**Section 791.60 General Cost Study Components**

a) Service description. Each cost study shall include a definition of the service being studied. This definition shall be in terms of technical characteristics, functionality, application, targeted market, and availability. The elements of the service shall also be defined.

b) Demand Information. The carrier shall provide the demand figures and/or forecasts used in the LRSIC computations and an explanation detailing the explicit and implicit assumptions and methods used to derive the figures and/or forecasts. Demand forecasts for new services shall reflect total demand for the service, averaged over the projected revenue producing life of the service.

c) Revenue life. Each cost study shall identify and provide a basis for the projected revenue producing life of the service or group of services.

d) Economic life. Each cost study shall identify and provide a basis for the projected economic life of the equipment involved in providing the service or group of services.

e) Input prices. Each cost study shall reflect input prices (e.g., the prices for materials, labor, and capital) that the carrier is actually expected to face. The carrier shall provide the underlying bases for projected changes in input price levels, using, wherever possible, projections based on market expectations and rates set in labor contracts. Where appropriate, costs shall be based on prevailing vendor prices or vendor prices under consideration that reflect volume discounts or term discounts off listed input prices. These discounts shall be reflected in the cost study.

f) Factors. Whenever any factors are used to estimate costs, such as maintenance or labor costs, the basis for those factors shall be described in an annual filing with the Manager of the Telecommunications Division of the Illinois Commerce Commission. Factors shall be based upon historical costs only to the extent that it can be demonstrated that those historical costs are relevant to the study of forward-looking costs. Any deviations in individual cost studies from factors filed on an annual basis shall be identified and explained in each cost study.

g) Volume-insensitive costs. To the fullest extent possible, volume-insensitive costs shall be directly attributed to particular services or, where shared by a group of services, to that group of services.

h) Volume-sensitive costs. Volume-sensitive costs shall be directly attributed to the service that causes the costs.

i) The cost study shall include all relevant service-specific start-up costs, including installation costs.

(Source: Amended at 27 Ill. Reg. 4535, effective April 1, 2003)