

President's Message

Rick Fisher, SDP President

Greetings!

Time flies fast. It has been over six months since we enjoyed the music, food and company of our colleagues in Austin, Texas. The passage of time also means that we are less than six months away from our 2016 Annual Conference and Training in Charleston, South Carolina – named America's friendliest, politest, and most hospitable city (Travel & Leisure and Southern Living Magazine).

In addition to our upcoming meeting, I am also excited to be a part of the continued journey of the Society. I want to thank the 2015 Board and Committee Chairpersons for a great year, and welcome the incoming Board and Chairpersons into 2016. Coming out of our last Conference and Annual Meeting we had some great comments and suggestions to further evolve and expand our Society. Some primary areas of focus include membership, recruitment, and publications. We have established committees and are exploring different avenues, short- and long-term, to contribute to not only the Society's success, but to each of you individually. If you haven't been invited into the formal efforts, and want to be more involved, let me know – we are always welcoming more involvement, in whatever capacity you have to offer.

This year's conference and training are shaping up to be another great event. Having never been to Charleston before, I am looking forward to sharing the experience with you.

Sincerely,
Rick Fisher
president@depr.org

Annual Meeting and Training September 18 – September 23, 2016

**Francis Marion Hotel
387 King Street
Charleston, SC**

We are heading to Charleston, SC for the 2016 Annual Conference and Training and we couldn't be more excited! A city known for Southern Charm and history, a grand hotel, and fabulous dining and sightseeing await this year's attendees.

Hotel



The host hotel for the 2016 meeting is the Francis Marion. Built in 1924, it is centrally located in Marion Square on King Street where you'll have access to all of historic downtown. The Francis Marion is rated 4-stars on TripAdvisor with many excellent reviews.

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Things to Do in Charleston

Historic and Heritage tours: There are many indoor and outdoor tours available to try out and some are available free of charge! Enjoy outdoors tours through downtown, the waterfront, and in several historic homes. If you are a history buff, you might enjoy the Civil War and Secession tour offered by Oyster Point Historic Walking Tours. Interested in architecture? Check out Charleston Footprints, a two hour guided tour by a seventh-generation native of the city. [Click here](#) for more information.

Waterfront Activities: There are many options for enjoying the Charleston waterfront. Harbor tours are available on boats ranging from schooners to river boats. Fort Sumter is open for visitors and accessible by water taxi. [Click here](#) for more information.

Distilleries and Breweries: Participate is a craft brew tour or brewery-hop on your own. There are many great large and small operations to see. Firefly Distillery is South Carolina’s first and largest distillery and is open Tuesday-Saturday for tours and tastings. Coast Brewing Company, Firehouse Brewery, and Holy City Brewery are a few of the places you can taste and tour local beers making. [Click here](#) for more information.

Dining: One of the activities Charleston is best known for is mouth-watering cuisine. Discover roof top service at the Charleston Crab House, a contemporary upscale feel at Drawing Room, or southern barbeque at Cumberland Street Smokehouse. There is something for everyone and too many options to list! [Click here](#) for more information.

Make your plans to join us in September and get set to enjoy classic southern hospitality! Oh, and for more information on King Street [Click here!](#)

Look for more information at www.depr.org.



2016 Annual Conference

From the Vice-President
David Garrett,
Oklahoma Corporation Commission

Be sure to hold the date on your calendars to join your fellow depreciation professionals in charming Charleston, South Carolina September 18th through the 23rd. This will mark our 30th gathering to promote the development of depreciation professionals and exchange information in a national forum. I hope that you will join us on Sunday from 5:30 – 7:30 to enjoy our traditional Welcome and Gathering Reception. The reception begins after the two training sessions that are offered on Sunday afternoon.

The Annual Meeting will get underway with the opening session on Monday extending through noon on Tuesday. The details of the meeting agenda are being developed so please watch the SDP website, www.depr.org for more information. If you have suggestions for speakers or topics, please send them to dgarrett@perebus.com or admin@depr.org.

After the annual business luncheon on Tuesday our four extended training courses begin. These courses are all instructor led by top professionals in the field of depreciation.

Included in this newsletter you will find a sampling of things that Charleston has to offer. No doubt there will be plenty to see and do in historic Charleston in the evenings. So, please join us as we gather for this 30th time! ❖



SDP TRAINING

Dr. Susan Jensen, CDP, Training Chair

We encourage you to take advantage of the exceptional training offered before and after the conference. Trainees consistently give SDP training high praise for its excellent courses taught by recognized leaders in the field of depreciation. Over 90% of the responses to our course evaluations rate our courses “good” or “excellent”.

