



**For Immediate Release**  
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## **Illinois First State to Initiate Regulatory Proceeding to Evaluate Utility Investment in Cloud Computing Arrangements**

CHICAGO, IL– The Illinois Commerce Commission today initiated a proceeding to solicit information and opinions on the utilization of cloud computing in the utilities it regulates.

Led by Chairman Brien J. Sheahan, the Commission unanimously approved a Notice of Inquiry (NOI), a fact gathering tool through which the Commission will seek comments from the public and the industry to help determine whether utility investment in cloud computing is prudent and whether leveling the playing field between cloud and on-premises solutions would encourage utilities to make the most cost-effective investments. The NOI comes as a follow up to a Commission Policy Session on Business and IT Investments in Cloud Computing Arrangements held in September 2015.

Cloud computing generally refers to delivering computing power – whether in the form of software, storage capacity, or other services – over the Internet. Increasingly, unregulated businesses are adopting cloud-based solutions over on-premises solutions – technology installed on users’ computers – to improve customer service and cybersecurity and generate greater value for customers.

Because current accounting rules classify a utility’s investment in a cloud-computing arrangement as an operating expense, on which a rate of return is not earned, while classifying investment in 19<sup>th</sup> century on-premises IT systems as a capital expense on which a rate of return is offered, a utility may be disincentivized from investing in a cloud-based solution.

“As innovation becomes increasingly necessary for grid modernization, the Commission is interested in comparing cloud services with on-premises IT systems, looking not only at respective cost, reliability, and security, but also examining the regulatory accounting treatment of cloud services and discerning whether there are additional regulatory barriers that hinder the adoption of these services,” said Chairman Sheahan. “This process has been designed to generate a thorough, unbiased perspective inclusive of business, academia and consumers to ultimately identify whether additional benefits would accrue from deployment of cloud-based solutions to utilities, customers, the grid, and the environment as a whole.”

Pursuant to the Commission’s rules, the NOI proceeding is non-decisional in nature, but information gathered may or may not form the basis for the initiation of a rulemaking or for other purposes. Interested participants should contact NOI case managers Elizabeth McErlean or Anastasia Palivos at [emcerlean@icc.illinois.gov](mailto:emcerlean@icc.illinois.gov) or [apalivos@icc.illinois.gov](mailto:apalivos@icc.illinois.gov), and address the issues detailed in the NOI Issues list. Parties must submit an original

and three copies of all comments, reply comments, and other documents to the Chief Clerk of the Commission on or before March 31, 2016. Copies of all documents filed in the proceeding will be available for public inspection at the Chief Clerk's office in Springfield and the Commission's Chicago office. Reply comments are due by April 21, 2016. Additional rounds of comments, if viewed as beneficial or necessary, will be assigned and scheduled by the NOI case managers.

The complete NOI, which includes contact information and instructions for participation, is available in the Spotlight section of the ICC's Website ([www.icc.illinois.gov](http://www.icc.illinois.gov)).

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### ***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 Bureau of External Affairs, which provides educational information on utility issues for consumers, governmental entities and communities and through its Consumer Services Division, resolves customer/utility disputes and develops rules on utility service and consumer protection; the Public Utilities Bureau, which focuses on financial and operational analysis, policy development, public safety and enforcement activities related to electric, natural gas, water, sewer and telecommunications companies; and the Transportation Bureau, which 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.