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IDAHO PUBLIC
UTILITIES COMMISSION

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)
OF IDAHO POWER COMPANY FOR AN) CASE NO. IPC-E-20-11
ACCOUNTING ORDER FOR COSTS)
ASSOCIATED WITH CLOUD COMPUTING)
ARRANGEMENTS.)
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_____)

IDAHO POWER COMPANY

DIRECT TESTIMONY

OF

MATTHEW T. LARKIN

1 Q. Please state your name, business address, and
2 present position with Idaho Power Company ("Idaho Power" or
3 "Company").

4 A. My name is Matthew T. Larkin. My business
5 address is 1221 West Idaho Street, Boise, Idaho 83702. I
6 am employed by Idaho Power as the Revenue Requirement
7 Senior Manager in the Regulatory Affairs Department.

8 Q. Please describe your educational background.

9 A. I received a Bachelor of Business
10 Administration degree in Finance from the University of
11 Oregon in 2007. In 2008, I earned a Master of Business
12 Administration degree from the University of Oregon. I
13 have also attended electric utility ratemaking courses,
14 including the *Electric Rates Advanced Course*, offered by
15 the Edison Electric Institute, and *Estimation of*
16 *Electricity Marginal Costs and Application to Pricing*,
17 presented by National Economic Research Associates, Inc.

18 Q. Please describe your work experience with
19 Idaho Power.

20 A. I began my employment with Idaho Power as a
21 Regulatory Analyst in January 2009. As a Regulatory
22 Analyst, I provided support for the Company's regulatory
23 activities, including compliance reporting, financial
24 analysis, and the development of revenue forecasts for
25 regulatory filings.

1 In January 2014, I was promoted to Senior Regulatory
2 Analyst where my responsibilities expanded to include the
3 development of complex cost-related studies and the
4 analysis of strategic regulatory issues.

5 Since becoming the Revenue Requirement Senior
6 Manager in March 2018, I have overseen the Company's
7 regulatory activities related to revenue requirement, such
8 as power supply expense modeling, jurisdictional separation
9 studies, and Idaho Power's Open Access Transmission Tariff
10 formula rate.

11 **I. OVERVIEW**

12 Q. What is Idaho Power's request in this case?

13 A. Cloud computing services have gained
14 popularity, as they offer faster and more flexible
15 resources in a secure manner, adding to the umbrella of
16 Information Technology ("IT") solutions available. Under
17 the current regulatory accounting treatment there is an
18 inherent financial disincentive for Idaho Power to pursue
19 certain cloud computing arrangements that would otherwise
20 be economically beneficial to customers over time.
21 Therefore, Idaho Power is requesting (1) approval of the
22 deferral of costs associated with cloud computing
23 arrangements to a regulatory asset, and (2) that the
24 unamortized regulatory asset amounts are eligible for rate
25 base treatment and the associated annual amortization

1 expense is eligible for potential recovery in a future rate
2 proceeding.

3 Q. How is your testimony organized?

4 A. My testimony will (1) summarize cloud
5 computing and the evolution of on-premise IT solutions, (2)
6 explain the current accounting treatment of costs
7 associated with cloud computing arrangements, and (3)
8 summarize Idaho Power's proposed accounting treatment of
9 these costs.

10 Q. Do you have any exhibits?

11 A. Yes. Exhibit No. 1 to my testimony is a copy
12 of the National Association of Regulatory Commissioners
13 ("*NARUC*") *Resolution Encouraging State Utility Commissions*
14 *to Consider Improving the Regulatory Treatment of Cloud*
15 *Computing Arrangements* ("*Resolution*").

16 **II. CLOUD COMPUTING**

17 Q. For purposes of IT, what is meant by the term
18 "on-premise solution?"

19 A. On-premise solutions are those IT products or
20 applications that are kept within Idaho Power's own
21 premises and require the Company to purchase a license or
22 copy of the software to use it. An on-premise solution is
23 managed and maintained by the Company requiring in-house
24 server hardware, software licenses, integration

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1 capabilities, and personnel on hand to support and manage
2 the application should issues arise.

3 Q. What is cloud computing?

4 A. Cloud computing is the delivery of IT
5 products, including servers, storage, databases,
6 networking, and software, over the internet or "cloud."
7 The basic notion behind cloud computing is that the
8 location of the hardware or operating system on which a
9 product is running is irrelevant to a user, allowing
10 products to be updated easily and often with minimal
11 business disruptions.

