

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Telecommunications Division

**RESOLUTION T-16018**

April 23, 1997

**RESOLUTION**

**RESOLUTION T-16018. All carriers offering residential basic telephone services. Order establishing a customer self-certification process for the California High Cost Fund B under requirements of D.96-10-066.**

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**SUMMARY**

This order is prepared in compliance with Ordering Paragraph (O.P.) 17.a of D.96-10-066, the Universal Service proceeding, R.95-01-020/1.95-01-021.<sup>1</sup> This order establishes procedures for certifying residential primary lines for the purposes of the California High Cost Fund B (CHCF-B). Specifically, there will be two customer self-certification processes (CSCs) for all carriers offering residential basic telephone services in serving areas currently served by Pacific Bell (Pacific), GTE California Incorporated (GTEC), Contel Service Corporation (Contel), Citizens Telecommunications Company of California, Inc. (CTCC), and Roseville Telephone Company (Roseville). One process shall apply to residential basic services that are subscribed to or ordered by the residential customers prior to August 1, 1997. The other shall apply to residential basic services initiated on and after August 1, 1997. The step-by-step procedures for these two CSCs are specified in Appendix A of this order.

**BACKGROUND**

The Commission established the CHCF-B in D.96-10-066. The CHCF-B will provide explicit subsidies to carriers of last resort (COLRs) providing residential basic telephone services in high cost areas of the state.<sup>2</sup> The purpose of the CHCF-B is to reduce any disparity in residential basic telephone rates between urban and rural areas. To keep the size of the fund at a reasonable level, the Commission further limited the availability of the CHCF-B to only one residential line per household. The Commission identified that

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<sup>1</sup> The original O.P. 16.a of D.96-10-066 was renumbered to O.P. 17.a by D.97-01-020.

<sup>2</sup> As of this time, only Pacific, GTEC, Contel, CTCC, and Roseville are included in the CHCF-B for the purpose of determining universal service subsidy support in their high cost areas. (D.96-10-066 at p. 102.)

one line as the primary line, i.e., the first line to a household. (D.96-10-066 at page 128.) To certify primary lines, the Commission directed staff to conduct a workshop to explore ways in which the self-certification format contained in General Order (G.O.) 153 can be used for the CHCF-B. (D.96-10-066 at O.P. 16.a.) The Commission also ordered staff to prepare a Commission resolution, following the workshop, to address the manner in which this certification shall take place. (Id.)

### NOTICES

In compliance with the Commission's directive, a workshop to explore ways in which the self-certification format contained in G.O. 153 can be used for the CHCF-B was held on January 28, 1997. Staff of the Telecommunications Division (Staff) facilitated the workshop. Notices of the workshop were posted on the Commission's Daily Calendar, the Internet, and through press releases in daily newspapers. A copy of the public notice is attached as Appendix B of this resolution. The workshop was open to the general public. A total of fourteen participants representing various telecommunications service providers and consumer interest groups participated. A list of attendees, including Staff, is attached as Appendix C. An agenda was distributed at the workshop and is attached as Appendix D. The workshop was conducted in an informal manner without the presence of an Administrative Law Judge (ALJ), and without the preparation of formal transcripts or minutes.

### WORKSHOP

The workshop commenced with Staff's brief description of the CHCF-B and the purpose of the workshop, i.e. to develop a CSC for the CHCF-B. Staff also provided participants a copy of G.O.153, which established the administrative procedures for the Universal Lifeline Telephone Service program (ULTS). The workshop then continued with Pacific explaining its current self-certification procedures for the ULTS, which are summarized below:

In compliance with G.O.153, Pacific mails out a notification once a year to its customers informing them of the availability of the ULTS. If customers meet all of the ULTS requirements, they may sign and return the enclosed self-certification form. The receipt of the signed self-certification form authorizes Pacific to enroll the customers in the ULTS program.

Pacific also sends recertification forms to existing ULTS recipients on their anniversaries of their first ULTS

notification. The form, if signed and returned, would recertify that the recipients qualify for the ULTS program. This recertification process is required under G.O.153. If a ULTS recipient fails to return the recertification form within 30 days, the customer's service rates are converted to the regular tariffed rates for the type, class, and grade of service furnished.

