

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 Director of the Telecommunications Section in the Public Utilities 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.

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 compo-

nents 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.

#### Section 791.80 Annual Cost Study Components

- a) Depreciation.
  - 1) Depreciation shall represent the periodic recognition of investment cost as dictated by accounting rules (83 Il. Adm. Code 710). Depreciation costs for a service shall be computed based upon the projected life of plant at age zero underlying the depreciation rates most recently approved by the Commission. (For purposes of a cost study submitted in a rate proceeding which includes a depreciation prescription proposal, a telecommunications carrier may, as an alternative, use the projected life of plant at age zero filed for approval in that proceeding, subject to final Commission action on prescription proposal.)
  - 2) For a carrier seeking approval of an alternative regulatory plan under Section 13-506.1 of the Act, the Commission shall make a finding of, or adopt a methodology for determining the projected life of, plant at year zero underlying the carrier's rates

of depreciation for purposes of this Part in any order approving an alternative regulatory plan.

- b) Cost of capital.
  - 1) The cost of capital associated with an investment shall be the weighted average of the carrier's costs of debt and equity applied to the net investment. The development of this component shall be based upon the current amount and weighted cost of debt. Carriers shall use the cost of equity approved by the Commission in the carrier's last rate case. (For purposes of a cost study submitted in a rate proceeding in which the telecommunications carrier is presenting evidence on its cost of capital, the telecommunications carrier may, as an alternative, base the return components upon the costs submitted in the proceeding, subject to the final Commission action on such issue.)
  - 2) For a carrier seeking approval of an alternative regulatory plan under Section 13-506.1 of the Act, the Commission shall make a finding of, or adopt a methodology for determining the carrier's cost of, equity for purposes of this Part in any order approving an alternative regulatory plan.
- c) Federal, State, and local income taxes. The Federal, State, and local income tax expenses shall be determined based on rates which are expected to be in effect at the time of the cost study development for the service. Since Federal, State, and local taxes are applicable, recognition shall be given to the "tax-on-tax" situation that results from the deductibility of State and local tax when Federal taxes are paid.
- d) Maintenance. Maintenance costs are those costs incurred to keep equipment resources in usable condition and the cost incurred to rearrange cable or other facilities, if applicable. In calculating the cost of a service, the carrier may use an investment-related annual maintenance factor to arrive at an annual maintenance cost estimate or service-specific maintenance cost for the service. If a maintenance factor is used, the factor shall be specific to Investment and Expense accounts associated with the service. Maintenance costs may be based upon historical costs if it can be demonstrated that those historical costs are relevant to the study of forward-looking costs.

- e) Ad valorem taxes. For telecommunications services, an ad valorem tax factor shall be applied against investment. This factor shall be based on the quotient of the most current ad valorem taxes paid by the carrier divided by the carrier's total current investment.
- f) Other costs. Other service-specific costs shall be identified and attributed to particular services or groups of services and included in the cost study of those services or groups of services. These costs may be based upon historical costs if it can be demonstrated that those historical costs, in particular the estimated labor hours, are relevant to the study of forward-looking costs. In the case of labor costs, the carrier shall provide a breakdown of these costs to reflect loaded labor rates and estimated labor hours.

#### Section 791.90 Subsidy Tests

- a) A service is not being subsidized if the total revenue resulting from the service equals or exceeds the long-run service incremental cost of providing that service.
- b) A group of services is not being subsidized if the total revenue resulting from the group of services equals or exceeds the long-run service incremental cost of providing that group of services.

#### Section 791.100 Required LRSIC Filings

An LRSIC study shall be filed with the Commission under the following circumstances:

- a) For the service when a carrier offering or providing noncompetitive services files a tariff to reclassify a previously noncompetitive service as competitive;
- b) For the service when a carrier offering or providing noncompetitive services files a tariff classifying a new service as competitive;
- c) For the facilities and functionalities that are not specifically tariffed and are utilized in providing a service subject to the requirements of Section 13-505.1 of the Act, when a tariff for a subject service is filed;
- d) For all noncompetitive services in any proceeding under Section 13-506.1 of the Act to implement an alternative form of regulation; or

- e) For a service when the Commission requests an LRSIC study in order to establish just and reasonable rates for such service.

