**Section 791.70 Investment-related Cost Study Components**

a) Material. The material component of investment shall be based on the most recent vendor prices, reflecting applicable discounts and all applicable taxes, for the hardware and software resources required to provide the service. The carrier shall provide a breakdown of the material involved in providing the service.

b) Inventory and supply. The inventory and supply components shall reflect the costs to the company of inventory, administration, storage and delivery.

c) Labor investment. The labor investment component shall consist of the labor required to install and put into service capital assets. The labor investment component shall be divided into two components, vendor-related and carrier-related labor investment. Vendor-related labor investment shall include billed installation and engineering. Carrier-related investment may be calculated based on either account averages or product specific plant engineering and installation hours. Total labor costs shall be computed by multiplying the account average or product specific work time by the appropriate labor hours. Hourly labor rates shall include the operational wages, benefits, paid absence, tools, and miscellaneous expenses.

d) Utilization factors. The utilization factor measures the usable capacity of a capital resource pursuant to the definition of usable capacity in Section 791.20(n). Investment shall be adjusted to reflect the usable capacity by dividing the dollar amount of investment by the utilization factor estimated pursuant to this Section.

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