This year, in response to your requests, we have expanded our class focusing on the engineering aspects of life analysis. On Sunday we are adding a class discussing net salvage and the allocation of costs between cost of removal and capitalization. Also included on Sunday is a discussion of depreciation strategies and stranded cost recovery.

Our expert faculty members have extensive experience that they gladly share in courses with real-world applications. Trainees report that the skills acquired in the SDP courses are readily transferable to one’s job, and the information learned is very useful in preparing for the CDP exam. As an added benefit, trainees and instructors gather at informal receptions that provide valuable networking opportunities.

We offer four concurrent, stand-alone training courses directly after the Conference. Additionally, we offer two courses before the Conference for an additional fee.

2016 SDP Training

Sunday Training – Introduction to Depreciation (6 CPEs)

This exceptional overview course includes segments on group depreciation accounting, life and salvage analysis, and annual/accumulated depreciation. The course is intended for professionals involved in preparing depreciation studies, managers wanting an overview of the segments of a depreciation study, or members preparing for the CDP exam.

Sunday Training – Depreciation and Ratemaking Issues (6 CPEs)

This course includes timely topics each year. This year the course begins with a class examining Net Salvage and cost allocation options between cost of removal and capitalization. The second class discusses the role of depreciation in utility ratemaking, depreciation strategies and tactics, and stranded cost recovery. The course ends with a *Current Issues Forum* in which trainers discuss topics submitted by attendees.

Extended Training – Depreciation Fundamentals (22 CPEs)

This course includes classes in *Plant and Depreciation Accounting, IFRS, Data Requirements and Collection, Simulation Life Analysis, Actuarial Life Analysis, Salvage and Cost of Removal Analysis, Depreciation Models, Reserve Imbalances and True-up, Life Cycle Analysis, and Technology Forecasting*. This excellent course is often repeated by those wanting additional study on select topics or additional preparation for the CDP exam.

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

This course examines *Actuarial* and *Simulation* life analysis models. The models are applied to several data sets and the results are interpreted. Pitfalls of the models are also discussed. The course also includes classes in *Gross Salvage, Cost of Removal, Life Cycle Analysis, Technology Forecasting, FAS 143, and IFRS*. And in the class *Evaluation of a Depreciation Study*, you learn how to get behind the numbers developed in a depreciation study.

Prerequisite: *Depreciation Fundamentals* or permission from Dr. Susan Jensen based on your qualifying experience or courses.



Extended Training – Analyzing the Life of

Real-World Property (22 CPEs)

This popular course provides valuable experience in applying life analysis models to real-world property data. After a brief review of life analysis models, the course proceeds to apply these models to real-world property data.

Trainers provide valuable insights in how to interpret the results of the models as they are applied in the classes to actual property accounts. The course also includes a class in which you examine the engineering reasons that cause assets to fail or be replaced. The course ends with a segment on getting behind the numbers developed in a depreciation study. ***This course may be repeated, and taken before or after the course below,*** for valuable case study practice and preparation for the life analyses you perform or review at work.

Prerequisite: *Depreciation Fundamentals* or permission from Dr. Susan Jensen based on your qualifying experience or courses.

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

This capstone course is intended for depreciation professionals who have a direct role in depreciation studies as well as managers seeking an overview of the depreciation study process. The course begins with a brief review of life and salvage analysis and depreciation models. The course then focuses on developing life and salvage estimates, preparing the depreciation study report, and supporting the study. Trainees are given an opportunity to role play as a witness or provide support to the witness.

Prerequisites: *Depreciation Fundamentals* AND either *Life and Net Salvage Analysis* or *Analyzing the Life of Real-World Property* or permission from Dr. Susan Jensen based on your qualifying experience or courses.

Additional information about each course is available on our website www.depr.org. We look forward to seeing you in September! ❖



From left: Myrna Ferguson, John Ferguson and Dane Watson

SDP Presents Lifetime Achievement Award

At the 2015 conference in Austin, the SDP proudly presented to John Ferguson the Lifetime Achievement Award. John is the first recipient of this honor. Along with the plaque, John was also awarded a lifetime membership in the society. Inscribed on the plaque are these words:

The Society of Depreciation
Professionals
presents the

Lifetime Achievement Award

to

John W. Ferguson

*for his many years of service and
dedication to the Society
and his significant contribution to the
depreciation profession.*

The Society of Depreciation Professionals Lifetime Achievement Award was created in 2015 to recognize SDP members who, over a long period of time, have dedicated themselves to the organization and its members through education, instruction and the Certified Depreciation Professional program. The award recipients will

be members who have spent a significant portion of their career in the depreciation, utility regulation, economic life, and related fields and distinguished themselves as recognized leaders at the local, national, or international level.

