

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

IN THE MATTER OF)	
)	
REQUEST FOR REVIEW OF)	WC DOCKET NO. 02-60
TELEQUALITY COMMUNICATIONS, INC.)	
OF DECISION OF THE UNIVERSAL)	
SERVICE ADMINISTRATOR)	

TO: THE WIRELINE COMPETITION BUREAU

REQUEST FOR REVIEW

TeleQuality Communications, Inc. ("TQCI"), by its attorney and pursuant to sections 54.719(b) and 54.722(a) of the Commission's Rules, hereby requests review of the Universal Service Administrator's ("USAC") denial of the appeal of Gonzales Community Health Center ("Gonzales") of USAC's denial of funding under the Rural Health Care (RHC) program.¹ TQCI seeks review on behalf of Gonzales because Gonzales did not violate the RHC program's competitive bidding rules, as USAC ruled.² Rather, Gonzales complied fully with the rules, and particularly the 28-day "waiting period" rule,³ but USAC either misunderstood the timeline concerning this matter or is mis-applying applicable Commission precedent in its Appeal Denial. TQCI herein demonstrates that the rules and Commission precedent were fully observed, and accordingly the USAC Appeal Denial should be reversed and funding should be duly granted for Funding Year 2016.

¹ Letter from USAC, Rural Health Care Division, to Mr. Raziel DeLa Barreda, Gonzales Community Health Center (May 22, 2017) ("USAC Appeal Denial"), attached hereto at **Exhibit 1**. See also e-mailed Letter from Raziel DeLa Barreda to USAC Rural Health Care Division (Feb. 3, 2017) and attachments thereto ("Gonzales Appeal Letter"), attached hereto at **Exhibit 2**.

² See *id.*

³ 47 C.F.R. § 54.603(a), (b)(1), (3) (2016).

The subject matter of this Request for Review is virtually identical to that in a pending Petition for Reconsideration filed by TQCI with the Bureau on June 29, 2017,⁴ inasmuch as the instant USAC Appeal Denial relates to the same requests for RHC program funding that had previously been denied by USAC. At the time of those initial denial notices, Gonzales thought that the USAC reviewers simply misunderstood the timelines pertaining to the funding requests. Since the relevant filing window was still open, Gonzales simply re-submitted Forms 466 in the mistaken expectation that funding would be granted. As the instant USAC Appeal Denial notes, USAC instead again denied the funding requests, and the USAC Appeal Denial in practical effect upheld a prior denial of the same funding requests, on the same grounds, in a prior (January 11, 2017) USAC Appeal Denial.⁵ That prior Appeal Denial was the subject of a request for review to the Bureau filed by TQCI on March 10, 2017, which now (following a streamlined denial by the Bureau on May 31, 2017) is the subject of TQCI's pending June 29, 2017 Petition for Reconsideration.⁶ Accordingly, TQCI hereby incorporates by reference and relies upon its Petition for Reconsideration, the grant of which would render this request for review moot. That Petition is appended as **Exhibit 3** hereto.

In the interest of clarity, the remainder of this request for review summarizes briefly the circumstances of the instant USAC Appeal Denial, but otherwise commends to the Bureau the more detailed descriptions and arguments presented in the attached Petition for Reconsideration.

⁴ Petition for Reconsideration of TeleQuality Communications, Inc. in WC Docket No. 02-60, filed June, 29, 2017, **Exhibit 3** hereto, available at <https://www.fcc.gov/ecfs/filing/106291064312168>

⁵ USAC Appeal Denial, **Exhibit 1** hereto, at n.12.

⁶ See Petition for Reconsideration, **Exhibit 3**; *Public Notice*, DA 17-505 (rel. May 31, 2017), p. 14 ("Streamlined Denial"). See also TeleQuality Communications, Inc. Request for Review, WC Docket No. 02-60, filed March 10, 2017 ("**Request for Review**"), available at [https://www.fcc.gov/ecfs/search/filings?date_received=%5Bgte%5D2017-3-10%5Blte%5D2017-3-31&proceedings_name=02-60&q=filers.name:\(%5CTelequality%5C\)&sort=date_disseminated,DESC](https://www.fcc.gov/ecfs/search/filings?date_received=%5Bgte%5D2017-3-10%5Blte%5D2017-3-31&proceedings_name=02-60&q=filers.name:(%5CTelequality%5C)&sort=date_disseminated,DESC); Letter from USAC, Rural Health Care Division, to Mr. Raziel DeLa Barreda, Gonzales Community Health Center (Jan. 11, 2017) ("USAC Appeal Denial"), available at <https://ecfsapi.fcc.gov/file/1031065801276/Decision.pdf>.

In summary:

1. As the USAC Appeal Denial correctly states, Gonzales posted an FCC Form 465 for Funding Year 2015 on January 13, 2015. After the requisite 28-day competitive bidding period, Gonzales selected TQCI, and initially opted to obtain Bonded T1 service at 10.5 Mbps under an active pre-existing contract. USAC approved funding and duly issued an FCL on June 3, 2015.
2. On April 5, 2016-- *still in FY 2015*-- Gonzales signed two additional service agreements for additional circuits unrelated to the aforementioned circuit, at different locations: one for an additional Bonded T1 (10.5 Mbps) service, and the other for Ethernet (10 Mbps) service. **Both agreements clearly denoted on their top lines (1) that they were for FY 2015, and (2) the operative allowable contract selection date (ACSD) of February 10, 2015.**⁷
3. As Gonzales' USAC appeal attests, for the services contracted for under paragraph 2, Gonzales requested activation by TQCI within FY 2015⁸ and TQCI immediately began performance by ordering the circuits from its underlying carrier and initiating other pre-installation services under the April 5 service agreements (on April 29 and April 22, 2016, respectively) with the intention to activate these services within FY 2015.⁹ However, due to delays incurred in the circuit ordering process, TQCI was unable to activate these circuits before the end of FY 2015. For this reason, Gonzales did not submit Form 466 funding requests for these circuits in FY 2015— because there were no charges to be funded, as no invoices had been issued or received for services that were not activated during the 2015 Funding Year.
4. Instead, in order to continue to obtain the same types of services described in paragraph 2 for the upcoming Funding Year 2016, Gonzales duly posted a Form 465 for FY 2016 on May 24, 2016. That Form 465 gave exactly the same description of its needs that it had in the prior Funding Year. No bids were received during the 28-day period that ended on June 21, 2016. Because the underlying services sought for FY 2016 were the same as the services contemplated under the April 5, 2016 agreements that had been signed for FY 2015 and under which TQCI had begun performance, and because TQCI was the only willing service provider in the absence of other bids, Gonzales elected to take service under those pre-existing active contracts from TQCI. On August 29, 2016, Gonzales duly submitted Forms 466 for these services, appropriately listing the pre-existing April 5, 2016 contracts. These are the services that were denied

⁷ TeleQuality Healthnet Agreements dated Apr. 5, 2016, *cited* in USAC Appeal Denial at p. 2 & nn. 9-10, attachments to Gonzales Appeal Letter at **Exhibit 2** hereto.

⁸ Gonzales Appeal Letter (cover e-mail) at **Exhibit 2** hereto.

⁹ See Attachment 3 to TQCI Petition for Reconsideration at **Exhibit 3** hereto and *available at* <https://ecfsapi.fcc.gov/file/106291064312168/Exhibit%203%20-%20Document%20Associations.xlsx>

funding and which are the subject of the prior appeal and the pending Petition for Reconsideration.

