



November 18, 2014

Technical Director  
File Reference: 2014-230  
Financial Accounting Standards Board  
401 Merritt 7  
P.O. Box 5116  
Norwalk, CT 06856-5116

**File Reference: 2014-230 – Proposed Accounting Standards Update, Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement**

Dear Ms. Cospers:

The American Gas Association (AGA) appreciates the opportunity to comment on the Financial Accounting Standards Board’s (FASB or Board) proposed Exposure Draft on the Proposed Accounting Standard Update (ASU) *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement* (hereafter the “proposed Exposure Draft”).

The AGA, founded in 1918, represents 202 local energy companies that deliver clean natural gas throughout the United States. There are more than 70 million residential, commercial and industrial natural gas customers in the U.S., of which almost 93 percent – more than 65 million customers – receive their gas from AGA members. AGA is an advocate for natural gas utility companies and their customers and provides a broad range of programs and services for member natural gas pipelines, marketers, gatherers, international gas companies and industry associates. Today, natural gas meets almost one-fourth of the United States’ energy needs.

The AGA supports the Board’s overall Simplification Initiative and acknowledge that there is diversity in practice for a customer’s accounting for fees paid in cloud computing arrangements. However, given the complexity, variety and evolving nature of cloud computing arrangements we believe the simplification initiative is not the best forum for resolving this diversity in practice. There has been tremendous change in the nature and extent of information technology used by organizations since the development of the authoritative literature that addresses the accounting for these costs. Indeed, when SOP 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use* (ASC 350-40) was issued in 1998, the cloud computing business model was in its infancy and was not addressed within the SOP. Given the significant evolution of information technology over the last 15 years, and specifically the emergence of an entirely new business model for cloud computing, we believe the Board should consider a more comprehensive approach to addressing a customer’s accounting for fees paid in cloud computing arrangements.

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The AGA appreciates the opportunity to provide our input on the proposed Exposure Draft. We would be pleased to discuss our comments and to provide any additional information that you may find helpful.

Very truly yours,

/s/ William R. Ford

Vice President & Chief Accounting Officer  
WGL Holdings, Inc. and Washington Gas Light Company  
Chairman of the American Gas Association Accounting Advisory Council