12 Q. How has cloud computing progressed over the
13 last several decades?

14 A. Due to changes in technology over the last
15 several decades, cloud computing solutions have evolved
16 since their inception, leading to the current environment
17 that primarily favors cloud-based solutions over previous
18 on-premise solutions. On-premise solutions became
19 prominent with the arrival of affordable personal
20 computers, when software and files were typically stored
21 locally, making these solutions the standard option for
22 utilities. Through time, however, with the proliferation
23 of data collection and processing, companies began
24 requiring data centers to store large amounts of data,

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1 resulting in cloud computing solutions emerging as an
2 important component of data management.

3 The modern prominence of cloud solutions was then
4 solidified by the development of the internet and the
5 advent of advanced file sharing, which allows computer
6 files to be uploaded to the cloud for storage and accessed
7 from different locations or uploaded to the cloud for
8 access by others. Now, many technology vendors only offer
9 services via the internet or cloud rather than a standalone
10 on-premise product.

11 Cloud computing services are generally categorized
12 as software-as-a-service or SaaS, Infrastructure-as-a-
13 Service or IaaS, and Platform-as-a-Service or PaaS
14 (collectively, "cloud computing services") and can be
15 standalone services or work in conjunction with each other.
16 Cloud computing services can provide a utility with access
17 to vendors who operate specialized technology, while
18 providing a way to address technological obsolescence as
19 the contracts with these companies allow for renewals that
20 use the latest technologies. These cloud computing services
21 have gained prominence for the reasons stated above,
22 offering faster and more flexible resources in a secure
23 manner, adding to the umbrella of IT solutions available.

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1 Q. Does the Company anticipate cloud computing
2 arrangements will continue to advance and offer advantages
3 in the future?

4 A. Yes. Utilities now can access complex and
5 flexible IT infrastructure and software through a cloud
6 delivery model and reduce in-house technical support
7 requirements and costly hardware system requirements. In
8 addition, cloud computing arrangements are a necessity in
9 today's web-enabled world where a web presence is a
10 requirement and web applications deliver customer services,
11 modernizing the customer experience. Finally, cloud
12 computing services may offer more economical solutions to
13 data centers or warehouses for storage.

14 Q. What are some currently available cloud
15 computing services?

16 A. Currently, the most common cloud computing
17 services include storage, networking, processing power, and
18 standard office software applications. In addition, more
19 advanced business analytics features such as Machine
20 Learning and Artificial Intelligence are primarily
21 delivered via cloud computing models.

22 Q. Aside from the delivery of the products
23 through the cloud, how does cloud computing differ from
24 traditional on-premise IT solutions?

25

1 A. The primary difference between traditional on-
2 premise IT solutions and cloud computing services involves
3 ownership. With a cloud computing arrangement, a company
4 purchases a service for the delivery of the IT products and
5 pays a fee for the delivery of the product. Alternatively,
6 with traditional IT on-premise solutions, a company
7 purchases and owns the software license and infrastructure
8 and is responsible for its maintenance and replacement.

9 Q. In what ways does cloud computing provide
10 benefits that the traditional delivery of on-premise IT
11 solutions does not?

12 A. Cloud computing services afford companies the
13 ability to test out product concepts without a long
14 procurement process. In addition, when the infrastructure
15 is owned and maintained by the cloud provider, a company
16 can avoid some of the upfront costs and the complexity of
17 owning and maintaining the IT infrastructure. Many
18 technology vendors that offer both owned and leased usage
19 options, as well as options delivered via the cloud,
20 include more features in their cloud version than their on-
21 premise version, including patches, software enhancements,
22 and security updates that are automatically updated.
23 Additionally, updates and upgrades are typically a lower
24 burden on in-house staff and usually can be delivered more
25 quickly when compared to on-premise based technology.

1 Finally, a cloud computing arrangement may offer additional
2 applications and services that are not provided to on-
3 premise deployments while allowing a company to pay for
4 only those resources they consume.