5. When USAC initially denied these funding requests, Gonzales thought USAC simply misunderstood the fact that Gonzales had adopted the pre-existing contracts, which is permitted under the Commission's "*Waukon* exception." Accordingly, Gonzales re-submitted new Forms 466 requesting the same funding. The prior USAC Appeal Denial that is the subject of the Petition for Reconsideration related to the initial Forms 466; the instant USAC Appeal Denial relates to the subsequent, re-filed Forms 466 for the same funding.
6. In sum, and as described in greater detail in the attached Petition for Reconsideration: Gonzales and TQCI did not violate the competitive bidding rules (i.e., the 28-day rule) by executing "new" contracts prior to the expiration of the 28-day bidding period for its FY 2016 Form 465. Rather, after the 28-day period elapsed on June 21, 2016 with no other bids, Gonzales adopted the pre-existing active contracts with TQCI that had been executed during and for FY 2015 and under which TQCI had begun performance within FY 2015. Properly construed and in fact, the FY 2016 funding request was for continuation of services that had been contracted for and begun in the prior funding year, although the circuits had not yet been activated. This election was squarely within the exception to the 28-day waiting period rule articulated by the FCC in the Bureau's *Waukon Order*: namely, that "applicants may use contracts signed before the expiration of the 28-day waiting period if: (i) the applicant is choosing to continue service under an existing contract; (ii) the applicant competitively bid the services for the new funding year; and (iii) the applicant decides, after reviewing the competitive bids, to continue with the existing contract."¹⁰
Gonzales did all of these things.

¹⁰ *Request for Review Franciscan Skemp Waukon Clinic*, WC Docket No. 02-60, Order, 29 FCC Rcd 11714, 11715, para. 3 (2014) ("*Waukon Order*"), citing *Request for Review of the Decision of the Universal Service Administrator by Kalamazoo Pub. Schs.*, CC Docket No. 96-45, Order on Reconsideration, 17 FCC Rcd 22154, 22157-58, paras. 6-7 (2002) ("*Kalamazoo Order*").

CONCLUSION

For the reasons set forth herein and in the attached Petition for Reconsideration which is incorporated by reference, the USAC Appeal Denial should be reversed and funding should be duly granted for Funding Year 2016.

Respectfully submitted,

TELEQUALITY COMMUNICATIONS, INC.

By



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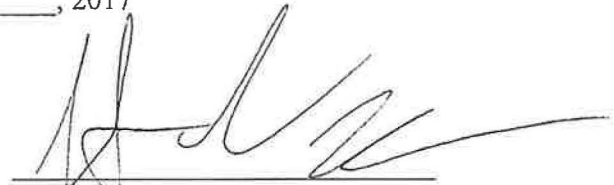
Its Attorney

July 20, 2017

DECLARATION

I declare under penalty of perjury that the foregoing Request for Review is true and correct to the best of my knowledge and belief.

Executed on this 19 day of July, 2017

A handwritten signature in black ink, appearing to read "Justin A. Volker", written over a horizontal line.

Justin A. Volker
Director of Regulatory Affairs
TeleQuality Communications, Inc.

EXHIBIT 1

USAC Appeal Denial Letter



Rural Health Care Division

Administrator's Decision on Rural Health Care Program Appeals

Via Electronic and Certified Mail

May 22, 2017

Mr. Raziel De La Barreda
Gonzales Community Health Center
228 St. George Street
PO Box 1890
Gonzales, TX 78629

Re: Gonzales Community Health Center's Appeal of USAC's Decisions for
Funding Year (FY) 2016 Funding Request Numbers (FRNs) 1695538 and 1695546

Dear Mr. De La Barreda:

The Universal Service Administrative Company (USAC) has completed its evaluation of the February 3, 2017 letters of appeal submitted on behalf of Gonzales Community Health Center (Gonzales).¹ The appeals request that USAC reverse the denial of funding for FY 2016 FRNs 1695538 and 1695546 in the federal Universal Service Rural Health Care Telecommunications Program (RHC Telecom Program).

USAC has reviewed the appeals and the facts related to this matter, and has determined that Federal Communications Commission (FCC) rules do not support reversing the denial of funding for FRNs 1695538 and 1695546.² Specifically, as discussed in detail below, Gonzales did not have an existing contract in place when it initiated its competitive bidding process for FY 2016. Rather, Gonzales signed two new contracts with TeleQuality Communications, Inc. (TeleQuality) on April 5, 2016, prior to posting a FY 2016 FCC Form 465 to initiate the competitive bidding process for FY 2016. Accordingly, Gonzales did not comply with the FCC's competitive bidding rules, and USAC is therefore unable to grant the appeals.

Appeal Decision Explanation

FCC rules require health care providers (HCPs) to conduct a competitive bidding process for eligible services by submitting a FCC Form 465, and waiting 28 days before selecting or signing

¹ Email from Raziel De La Barreda, Gonzales, to USAC (Feb. 3, 2017) (*Appeal*). Gonzales included in its *Appeal* a copy of an appeal letter from TeleQuality for the same FRNs. See Letter from Tara Nordstrom, Funding Specialist, TeleQuality Communications, Inc., to USAC (Feb. 3, 2017) (*TeleQuality Appeal*). USAC addresses both appeals herein.

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a contract for eligible services.³ The period after the 28 days sets the allowable contract selection date (ACSD), which is the earliest date that HCPs may enter into a contract with a service provider and receive RHC Telecom Program support for a particular funding year. Under FCC rules, there is a limited exception that permits an HCP to choose to continue to receive service under an existing contract signed before the end of the required 28-day period for the applicable FCC Form 465, provided that “(i) the applicant is choosing to continue service under an existing contract; (ii) the applicant competitively bid the services for the new funding year; and (iii) the applicant decides, after reviewing the competitive bids, to continue with the existing contract.”⁴ HCPs that consider an existing contract as a bid under these conditions must wait the required 28 days before deciding to continue services under the existing contract.⁵

On January 13, 2015, Gonzales submitted a FY 2015 FCC Form 465 requesting telecommunications services, which resulted in the selection of TeleQuality to provide Bonded T-1 (10.5 Mbps) service for FY 2015 on a month-to-month basis.⁶ In March 2015, Gonzales submitted its FY 2015 FCC Form 466 for Bonded T-1 (10.5 Mbps) service from TeleQuality and indicated that it received no bids in response to its FY 2015 FCC Form 465.⁷ USAC issued a funding commitment letter (FCL) for the Bonded T-1 (10.5 Mbps) service from TeleQuality.⁸

Subsequently, on April 5, 2016, Gonzales signed two, three-year service agreements with TeleQuality.⁹ The first agreement was for Bonded T-1 (10.5 Mbps) service, and the second agreement was for Ethernet (10 Mbps) service. Both TeleQuality contracts stated “the term shall begin upon circuit completion date.”¹⁰

On May 24, 2016, Gonzales submitted a FY 2016 FCC Form 465 requesting telecommunications services that had an ACSD of June 21, 2016.¹¹ On November 14, 2016, Gonzales submitted FCC Forms 466 requesting Bonded T-1 (10.5 Mbps) and Ethernet (10 Mbps) services from TeleQuality for FY 2016 (FRNs 1695538 and 1695546) and provided April 5, 2016 as the “Date Contract Signed or Date HCP Selected Carrier,” which was before the June 21, 2016 ACSD for the FY 2016 FCC Form 465.¹² Gonzales indicated on the FCC

³ 47 C.F.R. § 54.603(a), (b)(1), (3) (2016).