For new customers, Pacific advises them of the availability of ULTS upon their initiations or inquiries about basic telephone service. If qualified, new ULTS recipients have 30 days to return the signed self-certification form. Those who fail to return the self-certification form promptly are charged regular tariffed rates for the type, class, and grade of service furnished.

Pacific indicated that since ULTS applicants do not receive discounted services until they submit their completed self-certification forms, it has encountered no difficulty in obtaining the first self-certification form. However, due to oversight or unfamiliarity with the ULTS rules, existing ULTS recipients often neglect to file their annual recertification forms. GTEC reported similar experience with its ULTS recipients.

Pacific pointed out that the CHCF-B provides no financial gains or losses to the end users. Pacific believes that most customers would not respond to a CSC that is initiated by the carriers such as that established in G.O.153. Because consumers are more likely to respond to official inquiries from a government agency, Pacific recommended that the CSC be conducted by the Commission. To ensure an effective CSC, Pacific further suggested that the CSC should be simple and require minimal customer interaction or participation.

CTCC concurred with positions taken by Pacific and reiterated that the Commission or the Commission's appointed fund administrator should conduct the CSC. It emphasized that an impartial party to conduct the CSC would remove gaming prospects by unscrupulous carriers.

GTEC indicated that it has similar procedures as those established by Pacific for certifying the qualifications of ULTS recipients. Currently, the ULTS has approximately 3.5 million recipients in California. GTEC asserted that the annual self-certification process for the ULTS has been costly to the program and administratively burdensome to its company. In D.96-10-066, the Commission identified over 4 million primary lines in high cost areas eligible for the CHCF-B. If a certification process similar to that of the ULTS were adopted, GTEC believed that the costs associated with certifying all 4 million primary lines would undoubtedly be significant and a financial drain to the CHCF-B. To

simplify the CSC, GTEC proposed that COLRs be allowed to treat each customer's first line as a primary line by definition. A COLR should be able to claim appropriate subsidies for these primary lines without any CSC. For example, if two monthly basic telephone bills were rendered to two customers of different names at the same address, GTEC asserted that the COLR should be able to claim appropriate subsidies for the first line of each customer.

In the resale environment, since the name of the customer and how many lines each customer subscribed to are not known to the facilities-based COLR, GTEC proposed that the facilities-based COLR be allowed to treat all resale lines as primary lines.

Pacific was receptive to GTEC's proposals. However, GTEC's proposals were strongly protested by The Utility Reform Network (TURN), AT&T Communications of California, Inc. (AT&T), California Cable Television Association (CCTA), and Staff. Opponents reminded GTEC that the Commission intended to subsidize only the primary line. Furthermore, it is unreasonable to assume all resale lines are primary lines. TURN pointed out that under the ULTS, a household is defined as a residence where members share equally in a domestic establishment, and not necessarily where members function under the same name. Staff then suggested that the definition of a household be resolved first. Staff directed workshop participants to Sections 1.39 and 1.3.21 of G.O.153 which define household and residence as follows:

1.3.9 "Household" - The members of a residence.

1.3.21 "Residence" - The residence shall consist of that portion of an individual house or building or one flat or apartment occupied entirely by a single family or individual functioning as one domestic establishment.

A room or portion of a residence occupied exclusively by an individual not sharing equally as a member of the domestic establishment may be considered a separate dwelling unit for the application of Universal Lifeline Telephone Service.

Without dispute, a consensus was reached that the same definitions for "household" and "residence" as those contained in G.O.153 should be used for the CHCF-B.

Staff then presented its proposals. Because ULTS lines have been certified by the recipients as primary lines, Staff recommended that the CSC not be required for ULTS lines. Staff recommended two different self-certification processes for the remaining residential lines, hereinafter referred to as non-ULTS lines. One process would apply to

existing lines, and another to new initiations of service. For existing non-ULTS lines, Staff recommended that the COLRs be allowed to claim appropriate subsidies for one primary line per address without any CSC. An address may be an individual house or building or one flat or apartment. If a COLR believes that there is more than one primary line at a single address and would like to claim additional subsidies, the COLR should obtain individual CSC for all applicable primary lines at the single address.

