

President's Message

Aaron Smith, SDP President-elect



The Society of Depreciation Professionals (SDP) traveled west to Salt Lake City for our 27th Annual Meeting and Training. Conference attendees were able to hear about a wide range of topics from speakers with diverse backgrounds and perspectives. Speakers represented regulated electric utilities, non-regulated electric generation, communications, railroad, government commission staff, and consultants from both the U.S. and Canada. Topics included an overview of special recovery mechanisms as part of utility ratemaking, details of an electric meter replacement project, two companies experience and lessons learned dealing with IFRS transition, approach to railroad rate case hearings at the Surface Transportation Board, review of net salvage trends, depreciation study data analysis pitfalls, nuclear decommissioning

cost estimating, how to report changes to depreciation estimates on financial statements and Dr. Lacey's annual accounting topics update.

But it was not just about meetings in Salt Lake City. Everyone got a chance to experience their own Olympic moment by taking a turn at curling on the Salt Lake City Olympic Oval while also enjoying some delicious food and beverages.

The breadth of topics and expertise of the speakers shows one of the great strengths of the Society. The value is proved by the numbers because the conference presentations averaged a rating of 93% of "excellent" or "good." Thanks again to all of the speakers who volunteered their time and shared their knowledge.

Following the conference was the annual extended training program. This year we were also able to introduce a new course, *Analyzing the Life of Real-World Property*. Our 2013 training had the third highest attendance and all courses receiving outstanding ratings between 91% - 99% of "excellent" or "good." Thank you to Dr. Susan Jensen and all the instructors who help prepare and deliver this outstanding set of courses.

The SDP Board has chosen New Orleans, LA, to host the 2014 Annual Conference and Training. (You can find additional details in the newsletter.) Please contact me with any suggestions you have about how the SDP can provide greater value and serve you better. In 2014 I plan to work on new ways that the SDP can better serve all members.

Thanks again to all of our members, trainers, sponsors, committee chairs and the SDP board of directors for making 2013 a successful year.

Happy Holidays, and I look forward to seeing everyone in New Orleans in 2014!

SDP BOARD OF DIRECTORS

Officers 2013

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American Electric Power Company
(614) 716-3603

Vice-President **Aaron Smith**
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(770) 618-2269

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(717) 763-7212 ext2246

Committee Chairs 2013

Certification and Testing.... **Steve Barreca**
BCRI, Inc.
(205) 943-6710

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

Education & Training..... **Susan Jensen**
Surface Transportation Board
(301) 792-3939

Newsletter & Website **Lorrie Mullen**
Alberta Utilities Commission
(780) 643-1933

Program..... **Aaron Smith**
Power Plan Consultants
(770) 859-0507

Save the Dates

2014 Annual Conference and Training
September 14 – September 19, 2014

New Orleans, LA.

Look for more information in 2014 at:

www.depr.org



French Quarter, New Orleans, LA

The **2014 Annual Conference and Training** will be held in New Orleans. Our conference hotel is currently being negotiated and will be announced shortly. Watch for more details in the new year.



Jackson Square, New Orleans, LA

Introducing McKenna Management

The Society of Depreciation Professionals has recently contracted with McKenna Management, Inc., a Massachusetts based Association Management Company to handle the day-to-day operational responsibilities of the society. The transition from Jaffe Management will become effective as of January 1, 2014. McKenna will be taking over the following responsibilities: annual conference planning, working with the SDP Board, meeting management, answering the phones, membership management, and website updates.

Karen DeDonato has been announced as SDP's Executive Director from McKenna Management. Karen brings with her extensive experience in the association arena, having spent many years as Chair of several non-profit organizations within the Chelmsford community. Please join the SDP Board in welcoming Karen.

Results from 2013 Annual Meeting Evaluations

Here is a brief summary of the 2013 Conference evaluations related to hotel accommodations:

- Most attendees appreciated the central location of this year's conference and the ability to tie it in with a vacation.
- Attendees also indicated they liked having 2 price point options for the hotel.
- Following is the response to the preferred hotel price range:

\$120 to \$140 13% (previous year 25%)

\$140 to \$160 27% (previous year 36%)

\$160 to \$180 20% (previous year 22%)

\$180 to \$200 40% (previous year 17%)

Attendees also expressed an interest in hearing about recent regulatory decisions, increased Canadian content and issues, and increased use of social media including Facebook and webinars.

We appreciate your comments and input. ❖

The Lighter Side of the 27th Annual Meeting and Training

Society members and attendees of our 27th Annual Conference and Training appreciated the convenient and scenic location of Salt Lake City, Utah.



