

# SDP 2018 SUNDAY TRAINING

## INTRODUCTION TO DEPRECIATION

This outstanding overview course begins with a discussion of the importance of depreciation and the complications inherent in estimating depreciation expense. Included in the course are segments on group depreciation accounting, life and salvage analysis, and annual and accumulated depreciation calculations. This course covers most of the areas included on the CDP Exam. The course is intended for professionals involved in preparing depreciation studies as well as managers wanting an overview of the segments of a depreciation study.

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 is often repeated for additional review of the basic depreciation concepts. You will receive up to **6 CPE credits** for this course.

### INTRODUCTION TO DEPRECIATION

#### *Component v. Group Depreciation*

Different Approaches that are Available

Definitions

Asset Accounting Structure

Examples of the Group Concept

Strengths and Weaknesses of Component and Group Depreciation

#### *Importance of Depreciation and Challenges in Depreciation*

Why is Depreciation Important?

Why is it Challenging to Estimate and Defend Depreciation?

## **INTRODUCTION TO DEPRECIATION - cont'd**

### ***Overview of Group Depreciation Models***

Straight Line, Accelerated, and Decelerated Methods  
Broad Group, Equal Life Group, and Vintage Group Procedures  
Whole Life and Remaining Life Techniques  
Theoretical Reserve (Calculated Accumulated Depreciation)

### ***Property Data for Life & Salvage Analyses***

Examine your Data Annually – Learn What to Do and How to Quickly Detect Problems  
Scrub your Data to Improve the Quality of Your Analysis  
Retirement Pricing Methods and their Impact on Depreciation Rates

### ***Overview of Salvage Analyses***

Understanding the Basic Components that Comprise Net Salvage  
Analyzing Historical Gross Salvage & Cost of Removal  
Estimating Future Salvage & Cost of Removal  
Impact of Inflation and the Average Age of Retirements on Net Salvage Ratios

### ***Overview of Actuarial Analyses***

Retirement Dispersion, Survivor Curves, and Frequency Curves  
The Retirement Rate Method  
Developing a Life Table

# INTRODUCTION TO DEPRECIATION - cont'd

## *Overview of Simulation Analyses*

Review of Simulation Analysis

- SPR Calculations
- Conformance Index (CI)
- Retirement Experience Index (REI)

Property Data

- Data Other Than Additions and Retirements
- Missing Early Additions

Statistical Aging (STAGE) Model

Computed Mortality Model

## *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