⁴ *Request for Review Franciscan Skemp Waukon Clinic*, WC Docket No. 02-60, Order, 29 FCC Rcd 11714, 11715, para. 3 (2014) (*Waukon Order*) (citing to *Request for Review of the Decision of the Universal Service Administrator by Kalamazoo Pub. Schs.*, CC Docket No. 96-45, Order on Reconsideration, 17 FCC Rcd 22154, 22157-58, paras. 6-7 (2002)).

⁵ *See id.*

⁶ FY 2015 FCC Form 465 No. 43150101 (Jan. 13, 2015) (resulting in FCL for FRN 15582071 for Bonded T-1 (10.5 Mbps) service from TeleQuality).

⁷ FY 2015 FCC Form 466 for FRN 15582071 (Mar. 19, 2015).

⁸ FCL for FRN 15582071 (June 3, 2015).

⁹ TeleQuality HealthNet Agreements, at 1 (Apr. 5, 2016).

¹⁰ *Id.*

¹¹ FY 2016 FCC Form 465 No. 43165467 (May 24, 2016).

¹² FY 2016 FCC Forms 466 for FRNs 1695538 and 1695546 (Nov. 14, 2016). USAC notes that Gonzales previously submitted FY 2016 FCC Forms 466 (FRNs 1687929 and 1687934) for identical services based on the

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Forms 466 that it did not receive any bids in response to its FY 2016 FCC Form 465 and provided July 1, 2016 as the service installation date for both the Bonded T-1 (10.5 Mbps) service for FRN 1695538 and Ethernet (10 Mbps) service for FRN 1695546.¹³ On December 6, 2016, USAC denied FRNs 1695538 and 1695546 because Gonzales did not comply with the FCC's competitive bidding rules. USAC determined that the TeleQuality contracts were signed before the June 21, 2016 ACSD for Gonzales' FY 2016 FCC Form 465.¹⁴

In its appeal, Gonzales requests that USAC reverse the denial of funding for FRNs 1695538 and 1695546, stating that it "posted [the FCC Form] 465 during the 2015 funding year which resulted [in] signed contracts with Telequality Communications Inc."¹⁵ According to Gonzales, "[t]he intent was to have these services installed prior to June 30th 2016."¹⁶ However, "[w]hen [TeleQuality] was unable to complete service installation," Gonzales states that it filed FY 2016 FCC Form 465 and "chose to continue with [TeleQuality] considering the existing contracting services as standing bids" which "is why the contracts have a signature date prior to the ACSD June 21st 2016."¹⁷ Gonzales included the *Telequality Appeal* addressing the same FRNs, wherein TeleQuality acknowledges that the contracts were signed on April 5, 2016 (*i.e.* before the FY 2016 FCC Form 465 submitted on May 24, 2016 and the ACSD of June 21, 2016), but argues, among other things, that these were existing contracts under which Gonzales elected to continue service.¹⁸

Based on the documentation provided, we find that Gonzales did not comply with the FCC's competitive bidding rules. As explained above, FCC rules allow HCPs to choose to continue to receive service from a prior funding year under an existing contract signed before the start of the required 28-day period for the applicable FCC Form 465, provided that "(i) the applicant is choosing to *continue service under an existing contract*; (ii) the applicant competitively bid the services for the new funding year; and (iii) the applicant decides, after reviewing the competitive bids, to *continue with the existing contract*."¹⁹ However, those circumstances are not present here.

same contracts on August 29, 2016. See FY 2016 FCC Forms 466 for FRNs 1687929 and 1687934 (Aug. 29, 2016). USAC denied these FRNs on November 2, 2016 for the same reasons noted herein (*i.e.*, because the contracts were signed before the June 21, 2016 ACSD for Gonzales's FY 2016 FCC Form 465) and reaffirmed its denial of these FRNs on appeal on the same basis. See Administrator's Decision on Rural Health Care Program Appeals, USAC, to Raziell De La Barreda, Gonzales (Jan. 11, 2017).

¹³ *Id.*

¹⁴ Email from USAC, to Gonzales (Dec. 6, 2016).

¹⁵ *Appeal* at 1.

¹⁶ *Id.*

¹⁷ *Id.*

¹⁸ *Telequality Appeal* at 1-2. Telequality also states that "[d]ue to the lack of carrier facilities and availability of technicians in this rural area, [TeleQuality] was unable to accomplish service activation prior to the end of FY 2015," but TeleQuality "was clearly working diligently on behalf of the customer, and regularly communicating this work to the customer, for the entire duration of time between receipt of signed customer contracts and eventual service activation." *Id.* at 2.

¹⁹ *Waukon Order*, 29 FCC Rcd at 11715, para. 3 (emphasis added).

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As noted above, Gonzales requested and received support for Bonded T-1 (10.5 Mbps) service from TeleQuality for FY 2015 on a month-to-month basis.²⁰ Thus, Gonzales did not have an existing contract in place when it initiated its competitive bidding process for FY 2016. Rather, the April 5, 2016 TeleQuality contracts were new contracts for FY 2016 executed 39 days before Gonzales posted its FY 2016 FCC Form 465 and before the June 21, 2016 ACSD. Because Gonzales did not have an existing contract in place, and instead signed *new contracts* with TeleQuality before the start of the 28-day waiting period for Gonzales's FY 2016 FCC Form 465, Gonzales did not comply with the FCC's competitive bidding rules.²¹

Further, although Gonzales's FY 2016 FCC Form 466 for FRNs 1695538 and 1695546 indicate that Gonzales received no bids in response to its FY 2016 FCC Form 465, the FCC has found that this fact does not cure the failure to wait 28 days before selecting a service provider.²² Therefore, FY 2016 FRNs 1695538 and 1695546 cannot be funded through the RHC Telecom Program.

If you wish to appeal this decision or request a waiver, you can follow the instructions pursuant to 47 C.F.R. Part 54, Subpart I (47 C.F.R. §§ 54.719 to 725). Further instructions for filing appeals or requesting waivers are also available at:

<http://www.usac.org/about/about/program-integrity/appeals.aspx>

Sincerely,

/s/ Universal Service Administrative Company

Copy to: Tara Nordstrom, TeleQuality Communications, Inc.

²⁰ FY 2015 FCC Form 465 No. 43150101 (Jan. 13, 2015) (related to FRN 15582071).

²¹ See *Waukon Order*, 29 FCC Rcd at 11717, para. 9 (affirming USAC's denial of funding based on a violation of the FCC's competitive bidding rules, where the HCP requested FY 2005 funding based on a new contract that it signed one day before posting its FY 2005 FCC Form 465 and stating that "[e]ntering into an agreement with a service provider before the completion of the 28-day bidding period circumvents the competitive bidding process and ultimately damages the integrity of the program.").

²² See *id.* at 11717, para. 8 (stating "[t]he fact that [the HCP] did not receive bids from any other service provider during the 28-day waiting period does not cure [the HCP's] error in prematurely signing a contract with [the service provider].").

