

# DEPRECIATION FUNDAMENTALS FOR UTILITIES AND ENERGY COMPANIES

**December 4-5, 2017**  
**Hyatt Regency Phoenix**  
**Phoenix, AZ**

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EUCI is authorized  
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credits



**aus**  
consultants

## OVERVIEW

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This course guides utilities and energy personnel through the fundamentals necessary to achieve accurate and meaningful data to provide to consultants doing depreciation studies. The material that will be covered in the course will include, but will not be limited to, a discussion of company historical source data used for depreciation study purposes; development of a depreciation study database; how and why historical information is analyzed; other factors considered in life and salvage analysis; a discussion of depreciation methods, procedures, and techniques for depreciation rate development; and what is included in a depreciation study report. The course is not simply a lecture, but is intended to be interactive with the goal of addressing to the greatest extent possible, questions from the attendees, to maximize the participants' understanding of the depreciation study process, results, and the application in revenue requirements.

## LEARNING OUTCOMES

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- Review depreciation terms, definitions, background, and reference books
- Explain the fundamentals of plant accounting
- Examine depreciation concepts
- Discuss the steps to completing a depreciation study
- Review the procedures and techniques of the depreciation cube
- Explore depreciation analysis methods
- Develop depreciation rates by asset class
- Review the components of salvage analysis
- Complete a historical life and salvage analysis
- Review a depreciation case study

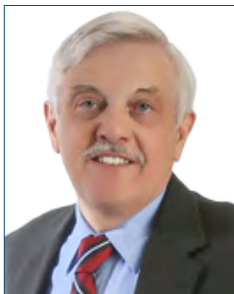
## WHO SHOULD ATTEND

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- Recently hired accountants
- Individuals assuming property accounting and depreciation responsibilities
- Regulatory management and analysts at utilities that have had limited experience with accounting and depreciation measures

## INSTRUCTOR

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**Earl M. Robinson, CDP**  
**Principal and Director, AUS Consultants**

Mr. Robinson is a nationally recognized Certified Depreciation Professional (CDP) and a principal and director of AUS Consultants. As a CDP, he provides services to the firm's clients with regard to depreciation and cost-based valuation issues. With more than 40 years of experience, Mr. Robinson began his career as a staff member of the plant accounting department of United Telephone (now Embarq) Eastern Group Headquarters subsequent to which he has spent more than 35 years as a consultant preparing depreciation and valuation studies for gas, pipeline, electric, telecommunications, water, and wastewater utilities. In conjunction with the provision of these services, Mr. Robinson has testified on many occasions before numerous regulatory agencies including state, federal, and property tax agencies throughout the U.S., Canada, and the Caribbean in support of the many studies completed for his diverse list of clients.

Mr. Robinson is a founding member and past president of the Society of Depreciation Professionals. He is also a member of the American Gas Association (AGA) accounting services committee and past chairman of the statistics, bibliography, and court regulatory sub-committee of the AGA depreciation committee.

# AGENDA

MONDAY, DECEMBER 4, 2017

**8:00 – 8:30 am**            **Registration and Continental Breakfast**

**8:30 am – 5:00 pm**        **Course Timing**

**12:00 – 1:00 pm**        **Group Luncheon**

- Why Recognize Depreciation?
  - o Depreciation from early times
  - o Evolution – the last 25 years and more
- Depreciation
  - o As a balance sheet component
  - o As an income statement component
- Depreciation in Ratemaking
  - o Revenue requirement
    - General accounting view
    - Plant accounting view
- Plant Accounting Record Systems
  - o Accounting system conversions
  - o Developing and maintaining prior records
    - Cost
    - Benefits
  - o Importance of historical plant record continuity
- Depreciation Definition
  - o AICPA Bulletin # 1
  - o 1996 NARUC “Public Utility Depreciation Practices”
- Depreciation Terms
- Depreciation Background
- Depreciation Reference Textbooks
- Plant Accounting & Depreciation Guidance
  - o Uniform system of accounts-various
    - Plant records
- Plant Accounting
  - o Plant assets
  - o Plant accounting-property units
  - o Work orders
  - o Components of construction cost
  - o Property retirements
    - Unrecorded retirements
    - Under-recorded retirements
    - Plant accounting record audits
- Depreciation Concepts
  - o Unit depreciation concepts
  - o Group depreciation concepts
- Depreciation Cube
  - o Method
  - o Procedures
  - o Techniques



*“The building blocks of asset accounting and how to use data to arrive at assumptions about past, present, and future scenarios and apply business decisions based on the various assumptions.”*

Financial Analyst, SCE

# AGENDA

## MONDAY, DECEMBER 4, 2017 (CONTINUED)

- Completing a Depreciation Study
  - o Planning a study
    - Stages of a study
  - o Goals/objectives
  - o Study procedures
  - o Depreciation database
    - Building a database
- Dependent upon available company data
  - o Data collection phase
  - o Database assembly
- Depreciation Analysis Methods
  - o Tools to study historical life data
    - Actuarial life analysis
- Basic data requirements
  - o Simulated plant analysis
    - Basic data requirements
- o Depreciation of power plants and other life span/forecast account



*“Excellent detailed explanation of depreciation concepts and materials. You will understand how to read the results of a depreciation study.”*

Strategic Projects  
Accounting Coordinator,  
Empire District Electric  
Co.