5 Q. Does Idaho Power currently purchase any cloud
6 computing services?

7 A. Yes. The Company has entered into a number of
8 arrangements for cloud computing services covering a broad
9 array of applications necessary to provide essential
10 services to customers because the on-premise solution
11 either became obsolete or was cost prohibitive. The most
12 widely known is Microsoft Office 365, which provides on-
13 premise and cloud rights for Exchange, SharePoint, Word,
14 Office, Excel, Outlook, PowerPoint, PowerBI, Teams,
15 Planner, and OneNote, to name a few. Other cloud computing
16 arrangements include: (1) Workday, a financial and human
17 capital management software, (2) the Learning Management
18 System that administers, documents, and tracks the delivery
19 of employee educational and/or training programs, and (3) a
20 Cloud Access Security Broker to protect Idaho Power's data
21 and identities for cloud solutions.

22 Q. What is the typical fee structure of a cloud
23 computing arrangement?

24 A. Fee structures for cloud computing
25 arrangements can vary but generally reflect ongoing

1 monthly, quarterly, or annual payments, or similar to a
2 traditional on-premise IT solution, an upfront payment can
3 be made in return for a reduced monthly fee, or no ongoing
4 fee at all, over the course of the contract period.

5 Q. Does the Company believe traditional on
6 premise IT solutions will be completely replaced
7 with cloud computing services?

8 A. Not entirely. Although technological
9 innovation has transformed IT solutions, Idaho Power does
10 not believe cloud computing arrangements will completely
11 replace traditional on-premise IT solutions at this time.
12 Cloud computing services may be cheaper than purchasing an
13 IT product but not always. For example, it may be
14 difficult to migrate existing products to the cloud, thus
15 adding to the cloud computing expense, making it less
16 economical or an infeasible alternative. While Idaho Power
17 evaluates each individual purchase to determine the most
18 cost-effective solution, the Company envisions its IT
19 infrastructure needs will continue to be met through a
20 combination of traditional on-premise IT solutions and the
21 delivery of IT services via the cloud.

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1 **III. CURRENT ACCOUNTING TREATMENT OF COSTS ASSOCIATED WITH**
2 **CLOUD COMPUTING ARRANGEMENTS**
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4 Q. Does Idaho Power account for costs of cloud
5 computing arrangements the same way as costs associated
6 with the purchase of traditional on-premise IT solutions?

7 A. No. Based on current accounting guidelines,
8 the Company currently classifies investments in traditional
9 on-premise IT solutions, including the integration costs,
10 as a capital expenditure. Cloud-based products and services
11 are classified as an operating expenditure, with the
12 exception of the integration costs which are capitalized.

13 Q. Are there accounting rules that would explain
14 why the two are treated differently from an accounting
15 standpoint?

16 A. Yes. The first guidance to address accounting
17 for software did not come until 1998 when Accounting
18 Standards Codification ("ASC") 350-40: *Accounting for the*
19 *Costs of Computer Software Developed or Obtained for*
20 *Internal Use* was issued. Because cloud computing was in
21 its infancy at the time, ASC 350-40 did not address
22 accounting for cloud computing arrangements. Direction
23 specific to the accounting for cloud computing came in
24 April 2015, when the Financial Accounting Standards Board
25 ("FASB") issued Accounting Standards Update No. 2015-05.
26 The intent of the update was to help entities evaluate the

1 accounting of fees paid for cloud computing services given
2 the significant evolution of IT products. The update
3 provides guidance for determining when an arrangement
4 includes a software license and clarifies that under
5 certain conditions the license-related portion of the cloud
6 computing cost is considered an intangible asset; therefore
7 those specific costs may be capitalized.

8 Q. Does Idaho Power have any software licenses
9 that have been recorded as an intangible asset as a result
10 of a purchased cloud computing arrangement?

11 A. No. None of the cloud computing services the
12 Company has purchased to date have included software
13 licenses that could be recorded as an intangible asset.
14 However, the Company has capitalized upfront implementation
15 and integration costs as allowed by the accounting guidance
16 detailed in my testimony.

17 Q. Has there been any additional guidance issued
18 since Update No. 2015-05?

19 A. Yes. In August 2018, FASB issued the
20 Accounting Standards Update No. 2018-15 with amendments to
21 ASC 350-40, providing users information about the type and
22 amount of implementation costs that may be capitalized to
23 an intangible asset, and further that the capitalized
24 implementation costs should be amortized over the term of
25 the cloud computing arrangement. At the request of

1 industry participants, on December 20, 2019, the Federal
2 Energy Regulatory Commission ("FERC") issued clarification
3 on how to apply Accounting Standards Update No. 2018-15
4 within the framework and regulatory intent of their
5 existing accounting requirements¹, and provided detailed
6 accounting for the expensing or capitalization and
7 resulting depreciation or amortization of the
8 implementation costs associated with a cloud computing
9 arrangement.

