

MESSAGE FROM THE PRESIDENT

Hello, fellow depreciation professionals! I hope you are enjoying yourself and ready for the upcoming Holidays. I want to thank those members who were able to attend the 2022 SDP Conference and Training in Phoenix. We were so happy to be able to meet and train in person, which we hadn't done since 2019. We had great attendance at the conference and training sessions. I hope that all the training attendees found the speakers and topics as enjoyable as I did, providing you with a better understanding of this multifaceted world of depreciation in which we are all involved. We are living in exciting and interesting times bringing about major changes in each of the industries to which our membership belongs. Technological changes, aging infrastructure, environmental issues, and business changes will continue to result in challenges and opportunities for the electric, gas, water, railroad, and telecommunications industries. If anyone has any ideas for topics or would like to

contribute an article to our newsletter, please contact me or your incoming president, Marianella Hensley, at president@depr.org.

I'm excited for the coming year and to attend our 2023 conference/training. I am confident that our incoming Vice-President, Rebecca Richards, CDP, will assemble an outstanding collection of speakers to deliver key insight on a variety of interesting topics. If you would like to suggest a topic or speaker, please reach out to Rebecca at rrichards@alliancecg.net. I look forward to seeing many friends and colleagues, and making new ones, at the 2023 Conference and Training. I hope you will be there. Thank you for your continued support of the Society and for your help in making our organization successful!

Gerrilynn Wolfe, CDP
SDP President

2022 ANNUAL CONFERENCE

Dear SDP Members and Attendees,

It is hard to believe that it is already been three months since we finally met in person, time flies when you are having fun!

We had an amazing time in Phoenix and I hope you did too!

We wanted to say thank you for all great connections made, memories created, and laughs shared.

Let's recap the Conference Days:

First, **the weather was great**, it was perfect for walking around the downtown area and finding great restaurants and fun nightlife! (Especially Karaoke Night!!)

Monday was our first official day of sessions, with our great diversity of topics and speakers:

- The future Natural Gas In the US: Transition or Obsolescence (**Hon. Branko Terzic**)
- Planning for Change: Depreciation Lessons Learned from Changes in Electric Generation (**Melissa Howard, CDP, PE; Jason Powery**)
- Depreciation and Decarbonization Panel (**Dane Watson, CDP, PE; Ned Allis, CDP; Larry Kennedy, CDP**)
- Between the Studies - Things to Consider (**Aaron Smith; Rich Bennett, CDP**)



SAVE THE DATE

SEPT 17-22, 2023
WESTIN HOTEL
CINCINNATI, OHIO

2023 ANNUAL
CONFERENCE

- Breakouts Sessions:
 - » Unit of Production for Declining Gas Throughput (**Ned Allis, CDP**)
 - » Managing our Changing Work Environment (**Rick Fisher, CDP; Karen Ponder, CDP, PhD**)
 - » Observed Useful Lives of Power Plants & Power Plant Generators (**Steve Barreca, CDP, PE, ASA**)
- How the Completion of Depreciation Studies has Changed in Recent Years (**Amanda Nori, CDP; Larry Kennedy, CDP**)

- Power and Utility Update: (**Jon Steinberg, CPA**)
Renewable Natural Gas; Inflation Reduction Act, Recent Merger & Acquisitions Deals

On behalf of all Society members and attendees who joined us at this year's meeting in Phoenix, a huge thanks to our speakers for all your efforts and contribution in making our 36th Annual SDP conference a success!

Thanks again for a great time! We hope to see you again at next year's SDP's Conference and Training!

Sincerely,
Marianella Hensley
TECO Energy
SDP Vice President



Monday evening, Fun night at the Ballpark!! We were able to attend the Baseball game and enjoy our amazing view at the Chase Field Stadium from our own Private Suite. A big Thanks to Dr. Susan Jensen!

Tuesday on the second day of sessions, we covered:

- Missed or Under-Booked Retirements in Fixed Asset Records (**Jake Olesen**)
- Plant Accounting Panel (**David Avellan; Joel Morgan, CPA; Rick Fisher, CDP**)



Networking at the 2022 Conference & Training



*SDP Trainers: John Wiedmayer, Rich Bennett, Karen Ponder, Susan Jensen, Dane Watson, Rick Fisher, Ned Allis
(Not pictured: Branko Terzic, Bill Stout, Larry Kennedy, John Lacey)*

SDP TRAINING RECAP

DR. SUSAN JENSEN, CDP, DIRECTOR OF TRAINING

SDP trainers and trainees deserve high praise for returning to in-person training in 2022!

