SDP SOCIETY OF DEPRECIATION PROFESSIONALS

Spring/Summer Newsletter

2025

President’s Message

Dear SDP Members,

Happy Summer!

Planning is well underway for our upcoming Conference and Training in Kansas City. Vice President Dustin Madsen, CDP, CPA, CA, CRRA is leading the charge to deliver a dynamic and engaging Conference agenda, featuring top industry experts and timely, relevant topics. Dr. Susan Jensen, CDP is assembling a top-tier faculty of depreciation professionals. Nowhere else will you find access to such a concentration of expertise. 👉 Stay tuned for speaker and session updates on our website www.depr.org.

It’s a true honor to serve as SDP President during such a transformative time in our industry. The pace of change in the utility sector—driven by energy transition, regulatory shifts, and affordability challenges—presents both opportunities and challenges. Now more than ever, our work in depreciation plays a critical role in ensuring fair capital recovery and long-term system stability.

SDP has been a cornerstone of my own professional development. I encourage you to invite your colleagues to get involved. SDP offers more than premier training and conferences—it offers a community: a network of friends, mentors, and peers across utilities, regulatory bodies, and advocacy groups, united by a shared commitment to excellence and collaboration.

I look forward to seeing you in Kansas City this September. SDP week is one of the highlights of the year—a time to learn, connect, and grow together. 📝 Registration is open! - Register Here!

Thank you for being a valued member of SDP.

Warm regards,
Amanda
President, Society of Depreciation Professionals

Board and Committees

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Click **Here** for the Volunteer Interest Form

SDP Open Mic Forums - Summer 2025 Series

Dr. Susan Jensen, CDP
Director of SDP Training

We're excited to announce the return of SDP's Open Mic Forums (OMFs) this summer! These virtual sessions are complimentary for all SDP members and offer a valuable opportunity to stay connected, explore emerging regulatory trends, and engage with industry professionals.

Since launching in 2020, over 550 participants have attended 18 forums—and we're just getting started.

"It was great to touch base with SDP folks again."

What to Expect

- Each 75-minute session includes a brief presentation followed by a Q&A with experienced SDP trainers.
- Offered Noon–1:15 PM Eastern.
- Most sessions feature at least two trainers for diverse perspectives.
- Topics preview insights that will be expanded upon in our Fall Training.

Summer 2025 Forums

Thursday, June 19, 2025

Asset Retirement Obligations (AROs)

- Definition & FERC Order 631
- Accounting vs. Ratemaking
- Expert Insights from 20+ Years in the Field

Presented by Rick Fisher, CDP; Dane Watson, PE, CDP; Larry Kennedy, CDP

Thursday, July 17, 2025

Managing a Depreciation Study

- Planning the Study
- The Role of Subject Matter Experts (SMEs)
- Collaborating Effectively with Consultants

Presented by Dane Watson, PE, CDP; Rebecca Richards, CDP; John Johnson

SDP Open Mic Forums - Summer 2025 Series - *continued*

Thursday, August 14, 2025

Getting Property Data Right

- Handling Automated Data Issues
- Data Cleansing and Verification
- Effects of Pricing Retirements and Retirement Lag

Presented by Ned Allis, CDP; Larry Kennedy, CDP; Amanda Nori, CDP

Since 2003, SDP has trained over 1,646 professionals. OMFs are a wonderful way to build your knowledge, connect with peers, and discuss real-world challenges.

More Testimonials

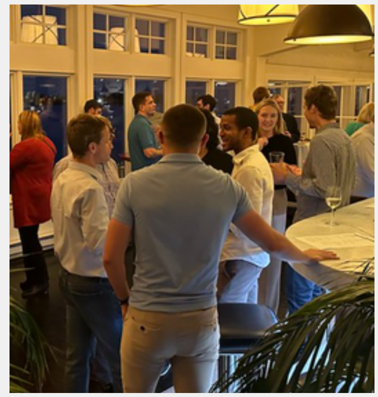
“Interesting and well-balanced presentation. I was impressed with how well the forum was conducted.”

“Loved the topic since it's relevant and becoming an issue in most states now.”

We hope to see you at this summer’s sessions!