10 Q. Did Accounting Standards Update No. 2018-15 in
11 conjunction with FERC's guidance eliminate the disparate
12 accounting treatment between on-premise and cloud
13 investments?

14 A. No. Accounting Standards Update No. 2018-15 in
15 conjunction with FERC's guidance provided clarification on
16 accounting for upfront implementation costs of cloud
17 computing arrangements, but did not address the ongoing
18 expenditures of these arrangements.

19 Q. How do the differences in the accounting
20 treatment impact Idaho Power?

21 A. Absent the ability to capitalize cloud
22 computing arrangement costs, an earnings opportunity is
23 displaced as the Company is not eligible to earn a return
24 on a cost that would otherwise be authorized for inclusion

¹ Docket No. AI20-1-000

1 in rate base if purchased through a non-cloud based
2 software solution.

3 Q. Has any state regulatory accounting guidance
4 been given with respect to cloud computing costs?

5 A. Yes. Recognizing the disincentive that
6 exists, in November 2016, NARUC adopted the Resolution
7 which is specific to the regulatory accounting of cloud
8 computing expenditures. In the Resolution, included as
9 Exhibit No. 1 to my testimony, NARUC encouraged state
10 utility commissions to consider improving the regulatory
11 treatment of cloud computing arrangements. The NARUC Board
12 of Directors resolved that utilities best serve customers
13 by making software procurement decisions regardless of the
14 delivery method or payment model and encouraged state
15 regulators to consider whether cloud computing costs should
16 receive similar regulatory accounting treatment as
17 traditional on-premise solutions.

18 Q. Can the Company deviate from the Accounting
19 Standards Update Nos. 2015-5 or 2018-15?

20 A. Yes. Under the Statement of Financial
21 Accounting Standard ("SFAS") 71, now codified as ASC 980,
22 which applies to the financial statements of regulated
23 utilities, the Commission can allow the deviation from
24 certain standards for ratemaking purposes, providing
25 utility regulators with some flexibility in how they allow

1 utilities to account for costs. Deferral of costs to a
2 regulatory asset is one of those approved regulatory
3 accounting departures from Accounting Standards Update Nos.
4 2015-5 or 2018-15.

5 Q. Have any state commissions enacted solutions
6 to address the differences in the accounting and regulatory
7 treatment of cloud computing arrangements when compared to
8 traditional on-premise IT solutions?

9 A. Yes. In 2016, the New York Public Service
10 Commission issued a declaratory statement that utilities
11 could capitalize the total cost of a SaaS contract when
12 paid up-front, indicating in their statement that they were
13 confirming an existing capability under current accounting
14 rules rather than providing a new capability. More
15 recently, in January 2019, the Illinois Commerce Commission
16 issued an order allowing utilities to pre-pay for a cloud
17 service, amortize those costs, and derive earnings from
18 them as they would a typical asset.

19 **IV. PROPOSED ACCOUNTING TREATMENT OF COSTS ASSOCIATED WITH**
20 **CLOUD COMPUTING ARRANGEMENTS**

21
22 Q. What is Idaho Power's proposed accounting
23 treatment of costs associated with cloud computing
24 arrangements?

25 A. Idaho Power requests (1) approval of the
26 deferral of costs associated with cloud computing

1 arrangements to a regulatory asset, and (2) that the
2 unamortized regulatory asset amounts are eligible for rate
3 base treatment and the associated amortization expense is
4 eligible for recovery in the next general rate proceeding.

5 Q. Does the Company's request in this case
6 pertain to costs associated with both existing and future
7 cloud computing arrangements?

8 A. No. If approved, Idaho Power's accounting
9 treatment would apply only to costs associated with future
10 cloud computing arrangements.