“Knowledgeable, helpful experts as instructors. Excellent info. Well-done training materials & organization.”

Our trainees and trainers agree that the quality of the training experience is enhanced by meeting in person where trainers are able to assess their communication and trainees benefit from different points of view expressed during class.

There are fun and beneficial networking opportunities outside of class when we meet in person! This year we included a BONUS training reception with heavy hors d'oeuvres and adult beverages. Several trainees also attended our SDP Batter Up Evening in a luxury suite to see the AZ Diamondbacks take on the LA Dodgers.

“Great training, unavailable anywhere else! Will be back with more reps from my team!”

“Appreciate the trainers’ experience and wealth of knowledge which you cannot get from instruction manuals.”

Our training again exceeded our expectations. Trainers added to course content by including case study experiences they had during a very busy 2022. SDP faculty include almost a dozen experts with hundreds of years of combined experience. The ratio of trainees to faculty is 8 to 1, giving trainees the best learning experience in the industry.

Two or more trainers often co-teach a course to give trainees different perspectives, thus setting us apart from other “sole trainer” offerings.

SDP courses apply depreciation methodologies to real-world data, thus making the skills acquired readily transferable to the workplace.

“Having two instructors was effective in breaking up the presentation. Gave a great complement of views.”

“Combo of trainers made for a very informative and entertaining class.”

During our week of training we offered the exam for the credential that depreciation professionals want – the **Certified Depreciation Professional** (CDP) credential. SDP’s training is the best preparation for the CDP exam.

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Karen Ponder, PhD, CDP
Senior Consultant Alliance
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Click [Here](#) for the Volunteer Interest Form

This year we offered a variety of courses, from two courses before the SDP Conference to three courses following the Conference, as discussed below.

On Sunday before the Conference, the **Introduction to Depreciation** course provided trainees with an overview of depreciation topics and preparation for the CDP Exam. The more advanced **Depreciation and Ratemaking Issues** course included classes on revenue requirements, rate of return, testifying, and current issues, including decarbonization and EVs.

Due to the high number of registrants in **Depreciation Fundamentals**, we split the course into two sections to enhance your training experience. This overview of depreciation topics is excellent preparation for the CDP Exam. At your request, this year we added the class

"Great class! Very applicable to my job."

Evolution of the Iowa Curves. This new class had been

offered as an elective during online training and proved to be very popular. **Depreciation Fundamentals** is beneficial for professionals preparing depreciation studies as well as

"Intro classes were effective and provided a good background."

managers wanting an overview of the segments of a depreciation study.

Analyzing the Life of Real-World Property provides hands-on experience analyzing the life of real-world property in small groups. The course also probes the engineering reasons that cause

assets to fail or be replaced and any resulting removal cost.

"Instructor did a great job. Really appreciate when she shared her real-life experiences."

At your request, this year we added a class taking us beyond the life analyses to **Forecasting Life Using Life**

Analysis Results. We also added a class that used life estimates to calculate depreciation and showed different weighting methods for remaining lives. These new classes had been offered as electives during online training.

Preparing and Supporting a Depreciation Study, our capstone course, is intended for depreciation professionals who prepare depreciation studies as well as managers seeking an overview of the depreciation study process. The course focuses on developing life and salvage estimates

"One of the best trainings I have attended."

"I enjoyed the instructors. A ton of knowledge and they presented it well. Very patient with others and a real pleasure to learn from."

and depreciation rates that reflect company and technology impacts. The course also addresses preparing and supporting the study report. Trainees work in small groups giving them ample attention from the instructors.

"Excellent presenter - very enthusiastic, engaging, and easy to follow."

"Class exercise was super engaging, fun, and relevant."