Section 791.200 Aggregate Revenue Test for Competitive Services

- a) The competitive services of a carrier that provides both competitive and noncompetitive services shall provide revenues which equal or exceed the sum of the following:
  - 1) The sum of the LRSIC's of all competitive services, less the LRSIC's of noncompetitive tariffed elements that are imputed into the costs of services subject to imputation;
  - 2) The sum of the imputed costs of the noncompetitive tariffed elements that are inputs to competitive services subject to imputation; and
  - 3) The common costs that are to be allocated to competitive services pursuant to the relative LRSIC method. The portion of common costs that shall be recovered by competitive services in the aggregate shall be equal to the ratio of the amount in subsection (a)(3)(A) to the amount in subsection (a)(3)(B):
    - A) The sum of the LRSIC's of all competitive services, less the LRSIC's of noncompetitive tariffed elements that are imputed into the costs of services subject to imputation; and
    - B) The sum of the LRSIC's of all noncompetitive and competitive services of the carrier.
- b) The aggregate revenue test shall be provided in the following proceedings:
  - 1) In any proceeding approving, implementing, or evaluating an alternative form of regulation under Section 13-506.1 of the Act;
  - 2) In a general rate case;
  - 3) In a proceeding involving the introduction of a new competitive telecommunications service;
  - 4) In a proceeding to reclassify a non-competitive

telecommunications service to competitive;

- 5) Notwithstanding the provisions of subsections (b)(1), (2), (3), and (4) of this Section, and upon good cause shown, the aggregate revenue test shall be provided, upon motion of a party and order of the Hearing Examiner, in any other proceeding approving, investigating or establishing rates, charges, classifications or tariffs for telecommunications services offered by a telecommunications service provider that provides both competitive and non-competitive services. Any motion requesting an aggregate revenue test shall be filed within thirty days after the docketing of the underlying proceeding. Responses to such motions shall be filed within fourteen days after the filing of the motion. Failure to file the motion within thirty days after the docketing of the proceeding shall be an independent ground for denying the motion. Failure to file responses within fourteen days after the filing of the motion shall be an independent ground for granting the motion. Factors to be considered in determining the propriety of granting such a motion shall include but not be limited to:
  - A) The length of time elapsed since the LEC last filed an aggregate revenue test;
  - B) The revenues projected to be generated by the service or services under consideration compared with total company service revenues;
  - C) The number of competitive and non-competitive services currently being offered by the LEC; and
  - D) The cost associated with performing the aggregate revenue test.
- c) The carrier may file a petition pursuant to 83 Ill. Adm. Code 200 for a waiver of the requirement to use the methodology required by subsection (a)(3) to apportion costs common to the provision of both competitive and noncompetitive services. The waiver shall be granted within 90 days after the filing of a petition for waiver if the carrier can demonstrate that using the methodology required by subsection (a)(3) would be cost prohibitive or, in accordance with subsection (b)(3), would prevent a carrier from offering the new competitive service. To

comply with Section 13-507 requiring a telecommunications carrier providing both competitive and noncompetitive services to recover the aggregate LRSIC's of its competitive services plus a proper and reasonable apportionment of common costs, a substitute allocator is required. The burden of proving the reasonableness of a substitute common cost allocation methodology shall be upon its proponent. The Commission reserves the right to authorize the use of superior methodologies apportioning common costs should they arise.

- d) For a carrier seeking approval of an alternative regulatory plan under Section 13-506.1 of the Act, the Commission shall make a finding of, or adopt a methodology for determining, the amount to be allocated for purposes of Section 791.200(a)(3) in any order approving an alternative regulatory plan.
- e) For the purposes of complying with subsections (b) (3), (4) and (5), any carrier with more than 25,000 access lines that earns gross annual revenues of less than \$100,000,000 shall have until February 1, 1997, to comply with Sections 791.40, 791.50, 791.60, 791.70 and 791.80. In lieu of preparing a LRSIC study, the carrier may provide alternative cost data. Nothing herein shall relieve such carriers from the requirements of Section 13-507 of the Act.

**STATE OF ILLINOIS  
ILLINOIS COMMERCE COMMISSION**

**83 ILLINOIS ADMINISTRATIVE CODE  
PART 791  
COST OF SERVICE**

TITLE 83: PUBLIC UTILITIES  
CHAPTER I: ILLINOIS COMMERCE COMMISSION  
SUBCHAPTER f: TELEPHONE UTILITIES

PART 791  
COST OF SERVICE

Section	
791.10	Carriers Subject to Cost Rules
791.20	Terminology
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791.200	Aggregate Revenue Test for Competitive Services

AUTHORITY: Implementing Section 13-507 and authorized by Section 10-101 of the Public Utilities Act [220 ILCS 5/13-507 and 10-101].