11 Q. Why does the Company seek to defer costs
12 associated with cloud computing arrangements?

13 A. Under the current regulatory accounting
14 treatment there is an inherent financial disincentive for
15 Idaho Power to pursue certain cloud computing arrangements
16 that would otherwise be beneficial to customers over time.
17 Idaho Power is proposing to capitalize all costs associated
18 with cost-effective cloud computing arrangements because
19 the services provide the Company with an investment
20 equivalent to that of a traditional on-premise IT solution,
21 thereby removing a financial disincentive to pursuing cost-
22 effective IT solutions that exist today. The Company
23 evaluates the purchase of IT infrastructure on a case-by-
24 case basis. In order to get the most value from the
25 service or investment, it is important that Idaho Power

1 have no regulatory or accounting reason to favor one
2 solution when an alternative would serve the Company and
3 its customers better. To do so, the Company is requesting
4 the Commission equalize the treatment of expenditures
5 associated with traditional on-premise IT solutions and
6 cloud computing arrangements.

7 Q. Does the recent NARUC resolution align with
8 the Company's request in this case?

9 A. Yes. As explained in the NARUC Resolution,
10 "the disparity in accounting treatments between these two
11 software approaches creates a regulatory incentive for
12 utilities to invest in on-premise software solutions and
13 creates unintended financial hurdles that hinder utilities
14 from realizing the benefits that so many other industries
15 are experiencing with cloud-based software." Therefore, it
16 is important that Idaho Power make IT investments based on
17 which option best meets the needs of the Company and its
18 customers rather than on the accounting treatment of those
19 costs.

20 Q. If the Company's accounting request is
21 approved, how can the Commission ensure Idaho Power
22 continues to make investments in IT solutions that are in
23 the best interest of customers?

24 A. Idaho Power's request in this case is for an
25 accounting order associated with costs of future cost-

1 effective cloud computing arrangements. If approved, the
2 proposal will not alter the Commission's ability to
3 determine the prudence of the costs associated with cloud
4 computing arrangements in the Company's next general rate
5 proceeding.

6 Q. What is the length of the amortization period
7 the Company is requesting?

8 A. Idaho Power is proposing an amortization
9 period equivalent to that of its software investments,
10 recorded in plant Account 303 - Miscellaneous Intangible
11 Plant, or sixty-two months.

12 Q. What is Idaho Power's proposed accounting for
13 the deferral and amortization of the cloud computing costs?

14 A. Idaho Power proposes to record the deferred
15 amounts to Federal Energy Regulatory Commission ("FERC")
16 Account 182.3, Other Regulatory Assets. The Company will
17 record amortization of the deferred amounts to FERC Account
18 407.3, Regulatory Debits.

19 Q. Is Idaho Power proposing to accrue a carrying
20 charge on the amounts included in the regulatory asset?

21 A. No, not at this time. However, the Company is
22 proposing the regulatory asset is eligible for rate base
23 treatment, similar to the treatment of traditional on-
24 premise IT solutions. Upon a prudence review in Idaho
25 Power's next general rate proceeding, both the unamortized

1 regulatory asset balance and associated annual amortization
2 expenses would be eligible for inclusion in customer rates.

3 Q. If the Company's request is approved, how much
4 does Idaho Power anticipate it will defer in cloud
5 computing costs over the next few years?

6 A. Idaho Power anticipates deferring a total of
7 approximately \$2 to \$3 million over the next three years.

8 Q. Will approval of Idaho Power's request in this
9 case change customer rates at this time?

10 A. No, the Company is not requesting to change
11 customer rates at this time.

12 **V. CONCLUSION**

13 Q. Please summarize your testimony.

14 A. Cloud computing services have gained
15 popularity, as they offer faster and more flexible
16 resources in a secure manner, adding to the umbrella of IT
17 solutions available. Under the current regulatory
18 accounting treatment there is an inherent financial
19 disincentive for Idaho Power to pursue certain cloud
20 computing arrangements that would otherwise be beneficial
21 to customers over time. Idaho Power is proposing to
22 capitalize all costs associated with cost-effective cloud
23 computing arrangements because the services provide the
24 Company with an investment equivalent to that of a
25 traditional on-premise IT solution thereby removing a

1 financial disincentive to pursuing cost-effective IT
2 solutions that exists today. Specifically, the Company is
3 requesting (1) approval of the deferral of costs associated
4 with cloud computing arrangements to a regulatory asset,
5 and (2) that the unamortized regulatory asset amounts are
6 eligible for rate base treatment and the associated
7 amortization expense is eligible for recovery in the next
8 general rate proceeding.