Instruction was provided on rock delivery and sweeping.

Monday evenings group event found us at the Salt Lake City Olympic Oval trying our hands at the sport of curling, while enjoying refreshments and dinner rink side. ❖



Larry Kennedy makes it look easy as he slides out of the hack to deliver a shot.

There was a variety of great restaurants and shopping centers to take advantage of during the week – all within walking distance of our two beautiful conference hotels – the Grand and Little America Hotels. ❖

2013 Annual Meeting and Training Salt Lake City, Utah

The 2013 Annual Meeting and Training took place in Salt Lake City from September 15 to 20, 2013.

The Annual Meeting program, which was coordinated by the Program Chair, Aaron Smith, began with a reception Sunday evening and continued through Tuesday morning.

Monday's outstanding lineup of presenters and breakout session leaders included:

- Andrew Murphree, American Electric Power
- Jason Yoder, American Electric Power
- David Githae, Constellation Energy Group
- Harold Kingston, Bell Aliant
- Brandon Kirschner, Xcel Energy
- Larry Kennedy and Dick Clarke – Gannett Fleming, Inc.

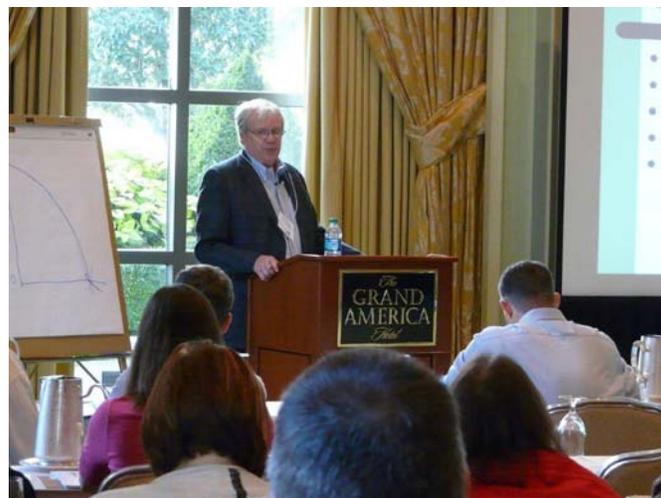
Tuesday we benefited from the excellent presentations of:

- Bill Huneke, Surface Transportation Board
- Robert Poulsen, CenturyLink
- John Lacey, PhD, California State University, Long Beach.

Topics covered over the two days included:

- Accounting for the AEP Texas Automatic Meter Initiative
- Property Investment Recovery Mechanisms
- Accounting Impacts and Experience With IFRS
- Lessons Learned from Transition to IFRS
- Nuclear Decommissioning
- Depreciation Topics Update - Part 1: What Keeps us Awake at Night and Part II: Net Salvage
- STB Regulation: Railroad Rates, Mergers, and Abandonments
- Disclosure: Communicating Group Asset Depreciation Rate Changes
- Professor John Lacey's – Accounting Update

On behalf of all Society members and attendees who joined us at this year's meeting in Salt Lake City, a big thanks to our speakers for all your efforts in making our 27th annual conference such a great success. ❖



Bill Huneke, Director & Chief Economist, Surface Transportation Board



President-elect Aaron Smith



Harold Kingston discusses SDP President Dave Davis IFRS

SDP TRAINING**Dr. Susan Jensen, CDP, Training Chair**

We are pleased to report that our recent **SDP Depreciation Training** enjoyed its third highest attendance in our 11-year history: 82 depreciation professionals joined us for training last month in Salt Lake City. This total includes 22 trainees who benefited from our **Introduction to Depreciation** course on Sunday preceding the Conference and 60 trainees who attended our **Extended Training** courses Tuesday afternoon through Friday noon.

The training courses received especially good evaluations: over 90% of the responses to the evaluation questions for each course were either "excellent" or "good". We thank you for completing the evaluations, which we use to make adjustments to current courses and develop new courses, as we did this year.

Trainees report that the skills acquired in the SDP courses are readily transferable to one's job and also useful in taking the CDP exam. As an added benefit, after the classes ended each day, trainees and instructors gathered at informal receptions that provided valuable networking opportunities. The following courses were offered in 2013.

2013 SDP Training

- ***Sunday Training –Introduction to Depreciation (5.5 CPEs)***

The 22 trainees in this course gave it high marks for its excellent preview of the life analysis, salvage analysis, depreciation, and accounting topics included in Extended Training and on the CDP exam.