35th Annual Conference & Training

We're pleased to announce that registration is open for the 35th Annual SDP Conference and Training **Sept. 14–19 in Kansas City, MO!** This year's event offers a strong lineup of education, networking, and professional development—set in one of the Midwest's most vibrant cities. Register Now!



Conference Highlights (10.5 CPEs)

The Conference agenda includes presentations from industry leaders on key topics such as the importance of depreciation, industry trends, regulatory issues and updates, and energy transition in gas and electric utilities. The comprehensive agenda is designed to maximize professional development while offering meaningful networking opportunities with other utility professionals, consultants, and commission staff.

Training Highlights (6 to 22 CPEs)

Sunday Training (6 CPEs) includes **Introduction to Depreciation** and **Depreciation Regulation, AI, and Current Issues Panel**. These two courses are ideal for those new to the profession or looking to refresh their understanding of fundamental concepts and current developments.

Midweek Training (14 CPEs) consists of the course **Utility Ratemaking: History, Revenue Requirements, and Process.** This course offers an in-depth look at the principles and mechanics behind utility rate setting, including how depreciation plays a role in establishing revenue requirements.

The **Extended Training** (22 CPEs each) includes three courses:

- **Depreciation Fundamentals** provides an overview of group depreciation accounting, life and salvage analysis, data issues, and annual and accumulated depreciation.
- **Life Analysis Methods and Applications** explores various life analysis models, their practical applications, and how to interpret results using real-world data.
- **Analyzing Net Salvage in the Real World** examines how gross salvage and cost of removal are analyzed and used in depreciation studies, with attention to the causes of retirement and their financial impact.

35th Annual Conference & Training - *continued*

Accommodations at The Fontaine

Our host hotel, The Fontaine, in the heart of Kansas City's vibrant Country Club Plaza district, is offering us a remarkably reduced rate of **$178 / night**. The property offers an upscale experience with a rooftop pool, 24-hour fitness center, and full-service dining including a rooftop bar—all within walking distance of premier shopping and restaurants.

Explore Kansas City

Outside of the conference and training, Kansas City has plenty to offer. From the National WWI Museum and Memorial to the Nelson-Atkins Museum of Art, the Kansas City Zoo, and local spots like Boulevard Brewing Company, there's no shortage of things to see and do. And of course, the city's legendary barbecue and live jazz scene are worth experiencing while you're in town.

We hope you'll make plans to join us this September as we celebrate SDP's 35th Annual Conference and Training. Register today and be part of a week filled with meaningful connections, valuable insights, and professional growth.

2025 SDP Training

Dr. Susan Jensen, CDP, Director of Training

We're excited to welcome you back this fall for another round of exceptional SDP training courses. Whether you're new to depreciation studies or a seasoned professional, our curriculum is designed to keep you ahead of industry trends with cutting-edge insights and practical, real-world applications.

Kicking off before the Conference are two popular courses on Sunday including the much-anticipated discussion of ***AI & Generative AI***. Following the Conference, you're invited to choose among three Extended Training courses, including a discussion of ***Asset Retirement Obligations (AROs)***. For those unable to attend the full week, we offer a comprehensive Midweek course explaining how depreciation fits into utility regulation.

Why Attend In-Person?

- Engaging Class Discussions – Collaborate with professionals across the field and benefit from the insights of nearly a dozen expert instructors with centuries of combined experience.
- Real-World Case Studies – Courses feature hands-on learning, using real data and relevant scenarios that can be directly applied to your work.
- Two-Instructor Format – Multiple trainers co-teach most courses, offering diverse perspectives and maintaining a dynamic learning environment.
- Unmatched Faculty-to-Trainee Ratio (8:1) – Get the personalized support and attention you won't find anywhere else.

Certification and Continuing Education

Take the Certified Depreciation Professional (CDP) exam during training week—our program is the ideal preparation. Plus, every course provides Continuing Professional Education (CPE) credits to help you maintain your CDP and other credentials.

Course Offerings

Sunday Courses

➤ Introduction to Depreciation

A perfect starting point. Covers essential topics such as accounting, property data, depreciation rates, and life/salvage analyses—core material for the CDP Exam.