We have trained almost 1,500

"Instructor did an excellent job. Great conversational teaching style. Plenty of time to answer questions and discuss topics. Net salvage is a very timely topic. Highly recommend this course."

professionals since training began in 2003. We encourage you to **register early** for SDP's training in 2023 when we will add the course **Analyzing Net Salvage in the Real World.** This course examines how gross salvage and cost of removal are recorded to accumulated depreciation, analyzed using statistical techniques, estimated (for mass and life-span properties), reflected in the accrual rate, and impacted by the retired asset's age and inflation.

For additional info about our courses, please visit our website, www.depr.org/event/2022conferencetraining.

"Great training, very informative. I look forward to next year's training."

OUR CELEBRITY TRAINER!

Who knew that our accountant would be our standout celebrity! 😊 But **Dr. John Lacey** solidified that title this past weekend when Jay Leno returned to John and his brother's Comedy and Magic Club in Hermosa Beach, CA. It turns out Jay started performing at John's club 44 years ago and began to perform weekly to try out material when he became guest host for Johnny Carson on the Tonight Show. He has played most Sundays for the past 30 years. John reports that Jay looked great, having benefited from his treatment in a hyperbaric chamber to treat severe burns from one of his vintage steam cars.

Our SDP Training Director remembers a very enjoyable evening with other SDP members at John's club. Before the comedy show, magician Brian Gillis enthralled guests at their tables. After visiting our table, he told David, Susan's hubby, he had something David might be interested in...before he produced David's watch that he had surreptitiously slipped off David's wrist!

If you're in the Hermosa Beach/Long Beach area, make time for John's club! <https://thecomedyandmagicclub.com/>



AMANDA NORI

NEW BOARD MEMBER WELCOME AMANDA NORI

Amanda Nori, Project Manager, is a versatile, highly analytical, and dedicated depreciation analyst with over 13 years of experience completing depreciation studies. Over this time, Ms. Nori has assisted in completing over 50 detailed depreciation studies for clients throughout North America. Ms. Nori's proven ability to work with clients throughout the regulated utility industry across North America is evident as she routinely reviews and evaluates complex financial data to ensure regulatory compliance within jurisdictions throughout North America. Ms. Nori holds a Bachelor of Arts from the University of Calgary (2006), is a Certified Depreciation Professional (CDP) as awarded by the Society of Depreciation Professionals (SDP)(2017) and has completed the Advanced Regulatory Program offered by the University of Illinois—Springfield (2020). In addition, Ms. Nori has presented on current issues at the SDP annual conference.

SDP OPEN MIC FORUMS

DR. SUSAN JENSEN, CDP, DIRECTOR OF TRAINING

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

"Great program with a variety of topics and a good way to keep interest in the SDP."

Back by popular demand, SDP again offered Open Mic Forums this year! These forums enabled members to discuss upcoming trends and current issues in the regulatory arena and helped us keep in touch in advance of our SDP Fall Training.

These 1-hour forums, hosted on select Wednesdays, began with a brief presentation by SDP trainers followed by group discussion among trainers and participants. Two or more trainers co-taught each forum to give participants different perspectives, thus setting us apart from other "sole trainer" offerings. SDP faculty include experts with hundreds of years of combined experience.

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

Over 60 attendees benefited from our two OMFs offered in the summer 2022. This result is not surprising in that attendees gave our OMFs an average of **4.9 out of 5 stars!**

Best OMF yet! Glad the topic will be repeated at the Conference!

we pivoted to discuss **The Impact of the COVID Pandemic on Depreciation.**

The SDP has trained over 1,500 professionals since Extended Training began in 2003. The forums offer an excellent opportunity to learn more and share your

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

The OMFs provided a preview of many of the topics discussed in SDP Fall Training. Our June OMF focused on **Depreciation and Decarbonization.** In July

Always enjoy participating in SDP training! Can't wait to be back to in-person training and conference.

insights with colleagues. Now more than ever, community is important, so we hope you can join us for future OMFs!

DEPRECIATION: NO RESPECT!

BY BRANKO TERZIC

Like the lament or tag line of 1960's era comedian Rodney Dangerfield, the study of depreciation "gets no respect" when it comes to utility ratemaking. Apparently return of capital is just not that interesting. Certainly depreciation draws nothing like the attention lavished on the topic of return on capital presented in public utility rate case rate of return testimony. Why is that?

