

SDP 2009 TRAINING

LIFE AND NET SALVAGE ANALYSIS

This course provides experience in using the life analysis models included in the **Depreciation Basics** course: *Actuarial Analysis, Simulation Analysis, and Life Cycle Analysis and Technology Forecasting*. Each class includes applications to real-world data. We also again offer *Gross Salvage and Cost of Removal* and also *FAS 143 & Overview of IFRS (International Financial Reporting Standards)*. In *Evaluation of a Depreciation Study*, you will learn how to “*get behind the numbers*” developed in a depreciation study. Additionally, ample opportunity is 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. You will receive up to **22 CPE credits** for this course.

LIFE AND NET SALVAGE ANALYSIS

Actuarial Life Analysis

Purpose of Actuarial Analysis
Data Requirements
Fundamental Life Analysis Techniques
Life Tables
Retirement Dispersions
Curve Smoothing and Extrapolation
Interpretation of Results
Pitfalls and Possibilities

Simulation Life Analysis (SPR, STAGE, Computed Mortality)

Review of Simulation Analysis

- SPR Calculations
- Conformance Index (CI)
- Retirement Experience Index (REI)

Analyzing SPR Results Using Actual Data

- Interpreting CI and REI
- Trend Analyses
- Width of Analysis Band

Data

- Data Other Than Additions and Retirements
- Missing Early Additions

Detecting SPR Biases

Statistical Aging (STAGE)

- Initial Application & Annual Calculations
- Analyzing STAGE Results

Computed Mortality

- Calculations

Turnover Methods

LIFE AND NET SALVAGE ANALYSIS - cont'd

Technology Forecasting

Forecasting Technology Advancement

- Learning Curves
- Technology Performance
- Manufacturing and Cost Curves
- Cost-Of-Capacity Modeling

Forecasting Technology Substitutions

- Basic Technology Substitution Modeling
- Multiple Technology Substitution Modeling

Modeling the Life Cycle of Technologies

Life Cycle Analysis

Understanding the Forces of Depreciation

- Physical Depreciation
- Functional & Technological Obsolescence
- External or Economic Obsolescence
- Ordinary vs. Abnormal Obsolescence
- Depreciation's Impact on Value: Service Lives, Utilization, Profitability

Modeling Forces of Depreciation Using Life Cycle Models

- Life Cycle Concepts
- Modeling Physical Depreciation & Ordinary Obsolescence
- Modeling Abnormal Obsolescence: Technological Substitution Analysis

FAS 143 and Overview of IFRS

FAS 143

- Obligations Included
- Affect on Computation of Income
- Affect on Financial statements
- Conditional Asset Retirement Obligation
- Examples of Application

Overview of IFRS (International Financial Reporting Standards)

- Asset Valuation
- Depreciation
- Impairment

Net Salvage Analysis

Analyzing the Age Sensitivity of Gross Salvage and Cost of Removal

Identifying Future Trends in Gross Salvage and Cost of Removal

Calculating Factors for Gross Salvage, Cost of Removal, and Net Salvage

Analyzing Interim Additions & Retirements

Treating Demolition and Decommissioning Estimates

FAS 143 - Handling Retirement Obligations

LIFE AND NET SALVAGE ANALYSIS - cont'd

Evaluation of a Depreciation Study: Getting Behind the Numbers

Significance of Accounting Practices

Regulatory Considerations

Knowledge and Data Needs

Influences on Depreciation Rates

- Uniqueness of Entities
- Accounting Practices
- Types of Property
- Sensitivity to Age and Growth
- Technology
- Life Analysis Methods