EXHIBIT 2

Gonzales Appeal Letter to USAC

From: Raziel DelaBarreda [<mailto:DelaBarredaR@chcsct.com>]

Sent: Friday, February 3, 2017 2:44 PM

To: 'RHC-appeals@usac.org' <RHC-appeals@usac.org>

Cc: Tara Nordstrom <Tara@telequality.com>

Subject: Appeal for USAC Denials for HCP 26215

I am filing on behalf of Community Health Center of South Central Texas Inc. please refer to the attached letter of appeal dated February 3, 2017 submitted by TQCI Inc. The denials are based on bid violations given by USAC of which we feel are in error based on the evidence listed in this appeal. I posted 465 during the 2015 funding year which resulted with signed contracts with Telequality Communications Inc. When our organization filed the 465 form we did not receive any other bids. The intent was to have these services installed prior to June 30th 2016. When TQCI was unable to complete service installation our organization filed form 465 for the 2016 funding year as required by USAC replicating the previous request for services. Our organization did not receive any additional bids. So we chose to continue with TQCI considering the existing contracting services as standing bids which is allowed under USAC rules that is why the contracts have a signature date prior to the ACSD June 21st 2016. Relief sought – These FRNs should be approved with the full amount funding based on USAC Rules. The following info is also attached as directed by USACS Website.

- Applicant CHCSCT, Raziel DeLa Barreda, CIO, 229 St. George street , Gonzales, TX 8303392067, delabarredar@chcsct.com
- Provide documentation of USACS decision – attached
- Include support documentation such as forms and previous responses – attached
- Identify problem and reason for appeal – see attachment doc Gonzales appeal – 2017 -02 - 03.pdf
- Explain precisely the relief sought through this appeal Gonzales appeal-2017.02.03.pdf
- CHCSCT did not receive any other bids

If you have any additional questions please reach out to me or our service provider.



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phone 210-408-0388 • fax 210-408-1700 • www.telequality.com

February 3, 2017

USAC
Rural Health Care Program
Telecommunications and Internet Access
30 Lanidex Plaza West, PO Box 685
Parsippany, NJ 07054-0685

To Whom It May Concern:

This is an appeal of the RHC Telecommunications Program - FCC Form 466 - Denial Notices¹ (Denials) denying support for the following FRNs:

- HCP 26215, FRN 1695538 - BA# GON.TX.0009
- HCP 26215, FRN 1695546 - BA# GON.TX.0010

Background

On January 13, 2015 Gonzales Community Health Center (Gonzales) submitted a Funding Year 2015 FCC Form 465 requesting telecommunications services. On April 5, 2016 Gonzales signed service agreements based on the FY 2015 Form 465 for Bonded T1 (10.5 Mbps) service (FRN 1695538, BA# GON.TX.0009)² and Ethernet (10 Mbps) service (FRN 1695546, BA# GON.TX.0010).³ Provisioning for these services began during FY 2015 but TQCI was unable to deliver the service before funding year end.

On May 24, 2016 Gonzales submitted an additional FCC Form 465 for FY 2016. Gonzales elected to continue service under their existing contracts with TQCI. On July 1, 2016 the services governed by those existing contracts were officially activated for the customer. On November 14, 2016 Gonzales submitted FCC Forms 466 relating to those services.

Discussion

The FRNs in question should have been approved per FCC rules, which provide an exception to the cited violation of competitive bidding rules when “(i) the applicant is choosing to continue service under an existing contract; (ii) the applicant competitively bid the services for the new funding year; and (iii) the applicant decides, after reviewing the competitive bids, to continue with the existing contract.”⁴

¹ RHC Telecommunications Program - FCC Form 466 - Denial Notice (*Denials*).

² Contract GON.TX.031716.0040.

³ Contract GON.TX.031716.0041.

⁴ *Request for Review Franciscan Skemp Waukon Clinic*, WC Docket No. 02-60, Order, 29 FCC Rcd 11714, 11715, para. 3 (2014) (*Waukon Order*) (citing to *Request for Review of the Decision of the Universal Service Administrator by Kalamazoo Pub. Schs.*, CC Docket No. 96-45, Order on Reconsideration, 17 FCC Rcd 22154, 22157-58, paras. 6-7 (2002)).



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Once TQCI receives a signed contract, the provisioning process begins and the customer receives weekly updates on the status of the order. In the matter at hand, TQCI received signed contracts on April 5, 2016 and placed orders to the underlying carrier later in April, thus beginning the provisioning process. Provisioning a telecommunications network encompasses preparation of the service by the underlying carrier, facility work, configuration and installation of the customer premise equipment (CPE), and finally a test and turn up (TTU) process. The TTU process consists of connecting CPE to the circuit, testing the circuit, and customer acceptance of the circuit upon completion of testing. The intent of both TQCI and Gonzales was to have these services active as quickly as possible, and certainly within the then-active funding year. Due to the lack of carrier facilities and availability of technicians in this rural area, TQCI was unable to accomplish service activation prior to the end of FY 2015. However, TQCI was clearly working diligently on behalf of the customer, and regularly communicating this work to the customer, for the entire duration of time between receipt of signed customer contracts and eventual service activation. Although the underlying service hadn't been activated, and thus the customer had not started receiving service bills, it is illogical to argue that TQCI was not providing valuable service to its customer.

Further, it is illogical to argue that TQCI and Gonzales did not have a binding contract for service as of the contract execution date because the billing section of said contract states that "term shall begin upon circuit completion date." The fact that a length of time for service provision, and the associated time to be billed for that service, might start at a future date does not nullify an immediate contractual obligation that has been agreed upon and executed by both parties at a date previous to the time when service and billing begins. It is common, practical, and in many cases necessary, for contracts to be executed months prior to expected performance of some of the obligations contained therein. Mutuality of obligation is not voided simply because full performance has not yet taken place. In fact, arguing such a point would go against the basis of established contract law. Therefore, Gonzales clearly had valid and enforceable, existing contracts under which it chose to continue receiving service from TQCI at the time it ultimately submitted the FRNs in question. Gonzales expected to receive telecommunications service as quickly as possible from TQCI, which, in turn, was working diligently to accomplish the task.

When service activation was not able to be completed prior to the end of FY 2015, Gonzales submitted a 465 for FY 2016. Gonzales opted to continue receiving service from TQCI under the previously-executed contracts. Additionally, there is no evidence indicating Gonzales did not carefully consider all available proposals based on the FY 2016 Form 465. Thus, it is reasonable in this case, as was done in *Cochrane-Fountain City School District Order*⁵ to conclude that such consideration was given.⁶ Further, by posting the FY 2016 Form 465 and waiting over 5 months before submitting FRNs for the services selected, Gonzales clearly waited the minimum 28 days required by the FCC rules. Again, this is the same standard applied in *Cochrane-Fountain City School District Order*.⁷

⁵ Request for Review by Cochrane-Fountain City School District, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc., File No. SLD-140683, CC Dockets No. 96-45 and 97-21, Order, 15 FCC Rcd 16628 (Com. Car. Bur. 2000) (*Cochrane-Fountain City School District Order*).

⁶ *Id.* at 16631, n. 24.

⁷ *Id.* at para. 7.



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It's clear that Gonzales' behavior falls within the FCC rules discussed above. However, it is also clear that the confusion could have been further avoided by taking different action in a couple places. First, Gonzales could have filed Forms 466 in FY 2015 with full knowledge that they would be denied, since billing had not yet started. Doing so would have caused unnecessary work for all parties involved, but would have preserved the record that the applicant was under contract for service and was attempting to seek support for that service. In doing so, the following funding year's Forms 466 would not be deemed, as they were in this case, to be requests for support of brand new contracts. These adverse funding decisions could have been precluded by knowingly creating extra work for everyone involved, which is a perverse incentive that should be avoided.

