

## **DECISION MEMORANDUM**

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: DAYN HARDIE  
DEPUTY ATTORNEY GENERAL**

**DATE: APRIL 22, 2020**

**SUBJECT: IN THE MATTER OF IDAHO POWER COMPANY'S  
APPLICATION FOR AN ACCOUNTING ORDER FOR COSTS  
ASSOCIATED WITH CLOUD COMPUTING ARRANGEMENTS;  
IPC-E-20-11**

On March 9, 2020, Idaho Power Company (“Company”) applied to the Commission seeking an order (1) approving the deferral of costs associated with cloud computing arrangements to regulatory asset, and (2) acknowledging that the unamortized regulatory asset amounts are eligible for rate base treatment and the associated annual amortization expense is eligible for potential recovery in a future rate proceeding. The Company requested its Application be processed via Modified Procedure.

### **THE APPLICATION**

For purposes of information technology, the Company uses both on-premise solutions and cloud computing. On-premise solutions are products or applications on the Company’s premises that require the Company to buy a license or copy of the software. Cloud computing is the delivery of information technology, including servers, storage, databases, networking, and software, over the internet. Based on current accounting guidelines, the Company classifies investments in on-premise solutions as capital expenditures and cloud computing investments as operating expenditures, with the exception that cloud computing integration costs are capitalized.

The Company states the current accounting treatment provides a financial disincentive for it to invest in certain cloud computing arrangements. The Company

proposes to capitalize all costs associated with cost-effective cloud computing because the cloud computing investments are “equivalent to that of a traditional on-premise [information technology] solution.”

### **STAFF RECOMMENDATION**

Staff recommends the Commission issue a Notice of Application and Notice of Modified Procedure setting a twenty-one (21) day public comment deadline and a seven (7) day Company reply deadline.

### **COMMISSION DECISION**

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure setting a twenty-one (21) day public comment deadline and a seven (7) day Company reply deadline?



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Dayn Hardie  
Deputy Attorney General

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