It certainly cannot be because depreciation expense is not a significant number in the calculation of a public utility's annual revenue requirement. With composite depreciation rates in the range of 3-4% per year a typical US electric utility with a \$5-\$10 Billion rate base would claim \$150 million to \$400 million in revenue requirement for depreciation expense. Consider that on a similar rate base with a 50-50 capital structure an annual return on equity at 10% would be \$250 million to \$500 million in revenue requirement. In other words, the annual depreciation expense for most utilities is nothing to sneeze at. But it still does not draw the attention or interest.

One possible reason is that, in my experience, everyone and I mean everyone, has or will venture an opinion of the issue of return on equity. Who doesn't have an opinion on the level of "profit" a monopoly utility should earn? After all, everyone has had experience with debt rates, whether house mortgage, automobile financing or credit cards and many know the current, pitifully low, interest offered on savings accounts. So with a range of 25% per year for credit debt and 1% on savings rates, guessing an order of magnitude for a level of profit in percent per year in that range seems reasonable and pretty much everyone is willing to take a stab at it when asked.

It's not so with annual depreciation rates. The general public and few regulators have any familiarity with depreciation concepts or rates. To do so would not just require a knowledge of accounting concepts but also asset recognition and service life estimation. Who but public utility professionals know those things? And on what basis would the average citizen speculate that annual composite depreciation rates for an electric utility are at the level of 1%, 10% or 100% per year? So it's a mystery.

There's another reason annual depreciation rates and expenses gets less attention than rate of return. Annual depreciation is a unique number for each utility. It based on studies of the lives of assets in each individual account. Unlike rate of return where the studies refer to one capital market, each depreciation study is stand alone. The service lives of metal meters along the salty shores of the Atlantic states do not inform about the lives of similar meters in dry Arizona. However, the cost of capital witnesses rightly

point out that each utility's stock must compete for investors with other companies in the same capital markets. Thus, a comparison can be directly made of returns available in the market and those proposed for the subject company. It's not so with estimation of depreciation rates. Each company is unique.

This reliance on the financial market as a checking mechanism also means that markets react quickly to commission orders setting rates of return above or below market requirements. Stock analysts, fund managers, investors all will recognize and publicly comment when a specific commission order misses the mark in rate of return. Of course, the stock price may move as well.

Not so with misestimating the annual depreciation rate. In the first place, how would anyone know. Even if the commission ignores the testimony of expert witnesses on depreciation, as long as someone on the record has provided an alternative estimate the commissioners are well within their authority to choose the incorrect number. Secondly, depreciation expense is the only expense totally under the control of the regulator. Unlike rate-of-return and its market check, no market check exists for the level of depreciation expense approved by the regulator. This means that all too frequently the regulator's decision to increase depreciation rates may be more informed by the direct rate impact affect (higher depreciation rates equals higher revenue requirements) than by the need to recognize new depreciation realities such as technological obsolescence.

This was the case in the 1970's when state regulators and the FCC missed the boat on the digital technological revolution in the telephone industry.

Charles A. Zielinski, former Chairman of the New York Public Service Commission, in an address in 1981 at Iowa State addressed this issue:

"And those (regulators) with a broad sense of fairness might also want to see whether the old technology was under-depreciated because of their past refusals to accelerate depreciation."

Regrettably the only signal that depreciation rates are or have been inadequate comes at the end of the line when finally, costs are "stranded" and assets are to be replaced by new technologies without having been properly depreciated over their economic service lives.

There is no need for that to happen. Depreciation analysis is a well-developed profession with its own professional society and certification system. The Society of Depreciation Professionals (SDP) holds annual conference and training programs see www.depr.org/event/2022conferencetraining.