Second, Gonzales could have memorialized the selection of its existing, prior contracts with TQCI for FY 2016 and entered the dates of memorialization on the FRNs, rather than the underlying contract dates, as noted in the *Kalamazoo Order*.⁸ While this action would have been helpful, and will likely be the process followed in this type of situation moving forward now that the parties are aware of such guidance, doing so is not a program requirement for which the failure to comply is grounds for funding denial. Neither is the unfamiliarity with this guidance itself, grounds for funding denial.

In this case, all parties involved had a clear intent, which was manifested by the documents provided with this letter, and followed program rules in carrying out that intent. It's the unfortunate truth that program timelines and technical requirements sometimes result in edge-cases like this where bad luck can create friction between "natural-world" realities and "artificial-world" requirements. Here, the logistics of procuring the facilities and personnel in a rural area caused service activation timing issues that resulted in the denial of these FRNs. However, all parties followed program rules and did their best to achieve the desired intent as quickly as possible. The fact that the intent of the parties was carried out in a way that is confusing or could be argued, albeit incorrectly, on a technical basis to be non-compliant with program rules speaks to the complexity of the program itself. Thus, we are left with a situation where the underlying spirit of the program, assisting healthcare providers in rural communities to receive support for the costly, yet necessary, telecommunications service required to provide quality healthcare today, finds itself at odds with the program rules governing that spirit. Likewise, the intent of the parties is being challenged on technical grounds, using impractical expectations for real world behavior and performance. We would be remiss if we didn't note that situations like this may become more numerous in the future, given recent changes in the program to implement different funding windows, thus causing more opportunity for edge-cases where unforeseen timing issues cause friction with program requirements.

It's clear that program rules are needed to ensure that no waste, fraud, and abuse of limited fund resources occurs. However, it's also clear that these rules sometimes create new problems that do not exist in traditional transactions of a similar nature. There is a duty to protect taxpayers and the fund itself, but not at the expense of program participants that are navigating a complex and confusing set of rules which sometimes finds itself in conflict with the underlying mission of the program. While we must be vigilant in protecting those resources from bad actors, we must be equally vigilant in protecting our rural healthcare providers from draconian punishment when action that may be confusing, but is clearly not improper, has occurred. While we hope that

⁸ *Request for Review of the Decision of the Universal Service Administrator by Kalamazoo Pub. Schs.*, CC Docket No. 96-45, Order on Reconsideration, 17 FCC Rcd 22154, 22157-58, para. 7 (2002) (*Kalamazoo Order*).



21202 Gathering Oak • San Antonio, TX 78260
phone 210-408-0388 • fax 210-408-1700 • www.telequality.com

this example serves as the starting place for larger-scale review and revision of program rules and procedures in the future, in the immediate term we request that the FRNs at issue in this case be approved.

If you require additional information in support of the requested FRN approvals, please let us know.

Sincerely,

Tara Nordstrom
Funding Specialist
TeleQuality Communications, Inc.
210-408-0388 Ext. 106
tara@telequality.com

Price, Aileen

From: rhc-assist@usac.org
Sent: Tuesday, December 06, 2016 9:10 AM
To: delabarredar.gonzales@tachc.org; funding@telequality.com
Subject: RHC Telecommunications Program - FCC Form 466 - Denial Notice - HCP # 26215

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Date: 06-Dec-2016
Program: Telecommunications Program
Funding Year: 2016
Health Care Provider (HCP) Name: Gonzales Community Health Center
HCP Number: 26215
Funding Request Number (FRN): 1695538
FCC Form 465 Application Number: 43165467

The Universal Service Administrative Company (USAC)'s Rural Health Care (RHC) Program reviewed the FCC Form 466 (Funding Request and Certification Form) and supporting documentation submitted by the HCP referenced above. Based on the information provided, USAC is unable to provide support for the following reason(s):

1. The HCP has violated the Telecommunication's Program competitive bidding rules. See 47 C.F.R. Section 54.603.

Service Provider Name: TeleQuality Communications, Inc.
Service Provider Identification Number (SPIN): 143031579

Next Steps

To appeal this decision, deliver a letter of appeal to USAC within 60 days of the date of this letter. Detailed instructions for filing appeals are available at: <http://www.usac.org/about/about/program-integrity/appeals.aspx>.

For More Information

Please do not reply directly to this email, as emails to this account will not be delivered to the RHC Program team. For questions or assistance, contact the Rural Health Care Program Help Desk at (800) 453-1546 or by email at rhc-assist@usac.org.

For more information about the Telecommunications Program application process, refer to the Telecom Program Getting Started web page at <http://www.usac.org/rhc/telecommunications/process-overview/default.aspx/>.

For more information about the FCC Form 466, visit the Telecommunications Program Forms web page at <http://www.usac.org/rhc/telecommunications/tools/forms/>.

The HCP mailing contact, all account holders related to this circuit, the contact at the HCP's physical location have been copied on this email. In addition, a copy of this letter has been sent to the entity identified below as your selected telecommunications carrier.

Price, Aileen

From: rhc-assist@usac.org
Sent: Tuesday, December 06, 2016 9:10 AM
To: delabarredar.gonzales@tachc.org; funding@telequality.com
Subject: RHC Telecommunications Program - FCC Form 466 - Denial Notice - HCP # 26215

Follow Up Flag: Flag for follow up
Flag Status: Flagged

Date: 06-Dec-2016
Program: Telecommunications Program
Funding Year: 2016
Health Care Provider (HCP) Name: Gonzales Community Health Center
HCP Number: 26215
Funding Request Number (FRN): 1695546
FCC Form 465 Application Number: 43165467

The Universal Service Administrative Company (USAC)'s Rural Health Care (RHC) Program reviewed the FCC Form 466 (Funding Request and Certification Form) and supporting documentation submitted by the HCP referenced above. Based on the information provided, USAC is unable to provide support for the following reason(s):

1. The HCP has violated the Telecommunication's Program competitive bidding rules. See 47 C.F.R. Section 54.603.

Service Provider Name: TeleQuality Communications, Inc.
Service Provider Identification Number (SPIN): 143031579

Next Steps

To appeal this decision, deliver a letter of appeal to USAC within 60 days of the date of this letter. Detailed instructions for filing appeals are available at: <http://www.usac.org/about/about/program-integrity/appeals.aspx>.

For More Information

Please do not reply directly to this email, as emails to this account will not be delivered to the RHC Program team. For questions or assistance, contact the Rural Health Care Program Help Desk at (800) 453-1546 or by email at rhc-assist@usac.org.

For more information about the Telecommunications Program application process, refer to the Telecom Program Getting Started web page at <http://www.usac.org/rhc/telecommunications/process-overview/default.aspx/>.

For more information about the FCC Form 466, visit the Telecommunications Program Forms web page at <http://www.usac.org/rhc/telecommunications/tools/forms/>.

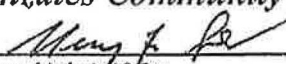
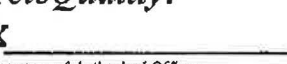
The HCP mailing contact, all account holders related to this circuit, the contact at the HCP's physical location have been copied on this email. In addition, a copy of this letter has been sent to the entity identified below as your selected telecommunications carrier.