"Effective intro class - great background"

➤ Depreciation Regulation, AI, and Current Issues Panel

Features our new ***AI & Generative AI*** class, including a discussion of AI's impact on utilities and depreciation. Begins with a fascinating explanation of how depreciation fits in the process of utility ratemaking. Wraps up with timely regulatory and industry issues.

"Great training - unavailable anywhere else!"

Midweek Course

➤ Utility Ratemaking - History, Revenue Requirements, and Process

By popular demand, this course breaks down how depreciation fits into the regulatory landscape. Includes utility regulation history, the revenue requirements formula, and the full ratemaking process—from discovery to hearings.

Extended Training Courses

➤ Depreciation Fundamentals

An in-depth intro covering depreciation study components, such as plant accounting, life and salvage analyses, life cycle analysis, depreciation calculations, reserve imbalances, Iowa Curves, and more. Ideal for both analysts and managers.

"Engaging and informative - great for beginners"

2025 SDP Training - *continued*

➤ Analyzing the Life of Real-World Property

Hands-on small-group sessions applying actuarial and simulation models. Includes engineering causes of retirement, forecasting life using analysis results, and life-based depreciation.

"Instructor's real-life insights made a huge impact."

➤ Analyzing Net Salvage in the Real World

Focuses on gross salvage, cost of removal, statistical analysis, and regulatory issues like **Asset Retirement Obligations (AROs)**. Net salvage transactions will be analyzed in relation to the ***original cost*** and ***current cost*** of the retired assets. Includes net salvage for ***mass*** and ***life-span*** properties and adjustments for the age of the retired asset and inflation.

"Very applicable to my day-to-day work."

More Testimonials

"One of the best trainings I have attended."

"The instructors were knowledgeable, patient, and a pleasure to learn from."

"Dynamic classes - made technical content easy to digest and apply."

Join Us in Kansas City, MO!

We've proudly trained **1,646** professionals since launching Extended Training in 2003. Join us in Kansas City to gain access to renowned depreciation experts! Visit www.depr.org for details and registration.

Let's make 2025 your most impactful year yet!

Social Media Update

I'm excited to share that our LinkedIn following has grown to 138 since the start of 2025—and this is just the beginning! We'll soon be posting bios of our training faculty and the schedule for our upcoming Open Mic Forums. When you see these updates, please share them to help spread the word. Thank you for your continued support!

Kevin Easterling
CHAIR, SOCIAL MEDIA COMMITTEE

Current Issues Update

Branko Terzic
EDITOR

The SDP Needs You

By Branko Terzic

To report new, unusual, precedent setting or just plain strange depreciation orders, studies or papers. New technology treatments, changes in regulatory practice or anything out of the ordinary are of interest.

The SDP Current Issues program can only be useful if practitioners provide input from actual utility and PSC activity.

Not sure if something qualifies? Send it anyway to:

Branko Terzic
Mobile 703-919-0164
Hon.branko.terzic@gmail.com

Certification as a CDP

CDP EXAM DETAILS

A proctored, closed-book exam is given at each SDP Annual Meeting or remotely.
When we offer the conference and training online, the exam may be taken remotely with permission from the Certification Chair and the appropriate designation of a proctor.

View the guidelines here.

The exam has two parts -- the Ethics part and the Technical part.
Part I (Ethics portion) includes questions about the SDP Code of Ethics and the SDP Standards of Professional Conduct.
Part II (Technical portion) includes questions in the following areas:
» Plant and Reserve Accounting
» Life Analysis Concepts
» Life Analysis Using Actuarial Models
» Life Analysis Using Simulation Models
» Salvage and Cost of Retiring Analysis
» Life Cycle Analysis
» Depreciation Calculations

TO PASS THE EXAM

- To pass the exam, a minimum score of 70% is required on the Ethics part of the exam. Additionally, a score of 70% is required on the Technical part of the exam OR on the Ethics and Technical parts combined.
- An applicant who has twice unsuccessfully taken the exam must wait a minimum of 1 year before retaking the exam.

