



NEWSLETTER

8100 Wyoming Boulevard NE # 228 Albuquerque, NM 87113 Volume 19, Issue 2 Fall 2007

President's Message

Dane Watson, CDP



Dane Watson, CDP, President
Society of Depreciation Professionals

It hardly seems possible that the year is about to come to a close. It seems like a very short time ago that I wrote my first letter as President of the Society. Thanks to everyone who helped make this year for the Society successful. The meeting was very informative and enjoyable (thanks to the excellent planning from Donna) and the training program had more people than ever before and was exceptional as always (thanks to the work of Susan and the team of trainers).

I hope you feel your membership and participation in the Society is well worth the effort it takes to be involved. I know that work for everyone seems to get busier and busier. The old joke that it is hard to remember that your purpose is to drain the swamp when you are up to your

neck in alligators is really appropriate for most of us. I hope that as the New Year rolls around, you take a minute to stop, take a breath and recommit to making 2008 an even better year for the Society than 2007. Work will always be busy. We, as individuals, are ultimately responsible for continuing to develop ourselves in our field. It would be easy to look up at the end of 2008 and realize that we missed another year's opportunity for growth. Under the capable leadership of Donna and Robert, 2008 promises to be even better than 2007. Please take advantage of the activities in 2008 to increase your understanding and involvement in the depreciation area.

It has been a pleasure serving you as President during 2007. I appreciate the opportunity to be a part of this important Society and to serve it over the last few years as an Officer. I look forward to seeing each of you in Greenville SC next September.

Dane Watson

**Mark your calendars for 2008
Annual Meeting and Training
September 22-26, 2008
Greenville SC**



Mr. Branko Terzic was elected Chairman of the Ad Hoc Group of Experts on Cleaner Electricity Production from Coal and other Fossil Fuels (AHGE) at the organization's first meeting in the United Nations offices at Geneva. The expert group was established to advise the United Nations Economic Commission for Europe (UNECE) and its Committee on Sustainable Energy.

In the AHGE, experts from government, the electric power industry and other related industries, and the international financial sector and relevant international organizations (e.g., Eurelectric, Interim Energy Community Secretariat, CIS Electric Power Council, Central Asian Coordinating Electric Power Council, OPEC, OECD/IEA, and Energy Charter) will discuss investment in and regulation for the promotion of cleaner electricity production.

Mr. Terzic, a former Commissioner of the U.S. Federal Energy Regulatory Commission and energy company CEO, is currently the Global and U.S. Regulatory Policy Leader in the Energy & Resources Industry practice of Deloitte. Mr. Terzic is a founding member, and active member of the Society of Depreciation Professionals.

SDP EXECUTIVE BOARD**Officers**

President **Dane Watson**
Alliance Consulting Group
(214) 473-6771

Vice-President **Donna Hobkirk**
TECO – Peoples Gas
(813)228-4247

Treasurer **Brian Caldwell**
Entergy Services, Inc
(501) 377-5677

Secretary **Chris Harris**
Virginia State Corporation Commission
(804) 371-9664

At-Large Director **Robert Poulsen**
Embarq
(913)345-7602

At-Large Director **Laura Rockenberger**
Arizona Public Service
(602) 250-2668

Past President **Robert Welsh**
Welsh Group, LLC
(703) 450-0845

Committee Chairmen

Certification and Testing **Susan Jensen**
Surface Transportation Board
(202) 565-1536

Coordinating **Steve Barreca**
BCRI, Inc.
(205) 943-6710

Current Issues **John Ferguson**
Ferguson Associates
(972) 699-8214

Depr. Education & Training **Susan Jensen**
Surface Transportation Board
(202) 565-1536

Ethics and Standards **John Wiedmayer**
Gannett Fleming, Inc
(610) 650-4071

Journal **Anthony Flesch**
Verizon
(972) 718-5934

Membership **Jerry Weinert**
AUS Consultants
(414) 529-5755

Newsletter **Chris Harris**
Virginia State Corporation Commission
(804) 371-9664

Program **Donna Hobkirk**
TECO – Peoples Gas
(813)228-4247

Web Page **Louis Walters**
Verizon
(972) 718-7350

Newsletter Publisher **Rod Daniel**
Phone: (505) 867 - 9513
FAX: (505) 867 - 0917
Email: sdp@his.com

Annual Meeting & Training Recap

Donna Hobkirk

Hello to all my SDP friends!