9 Q. Does this conclude your testimony?

10 A. Yes, it does.

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ATTESTATION OF TESTIMONY

STATE OF IDAHO)
) ss.
County of Ada)

 I, Matthew T. Larkin, having been duly sworn to
testify truthfully, and based upon my personal knowledge,
state the following:

 I am employed by Idaho Power Company as the Revenue
Requirement Senior Manager in the Regulatory Affairs
Department and am competent to be a witness in this
proceeding.

 I declare under penalty of perjury of the laws of
the state of Idaho that the foregoing pre-filed testimony
and exhibits are true and correct to the best of my
information and belief.

DATED this 9th day of March 2020.



Matthew T. Larkin

SUBSCRIBED AND SWORN to before me this 9th day of
March 2020.



Notary Public for Idaho
Residing at: Nampa, Idaho
My commission expires: 8/8/2020

**BEFORE THE
IDAHO PUBLIC UTILITIES COMMISSION**

CASE NO. IPC-E-20-11

IDAHO POWER COMPANY

**LARKIN, DI
TESTIMONY**

EXHIBIT NO. 1

Resolution Encouraging State Utility Commissions to Consider Improving the Regulatory Treatment of Cloud Computing Arrangements

WHEREAS, The business of electric, gas, and water utilities is changing rapidly. Utilities are now faced with how best to respond to modern customer expectations, technological innovation, and new regulatory drivers; *and*

WHEREAS, To thrive in the future, utilities may need to modernize and transform their business operations. A key element of this may be access to state-of-the-art commercial cloud computing services, which is increasingly delivered via a “cloud-based” or “software-as-a-service” model; *and*

WHEREAS, The various functionalities provided by commercial cloud computing services may help utilities fully realize the economic, social, and environmental value of the smart gas and electric grid; *and*

WHEREAS, Other highly regulated industries like financial services, healthcare, telecommunications, and auto insurance use commercial cloud computing services and are delivering a superior customer experience. These industries now outperform utilities in customer satisfaction rankings, according to surveys from J.D. Power and Associates; *and*

WHEREAS, Federal government agencies, including the Departments of Treasury, State, and Defense, are rapidly transitioning to commercial cloud computing services and cloud-based solutions through a federal requirement to “evaluate safe, secure cloud computing options before making any new IT investments”; *and*

WHEREAS, In addition to enhanced security, commercial cloud computing services can provide increased reliability and flexibility. In contrast to on-premise solutions, cloud-based solutions can be frequently and easily updated with minimal business disruptions, allowing utilities to keep pace with innovation and changing technology; *and*

WHEREAS, Commercial cloud computing services and traditional on-premise software have different business models and payment streams. Purchasing cloud computing services typically involves periodic payments for the services consumed, while purchasing on-premise software typically involves a large up-front payment and a regular maintenance fee; *and*

WHEREAS, Under current guidelines, a utility may classify investments in legacy hardware and supporting on-premise software as a capital expense, on which it can receive a rate of return; however, if a utility invests in cloud-based technologies, it typically treats the investment as an operating expense, on which it does not receive a rate of return; *and*

WHEREAS, The disparity in accounting treatments between these two software approaches creates a regulatory incentive for utilities to invest in on-premise software solutions and creates unintended financial hurdles that hinder utilities from realizing the benefits that so many other industries are experiencing with cloud-based software; *and*

WHEREAS, Utilities should be free to make software investments based on which option best meets both the needs of the utility and its customers, rather than how the investment will be treated for accounting purposes; *and*

WHEREAS, The existing regulatory accounting rules may be interpreted, if appropriate, to allow for utilities to capitalize cloud-based software; *and*

WHEREAS, Regardless of how cloud computing is treated for regulatory accounting purposes, regulators will still examine whether the investment is prudent; *now, therefore be it*

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners (NARUC), convened at its 2016 Annual Meetings in La Quinta, California, recognizes that utilities best serve customers, society, the environment, and the grid by making software procurement decisions regardless of the delivery method or payment model; *and be it further*

RESOLVED, That NARUC encourages State regulators to consider whether cloud computing and on-premise solutions should receive similar regulatory accounting treatment, in that both would be eligible to earn a rate of return and would be paid for out of a utility's capital budget.

*Sponsored by the Committees on Critical Infrastructure, Gas, and Water
Recommended by the NARUC Board of Directors on November 15, 2016
Adopted by the NARUC Committee of the Whole on November 16, 2016*