TeleQuality HealthNet

HCP: 26215 Funding Year: 2015 ACSD: 2/10/2015

Customer: Gonzales Community Health Center

Description ID: Lockhart 10.5Mb (T1 x 7) Healthnet

MAILING CONTACT		BILLING CONTACT	
Gonzales Community Health Center P.O. Box 1890 Gonzales, TX 78269		Lonnie Richison 830-672-6511 x 213	
Billing Number: GON.TX.0009		Contract Number: GON.TX.031716.0040 Term: 36 months Term shall begin upon circuit completion date.	
RATES & FEES			
CIRCUIT PRICE INFORMATION:		TAX INFORMATION:	
Total Monthly Rate: \$10,356.50 Loop/T1: \$1,479.50 Port: \$350.00 (Waived) Total Installation Charge: \$10,500.00 Net Installation Charge/T1: \$70.00 (\$1,430.00 waived)		Tax Exempt: Yes TeleQuality has Received Exempt forms: Yes Taxes, Surcharges and Fees may apply.	
Note: TeleQuality will terminate telecommunications services for this location into the 45Mb DS3 circuit which is terminated in Gonzales, TX under contract GON.TX.080315.0134.			
SERVICE LOCATION INFORMATION			
CIRCUIT LOCATION 512-398		IP INFORMATION	
Site Name: Lockhart Family Practice Center Site Phone #: 512-398-9610 Address 1: 2060 S Colorado Hwy 183 Address 2: City, State, Zip: Lockhart, TX 78644 DMARC: TBD Access person: TBD		Speed: 10.5Mb (T1 x 7) Delivery: static Number of IP Addresses: /30	
TECHNICAL PROVISIONING			
Main Customer Contact: Raziel De La Barreda, 830-672-6511 x 206, delabarreda.gonzales@tqhc.org			
SIGNATURES			
Gonzales Community Health Center:		TeleQuality:	
X 		X 	
Signature of Authorized Officer		Signature of Authorized Officer	
Name Henry Salas Title: CEO		Name Tim Koxlien Title: CEO	
Date of Signature: 04-05-16		Date of Signature: _____	

By signing this order form, customer agrees to all charges including monthly recurring and non-recurring charges listed in the Rates and Fees section and the service term listed in the billing section. Should customer cancel the services prior to the expiration of the service term, customer agrees to pay an early termination penalty of the number of months remaining in the term times the monthly recurring charges and additionally rebate any waived non-recurring charges for installation fees, payable on the invoice following the cancellation notice to TeleQuality.

Please Fax signed contract to: 210-408-1700

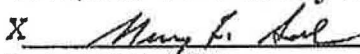
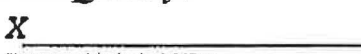
Also send two originals to:
TeleQuality Communications, Inc
21202 Gathering Oak
San Antonio, TX 78260

TeleQuality HealthNet

HCP: 26215 Funding Year: 2015 ACSD: 2/10/2015

Customer: Gonzales Community Health Center

Description ID: Victoria 10Mb Ethernet Healthnet

MAILING CONTACT		BILLING CONTACT	
Gonzales Community Health Center P.O. Box 1890 Gonzales, TX 78269		Lonnle Richison 830-672-6511 x 213	
Billing Number: GON.TX.0010		Contract Number: GON.TX.031716.0041 Term: 36 months Term shall begin upon circuit completion date.	
RATES & FEES			
CIRCUIT PRICE INFORMATION:		TAX INFORMATION:	
Total Monthly Rate: \$400.00 Loop: \$400.00 Port: \$350.00 (Waived) Total Installation Charge: \$2,800.00 Net Installation Charge/T1: \$0.00 (\$2,800.00 waived)		Tax Exempt: Yes TeleQuality has Received Exempt forms: Yes Taxes, Surcharges and Fees may apply.	
Note: TeleQuality will terminate telecommunications services for this location into the 45Mb DS3 circuit which is terminated in Gonzales, TX under contract GON.TX.080315.0134.			
SERVICE LOCATION INFORMATION			
CIRCUIT LOCATION 361-576		IP INFORMATION	
Site Name: Victoria Dental Site Phone #: 361-574-1740 Address 1: 2805 Navarro St Address 2: City, State, Zip: Victoria, TX 77901 DMARC: TBD Access person: TBD		Speed: 10Mb Ethernet Delivery: static Number of IP Addresses: /30 Network service delivered via RJ45 interface	
TECHNICAL PROVISIONING			
Main Customer Contact: Raziel De La Barreda, 830-672-6511 x 206, delabarredar.gonzales@tachc.org			
SIGNATURES			
Gonzales Community Health Center:		TeleQuality:	
X 		X 	
Signature of Authorized Officer		Signature of Authorized Officer	
Name Henry Salas Title: CEO		Name Tim Koxlien Title: CEO	
Date of Signature: 04-05-14		Date of Signature: _____	

By signing this order form, customer agrees to all charges including monthly recurring and non-recurring charges listed in the Rates and Fees section and the service term listed in the billing section. Should customer cancel the services prior to the expiration of the service term, customer agrees to pay an early termination penalty of the number of months remaining in the term times the monthly recurring charges and additionally rebate any waived non-recurring charges for installation fees, payable on the invoice following the cancellation notice to TeleQuality.

Please Fax signed contract to: 210-408-1700

Also send two originals to:

TeleQuality Communications, Inc
21202 Gathering Oak
San Antonio, TX 78260

Search Posted Services

To search, type the full or partial criteria in the appropriate box below.

The search results will show a summary of each HCP whose service request(s) match the search criteria entered, with three options to view additional information:

- View more information about each HCP by clicking on the + (plus) sign next to the HCP number.
- View each HCP's Form 465 in its entirety by clicking on the PDF link under the "View" column.
- Export all relevant details about each selected HCP into an Excel document by checking the box to the left of the HCP number, then clicking on "Export." To export the details for all HCPs in the search results, simply click on "Export All."

Fund Year	2016 2015	City		Start Date	
HCP Number	26215	County		End Date	
HCP Name		State	Alaska Alabama Arkansas AMERICA SAMOA	Search	
FCC RN		Service Type	Choose a service	Reset	

SEARCH RESULTS		Form465 Search Results (1 - 1 of 1)							Export Selected		Export All
	HCP #	HCP Name	State	Fund Year	Service Type	Line 29 Text	Posting Date	ACSD	MAD	View	
	+ 26215	Gonzales Community Health Center	TX	2015	Telecommunications Service ONLY	Need communication ... »	Jan 13, 2015	Feb 10, 2015	158		

Search Posted Services

To search, type the full or partial criteria in the appropriate box below.

The search results will show a summary of each HCP whose service request(s) match the search criteria entered, with three options to view additional information:

- View more information about each HCP by clicking on the + [plus] sign next to the HCP number.
- View each HCP's Form 465 in its entirety by clicking on the PDF link under the "View" column.
- Export all relevant details about each selected HCP into an Excel document by checking the box to the left of the HCP number, then clicking on "Export." To export the details for all HCPs in the search results, simply click on "Export All."

