



**For Immediate Release**  
September 30, 2015

Elizabeth McErlean  
312.814.8929  
[emcerlean@icc.illinois.gov](mailto:emcerlean@icc.illinois.gov)

### **Illinois Commerce Commission hosts Policy Session on Business and IT Investments in Cloud Computing Arrangements**

Chicago, IL – On September 24, Illinois Commerce Commission hosted a Policy Session on Business and IT Investments in Cloud Computing Arrangements.

The purpose of the session was to discuss technology advancements in energy and analytics and Cloud Computing Arrangements, including the regulatory treatment of such arrangements as capital expenses versus operating expenses under current guidelines. Given that the topic has manifested itself in updated Financial Accounting Standards Board (FASB) rules and a U.S. House energy bill, ICC Chairman Brien J. Sheahan determined the time was ripe for the Commission to host a strategic conversation.

Industry panelists noted that in the energy sector, which lags behind other sectors, current state regulations and accounting rules impede the ability of utilities to benefit from new IT models by classifying investments in legacy hardware and supporting on-premise software as a “capital expense,” while classifying investments in cloud-based technologies as an “operating expense,” for which a rate of return is not offered.

“This distinct accounting treatment potentially creates a perverse incentive for companies to pursue more costly, less effective, and riskier on-premise technology investments and could deprive rate payers of the immense performance and economic benefits offered by the more advanced technology innovations that many other industry sectors are now utilizing,” said Chairman Sheahan. “With both the utility industry and technology in general evolving rapidly, it is time for the regulatory sector to evolve more quickly and to embrace opportunities that come with being technology enablers.”

During the daylong session, participants from business, government, and advocacy organizations applauded the Commission for being one of the first in the nation to tackle the issue. While panelists seemed to agree that a state regulatory solution – which could take the form of a Commission initiated rulemaking or workshop – would be welcomed and ease much of the current confusion, a key message remained: the consumer must be considered a key priority in any decision going forward.

“As I hoped, today’s discussion was forward thinking, and I thank all of the speakers for their insight as to how we can use these technologies to significantly improve system performance, reduce capital and operating costs, and produce economic value to customers and utilities alike,” said Chairman Sheahan. “To be the catalysts of change we wish to see in this industry, any solution adopted by the Commission

must ensure customers realize the immense performance and economic benefits offered by these advanced technology innovations.”

Along with Chairman Sheahan, Commissioners Miguel Del Valle, Sherina Maye, John Rosales and Ann McCabe were also in attendance.

Speakers at the meeting, which took place at the Commission’s Chicago Office, included Tom Siebel, Chairman & Chief Executive Officer, C3 Energy; Ed Abbo, President & Chief Technical Officer, C3 Energy; Dennis Garcia, Assistant General Counsel, Microsoft Corporation; Todd Krause, Vice President of Global Utilities Sales, EnerNOC; Mariko Meier, Director of Regulatory Strategy, EnerNOC; Matt O’Keefe, Market Development & Regulatory Affairs, OPower; Brian Bowen, Regulatory Affairs Manager, FirstFuel; Jake Oster, Senior Director of Regulatory Affairs, EnergySavvy; Byron Koskela, Senior Director, IT Support Services, PJM Interconnection; JR Tolbert, Senior Director of State Policy, Advanced Energy Economy; Joe Surber, Senior Vice President & Chief Information Officer, AGL Resources; Lewis Binswanger, Vice President of Regulatory Affairs, Nicor Gas; Ross Hemphill, Vice President of Regulatory Policy & Strategy, ComEd; Carol Bartucci, Vice President, IT, ComEd; Craig Nelson, Senior Vice President of Regulatory Affairs & Financial Services, Ameren; Molly Mulroy, Vice President & Chief Information Officer, Wisconsin Energy Corporation; Jim Jenkins, Vice President of Regulatory & Public Policy, American Water; David Kolata, Executive Director, Citizen Utility Board; and Janice Dale & Susan Satter, Public Utilities Counsel, Attorney General’s Office.

A video of the session is available on the Commission’s YouTube page (<https://www.youtube.com/watch?v=sG1b1ESyGnQ>) and the companies’ PowerPoint presentations that use and develop cloud-based arrangements are on our Website [www.icc.illinois.gov](http://www.icc.illinois.gov).

#####

#### About the Illinois Commerce Commission

The Illinois Commerce Commission’s mission is to pursue an appropriate balance between the interests of consumers and existing and emerging service providers to ensure the provision of adequate, efficient, reliable, safe and least-cost public utility services. The Commission pursues this mission through three bureaus: the Consumer Services Bureau provides educational information on utility issues, resolves customer/utility disputes and develops rules on utility service and consumer protection; the Public Utility Bureau focuses on financial and operational analysis, policy development, public safety and enforcement activities related to electric, natural gas, water, sewer and telecommunications companies; the Transportation Bureau includes trucking insurance and registration, railroad safety, relocation towing, safety towing and household goods moving company enforcement activities. The ICC’s five commissioners are appointed by the Governor and approved by the Illinois State Senate for five-year terms.

Follow the ICC on Twitter @ILCommerceComm.