GTEC pointed out that ULTS recipients can have only one residential basic service line servicing the residence. (G.O. 153 at Section 3.1.2.) Therefore, if an address has one or more non-ULTS lines in addition to the ULTS line(s), in principle, the non-ULTS line(s) must belong to another household(s). In these circumstances, GTEC recommended that the COLR be able to claim appropriate subsidies for one non-ULTS line without any CSC. GTEC's proposal was not protested.

Staff pointed out that under D.95-07-054 issued in the Local Competition proceeding, R.95-04-043/I.95-04-044, within 10 days of initiating service, competitive local carriers (CLCs) are required to provide their customers confirmation letters setting forth a brief description of the services ordered and itemizing all charges that will appear on the customer's bill. Staff believed a similar rule is also in place for the incumbent local exchange carriers (ILECs). Therefore, for new initiations of basic service, Staff recommended that all carriers should ascertain from each customer whether the new basic service line would serve as a primary line or non-primary line to the household. The customer's response should be included in the confirmation letter. If a customer orders more than one line, the answer for each of the lines should be displayed in the confirmation letter. Carriers should retain a copy of the confirmation letter, which should be made available to the Commission upon request.<sup>3</sup> COLRs could claim appropriate subsidies based on the answers given by the customers.

Staff recommended that, in the resale environment, resellers should identify for their facilities-based COLRs the lines that they resold as either primary or non-primary lines based on the answers given by their residential customers. Such notification should take place concurrently with the reseller's request for line activation from its facilities-based COLRs. Should a reseller fail to notify its facilities-based COLR of the status of the line, Staff recommended that the COLR be allowed to treat the line as primary.

Extensive discussion then followed on whether a CSC form signed and returned by the customer should be required. Parties recognized the desirability of having a signed certificate, but expressed that it may not justify the costs that would be incurred for securing these signed forms.

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<sup>3</sup> The retention period for all records associated with the CHCF-B will be addressed in the Staff's workshop report on the COLRs' Monthly Reporting Requirements for the CHCF-B to be issued in April, 1997.

## DISCUSSION

Because the CHCF-B only provides subsidies to primary lines in designated high cost areas, some type of CSC is needed to certify which lines are primary and eligible for CHCF-B subsidy. Consumers' basic telephone service rates will remain unchanged with or without the CSC. Due to the lack of monetary incentive for the consumer to submit a CSC, a CSC similar to that established in G.O.153 may not be suitable for the CHCF-B. The workshop participants' suggestion that the CSC should be simple, easy to implement, and require minimal customer participation is reasonable.

Staff's CSC proposal of certifying existing lines in high cost areas only for addresses where the COLR believes there is more than one primary line is sensible and should be adopted. As established in the Universal Service proceeding, less than 20% of households in California have second lines. Staff's proposal would minimize customer contacts and implementation costs. The certification form should be signed by the customer and returned to the COLR for record-keeping purposes. COLRs may claim subsidy for additional lines based on the responses from these certification forms.

Staff's proposal requiring all providers to obtain confirmation from the customers at the time of initiating service whether new ordered residential lines are primary or non-primary is also reasonable. Combining the CSC with the initiation of service into one process would minimize administrative burdens and implementation costs. Staff's proposed CSC, with three minor modifications explained below, should be adopted.

The first modification pertains to the confirmation letter. In D.95-07-054 issued in R.95-04-043/I.95-04-044, CLCs are required to provide customers a written confirmation within 10 days of initiating service identifying the services ordered and itemizing all charges which will appear on the customer's bill. (D.95-07-054 at page 4 of Appendix B.) Pacific and GTEC have a similar rule in their tariffs. (Pacific Rules at Rule 12, and GTEC Rules and Definitions at Rule 3) However, further research revealed that Contel, CTCC, and Roseville do not have such a rule in their tariffs and they do not provide their customer with confirmation letters. Therefore, Contel, CTCC, and Roseville should be required to mail a confirmation letter to their customers within 10 days of initiating service. Their confirmation letter should include but not be limited to a statement stating the primary or non-primary status of the new residential lines.