Fund Year	<input type="text" value="2016"/>	City	<input type="text"/>	Start Date	<input type="text"/>
HCP Number	<input type="text" value="26215"/>	County	<input type="text"/>	End Date	<input type="text"/>
HCP Name	<input type="text"/>	State	<input type="text" value="Alaska"/> <input type="text" value="Alabama"/> <input type="text" value="Arkansas"/> <input type="text" value="AMERICA SAMOA"/>	<input type="button" value="Search"/>	
FCC RN	<input type="text"/>	Service Type	<input type="text" value="Choose a service"/>	<input type="button" value="Reset"/>	

SEARCH RESULTS										Form465 Search Results (1 - 1 of 1)										1-Report 1 Results-Add	Export All
	HCP #	HCP Name	State	Fund Year	Service Type	Line 29 Text	Posting Date	ACSD	MAD	View											
 +	26215	Gonzales Community Health Center	TX	2016	Telecommunications Service ONLY	Need communication ... p	May 24, 2016	Jun 21, 2016	158												

EXHIBIT 3

**Petition for Reconsideration of TeleQuality Communications, Inc.
filed June, 29, 2017**

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

IN THE MATTER OF)
)
TELEQUALITY COMMUNICATIONS, INC.)
) WC DOCKET NO. 02-60
REQUEST FOR REVIEW OF DECISION OF)
THE UNIVERSAL SERVICE)
ADMINISTRATOR)

TO: THE WIRELINE COMPETITION BUREAU

PETITION FOR RECONSIDERATION

TeleQuality Communications, Inc. ("TQCI"), by its attorney and pursuant to sections 54.722(b) and 1.106(f) of the Commission's Rules, hereby petitions for reconsideration of the Wireline Competition Bureau's streamlined denial of its request for review of the Universal Service Administrator's ("USAC") denial of the appeal of Gonzales Community Health Center ("Gonzales") of USAC's denial of its request for funding under the Rural Health Care (RHC) program.¹

TQCI seeks reconsideration on behalf of Gonzales fundamentally because Gonzales and TQCI did not violate the RHC program's competitive bidding rules, as USAC and the Bureau initially ruled.² Rather, Gonzales complied fully with the rules, and particularly the 28-day

¹ DA 17-505 (rel. May 31, 2017), p. 14 ("Bureau Streamlined Denial"). See TeleQuality Communications, Inc. Request for Review, WC Docket No. 02-60, filed March 10, 2017 ("TQCI FCC Appeal"), available at [https://www.fcc.gov/ecfs/search/filings?date_received=%5Bgte%5D2017-3-10%5Blte%5D2017-3-31&proceedings_name=02-60&q=filers.name:\(*Telequality*\)&sort=date_disseminated.DISC](https://www.fcc.gov/ecfs/search/filings?date_received=%5Bgte%5D2017-3-10%5Blte%5D2017-3-31&proceedings_name=02-60&q=filers.name:(*Telequality*)&sort=date_disseminated.DISC); Letter from USAC, Rural Health Care Division, to Mr. Raziell De La Barreda, Gonzales Community Health Center (Jan. 11, 2017) ("USAC Appeal Denial"), available at <https://ecfsapi.fcc.gov/file/1031065801276/Decision.pdf>.

² Bureau Streamlined Denial at n.29; USAC Denial, *passim*.

“waiting period” rule,³ but the complex fact situation and timeline concerning this matter was understandably misunderstood by USAC and the Bureau in their prior denials, and arguably inadequately explained by Gonzales and TQCI in the prior appeals. In this Petition TQCI demonstrates succinctly that the rules and Commission precedent were fully observed, and accordingly the subject funding denial for FY 2016 should be reversed and funding should be duly granted.

I. OVERVIEW AND SUMMARY

In summary, as further demonstrated below:

1. Gonzales duly posted an FCC Form 465 for Funding Year 2015 on January 13, 2015, describing its needs as “communication between locations to facilitate healthcare, for the underserved communities.”⁴ After the requisite 28-day competitive bidding period, Gonzales selected TQCI, and initially opted to obtain Bonded T1 service at 10.5 Mbps under an active pre-existing contract. On March 19, 2015, Gonzales duly submitted Form 466 (FRN 1558207 for contract GON.TX.071814.0101), and USAC approved funding and duly issued an FCL on June 3, 2015. Later during FY2015, Gonzales sought to upgrade this service for the same location to a DS3 (45 Mbps) service, and on May 24, 2016 duly submitted another Form 466 (FRN 1581234), and USAC again approved funding and duly issued an FCL on June 8, 2016. Neither of these matters is in dispute.
2. On April 5, 2016, still under the FY 2015 Form 465, Gonzales signed two additional service agreements for two additional circuits unrelated to the DS3 circuit, at different locations: one for an additional Bonded T1 (10.5 Mbps) service, and the other for Ethernet (10 Mbps) service.
3. The services under paragraph 1 above were activated during FY 2015. For the services contracted for under paragraph 2, Gonzales requested activation by TQCI within FY 2015 and TQCI immediately began performance by ordering the circuits from its underlying carrier and initiating other pre-installation services under the April 5 service agreements (on April 29 and April 22, 2016, respectively) with the intention to activate these services within FY 2015. However, due to delays incurred in the circuit ordering process,⁵ TQCI was unable to activate these circuits before the end of FY 2015. For this reason, Gonzales did not submit Form 466 funding requests for these circuits in FY 2015—for the simple reason that there were no charges to be

³ 47 C.F.R. § 54.603(a), (b)(1), (3) (2016).

⁴ See Exhibit 1 hereto.

⁵ See TQCI FCC Appeal, *supra* note 1, at pp. 2-3, 4.

funded, as no invoices had been issued or received for services that were not activated during the 2015 Funding Year.

4. In the meantime, for the upcoming Funding Year 2016, Gonzales duly posted a Form 465 on May 24, 2016, in order to continue to obtain the same services described in paragraph 3. For that reason, the Form 465 gave a description of its needs identical to that in its FY 2015 Form 465: “communication between locations to facilitate healthcare, for the under-served communities.”⁶ For this Form 465, no bids were received during the 28-day period that ended on June 21, 2016. Because the underlying services sought for FY 2016 were the same as the services contemplated under the April 5, 2016 agreements that had been signed for FY 2015 and under which TQCI had begun performance (although due to the delays the circuits had not been activated), and because TQCI was the only service provider in the absence of other bids, Gonzales elected to take service under those pre-existing active contracts from TQCI. On August 29, 2016, Gonzales duly submitted Forms 466 for these services (FRN 1687929, 1687934), appropriately listing the pre-existing April 5, 2016 contracts. These are the services that were denied funding and which are the subject of the prior appeals and this request for reconsideration.
5. Therefore, in summary: Gonzales and TQCI did not violate the competitive bidding rules (i.e., the 28-day rule) by executing “new” contracts prior to the expiration of the 28-day bidding period for its FY 2016 Form 465. Rather, after the 28-day period elapsed on June 21, 2016 with no other bids, Gonzales adopted the pre-existing active contracts with TQCI that had been executed during and for FY 2015 and under which TQCI had begun performance within FY 2015. Properly construed and in fact, the FY 2016 funding request was for continuation of services that had been contracted for and begun in the prior funding year, although the circuits had not yet been activated.
6. Finally, it is important to note that neither Gonzales nor TQCI has sought or expects payment for the pre-installation services provided during FY 2015 under the April 5, 2016 contracts which occurred between April 22, 2016 and June 30, 2016, when FY 2015 ended. In fact, this is the source of the confusion surrounding this matter: Gonzales did not submit a Form 466 for these services during FY 2015 because there was nothing to fund: billing had not started. Indeed, for this reason, USAC likely would have denied funding under any such Forms 466. TQCI was able to activate those circuits only on July 1, 2016. Therefore, contractually, TQCI did not request payment for the pre-activation work, and Gonzales did not render payment. Rather, the parties recognize that payment, and funding, are appropriate only upon the activation of the subject circuits during FY 2016.