- ***Extended Training -- Depreciation Fundamentals (22 CPEs)***

This popular course included an introduction to Plant and Depreciation Accounting and IFRS, Data Requirements and Collection, Simulation Life Analysis, Actuarial Life Analysis, Salvage and Cost of Removal Analysis, Depreciation Models, Life

Cycle Analysis, and Technology Forecasting. This excellent course is often repeated by trainees wanting additional study on select topics or additional preparation for the CDP exam.

Extended Training -- Life and Net Salvage Analysis (22 CPEs)

The Actuarial and Simulation analysis classes included applications of these models to real-world data to prepare trainees to use the models to develop depreciation studies or to review studies prepared by others. Other segments included Gross Salvage and Cost of Removal, FAS 143, an Overview of IFRS, and a brief introduction to Life Cycle Analysis and Technology Forecasting. In the class Evaluation of a Depreciation Study, trainees learned how to "get behind the numbers" developed in a depreciation study.

- ***Extended Training – Analyzing the Life of Real-World Property (22 CPEs)***

This new course afforded trainees an opportunity to fully participate in the application of life analysis models (actuarial and simulation) to real-world property records. The trainers assisted in interpreting the results of the models by sharing their insights gleaned from years of experience preparing depreciation studies. This course also included the well-received class on the engineering reasons that cause assets to fail or be replaced.

- ***Extended Training -- Preparing and Supporting a Depreciation Study (22 CPEs)***

This course began with a review of life, net salvage, and depreciation models. The course then focused on Developing Life and Salvage Estimates and Preparing the Depreciation Study. A popular segment of the course was a presentation on Witness Preparation and Techniques. This course is intended for professionals who participate in preparing depreciation studies as well as managers who simply want an overview of depreciation studies.

.....2014 SDP Training continued on page 6.



The Mormon Temple, Salt Lake City, UT

The SDP bids farewell to Jaffe Management...

For the past three years, the SDP has been very fortunate to have David Jaffe and his staff looking after the needs of our membership and Board. As many of you know, David provided key support to the SDP Board during a difficult transitional time, and for that, we are grateful.

During the conference and training, David always made himself available to answer questions and provide a friendly face for newcomers and long-time attendees alike.

Key contributions of David focused on technology; bringing the SDP “on-line” membership, conference and training registration and payment options. David was also instrumental in updating our website.

The SDP thanks you, David, and we send our sincere best wishes for your continued success. ❖

2014 SDP Training continued from page 5.....

2014 SDP Training

We look forward to seeing you at our 2014 SDP Training. We plan to offer all of the courses we offered this year. In order to provide you with the maximum benefit from the training, we limit the number of trainees in each course so we encourage you to sign up as soon as registration opens next year.

Additional information about each course is available on our website www.depr.org. SDP Training is truly unique for the depth and breadth provided in the courses taught by subject matter experts. ❖

Please make note of our NEW contact information effective January 1, 2014:

Society of Depreciation Professionals
6 Boston Road, Suite 202
Chelmsford, MA 01824
Phone: 978-364-5195
Fax: 978-250-1117

Email: admin@depr.org

Thank You to our 2013 Board of Directors!

We would like to extend our sincere thanks to all the members of the 2013 SDP Board of Directors, under the leadership of Dave Davis, 2013 Society President. The Board worked hard on issues important to Society members. Committees were active and much progress was made.

Retiring from the 2013 Board of Directors are John Spanos, CDP, Donald Clayton, CDP, Lorrie Mullen, CDP, and Tony Biacci.

Congratulations on a job well done.

We also wish to acknowledge our 2013 Annual Meeting & Training Sponsors for their generous donations. Most of the donations go towards the many breakfasts, lunches and receptions that our members and attendees enjoy.

All of our sponsors this year were at the Platinum Level



Congratulations to the 2014 Board of Directors

At the SDP Annual Meeting in Salt Lake City, Utah, the following officers were elected to lead the Society through 2014. The 2014 officers are:

President – Aaron Smith
PowerPlan, Inc.

Vice President – Bob Kelly
Southwest Water Company

Treasurer – Wade Horrigan, CDP
Tangibl LLC

Secretary – Karen Ponder
Alliance Consulting Group

At Large Director – Ned Allis, CDP
Gannett Fleming, Inc.

At Large Director – Rich Bennett, CDP
Southern California Edison

Past President – Dave Davis
American Electric Power Company

We wish this new Board of Directors much success in 2014.

If you would like to become more involved in the Society, please contact any of the 2014 SDP Officers, or contact the SDP by email at: admin@depr.org ❖