The second modification pertains to the identification of resold lines. Staff proposed that when a reseller fails to inform its facilities-based COLR of the status of the resold lines, the facilities-based COLR could treat them as primary and claim appropriate subsidies for these lines. However, further consideration suggests that it is not reasonable to pay the facilities-based COLR undue subsidies because resellers fail to comply with Commission orders. Public Utilities (P.U.) Code Section 2107 states the following:

Any public utility which violates or fails to comply with any provision of the Constitution of this state or this part, or which fails or neglects to comply with any part or provision of any order, decision, decree, rule, direction, demand, or requirement of the commission, in a case in which a penalty has not otherwise been provided, is subject to a penalty of not less than five hundred dollars (\$500), nor more than twenty thousand dollars (\$20,000) for each offense.

Therefore, a more reasonable solution is to remind carriers that they are subject to P.U. Code Section 2107 if they fail to comply with Commission orders. In the event that a reseller fails to notify the facilities-based COLR of the status of resold lines, the facilities-based COLR should promptly report this to the Commission for corrective and/or punitive action.

The third modification pertains to the timing of this required notification. Staff proposed that the reseller should notify its facilities-based COLR of the status of the resold line concurrently with its line activation request. This process and timing requirement are deemed overly restrictive. Instead, the resellers should have 30 days from the date the resellers request line activation to notify the facilities-based COLRs of the status of the resold lines.

GTEC, Pacific, CTCC, Contel, and Roseville should keep track of the implementation costs in accordance with O.P.20 of D.96-10-066.<sup>4</sup>

### FINDINGS

1. Staff shall prepare a Commission resolution to address the manner in which a CSC for the CHCF-B shall take place.
2. The CHCF-B will provide subsidies for residential customers' primary telephone lines in high cost areas currently served by Contel, CTCC, GTEC, Pacific, and Roseville.
3. For residential telephone lines eligible for CHCF-B subsidy, some process is needed to certify which lines are primary lines.
4. The CHCF-B subsidies will go to the carriers of last resort, and thus consumers may have no monetary incentive to participate in the self-certification process.

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<sup>4</sup> The original O.P. 19 of D.96-10-066 was renumbered to O.P. 20 by D.97-01-020.

5. A customer self-certification process similar to that established for ULTS in G.O. 153 may not be suitable for the CHCF-B.
6. The CHCF-B self-certification process should be simple, easy to implement, and require minimal customer participation.
7. Staff's proposal requiring certification of existing lines in high cost areas only at addresses where the COLR believes there is more than one primary line in service is reasonable.
8. Staff's certification proposal for new initiations of basic service should be modified.
9. All certification documents are to be retained by the carriers for 36 months and should be made available to the Commission upon request.
10. Contel, CTCC and Roseville do not currently provide their customers with written confirmation upon initiating services, identifying the services ordered and itemizing all charges that will appear on the customer's bill.
11. It is not reasonable to assume all resale lines are primary lines.
12. Staff's proposal requiring the reseller to notify its facilities-based COLR of the status of the resold line concurrently with its line activation request is overly restrictive.

**THEREFORE, IT IS ORDERED THAT:**

1. There shall be two customer self-certification processes (CSCs) for the California High Cost Fund B (CHCF-B). One process shall apply to existing residential basic telephone services. The other shall apply to new initiations of residential basic telephone services. To allow sufficient time for the carriers to implement these two CSCs, existing residential basic services are those that have been subscribed to or ordered by the residential customers prior to August 1, 1997. Conversely, new initiations of residential basic services are those that are ordered by residential customers on and after August 1, 1997.
2. These two CSCs as specified in Appendix A of this order are adopted.
3. The certification forms for these two CSCs shall be filed as part of carrier's tariffs pursuant to Public Utilities (P.U.) Code Section 489 and as required by General Order (G.O.) 96-A.
4. Carriers of last resort (COLRs) wishing to claim CHCF-B subsidies for more than one primary line per address for existing services shall file their customer certification forms using the advice letter process. Said form shall conform with



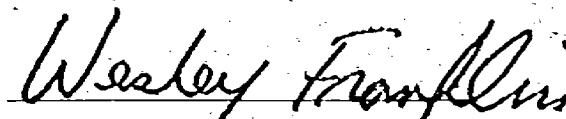
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Section 3 of the Adopted Customer Self-Certification Processes in Appendix A.  
The advice letter shall become effective in 5 days after filing.

