with us many years. This is a true measure of value. To these members, I would like to say "thank you" for making the Society what it is today. To our new members, I would also like to say "thank you" for joining the Society and hope you find it of value also.

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Retrospect – With Our 20th Annual Meeting Imminent; Let's Take a Quick Look Back!

Chris Harris

With the Society's 20th Annual Meeting just a few months away, perhaps now would be a good time to look at our roots. The Society of Depreciation Professionals (SDP) was formed on August 19, 1987 as "a multi-industry, multi-professional group, consisting of regulators, regulated industries, consultants, and all others interested in depreciation." SDP held its first meeting in Chicago, Illinois on November 9-10, 1987 and the first newsletter was published in February 1988. By the time the first newsletter was published membership had grown from the original 17 charter members to 160 members.

The first newsletter also stated the SDP's Goals and Objectives as follows:

Overall Goals

- Promote professionalism and ethics within the art of depreciation, and provide information of interest to depreciation professionals.

Activities

- Provide a forum for discussion of issues relating to depreciation policy.
- Recognize professionalism through membership and awards for service and contributions to the art of depreciation.
- Encourage papers on matters of interest to depreciation professionals.
- Sponsor regular conferences.
- Provide members with information and training that will enhance their skills as depreciation professionals.
- Sanction individually or jointly with other organizations, educational forums on depreciation.
- Publish a regular newsletter.
- Provide electronic data sources such as bulletin boards or other electronic data services.

Clearly those goals and activities continue to be the foundation upon which all of our many accomplishments source. Thanks must be given to all of those early members for their foresight in identifying the needs of all those many depreciation professionals that would follow in their footsteps. To them I say "Mission Accomplished!"

And another round of thanks must be offered to all those that maintain and promote those early traditions. To them I say "Keep up the Good Work!"

SDP EXECUTIVE BOARD**Officers**

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President's Message*Continued from Page 1*

Last year's meeting in San Antonio was one of our best attended meetings. I am hoping that this year's annual meeting in Long Beach, California will be a record breaker. The annual meeting is a key part of the value provided by the Society. It provides an opportunity to meet the best depreciation people in the country and to exchange ideas. This, to me, has always been one of things I liked best about the Society. Members from different companies, state commissions and consultants putting aside "business" and discussing depreciation issues in an open, respectful manner even though they may go back and be on opposite sides of an issue in a proceeding. I would encourage any members who haven't come to the annual meeting to come and see this in action.

Another measure of our value is our training. The past few years the training has been expanded into three courses that have something for everyone. Elsewhere in this newsletter the training is discussed in more detail. It is suffice to say that the Society provides high quality training at a reasonable price by some of the most knowledgeable people in the area. This is value.

Just like in an info commercial, we can say "but there more". The Society publishes a Journal each year which has timely high quality articles on depreciation issues. The Society also has a Current Issues Committee which publishes letters several times a year that discuss depreciation related issues. I know that many view the letters as a way to stay current and their circulation is greater than the membership. And finally there is this Newsletter which keeps everyone up to date on Society activities. I would strongly encourage everyone to contribute to the Journal, the Current Issues letters and the Newsletter. It helps us all and makes the Society even better value.

So looking back, we have accomplished a lot. I believe the Society is meeting its goal to promote the understanding of depreciation principles. Looking ahead, can we do more? Can we provide even more value to our members? I think answer is "yes" and it depends on each us to be active and participate in the Society.

Since last year's annual meeting, the Board has

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

20th Annual Meeting, September 17-22, 2006
Westin Long Beach in Long Beach, CA 90802
Early Registration Deadline: August 15, 2006*

2006 SDP ANNUAL MEETING REGISTRATION

The Annual Meeting will begin with a welcome reception Sun. evening, Sept. 17th, and end by noon Tues., Sept. 19th

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

SDP MEMBERSHIP

2006 Dues	\$ 50	\$ 50	\$ _____
2007 Dues	\$ 50	\$ 50	\$ _____

SDP TRAINING REGISTRATION

The SDP Training will begin at 1:30 PM Tues, Sept. 19th, and end by noon Fri, Sept. 22nd
*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”**

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

___ **“Preparing and Defending a Depreciation Study”** (*Prerequisites: prior attendance in “Basic Depreciation” course or “Life and Net Salvage 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	\$795 / \$695	\$895 / \$825	\$ _____
Each additional registrant from same company	\$695 / \$625	\$895 / \$825	\$ _____
Registrant from State/Federal Commission	\$695 / \$625	\$895 / \$825	\$ _____
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 15th</i>	\$ 25	\$ 25	\$ _____
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TOTAL (Annual Meeting, Membership, Training, CDP Exam, Late Fee) \$ _____

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: The Westin Long Beach
333 East Ocean Boulevard
Long Beach, CA 90802

For room reservations, call 800 WESTIN1 or call the hotel directly (562/436-3000) and request the Society of Depreciation Professionals rate: \$149.00 (add \$20 for each additional person).