RECOMMENDED STUDY MATERIALS

SDP currently offers *Depreciation Systems*, *Engineering Valuation and Depreciation*, and *Bulletins 125* and *155* as a gift with donations to our Education Fund; see details on our website. Other resources may be found online, in libraries, or by reaching out directly to the publishing organizations listed.

GOALS OF CDP PROGRAM

- Allow individuals to demonstrate their knowledge of depreciation.
- Provide an opportunity for members to be recognized as having met the requirements established by SDP.
- Elevate the practice of depreciation by establishing minimum standards.
- Keep members current and participating in the field.

REQUIREMENTS FOR CDP STATUS

- Active membership in the SDP.
- At least 5 years of full-time professional depreciation experience, at least 2 years of which must be in the area of depreciation administration. Three years of experience may be in related fields such as engineering, finance, planning, regulation, and regulatory consulting. Depreciation administration comprises any of the following activities: involvement or responsibility for the preparation of depreciation studies, the review of depreciation studies, the development of depreciation analysis software systems, and instruction in depreciation analysis and procedures.
- College degree or its equivalent. Each year of practical depreciation experience equals 1 year of college equivalency. The Certification Committee recognizes career development and non-academic equivalency, e.g., courses, seminars, teaching, administrative/supervisory positions, and membership in professional organizations.
- Documentation of all academic and non-academic experience is mandatory and must be on file at the SDP office (e.g., copy of diploma, current letter from college, transcript).
- Successful passage of CDP Exam within five years prior to CDP application.
- Completed Application and References.

FEES

- $225.00 CDP Exam Fee
- $150.00 CDP Application for new CDP applicants
- $100.00 CDP Re-certification for current CDPs

Got Depreciation Skills?

Become a Certified Depreciation Professional!

The Society's **Certified Depreciation Professional (CDP) Program** recognizes individuals who have demonstrated their expert knowledge and experience in the depreciation practice. In addition to recognizing experts in depreciation, the CDP program elevates the practice of depreciation by establishing minimum standards and promoting active collaboration and participation in the field.

Becoming a CDP requires passing the SDP administered and proctored exam that covers seven technical areas in addition to a section on Ethics and Standards of Professional Conduct. Applicants must also demonstrate a minimum of five years of depreciation professional experience. The CDP designation is renewed through Professional Development obtained by performing activities such as attending the SDP conference and annual meeting, presenting, training, serving on the SDP Board of Directors, and conducting and reviewing depreciation studies, to name a few examples.

If you are interested in learning more about obtaining a CDP designation you can find more information at www.depr.org/page/certification.

Congratulations to our new CDPs!

SDP would like to extend our sincere congratulations to the following members on recently earning their Certified Depreciation Professional (CDP) designation:

John Givens - Oklahoma Corporation Commission
Michelle Hooper - Manitoba Hydro
Ryan Kennedy - Concentric Advisors ULC
Amin Mohomed - Florida Power & Light

An Annual Depreciation Review: First Principle

By Branko Terzic

Who oversees the $64 Billion annually which U.S. electric utilities book as "depreciation expense"? For many electric utilities, the answer is "Maybe nobody!" as depreciation rates for over $1.7 Trillion in assets are often left to review by consultants every four to six years.

The Edison Electric Institute's Financial Review is a consolidated annual report of the U.S. Investor-Owned Electric utility industry. The report compiles the Consolidated Income Statement and Balance Sheet for 44 EEI member companies. The costs of the four components of a utility's annual expense are presented for operating and maintenance expense, depreciation, taxes, and return on investment.

The annual depreciation expense for EEI companies in 2023 was $64.4 Billion.
The investment in regulated assets by EEI companies was $1.7 Trillion ending 2023.

Annual depreciation expense levels are a function of the 1) investment and 2) annual depreciation rates. The annual depreciation rates (%/year) are typically set by state and federal utility regulators on a 4-6 year schedule. The regulator required depreciation studies to develop the depreciation rates are prepared by specialized experts who are often independent consultants and typically members of the Society of Depreciation Professionals (SDP).