5. On or before July 25, 1997, all carriers including resellers shall file a confirmation form setting forth the primary or non-primary status of the new residential lines using the advice letter process. These carriers shall be limited to those that offer residential basic telephone services in serving service areas currently served by Pacific Bell, GTE California Incorporated, Contel Service Corporation, Citizens Telecommunications Company of California, and Roseville Telephone Company. The confirmation form shall conform with Section 4 of the Adopted Customer Self-Certification Processes in Appendix A. The advice letter shall become effective in 5 days or August 1, 1997, whichever is later.

The effective date of this Resolution is today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on April 23, 1997. The following Commissioners approved it:



WESLEY M. FRANKLIN

Executive Director

P. GREGORY CONLON

President

JESSIE J. KNIGHT, Jr.

HENRY M. DUQUE

JOSIAH L. NEEPER

RICHARD A. BILAS

Commissioners

## APPENDIX A

### ADOPTED CUSTOMER SELF-CERTIFICATION PROCESSES FOR THE CALIFORNIA HIGH COST FUND B

#### 1. Definitions

- A. "Household"—The members of a residence.
- B. "Residence"—The residence (dwelling unit) shall consist of that portion of an individual house or building or one flat or apartment occupied entirely by a single family or individual functioning as one domestic establishment.
- A room or portion of a residence occupied exclusively by an individual not sharing equally as a member of the domestic establishment may be considered a separate dwelling unit for the application of CHCF-B.
- C. "Primary line"—For purposes of the CHCF-B, "primary line" is the first line to a household.
- D. "Customer Self-Certification" (CSC)—The process by which a residential telephone customer will certify to its basic service providers whether the telephone line to the residence is the customer's primary residential telephone line.

#### 2. Universal Lifeline Telephone Service

Universal Lifeline Telephone Service (ULTS) lines are, by definition, primary lines, and shall not require any CSC. A Carrier of Last Resort (COLR) may claim appropriate subsidies from the CHCF-B for all its ULTS lines in designated high cost areas.

#### 3. CSC For Existing Residential Basic Service

For the existing non-ULTS lines, a COLR may claim appropriate CHCF-B subsidies for one non-ULTS line per address that it serves without any CSC. Existing non-ULTS lines include residential basic service lines subscribed to or ordered by the customers prior to August 1, 1997. If the COLR believes that there is more than one non-ULTS primary line at a single address and would like to claim appropriate subsidies for these lines, it shall obtain individual CSC forms for all applicable non-ULTS lines from its customers at this address. The certification form shall include but not be limited to the following statements:

I CONFIRM THAT THE TELEPHONE LINE  
ASSOCIATED WITH .....(print telephone number)..... IS  
THE PRIMARY LINE TO MY RESIDENCE. I AM

**AWARE THAT THE CALIFORNIA PUBLIC UTILITIES  
COMMISSION OR ....(name of the carrier).... MAY VERIFY  
THE ACCURACY OF MY STATEMENT.**

The certification form shall be signed by the customer and returned to the COLR. The COLR may claim CHCF-B subsidies for additional lines based on the responses from these certification forms. The effective date of the CHCF-B subsidy for these additional lines shall be the date on which the CSC form is signed.

**4. CSC For New Initiation Of Basic Service**

For new initiations of residential basic services on and after August 1, 1997, all carriers including resellers shall ask their non-ULTS customers the following question:

**WILL THE RESIDENTIAL BASIC TELEPHONE  
SERVICE LINE THAT YOU ARE PURCHASING  
BE THE PRIMARY LINE TO YOUR  
HOUSEHOLD?**

All carriers as referred above are limited to those that offer residential basic telephone services in serving areas currently served by Pacific Bell, GTE California Incorporated, Contel Service Corporation, Citizens Telecommunications Company of California, Inc., and Roseville Telephone Company.