SOURCE: Adopted at 19 Ill. Reg. 21350, effective August 1, 1995.

AMENDED

EFFECTIVE DATE

JUL 21 1995

AUG 01 1995

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Section 791.10 Carriers Subject to Cost Rules

This Part applies to telecommunications carriers providing both competitive and noncompetitive services, except those carriers that are specifically exempted in Section 13-504(b) of the Act. See Sections 13-202, 13-209, and 13-210 of the Public Utilities Act ("Act") [220 ILCS 5/13-202, 13-209, and 13-210].

## Section 791.20 Terminology

- a) The long-run service incremental cost of a service ("LRSIC") is the forward-looking additional cost(s) incurred by the telecommunications carrier ("carrier") to provide the entire output of a service, including additional resources such as labor, plant, and equipment. Long-run service incremental cost excludes any costs, including common costs, that would be incurred if the service is not produced.
- b) Long-run costs are the economic costs over a planning horizon long enough so that there are no sunk inputs or costs.
- c) Forward-looking costs are the costs to be incurred by a carrier in the provision of a service. These costs shall be calculated as if the service were being provided for the first time and shall reflect planned adjustments in the firm's plant and equipment. Forward-looking costs ignore embedded or historical costs; rather, they are based on the least cost technology currently available whose cost can be reasonably estimated based on available data.
- d) Volume-insensitive costs are costs that do not vary with changes in output.
- e) Volume-sensitive costs are costs that vary with changes in output of a particular service.
- f) A group of services that is referenced in this Part consists of those services that share a common network technology, element, or business function that is necessary and unique to the provision of all services in the group, and where that common network technology, element, or business function cannot be attributed to any one service or subgroup of services in the group.
- g) LRSIC of a group of services: Where additional resources are used in common and are necessary to provide a group of services, the long-run service incremental cost of that group of services includes the cost caused by the portion of such additional resources used solely by that group of services, including the LRSIC's of the individual services. Resources include labor, plant, and equipment.
- h) Common costs are those costs that a carrier must incur in order to operate that are not directly attributable to any particular service or to any group of services

smaller than the group of services consisting of all the services of the carrier.

- i) Ad valorem taxes are those which are levied on the value of plant as determined by a governmental taxing authority (e.g., local property taxes levied against telephone plant).
- j) Capital costs are the recurring costs that result from expenditures for plant facilities which are capitalized. These annual capital costs include depreciation, cost of capital (return), and income taxes.
- k) Expenses are the cost or resources consumed in the production of revenue that are expensed rather than capitalized in accordance with the Uniform System of Accounts applicable to the carrier (83 Ill. Adm. Code 710).
- l) Investment is a long-term capital asset (normally with a life exceeding one year) which is depreciated rather than expensed in accordance with the Uniform System of Accounts applicable to the carrier (83 Ill. Adm. Code 710).
- m) Recurring costs are costs which will continue throughout the revenue producing life of the service. They include capital costs and expenses.
- n) Usable capacity is the maximum physical capacity of the equipment or resource less any capacity required for maintenance, testing or administrative purposes.

Section 791.30 Cost Causation Principle

Costs shall be attributed to individual services or groups of services based on the following cost causation principle. Costs are recognized as being caused by a service or group of services if:

- a) The costs are brought into existence as a direct result of providing the service or group of services; or
- b) The costs are avoided if the service or group of services is not provided.

## Section 791.40 Methods and Assumptions

- a) The methodology and assumptions in this Part apply to cost studies required by this Part and the Act.
- b) Nothing in this Part shall require a carrier in any LRSIC study to account for, allocate, apportion, assign or reflect costs in any manner inconsistent with the Uniform System of Accounts (83 Ill. Adm. Code 710) or the Federal Communications Commission's Uniform System of Accounts (47 CFR 32).
- c) Since LRSIC represents a measurement of the costs to a carrier of providing a service or group of services on a prospective basis over a planning horizon long enough to have no sunk inputs or costs, when determining the LRSIC of a service or a group of services, use of the following assumptions and methods shall be presumed reasonable:
  - 1) The LRSIC study shall be based upon the locations of, and planned locational changes to, the existing network configuration;
  - 2) 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, consistent with the cost causation principle;
  - 3) Volume-sensitive costs shall be directly attributed to the service that causes the costs, consistent with the cost causation principle;
  - 4) The LRSIC study shall reflect the demand for the entire service that is affected by the business or regulatory decision at hand. If the LRSIC study is for a new service, the study shall include all demand forecasts used in the computations.