The depreciation rates for each asset account are based on estimates of 1) *future economic service life, and* 2) *cost of removal and salvage* at retirement (their difference is called net salvage). The factors affecting the economic service lives and net salvage costs of public utility assets are unique to each utility. These factors include, for example, technology selection; engineering design; usage changes; size limitations; functional limitations; local weather; local economic impacts; and changes in environmental, safety, and operating rules.

These factors are subject to change at any time between regulatory prescribed depreciation rate reviews. **A review every 4-6 years may not be frequent enough to capture changes in the numerous technologies, regulatory policies, and other forces affecting the service lives and net salvage of electricity assets.**

Failure to reflect changes in economic service lives may result in stranded costs when assets are retired before being fully depreciated due to factors such as functional obsolescence, environmental requirements, or climate change. The issue of stranded costs leads to complex rate and regulatory policy issues best avoided if possible.

An Annual Depreciation Review: First Principle - *continued*
By Branko Terzic

An annual "depreciation review" is recommended as it would provide management with early warning as to changes required in depreciation rates ahead of the next rate case. The review would not be a full depreciation study. It would look at changes in major factors possibly affecting depreciation rates as well as technological impacts. Changes can occur in factors other than economic service lives; for example, changing commodity prices can affect salvage costs while environmental, safety, and labor work rules can affect cost of removal.

The summary report of the annual "depreciation review" would be a recommendation to management as to whether some asset accounts need additional study and change of depreciation rates before the regulatory scheduled review. It is hoped that progressive regulators would accept the need for changing depreciation rates between studies based on available evidence and expert opinion.

"No surprises!" should be management's motto with respect to future depreciation expense. An annual depreciation review, as proposed here, would not propose new depreciation rates; rather, it would answer the question "Should a full depreciation study be done now?"

As a founder of the SDP and former State PSC and FERC Commissioner, I am familiar with the regulatory requirements for a full depreciation rate study. I believe that an annual, or inter-period, depreciation review can be done quickly and at a reasonable cost to provide a timely signal leading to more accurate depreciation accounting.

An annual review would help depreciation rates better meet Bonbright's principle that "*...the costs of supplying public utility services should be borne, as far as feasible, by those customers who derive a benefit from the particular outlays in question.*"

Trainer Development Program Update

By Susan Jensen, PhD, CDP – Chair, Education and Training Committee
Contributors: Karen Ponder, PhD, CDP; Bill Stout, PE, CDP

The ***SDP Trainer Development Program*** continues to grow, currently supporting the teaching development of four dedicated professionals:

- Melissa Howard, CDP – Gannett Fleming Valuation and Rate Consultants, LLC
- Amanda Nori, CDP – Concentric Advisors
- Jason Powery, CDP – Gannett Fleming Valuation and Rate Consultants, LLC
- Rebecca Richards, CDP – Alliance Consulting Group

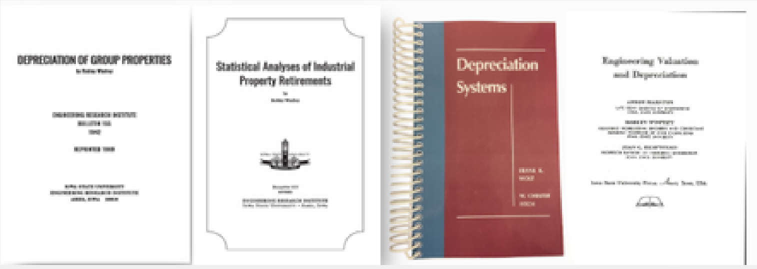
To qualify for this program, candidates must be nominated by an SDP Trainer and have a current SDP Trainer as their mentor and sponsor. Applications are reviewed by the ***SDP Education and Training Committee*** and must demonstrate that the applicant has:

1. Active membership in SDP
2. A minimum of five years' experience in depreciation within the past ten years
3. Delivered at least one presentation at an SDP Annual Conference
4. Earned the Certified Depreciation Professional (CDP) credential
5. Effective communication skills

For more details about the program, please contact Dr. Susan Jensen, CDP, at Training@depr.org.

Education Fund

In 2018, the Society of Depreciation Professionals established the SDP Education Fund to support its mission as an educational institution. The Fund offers access to four foundational depreciation textbooks—long out of circulation but now available with permission from the original publishers. These classic works are essential references for professionals in depreciation, valuation, and utility regulation.