The Honorable Branko Terzic is a founding member of the SDP and former Commissioner FERC and Wisconsin PSC bterzic@thinkbrg.com

2023 SDP BOARD**President****Marianella Hensley, TECO****Vice President****Rebecca Richards, Alliance Consulting****Secretary****Rich Bennett, Power Plan****Treasurer****Mellissa Howard, Gannett Fleming****At Large Director****Tammi Goldstein, PG&E****At Large Director****Amanda Nori, Concentric****Past President****Gerrilynn Wolfe, AR PSC****Marianella Hensley**

Supervisor Regulatory Plant Accounting, TECO EMERA Tampa Electric and Peoples Gas Co. Marianella started her Regulatory Plant Accounting carrier in 2014, in her current role is responsible for Plant Accounting support for both Tampa Electric and Peoples Gas, both subsidiaries of TECO Energy, reporting to the Director of Regulatory Plant and Tax Accounting. Her responsibilities include the delivery of actual and forecasted plant accounting information for use in business planning, forecasting models, and regulatory filings. In addition, supports the asset management and construction accounting functions and applications with the primary objective of proper classification of the Company's assets and the resulting depreciation and amortization. She is also responsible for the preparation and supporting of depreciation studies and supporting rate cases for both subsidiaries company, including responsibilities related to useful lives, cost of removal, salvage, and reserve analysis. Heavily involved in preparation and research for Public Service Commission Rate Case filing, including preparation of MFR schedules, interrogatories, and discovery process. In addition, was lead and key contributor in the migration from the Depreciation Study legacy system to PowerPlan Depreciation Study Module. Prior to joining Regulatory Utility Accounting, was the Sr. Accountant for TECO Guatemala USA an unregulated subsidiary of TECO Energy for 10 years. In this role, she was responsible for Equity International Investments, Consolidation, Currency Translation, Asset Accounting, Budgeting, and Forecasting under US GAAP.

Rebecca Richards, CDP

Rebecca Richards is a Senior Consultant at Alliance Consulting Group. LLC and is a Certified Depreciation Professional (CDP). She was previously employed as a Team Lead of Property Accounting at We Energies and has nine years of experience at a Fortune 500 company in utility property accounting, depreciation, and areas of corporate finance. She has a vast working knowledge of fixed asset and finance systems including SAP, UI, and PowerPlan. Rebecca has managed fixed asset accounting for both regulated and non-regulated entities. She has coordinated depreciation studies for all types of utilities including electric, gas, water, and steam heating.

Rich Bennett, MBA, CDP

Senior Solution Architect in the Professional Services Organization of PowerPlan, Inc. He works in the Solution Advisory Group and supports various PowerPlan modules. Prior to joining PowerPlan 6 years ago, He filled various management positions with Southern California Edison (SCE) in the Regulatory, Depreciation, and Fixed Asset arenas. During his over 30-year tenure with SCE, more than 20 years were in Fixed Asset related positions. Mr. Bennett has performed numerous depreciation studies and has testified on depreciation and decommissioning matters at the California Public Utilities Commission (CPUC) and the Federal Energy Regulatory Commission (FERC). Rich has made presentations on depreciation-related issues to the SDP and the Edison Electric Institute/American Gas Associations (EEI/AGA) Property Accounting & Valuation Committee. He contributed to the EEI/AGA publication Introduction to Depreciation for Public Utilities and Other Industries. Mr. Bennett holds a B.S. in Business, with an emphasis in Management Science and Production, from California State Polytechnic University, Pomona, and an M.B.A. from the University of La Verne. Rich has been a member of the EEI/AGA Property Accounting & Valuation Committee and is currently a Certified Depreciation Professional (CDP) and SDP Board Member holding the title of Secretary.

Mellisa Howard, CDP, PE

Ms. Howard is a Depreciation Analyst at Gannett Fleming Valuation and Rate Consultants, LLC. She has been with the firm since 2007 and has performed numerous depreciation studies for a variety of electric, gas, water, and pipeline companies. Her extensive experience includes conducting actuarial and simulated life analyses, performing net salvage analyses, and calculating annual and accrued depreciation. She also provides support in rate case proceedings related to these studies in multiple jurisdictions. Prior to her current position, Melissa worked as a Civil Engineer in Gannett Fleming's Dams and Hydraulics Practice performing hydrologic and hydraulic analyses for dams and other water resource projects. Her previous experience included working with consulting engineers specializing in transportation and land development.