If necessary, carriers shall explain to their customers the terms "primary line" and "household" as defined above. The answer to the above question shall be included in a confirmation letter to the customer. If the answer is "yes", the following statements shall appear in the confirmation letter:

**YOU CONFIRMED THAT THE LINE  
ASSOCIATED WITH ....(print telephone number)....  
IS THE PRIMARY LINE TO YOUR RESIENCE.  
YOU ARE AWARE THAT THE PUBLIC  
UTILITIES COMMISSION OR ..(name of the carrier).  
MAY VERIFY THE ACCURACY OF YOUR  
STATEMENT.**

If the answer is "no", the following statements shall appear in the confirmation letter:

**YOU CONFIRMED THAT THE LINE  
ASSOCIATED WITH ....(print telephone number).....  
IS NOT THE PRIMARY LINE TO YOUR  
RESIDENCE.**

If a customer orders more than one line, the answer for each of the lines shall be included in the confirmation letter. Carriers shall retain a copy of the confirmation letters, and shall make them available to the Commission upon request. COLRs may claim appropriate subsidies based on the answers given by the customers.

The confirmation letter shall be mailed within 10 days after initiating service. For carriers that are required by the Commission to provide their customers a confirmation letter identifying the services ordered and itemizing all charges that will appear on the customer's bill, a separate confirmation letter is not needed. Instead, these carriers shall include the confirmation of the primary or non-primary status of the line in that new service confirmation letter.

5. Resale

Resellers shall identify for their facilities-based COLRs the lines that they resold are primary or non-primary lines based on the answers given by their customers. ULTS lines shall be given the primary line status. Such notification shall take place within 30 days from the date the resellers request line activation from their facilities-based COLRs. If a reseller fails to notify its facilities-based COLR of the status of the line, the facilities-based COLR shall promptly report this to the Commission for corrective action.

APPENDIX B

California Public Utilities Commission  
Workshop Notice  
R.95-01-020 / I.95-01-021  
CHCF-B Self-Certification

January 28, 1997  
9:00 a.m. to 4:00 p.m.  
Commission Training Room  
505 Van Ness Avenue  
San Francisco, CA 94102

In compliance with Ordering Paragraph 16(a) of D.96-10-066 issued in the Universal Service Proceeding R.95-01-020/I.95-01-021, the Commission staff will hold a workshop to explore ways in which the self-certification format contained in General Order 153 can be used for the California High Cost Fund B (CHCF-B). The Commission established the CHCF-B in D.96-10-066 to provide explicit subsidies for residential basic telephone service in high cost areas of the state. The Commission limited the explicit support to one telephone line per household. The purpose of the workshop is to explore ways in which the self-certification format contained in General Order 153 can be used by residential customers in high cost areas of the state to ensure that each household is receiving only one subsidized line.

Please notify one of the staff listed below by January 24 if you plan to attend the workshop. The workshop is open to the general public. The workshop will be in a location accessible to people with disabilities. If a sign language interpreter or other specialized accommodations are needed, please contact the Public Advisor's Office at (415) 703-2074 or TDD# (415) 703-2032 by January 21, 1997.

STAFF

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APPENDIX C

ATTENDEES AT 1/28/97 UNIVERSAL SERVICE WORKSHOP  
ON  
CHCF-B SELF-CERTIFICATION PROCESS

<u>Name</u>	<u>Firm Represented</u>
Joe Carrisalez	Pacific Bell
Paul Turner	Pacific Bell
Glenda Bouler	Pacific Bell
Jill Bronfman	Beck & Ackerman
Terry Wilson-Gray	ULTS Trust
Richard Smith	Cox Communications
Barbara Snider	CCTC
Fred Hesse	GTEC
Robert Townsend	Goodin MacBride
Nathaniel Read	Peter Casciato PC, CCTA
Gary Beckman	AT&T
Garth Black	Cooper, White & Cooper
Tom Long	TURN
Linda Woods	Consumer Services Division, CPUC
Angela Young	Telecommunications Division, CPUC
Bob Benjamin	Telecommunications Division, CPUC

## APPENDIX D

### California Public Utilities Commission

Workshop to Address  
Reporting Requirements for Carriers Providing Discounted Services to Eligible Schools,  
Libraries, Community Based Organizations and Municipal and County Health Care  
Providers

January 24, 1997  
10:00 AM to 4:00 PM

Commission Training Room

#### AGENDA

1. Opening Matters
2. Proposals by Parties
3. Records Retention
4. Functionally Equivalent Services  
(Please provide a suggested list prior to the workshop)
5. Certification
6. Implementation Date
7. Interim Reporting Requirements
8. Pro-Ration of Discounts
9. Non-LEC Implementation Cost Recovery