

SDP 2018 SUNDAY TRAINING

DEPRECIATION AND RATEMAKING ISSUES

This popular course is intended for the experienced depreciation practitioner as well as managers wanting an overview of issues related to utility ratemaking and depreciation analysis policies. The course begins with a revised class explaining how depreciation fits within the process of utility ratemaking. This class includes a discussion of depreciation strategies and tactics. The next class, *new this year*, focuses on the impacts of the new tax law, recent regulatory decisions, and strategies for setting future depreciation and capitalization policies. Also *new this year* is a short class touching on tips for testifying and pitfalls of live testimony. (More in-depth discussion of live testimony is offered in the Extended Training course “Preparing and Supporting a Depreciation Study”.) This Sunday course ends with a discussion of current issues submitted by attendees.

There is ample opportunity during class and at an informal evening reception to ask questions of the expert instructors as well as network with fellow attendees from utilities, state and Federal commissions, and consulting firms. This course may be repeated for additional review of depreciation concepts. You will receive up to **6 CPE credits** for this course.

DEPRECIATION AND RATEMAKING ISSUES

Depreciation and Rate Regulation

The Role of Depreciation in Public Utility Ratemaking

Historic depreciation concepts in value and rate making

- Fair value rate base determinations
- Original cost rate base adoption

The concept of capital recovery

- Historic concept as management determination
- Adoption of accounting view as annual allocation

As a component of revenue requirement

Recognition of technology change

DEPRECIATION AND RATEMAKING ISSUES - cont'd

Depreciation Strategies

As part of the rate case

- Need for coordination with other issues
- Impact considerations

As a separate proceeding

- Timing with new technology investments
- Impact considerations

Depreciation Tactics

Independent or staff

Full requirements or phase in

Working with PSC staff

Contemporary Ratemaking Issues and Depreciation

Recognition of obsolescence

- Establishment
- Timing
- Impact

Depreciation and Return

- Related or unrelated?
- Recognized or unrecognized

Depreciation Issues and Cost of Service* *NEW!

Impacts of the New Tax Law

Recent Regulatory Decisions

Strategies for Setting Future Depreciation and Capitalization Policies

Testifying Techniques and Pitfalls* *NEW!

Tips for Testifying

Pitfalls to Avoid in Live Testimony

DEPRECIATION AND RATEMAKING ISSUES - cont'd

Current Issues Forum

Topics will be suggested by attendees and may include the following issues:

- Theoretical reserve issues
- Net salvage recovery methods
- Early retirements of assets (e.g. coal plants or electromechanical meters)
- Terminal net salvage / decommissioning

Overview of SDP's Extended Training

Depreciation Fundamentals

Analyzing Net Salvage in the Real World **NEW!**

Analyzing the Life of Real-World Property

Preparing and Supporting a Depreciation Study

Overview of SDP's Sunday Training

Introduction to Depreciation

Depreciation and Ratemaking Issues