Section 791.50 Cost Study Component Presentation

All cost studies provided by a carrier shall specifically identify the components outlined in Section 791.60 when such components are incurred and directly attributable to the service being studied. Further detail on each component shall be provided where identified.

## 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 forecast(s) used in the LRSIC computations and an explanation detailing the explicit and implicit assumptions and methods used to derive the figures and/or forecast(s). 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 Director of the Telecommunications Section in the Public Utilities 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.

**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.

## Section 791.80 Annual Cost Study Components

## a) Depreciation.

- 1) Depreciation shall represent the periodic recognition of investment cost as dictated by accounting rules (83 Il. Adm. Code 710). Depreciation costs for a service shall be computed based upon the projected life of plant at age zero underlying the depreciation rates most recently approved by the Commission. (For purposes of a cost study submitted in a rate proceeding which includes a depreciation rescription proposal, a telecommunications carrier may, as an alternative, use the projected life of plant at age zero filed for approval in that proceeding, subject to final Commission action on rescription proposal.)
- 2) For a carrier seeking approval of an alternative regulatory plan under Section 13-506.1 of the Act, the Commission shall make a finding of, or adopt a methodology for determining the projected life of, plant at year zero underlying the carrier's rates of depreciation for purposes of this Part in any order approving an alternative regulatory plan.

## b) Cost of capital.

- 1) The cost of capital associated with an investment shall be the weighted average of the carrier's costs of debt and equity applied to the net investment. The development of this component shall be based upon the current amount and weighted cost of debt. Carriers shall use the cost of equity approved by the Commission in the carrier's last rate case. (For purposes of a cost study submitted in a rate proceeding in which the telecommunications carrier is presenting evidence on its cost of capital, the telecommunications carrier may, as an alternative, base the return components upon the costs submitted in the proceeding, subject to the final Commission action on such issue.)
- 2) For a carrier seeking approval of an alternative regulatory plan under Section 13-506.1 of the Act, the Commission shall make a finding of, or adopt a methodology for determining the carrier's cost of, equity for purposes of this Part in any order approving an alternative regulatory plan.

- c) Federal, State, and local income taxes. The Federal, State, and local income tax expenses shall be determined based on rates which are expected to be in effect at the time of the cost study development for the service. Since Federal, State, and local taxes are applicable, recognition shall be given to the "tax-on-tax" situation that results from the deductibility of State and local tax when Federal taxes are paid.
- d) Maintenance. Maintenance costs are those costs incurred to keep equipment resources in usable condition and the cost incurred to rearrange cable or other facilities, if applicable. In calculating the cost of a service, the carrier may use an investment-related annual maintenance factor to arrive at an annual maintenance cost estimate or service-specific maintenance cost for the service. If a maintenance factor is used, the factor shall be specific to Investment and Expense accounts associated with the service. Maintenance costs may be based upon historical costs if it can be demonstrated that those historical costs are relevant to the study of forward-looking costs.
- e) Ad valorem taxes. For telecommunications services, an ad valorem tax factor shall be applied against investment. This factor shall be based on the quotient of the most current ad valorem taxes paid by the carrier divided by the carrier's total current investment.
- f) Other costs. Other service-specific costs shall be identified and attributed to particular services or groups of services and included in the cost study of those services or groups of services. These costs may be based upon historical costs if it can be demonstrated that those historical costs, in particular the estimated labor hours, are relevant to the study of forward-looking costs. In the case of labor costs, the carrier shall provide a breakdown of these costs to reflect loaded labor rates and estimated labor hours.

Section 791.90 Subsidy Tests

- a) A service is not being subsidized if the total revenue resulting from the service equals or exceeds the long-run service incremental cost of providing that service.
- b) A group of services is not being subsidized if the total revenue resulting from the group of services equals or exceeds the long-run service incremental cost of providing that group of services.