## TUESDAY, DECEMBER 5, 2017

**8:00 – 8:30 am**

**Continental Breakfast**

**8:30 am – 12:00 pm**

**Course Timing**

- Salvage Analysis
  - o Book accounting transactions
  - o Historical net salvage analysis
  - o Prospective net salvage in depreciation rates
  - o Forecast salvage analysis
- Complete a Historical Life & Salvage Analysis
  - o Forecasting depreciation parameters
- Developing Depreciation Rates by Asset Class
  - o Whole life depreciation accrual amount
  - o Whole life depreciation rate
  - o Remaining life depreciation accrual amount
  - o Remaining life depreciation rate
  - o ELG depreciation
- Depreciation Reserve Analysis
  - o Comparison of book versus theoretical reserves
- Summarizing Depreciation Recommendations
  - o Depreciation rates by asset recovery component
  - o Understanding recovery rates by component
- Depreciation – Case Study



*“Another quality course from EUCI. They have become my choice provider for CPE. It’s nice to have industry experts providing the education I need. Thanks.”*

Controller, Sulpher  
Springs Valley Electric  
Coop

## REQUIREMENTS FOR SUCCESSFUL COMPLETION OF PROGRAM

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Participants must sign in/out each day and be in attendance for the entirety of the course to be eligible for continuing education credit.

## INSTRUCTIONAL METHODS

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Case studies, PowerPoint presentations, and group discussion will be used in this event..

## PROCEEDINGS

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The proceedings of the course will be published, and one copy will be distributed to each registrant at the course.

## EVENT LOCATION

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A room block has been reserved at the Hyatt Regency Phoenix, 122 N 2nd St, Phoenix, AZ 85004, for the nights of December 3-5, 2017 . Room rates are US \$179, plus applicable tax. Call **1-602-252-1234** for reservations and mention the EUCI event to get the group rate. The cutoff date to receive the group rate is November 3, 2017 but as there are a limited number of rooms available at this rate, the room block may close sooner. ***Please make your reservations early.***

## IACET CREDITS

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EUCI has been accredited as an Authorized Provider by the International Association for Continuing Education and Training (IACET). In obtaining this accreditation, EUCI has demonstrated that it complies with the ANSI/IACET Standard which is recognized internationally as a standard of good practice. As a result of their Authorized Provider status, EUCI is authorized to offer IACET CEUs for its programs that qualify under the ANSI/IACET Standard.

**EUCI is authorized by IACET to offer 1.0 CEUs for the course.**

## CPE CREDITS

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EUCI is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be submitted to the National Registry of CPE Sponsors through its website: [www.learningmarket.org](http://www.learningmarket.org).

Upon successful completion of this event, program participants interested in receiving CPE credits will receive a certificate of completion.

**EUCI is authorized by CPE to offer 12 credits for the course.** There is no prerequisite for this course.

**Program Level:** Beginner, **Delivery Method:** Group-Live, **Advanced Preparation:** None

## REGISTER 3, SEND THE 4TH FREE

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Any organization wishing to send multiple attendees to this course may send 1 FREE for every 3 delegates registered. Please note that all registrations must be made at the same time to qualify.

**REGISTRATION**  
*to register [CLICK HERE](#) or*

**Call: 201 871 0474**  
**fax: 253 663 7224**  
**email: [register@pmaconference.com/](mailto:register@pmaconference.com)**  
**web: <http://pmaconference.com/>**  
**Mail: POB 2303 Falls Church Va 22042**

Please make checks payable to: "PMA"

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## PLEASE REGISTER

- DEPRECIATION FUNDAMENTALS FOR UTILITIES AND ENERGY COMPANIES COURSE**  
 DECEMBER 4-5, 2017: US \$1395  
 EARLY BIRD on or before NOVEMBER 10, 2017: US \$1195

How did you hear about this event? (direct e-mail, colleague, speaker(s), etc.)

Print Name Job Title

Company

What name do you prefer on your name badge?

Address

City State/Province Zip/Postal Code Country

Phone Email

List any dietary or accessibility needs here

**CREDIT CARD INFORMATION**

Name on Card Billing Address

Account Number Billing City Billing State

Exp. Date Security Code (last 3 digits on the back of Visa and MC or 4 digits on front of AmEx) Billing Zip Code/Postal Code

**OR** Enclosed is a check for \$ \_\_\_\_\_ to cover \_\_\_\_\_ registrations.

**Substitutions & Cancellations**  
 Your registration may be transferred to a member of your organization up to 24 hours in advance of the event. Cancellations must be received on or before November 3, 2017 in order to be refunded and will be subject to a US \$195.00 processing fee per registrant. No refunds will be made after this date. Cancellations received after this date will create a credit of the tuition (less processing fee) good toward any other EUCI event. This credit will be good for six months from the cancellation date. In the event of non-attendance, all registration fees will be forfeited. In case of course cancellation, EUCI's liability is limited to refund of the event registration fee only. For more information regarding administrative policies, such as complaints and refunds, please contact our offices at (201) 871-0474.