This year's Annual Meeting and Training were well attended and enjoyed by all. Everyone I spoke with was very upbeat about the content of both. Evaluations were glowing with comments ranging from, "I can see that the SDP Conference is an important gathering for our industry wide professionals to exchange ideas." to "This was one of the better networking conferences I've been to in years." to "Quality presentations followed by a brilliant dinner at Mount Rushmore."

While the industry is our main purpose, everyone seemed to think the after lunch entertainment was a great break. The slight of hands presentation by our very own SDP friend, Rob Pierce, received memorable comments, including "I was waiting on *him* to disappear".

I would like to give a special thanks to Rod for the work he did organizing the special social events. The off-site dinner & viewing of Mount Rushmore, as well as the social held at the gallery were a big success.

I look forward to getting to know more of you and to enjoying the friendships I have made over the last few years. I am honored to serve as next year's President. The Society is about all of us. I invite, and encourage, each of you to discover within yourselves what talents you possess that could be shared. The Executive Board welcomes your thoughts and your insight. Please let me, or any Executive Committee or Board of Directors member, know of any thoughts, comments or suggestions you have.

Robert Poulsen is your incoming Vice President and Program Chair and welcomes any ideas for our 2008 Meeting. Robert can be reached at Robert.poulsen@embarq.com.

May your holidays be happy and full of peace, joy, and laughter!

Nothing Would Be Finer Than to Be In Carolina In the Morning

Rod Daniel

The 2008 SDP Annual Meeting and Training will take place in Greenville, South Carolina, September 22-25, 2008 at the Greenville Hyatt Regency Hotel. When you arrive in Greenville, you will no doubt be taken aback by Downtown's massive revitalization, a reversal of the suburban migration that made ghost towns out of so many cities in the 1980's and 90's. Along the way, you'll discover fine-dining restaurants, quaint shops and picturesque scenery. Greenville boasts a minor league baseball team that will still be in season in September of 2008, fine performing arts centers, art galleries, and a large arena that has major sports and entertainment events every week of the year. Everything is within an easy stroll of the conference hotel. The

Greenville/Spartanburg airport is easily accessible from airports across the country, and the Hyatt provides free shuttle service to and from the airport. Located in the foothills of the Blue Ridge Mountains, mountain attractions are an easy car trip from Greenville, including the Biltmore Estate and the Great Smokey Mountains National Park.

The conference will begin with a Sunday evening reception on September 21st. The conference will officially open on Monday, September 22nd and continue through noon on Tuesday, September 23rd. Depreciation training classes will begin on Tuesday, September 23rd and continue through Friday Noon, September 26th.

Planning for both the conference and training is still in the early stages. As more information becomes available, it will be posted on the SDP web site: www.depr.org

Ed Wotring

By: John Ferguson, CDP

Ed Wotring passed away on June 9 at the age of 58. He was a Civil Engineering graduate of Purdue University, a registered professional engineer, a Society member for many years, and had long been a Business Patron and Sponsor of the Society. Ed was also an active member of the Depreciation Committee of the American Gas Association and of the Depreciation Accounting Committee of the Edison Electric Institute, and their respective successor committees.

Ed began his management consulting career in 1978 when he joined Middle West Service Company, and was later a Manager with Price Waterhouse. He started his own firm, E. Wotring Associates, Inc. in 1989 and provided engineering and management consulting services that included depreciation studies for electric, gas, telephone, water, sewer, and railroad property, cost of service studies, and engineering valuation studies for purposes that included sale of property, insurance, fair value rate base, original cost, and compliance with bond indenture requirements.

Ed's family suggests memorials be sent to the Cystic Fibrosis Foundation, 150 North Michigan Avenue, Suite 400, Chicago, IL 60601.

Thanks to These Contributing Members

SDP Sustaining Members

AUS Consultants.
PowerPlan Consultants
Tangibl LLC

Individual Patron

Dr. Susan Jensen, CDP

SDP Friends

John Lamparello

The Orientation of Utility Property Records – Accounting? or Technical?