**Section 791.100 Required LRSIC Filings**

An LRSIC study shall be filed with the Commission under the following circumstances:

- a) For the service when a carrier offering or providing noncompetitive services files a tariff to reclassify a previously noncompetitive service as competitive;
- b) For the service when a carrier offering or providing noncompetitive services files a tariff classifying a new service as competitive;
- c) For the facilities and functionalities that are not specifically tariffed and are utilized in providing a service subject to the requirements of Section 13-505.1 of the Act, when a tariff for a subject service is filed;
- d) For all noncompetitive services in any proceeding under Section 13-506.1 of the Act to implement an alternative form of regulation; or
- e) For a service when the Commission requests an LRSIC study in order to establish just and reasonable rates for such service.

Section 791.200 Aggregate Revenue Test for Competitive Services

- a) The competitive services of a carrier that provides both competitive and noncompetitive services shall provide revenues which equal or exceed the sum of the following:
  - 1) The sum of the LRSIC's of all competitive services, less the LRSIC's of noncompetitive tariffed elements that are imputed into the costs of services subject to imputation;
  - 2) The sum of the imputed costs of the noncompetitive tariffed elements that are inputs to competitive services subject to imputation; and
  - 3) The common costs that are to be allocated to competitive services pursuant to the relative LRSIC method. The portion of common costs that shall be recovered by competitive services in the aggregate shall be equal to the ratio of the amount in subsection (a)(3)(A) to the amount in subsection (a)(3)(B):
    - A) The sum of the LRSIC's of all competitive services, less the LRSIC's of noncompetitive tariffed elements that are imputed into the costs of services subject to imputation; and
    - B) The sum of the LRSIC's of all noncompetitive and competitive services of the carrier.
- b) The aggregate revenue test shall be provided in the following proceedings:
  - 1) In any proceeding approving, implementing, or evaluating an alternative form of regulation under Section 13-506.1 of the Act;
  - 2) In a general rate case;
  - 3) In a proceeding involving the introduction of a new competitive telecommunications service;
  - 4) In a proceeding to reclassify a non-competitive telecommunications service to competitive;
  - 5) Notwithstanding the provisions of subsections (b)(1), (2), (3), and (4) of this Section, and upon good cause shown, the aggregate revenue test shall be provided, upon motion of a party and order of

the Hearing Examiner, in any other proceeding approving, investigating or establishing rates, charges, classifications or tariffs for telecommunications services offered by a telecommunications service provider that provides both competitive and non-competitive services. Any motion requesting an aggregate revenue test shall be filed within thirty days after the docketing of the underlying proceeding. Responses to such motions shall be filed within fourteen days after the filing of the motion. Failure to file the motion within thirty days after the docketing of the proceeding shall be an independent ground for denying the motion. Failure to file responses within fourteen days after the filing of the motion shall be an independent ground for granting the motion. Factors to be considered in determining the propriety of granting such a motion shall include but not be limited to:

- A) The length of time elapsed since the LEC last filed an aggregate revenue test;
  - B) The revenues projected to be generated by the service or services under consideration compared with total company service revenues;
  - C) The number of competitive and non-competitive services currently being offered by the LEC; and
  - D) The cost associated with performing the aggregate revenue test.
- c) The carrier may file a petition pursuant to 83 Ill. Adm. Code 200 for a waiver of the requirement to use the methodology required by subsection (a)(3) to apportion costs common to the provision of both competitive and noncompetitive services. The waiver shall be granted within 90 days after the filing of a petition for waiver if the carrier can demonstrate that using the methodology required by subsection (a)(3) would be cost prohibitive or, in accordance with subsection (b)(3), would prevent a carrier from offering the new competitive service. To comply with Section 13-507 requiring a telecommunications carrier providing both competitive and noncompetitive services to recover the aggregate LRSIC's of its competitive services plus a proper and reasonable apportionment of common costs, a substitute allocator is required. The burden of proving the reasonableness of a substitute common cost allocation methodology shall be upon its proponent. The Commission reserves the right to authorize

the use of superior methodologies apportioning common costs should they arise.

- d) For a carrier seeking approval of an alternative regulatory plan under Section 13-506.1 of the Act, the Commission shall make a finding of, or adopt a methodology for determining, the amount to be allocated for purposes of Section 791.200(a)(3) in any order approving an alternative regulatory plan.
- e) For the purposes of complying with subsections (b) (3), (4) and (5), any carrier with more than 25,000 access lines that earns gross annual revenues of less than \$100,000,000 shall have until February 1, 1997, to comply with Sections 791.40, 791.50, 791.60, 791.70 and 791.80. In lieu of preparing a LRSIC study, the carrier may provide alternative cost data. Nothing herein shall relieve such carriers from the requirements of Section 13-507 of the Act.