**Section 791.20 Terminology**

a) The long-run service incremental cost of a service ("LRSIC") is the forward-looking additional costs 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, as such forward-looking cost estimates must reflect assumptions and technologies that are currently operational, that is, able to be used and available in the marketplace.

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. Common costs shall not be included in the LRSIC for a service.

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 that 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.

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