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
Tel: 505/867-9513
Fax: 505/867-0917, sdp@his.com

Cancellations prior to August 15, 2006 will receive a refund, minus a \$50 processing fee. After August 15, 2006, any fees paid for an individual who cannot attend the annual meeting or training will be applied to the 2007 annual meeting or training. For more information regarding refund, complaint and program cancellation policies, please contact our offices at 505/867-9513.

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. Website:

www.nasba.org

President's Message

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been considering possible locations for the 2007 Annual Meeting. Based on members suggestions (yes, we do read the evaluations) and in keeping with our rough rotation around the country we selected Rapid City, South Dakota as the 2007 location. While not a city you readily think of, Rapid City is convenient to many attractions that we think you may enjoy. More on this later this year, right now the focus is on Long Beach and great program Dane Watson is putting together for you. If you have suggestions, please give Dane a call.

I would be remiss if I didn't thank the past board and President for their hard work last year. I would also like to thank the current board members for the time they will be spending this year to make our society even better. I am looking forward to serving you as your President in 2006. Please feel free to email or phone me any time with questions or comments.

2006 SDP Conference

Rod Daniel

Mark your calendars for the 2006 SDP Annual Conference and Training, to be held in Long Beach, California, September 17-22, 2006. The conference and training will be held at Westin Long Beach. Located midway between Los Angeles International and Orange County airports, and adjacent to the Long Beach Convention and Entertainment Center, the Westin Long Beach is as conveniently situated as it is beautiful. Guests of the hotel will find themselves just one mile from the beach and only minutes from the new Aquarium of the Pacific. Numerous shops, restaurants and clubs are within an easy stroll. For more information on the hotel, you can visit their web site at: www.westin.com. Or for more information on Long Beach, visit www.visitlongbeach.com.

The Annual Meeting will again begin

with a Sunday evening welcome reception. The Annual Meeting will get under way with an opening session on Monday, September 18th, and continue through noon on Tuesday, September 19th. The SDP Depreciation Training classes will begin at 1:00pm on Tuesday, September 19th, and continue through Friday noon, September 22nd. As additional details become available for both the Annual Meeting and Training classes, that information will be posted on the SDP Web Site (www.depr.org).



Westin Long Beach

2006 SDP TRAINING

Susan Jensen, Ph.D.

The SDP is pleased to offer the following three concurrent courses immediately following the 2006 Annual Meeting. The courses range from an overview of basic depreciation topics to an in-depth study of life analysis and net salvage models to a higher level overview course intended for managers as well as depreciation professionals. We encourage you to choose the course that best fits your needs.

Course #1 - Basic Depreciation

This 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.*

Course #2 - Life and Net Salvage Analysis

This course includes in-depth study of the most popular life analysis models: *Actuarial Analysis, Simulation Analysis (e.g., SPR,*

Thanks to These Contributing Members

SDP Sustaining Members

AUS Consultants
PowerPlan Consultants

Business Patron

E. Wotring Associates, Inc.

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Herbert Crowhurst, CDP
John Lamparello
Branko Terzic

Computed Mortality), Technology Forecasting and Obsolescence, and Life Cycle Analysis. And new this year, we are including a segment on Salvage and Cost of Removal. The prerequisite for this course is the Basic Depreciation course OR permission from Dr. Susan Jensen based on your qualifying experience, courses (e.g., DPI), or objectives.

Course #3 - Preparing and Defending a Depreciation Study

This course includes classes in *Developing a Depreciation Rate, Preparing a Depreciation Study Report, and Defending a Depreciation Study.* And new this year, we are including a class on *Getting Behind the Numbers.* This course is intended not only for depreciation professionals involved in preparing depreciation studies but also for managers wanting to know more about the projects for which they are responsible. The prerequisites for this course are the Basic Depreciation AND Life Analysis courses OR permission from Dr. Susan Jensen based on your qualifying experience, courses, or objectives (e.g., manager's need for an overview of the depreciation process).

All courses begin at 1:30 PM Tues., Sept. 19th, and end by noon Fri., Sept. 22nd. Ample opportunity will be provided during class and at informal evening receptions to talk with the expert instructors and network with fellow attendees from utilities, State/Federal commissions, and consulting firms.