By: John S. Ferguson, CDP

Accounting? or *Technical?* The current response to this question would likely be *Accounting*. The response in 1962 when I became a consultant would likely have been *Technical*. Since that time I have observed a shift in the perceived role of property records, which I judge to be a consequence of mechanization and downsizing. In some cases, this shift has eliminated the technical role, and in other cases it has merely moved it to elsewhere in the organization. It is easy to discern whether the accounting record keeping function has a technical orientation, because such an orientation dictates that plant accounting be populated by both accountants and engineers. It is not so easy to discern whether the technical role still exists, but has moved to elsewhere in the organization, because the observer would require a detailed understanding of how data on construction and maintenance activities flow from those doing the work to those recording the work. I view the technical orientation residing within the plant accounting function as being more valuable to the entity.

I have observed that a property record function I interpret as having a technical orientation typically includes a construction accounting group that confirms completed construction projects are consistent with their reported costs and that provides on-site accounting for large projects, such as power plants. On-site accounting certifies that contractor bills represent actual work done that is in accordance with contract terms, and unitizes the

construction costs as they occur. Outside entities are capable of performing the on-site accounting role. However, doing so denies utility personnel from receiving some valuable training.

A construction accounting group is useful for introducing young accountants to the equipment and to the field personnel they will be dealing with, and for introducing recently transferred field personnel having technical expertise to plant accounting. Being acquainted with the equipment is of value, because obvious errors are more likely to be identified and corrected. Being personally acquainted with field personnel is of value, because such personnel are quite adept in making reporting systems work how they want them to work, which might not be how the systems are intended to work.

Knowing both the equipment and the reporting personnel enhances the accuracy of property records. For example, I am convinced that the most accurate property records I have dealt with are those of a small and mostly rural utility in which an ex-lineman served as the plant accounting manager. This person was transferred to the accounting role following an injury that prevented him from climbing. His value was due (1) to his knowledge of the equipment, and (2) to his acquaintance with the field personnel reporting construction and maintenance activities and the tricks they might play to make the system work for them. Therefore, he could identify errors and recognize when systems should be modified to better meet the needs of field personnel.

A technical orientation may prove to be more helpful than an accounting orientation when management dictates installation of accounting

systems designed with industrial needs in mind. Industrial systems implement the item concept of depreciation accounting, whereas Uniform Systems of Accounts (USofAs) dictate the group concept. The USofA requirement for the group concept is typically inherent in the specified treatment of accounting transactions, rather than specifically stated. Force fitting is required to get an industrial system to work in a utility environment, which I have observed to sometimes result in rather strange cost data. Even though an accounting orientation may be slower than a technical orientation to identify problems imposed by the force fitting of an industrial system, I am encouraged by recent activity that suggests some utility managers have come to the realization that industrial systems are not suitable for their plant accounting and have begun replacements with systems designed for the group concept of depreciation.

Accounting? or *Technical?* A response to this question that the orientation is *Accounting* raises another question. *Why?*

Web Page News

By: Lou Walters

For those of you who were unable to attend the 2007 Annual Meeting in Rapid City, SD, see what you missed by going to the Photos !!! page on the website! In addition to the wonderful lineup of speakers, the Monday evening dinner at Mount Rushmore was great, although quite COLD! The area around Rapid City is quite scenic – take a look at the pics I posted of the Badlands, Mount Rushmore, the Crazy Horse Memorial (from a distance), and various locations in the Black Hills where I went hiking (Custer State Park) or biking on the George S. Mickelson Trail.

Be sure to visit the SDP website for current information and valuable links. The website address is www.depr.org

SDP Journal Sponsorship Opportunity

By: Tony Flesch

The 2006-2007 edition of the SDP Journal will be published in the first quarter of 2008. The Journal is pleased to offer our members the opportunity to promote their business or service by sponsoring an ad in the Journal. Sponsorships are requested at \$100 each. Sponsors receive an advertisement in the Journal (3 ½" wide by 2" high), and a listing on the title page, and a free copy of the Journal. Other advertisement sizes and rates are available on request, please contact Rod for information. If you or your company would like to sponsor an ad in the 2006 – 2007 SDP Journal, please submit your logo or design to Rod Daniel by January 15, 2008.

SDP Journal News – Last Call

By: Tony Flesch

Last Call for articles for the 2006-2007 edition of the SDP Journal. Submit your article by December 31, 2007 and you can become a published author in a prestigious international professional journal; and you will be enhancing credentials for your resume or testimony, demonstrating your professional knowledge and skills to other members of the Society, earning 25 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. The Last Call for articles deadline for the next edition is December 31, 2007 - 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!

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, 2008 – DECEMBER 31, 2008

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 _____ |