To be considered for this award, an SDP member must have at least 25 years of SDP membership and at least 12 years of contributing to the SDP through serving on SDP committees, Board, or training faculty or working on curriculum development or in other capacities for the Society. The award recipients are selected by a nomination process and approved by the Board.

John's business and professional achievements include all of the characteristics for the award. John has over 40 years of utility consulting experience, having carried out numerous management, accounting, financial, economic, valuation, depreciation, cost of service, and rate design studies for clients having electric, gas, pipeline, railroad, steam, telecommunication, and water property located in more than 40 states and in several foreign countries. He has presented expert testimony before Federal, State, and Municipal regulatory bodies. He retired as principal with Deloitte & Touche regulatory consulting group in 1995, before beginning his role as an independent consultant.

John is well known in the depreciation accounting field for carrying out property mortality studies that support depreciation rates whose implementation will ensure capital recovery in a manner consistent with the accounting principles and regulatory rules applicable to depreciation. He has conducted such studies covering a wide variety of property of electric, gas distribution, steam, and water utilities, pipelines, railroads, and telecommunication companies.

His fixed asset accounting activities have included evaluation and implementation of capitalization policy, review and evaluation of depreciation and project accounting practices, development of unitization procedures, and determination of original costs.

John has lectured at numerous public utility seminars, accounting and engineering conferences,

and training courses, and was a contributing author to the text, Accounting for Public Utilities, by Hahne and Aliff.

His educational background includes a B.S in Mechanical Engineering from Oregon State University and an M.B.A. in Finance from the University of Wisconsin. John is a Licensed Professional Engineer, and is certified as a Depreciation Professional by the Society of Depreciation Professionals and, until recently, as an Accredited Senior Appraiser by the American Society of Appraisers. He is also a Member of the American Society of Mechanical Engineers, the National Society of Professional Engineers, and the Texas Society of Professional Engineers, is a Senior Member of the American Society of Appraisers and the Society of Depreciation Professionals (SDP), Mr. Ferguson is a past member of the Institute of Management Consultants and was certified by the Institute as a Certified Management Consultant.

From all of us at the society, congratulations John. We appreciate all you have done for our organization and profession. And, thank you Myrna for bringing happy smiles to us at the conferences through the years and dancing with us!

From Elizabeth Maynard

Executive Director



Hello! My name is Elizabeth “Libby” Maynard and I’m the new Executive Director of the Society of Depreciation Professionals. I’m looking forward to working with SDP--the leadership, the members, and the sponsors--to make the society stronger and better than ever. Next year

marks the 30th anniversary of SDP so there will be plenty to celebrate in the year to come.

At the office we have been busy planning a fantastic conference and training in Charleston. There is plenty to do and see so I hope you’ll make your plans to attend early. Registration is set to open soon and you will not want to miss out!

Membership dues invoices will be sent the first week of May. Make sure to renew early to ensure you receive the member discount on your conference and training registration. Your membership dues help to offset the costs of the conference and the membership committee is at work to establish and expand your member benefits this year.

Our sponsors have made the conference and training possible through their generous support and we want to give you a big thank you from everyone in SDP!

I am looking forward to meeting and connecting with all of you in just a few months. Please don’t hesitate to contact me with any questions. I can be reached at elizabeth@mckennamanagement.com.

From All of Us A Big Shout Out!

We wish to thank our 2015 Annual Meeting and Training Sponsors for their generous donations. We invite our past sponsors and all members to consider sponsoring our 2016 Conference & Training. [Click Here](#) to become a sponsor! All sponsors for 2016 were at the Gold Level.



Ways You Can Make The Society Even Better!

Please consider contributing a newsletter article discussing your career, interesting experience or the impact of the SDP on your work. **It's easy to do!** Just write it up and then email it to admin@depr.org !

Perhaps you have developed a presentation that was presented to co-workers or clients. Please consider sharing that with us as a speaker at the Conference. **It's easy to do!** Just contact David Garrett directly at dgarrett@perebus.com or, if you prefer, you can email admin@depr.org.