Click the banner above to donate and receive the texts.

Depreciation Systems *($50 donation)*

By Frank K. Wolf & W. Chester Fitch

- Survivor curves and actuarial and simulation life analysis
- Net salvage analysis
- Service life and salvage forecasting
- A must-have for in-depth technical understanding.

Statistical Analyses of Industrial Property Retirements (Bulletin 125) *($35 donation)*

By Robley Winfrey

- Details the development and application of Iowa curves, including the O curves
- Construction of survivor, frequency, and probable life curves
- 176 survivor curves studied, with 18 typical curve types developed

Depreciation of Group Properties (Bulletin 155) *($35 donation)*

By Robley Winfrey

- Introduction of the "condition percent" concept
- Reserve calculations for each of the 18 typical survivor curves

Engineering Valuation and Depreciation *($65 donation)*

By Anson Martson, Robley Winfrey & Jean Hempstead

- Define and measures "value"
- Marston (Dean of Engineering, Iowa State) initiated research that led to the Iowa curves
- Winfrey and Hempstead built the framework still used today
- A cornerstone publication in the field of engineering economics.

Disclaimer. The opinions expressed in the books distributed through the Fund are solely those of the authors and do not necessarily represent the views of the SDP.

Additional depreciation-related references are available on our website. Depreciation Related References

SDP Sponsors

Alliance Consulting Group is an international consulting firm formed in 2004 to provide professional and expert witness services to utilities. Since 2004, Alliance Consulting Group has conducted over 200 depreciation studies for regulated and non-regulated clients across nearly all utility segments. We have filed testimony more than 35 states as well as FERC. Alliance Consulting Group is led by Managing Partner Dane Watson who is actively involved in the day-to-day operations and is their primary Expert Witness. We currently have three fulltime Senior Consultants, Dr. Karen Ponder, Ms. Rhonda Watts, and Ms. Rebecca Richards, as well as other support staff. Alliance Consulting Group is dedicated to providing quality consulting and expert services to the utility industry. Our professionals have over 115 years of combined experience around the utility industry, and we have been employed in the industry as utility employees, managers and consultants.

Concentric Advisors, ULC is a new Canadian subsidiary of Concentric Energy Advisors, located in Calgary, Alberta. Concentric Advisors possesses expertise in numerous aspects of the power, natural gas, oil pipeline, telecom, water, and railway industries with a focus on depreciation and valuation.

Gannett Fleming, founded in 1915, is a global infrastructure firm that provides planning, design, technology, and construction management services for a diverse range of markets and disciplines. They have helped to shape infrastructure and improve communities through transportation, environmental, water, energy, and facility-related projects in more than 65 countries. The firm embraces sustainability and innovation for all activities, finding the best solutions and the most efficient processes while being responsible stewards of the environment. Gannett Fleming Valuation and Rate Consultants, LLC provides consulting services to investor-owned and publicly-owned utilities and has successfully represented clients in public pricing policy and related matters before regulators and in courts of law. Their team of engineers, accountants and analysts has a broad experience base to meet your needs and is skilled in using computer-modeling techniques to customize studies and analysis. They combine the guiding traditional principles with innovative approaches to provide an understandable product that can stand the test of scrutiny.

PowerPlan software provides financial insight into how complex rules and regulations impact your organization – empowering you to make credible decisions that improve overall corporate performance. The integrated solution provides complete visibility starting with forecasting and monitoring to scenario planning and analytics while maintaining financial compliance. For more information, email info@powerplan.com or visit www.powerplan.com.

Regulated Capital Consultants was formed in 2010 with the purpose of providing rate regulated and asset-intensive industries with a trusted advisor, offering accounting, tax, regulatory, and IT departments with systems advocacy services and internal resource support. RCC's consultants combine their knowledge of accounting, tax, and regulatory processes with deep technical expertise to provide customers with results that are accurate and actionable. With unparalleled experience in the industry, RCC's expert consultants add immediate value to every project.

Thank You For Being a Part of SDP!

Contact Us

303-254-6496

admin@depr.org

https://www.depr.org