Tammi Goldstein CPA

Capital Recovery Principal, Pacific Gas and Electric Company Tammi Goldstein is a CPA with over 25 years of experience in the utility industry. She is a Principal with Pacific Gas & Electric Company on the Capital Recovery and Analysis team. Her responsibilities at PG&E have included capital recovery, plant accounting, budgeting, and forecasting. In her current position, she supports various PG&E rate cases held before the California Public Utilities Commission and the Federal Energy Regulatory Commission in the areas of plant, depreciation, rate base, and attrition and has participated as a witness. She recently has been involved in the California Commission's Long-Term Gas Planning Order Instituting Rulemaking and Affordability Order Instituting Rulemaking proceedings. Tammi holds a Bachelor of Arts degree in Business Economics from the University of California, Santa Barbara, with an Accounting concentration. She joined SDP in 2006 and has held the positions of Director at Large and Membership Committee Chair. She was a co-editor of the 2013 edition of EEI/AGA's "Introduction to Depreciation for Public Utilities and Other Industries". Tammi's professional experience prior to joining PG&E includes external auditing roles with KPMG, and external auditing, review, and tax preparation with Seiler & Company.

Amanda Nori, CDP

Project Manager with Concentric. She is a versatile, highly analytical, and dedicated Certified Depreciation Professional with over 10 years of experience completing depreciation studies. She has a proven ability to work with clients throughout the regulated utility industry across North America. She routinely reviews and evaluates complex financial data to ensure regulatory compliance within jurisdictions throughout Canada.

CERTIFICATION NEWS

The Society of Depreciation Professionals (SDP) is a specialized and important professional organization. We are the keepers of the methods related to regulatory depreciation and asset life analysis. Both of which significantly influence virtually every business plan involving capital expenditures; the valuation of property, plant and equipment; the costs of goods and services; not to mention Utility rates. We are a small society of uniquely and highly qualified professionals.

Since our formation in the late 1980s, we have had over 1,200 members, many of whom are now retired or no longer with us. The SDP currently has approximately 220 members. In 1996, the SDP began offering qualified members the designation of Certified Depreciation Professional (CDP). The Society's now highly distinguished CDP designation demonstrates to potential clients, regulators, and to the finders of fact that you are an objective reliable expert. A CDP designation confirms that you have the prerequisite knowledge, education, and experience; you are committed to excellence; and verifies that you have been tested and vetted. You are a true professional.

To date, ninety-one (91) members have achieved the Society's CDP designation. Currently, there are 50 active CDP members. The Society's historical records do not indicate how many members actually applied for the CDP designation; however, we do know that approximately 200 members have taken the CDP certification exam.

Several years ago, the SDP undertook a review of the CDP examination process. Our objective was to improve the exam and increase the exam pass rate, which at the time averaged below 50%. We undertook a two-part review process, which included:

- 1 Review each exam question for clarity and relevance.
 - a. Does the exam challenge the students understanding of pertinent depreciation and life analysis concepts; and
 - b. Are there areas of testing that are sufficiently obscure as to warrant exclusion from the test, and
 - c. Are the questions (and illustrations) clearly stated and their solution readily obtainable.
- 2 Review SDP's training courses to ensure that what is being tested is covered in the training.

As a result, improvements were made to both the CDP exam and SDP's training. I'm happy to report that these efforts yielded improved test scores and a higher pass rate. In recent years, the pass rate has increased to approximately 65%. In the most recent CDP exam sitting, 75% of the members passed.

In addition, improvements were made to the application process. We also extended the confidentiality policy to include the identification of members sitting for the CDP examination as well as individual test results.

While we are likely to remain a small highly-specialized professional Society, we are getting stronger. If you are not already doing so, I strongly encourage all members to pursue CDP certification. Please don't hesitate to contact me directly if I can be of assistance to you in this regard.

Steve Barreca

Chairman – SDP Certification & Testing Committee

SBarreca@bcricri.com

Terzic SDP Regulators

SDP REACHES OUT TO REGULATORS

The SDP reached out to state regulators this past summer to increase their awareness of the importance of depreciation and the need for regulators to have depreciation expertise on staff. SDP President Gerrilynn Wolfe, CPA, CDP, Senior Rate Case Analyst Research and Policy at the Arkansas Public Service Commission and The Honorable Branko Terzic, one of the founding members of the SDP and former commissioner on the FERC and state of Wisconsin Public Service Commission, composed and signed the letter sent to state PSC/PUC leaders.