You will receive 22 CPE credits for each course. Course fee includes a continental breakfast each morning and evening receptions Tues., Weds., and Thurs. *Space is limited so be sure to register early!*

Current Issues

John Ferguson, CDP

The accounting and regulatory treatment of salvage and cost of removal continues to be a hot topic. Proposals for deferral mechanisms have been around for a long time, but took on renewed vigor as a consequence of SFAS 143. Now there is a new twist.

The March 22, 2006 Committee letter addressed a Staff proposal in Delaware Docket No. 05-304, involving the Delmarva Power & Light Company, to refund to ratepayers the Delaware portion of the cost of removal recorded in the accumulated provision for depreciation (book reserve). The Staff's proposal is to refund the cost of removal over a five-year period and to restore the refunded amount to the reserve over the remaining life of the surviving property (about 30 years). The Division of Public Advocate (DPA) supports the refund, but does not support restoring the refunded amount to the reserve.

The March 22 Committee letter addresses what prompted the refund proposal, which was made late in a rate case involving distribution delivery rates and resulted in compressing the case schedule in order that the authorized rates be effective on May 1, 2006. This compression reduced the amount of time for filing testimony and for discovery, eliminated the normal evening hearing for taking comments from members of the public, required surrebuttal testimony to be given orally, eliminated reply briefs and reply exceptions to the examiner's Proposed Decision, and requires that the authorized rates be designed and implemented prior to the Commission issuing a written order in the proceeding. In a March 29, 2006 letter to the Commission, Delmarva indicated that it may be impossible to design and implement rates during the five days between the

Commission's vote and the May 1 deadline.

The hearing on the refund proposal was on March 20, at which time the Staff and DPA supported the proposal, Delmarva and the Delaware Electric Cooperative objected to it, the customer interveners did not appear, and a member of the public (the Association of Community Organizations for Reform Now) expressed the opinion that the proposal would not be beneficial to customers. The briefs were filed on March 31 and the Proposed Decision is due on April 15. The Proposed Decision will undoubtedly be addressed by a future Committee letter.

SDP Journal News

Tony Flesch

The SDP Journal needs your article in order to continue to be a viable resource for our members. Please consider contributing an article for the next 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 CDP 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 Page 5 of the 2004-2005 Journal, and also on the SDP web page. Articles for the next edition are requested by July 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!

Web Page News

Lou Walters

For those of you who were unable to attend last

year's Annual Meeting in San Antonio, see what you missed by going to the "Photos" page on our website! The Monday evening tour of the Alamo was certainly entertaining.

Please take a few minutes out of your busy day to either see what you missed or, if you attended, to see if you are in a photo! Also on the "Photos" page are pictures of the trainers, as well as a group photo.

There is a Registration Form for this year's Annual Meeting in Long Beach included in this newsletter but if you miss place it you can always find another one on the Meetings page. As information becomes available regarding the agenda, it will be posted on our website.

And don't forget the SDP Directory and Jobs Listing page on our website. These two pages are in a protected area of the SDP website that is restricted to SDP members only. You will be prompted for a User Name and Password. If you have forgotten your User Name and Password, send me an email at louis.walters@verizon.com.

Be sure to visit the SDP web page for current information and valuable links. The web page address is www.depr.org - See you there!

New Members

Rod Daniel

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

- Steven Janes, Public Service Electric and Gas Company, Newark NJ
- Jane Mahoney, Warinner, Gesinger & Associates LLC, Overland Park KS
- John Mason, Duff & Phelps LLC, Houston TX
- Curtis McElwee, Sierra Pacific Power Co and Nevada Power Co, Reno NV
- Angela Moore, Memphis Light Gas & Water Division, Memphis TN
- Paul Normand, Management Applications Consulting, Reading PA
- Gregory van Dusen, Hydro One, Toronto ON Canada
- Don Weir, Sask Tel. Regina SK Canada

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Albuquerque, NM 87113

SOCIETY OF DEPRECIATION PROFESSIONALS

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

INVOICE

MEMBERSHIP DUES JANUARY 1, 2006 – DECEMBER 31, 2006

Name _____

Professional Affiliation _____

Address _____

Telephone _____ FAX _____ E-Mail _____

Dues:

Member		\$50	\$ _____	New _____	Renewal _____
Sustaining Member	@	\$750	\$ _____	New _____	Renewal _____
Business Member	@	\$300	\$ _____	New _____	Renewal _____
Patron Donation	@	\$200	\$ _____	New _____	Renewal _____
Friends Donation	@	\$100	\$ _____	New _____	Renewal _____