Wolfe and Terzic addressed their letter to the highest-ranking commissioner in each state which did not have a staff member currently on the SDP membership list. The letter explained that the SDP was established by leaders in both industry and regulation. The first President of the SDP was Kentucky PSC Commissioner Rush W. Dozier Jr. (1950-2010) and the first vice president was former Wisconsin PSC Commissioner Branko Terzic who had just stepped off the PSC and returned to consulting.

The SDP letter encouraged the state's top regulator to support the membership of a PSC staff member on the SDP. Wolfe and Terzic offered to brief the regulators on SDP programs and membership benefits.

To date the SDP letter had resulted in one new verified member with more recruits expected later.

CERTIFICATION AS A CDP

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 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, 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, 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

CDP EXAM DETAILS

- A proctored, closed-book exam is given at each SDP Annual Meeting or remotely.
- The exam may be taken remotely with permission from the Certification Chair and 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.

FEES AND FORMS

- \$200.00 CDP Exam Fee
- \$100.00 CDP Application for new CDP applicants
- \$50.00 CDP Re-certification for current CDPs

NEW CERTIFIED DEPRECIATION PROFESSIONALS

Congratulations for obtaining certification as a CDP!



Claude Robertson

Senior Rate Case Analyst, Arkansas Public Service Commission.

Graduate of Northwestern State University (Louisiana) with bachelor's degrees in Accounting and Business Administration.

Have worked in the field of Corporate Accounting from 1998 to 2012, then began working in Regulator Accounting from 2012 to Present.

Currently works for The Arkansas Public Service Commission with primary area of responsibility involving capital recovery issues which includes reviewing utility requests to change depreciation rates and evaluate the basis for the request, performing depreciation studies, testifying before the Arkansas Commission both in written and oral testimony.



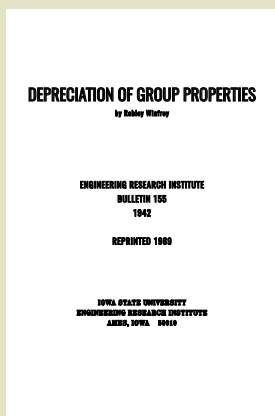
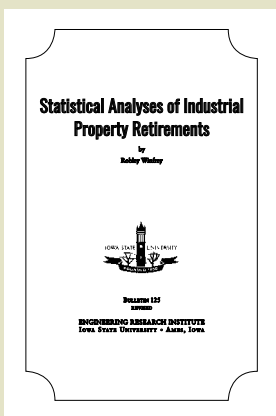
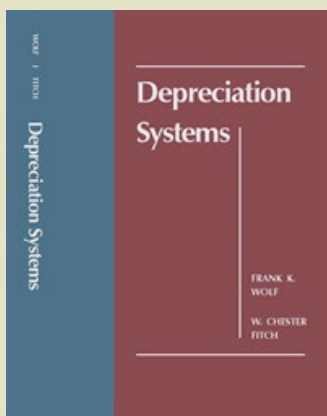
Jung (Kevin) Chang

Kevin Chang is the Supervisor of Capital Recovery at Pacific Gas and Electric Company with over 6 years of experience in the utility industry. In his current position, he oversees forecasting and analysis on capital-related items for regulatory cases and the financial community. He leads the team on appropriate techniques and methodologies for researching, interpreting, and analyzing regulatory decisions, regulatory accounting mechanisms, cost recovery proposals, revenue requirement impacts, and other analysis in support of regulatory proceedings. Kevin's professional experience prior to joining PG&E includes consulting work assistance in several regulated utility matters like transmission planning, rate analysis, electric rate and commodity price forecasting and power procurement with BAI. Kevin's Business Administration degree was from University of Missouri - St. Louis and his Electrical Engineering degree was from University of Missouri-St. Louis/Washington University Joint Undergraduate Engineering Program. Kevin is also a CPA license holder.

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A FEW RELEVANT REFERENCES

Bulletin 125: Statistical Analyses of Industrial Property Retirements

- Robley Winfrey, Iowa State University, 1935, Revised 1967

Bulletin 155: Depreciation of Group Properties

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Forecasting and Management of Technology

- Porter, Roper, Mason, Rossini, and Banks, John Wiley and Sons, NY, 1991

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- American Gas Association (AGA) www.aga.org and Edison Electric Institute (EEI) www.eei.org, 2013

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