⁶ See Exhibit 2 hereto.

As TQCI noted in its prior request for review to this Bureau, TQCI has provided various types of telecommunications service to different locations for Gonzales. Each contract has a distinct Contract Number. Moreover, each service *location* has a unique Billing Account Number (BA#). The relevant contracts were included in TQCI's prior FCC appeal,⁷ and **Exhibit 3** hereto is a spreadsheet showing the history of each service, the corresponding contracts and BA #s, and, where applicable, the accompanying FRNs, Form 466 filing dates, and USAC actions.

II. GONZALES DID NOT VIOLATE THE COMPETITIVE BIDDING RULES

The essence of USAC's denial of funding and its denial of Gonzales' appeal, which was upheld by the Bureau in its May 31 streamlined decision, is that Gonzales entered into "new" contracts with TQCI before the expiration of the required 28-day bidding period, and indeed even before Gonzales submitted its Form 465 for Funding Year 2016, in violation of the program's competitive bidding rules. USAC found that the limited exception to the 28-day period rule established in the Bureau's *Kalamazoo Order*⁸ and clarified more recently for the RHC program in its *Waukon Order*⁹ did not apply, because "those circumstances are not present here."¹⁰ That exception states that "applicants may use contracts signed before the expiration of the 28-day waiting period if: "(i) the applicant is choosing to continue service under an existing contract; (ii) the applicant competitively bid the services for the new funding year; and (iii) the applicant decides, after reviewing the competitive bids, to continue with the existing contract."¹¹ In this finding, the USAC Appeal Denial was in error: as demonstrated above, **Gonzales did all of these things.**

⁷ See exhibits to TQCI FCC Appeal, available at <https://www.fcc.gov/ecfs/filing/1031065801276>.

⁸ *Request for Review of the Decision of the Universal Service Administrator by Kalamazoo Pub. Schs.*, CC Docket No. 96-45, Order on Reconsideration, 17 FCC Rcd 22154, 22157-58, paras. 6-7 (2002).

⁹ *Request for Review Franciscan Skemp Waukon Clinic*, WC Docket No. 02-60, Order, 29 FCC Rcd 11714, 11715, (2014) (*Waukon Order*).

¹⁰ USAC Appeal Denial at p. 3.

¹¹ *Waukon Order* at para. 3 (citing *Kalamazoo*, *supra*).

The USAC Appeal Denial emphasized (and twice italicized) the *Waukon* exception's phrase "*to continue service under an existing contract,*" and the fact that "Gonzales did not submit any FY 2015 funding requests" for the services at issue, and concluded that "[b]ecause Gonzales was not continuing to receive services through an active contract, and instead signed *new contracts* with TeleQuality before the start of the 28-day waiting period for Gonzales's FY 2016 FCC Form 465, Gonzales did not comply with the FCC's competitive bidding rules."¹² In upholding that ruling, the Bureau's streamlined denial "agree[d] with USAC's assessment that the April 5, 2016 TeleQuality contracts were new contracts for FY 2016 executed 39 days before Gonzales posted its FY 2016 FCC Form 465."¹³

But, as shown above, these were not "new" contracts for FY 2016; they were contracts executed during FY 2015 that were intended to be for service during the latter months of FY 2015, and under which ordering and provisioning actually began during FY 2015, which allowed the circuits to actually be activated on July 1, 2016, one day into FY 2016.

The USAC appeal denial and the Bureau's streamlined denial also make much of the fact that the April 5, 2016 contracts stated that "the term shall begin upon circuit completion date,"¹⁴ and found that since "the underlying services had not been *activated* in FY 2015" but rather on the July 1, the first day of FY 2016, the contracts were not "existing active contracts" in FY 2015 that could be adopted for FY 2016.¹⁵ As the Bureau's denial stated:

TeleQuality officially activated the contracted services on July 1, 2016, *i.e.*, the beginning of FY 2016, and the contract term was to commence on that date. The exception outlined in the *Waukon Order* applies to the continuation of services

¹² USAC Appeal Denial at p. 3 (emphasis in original), *citing Waukon Order* at para. 9.

¹³ Bureau Streamlined Denial at n. 29.

¹⁴ USAC Appeal Denial at p. 2. *See also* Bureau Streamlined Denial at n. 29.

¹⁵ Bureau Streamlined Denial at n. 29 (emphasis supplied).

from one FY to the next under an existing, active contract; it does not apply to new contracts that were not in effect the previous FY or to new contracts for services that had not been activated in the previous FY. Because, in this instance, the contract term began on July 1, 2016, and the underlying services had not been activated in FY 2015, Gonzales could not have chosen to continue services from FY 2015 to FY 2016 under *Waukon*.¹⁶

With respect to the “contract term” issue, the term was *not* to commence on July 1, in FY 2016: it was to commence “upon circuit completion date.” As TQCI explained in its appeal to the Bureau, although under the contracts it was not to charge Gonzales for services until they were actually activated, it began to perform its obligations under the April 5 contracts immediately, in its best effort to *ready* the services for activation during FY 2015. As TQCI explained:

Once TQCI receives a signed contract, the provisioning process begins and the customer receives weekly updates on the status of the order. In the matter at hand, TQCI received signed contracts on April 5, 2016 and placed orders to the underlying carrier later in April, thus beginning the provisioning process. Provisioning a telecommunications network encompasses preparation of the service by the underlying carrier, facility work, configuration and installation of the customer premise equipment (CPE), and finally a test and turn up (TTU) process. The TTU process consists of connecting CPE to the circuit, testing the circuit, and customer acceptance of the circuit upon completion of testing. The intent of both TQCI and Gonzales was to have these services active as quickly as possible, and certainly within the then-active funding year. Due to the lack of carrier facilities and availability of technicians in this rural area, TQCI was unable to accomplish service activation prior to the end of FY 2015. However, TQCI was clearly working diligently on behalf of the customer, and regularly communicating this work to the customer, for the entire duration of time between receipt of signed customer contracts and eventual service activation. Although the underlying service hadn’t been activated, and thus the customer had not started receiving service bills, it is illogical to argue that TQCI was not providing valuable service to its customer.¹⁷

As TQCI concluded: “Gonzales expected to receive telecommunications service as quickly as possible from TQCI, which, in turn, was working diligently to accomplish the task.”¹⁸

Accordingly, Gonzales did have active, existing contracts with TQCI during FY 2015 that were eligible for adoption by Gonzales in FY 2016 under *Waukon*, in the absence of any

¹⁶ *Id.*

¹⁷ TQCI FCC Appeal at pp. 2-3

¹⁸ *Id.* at p. 3.

other bids. TQCI was performing the contracts in April, May and June of 2016, with the objective and intention of activating the services during FY 2015. Gonzales and TQCI should not be penalized for making best efforts to activate the services during FY 2015. Nor should Gonzales be penalized for not filing a Form 466 for those contracted services before the end of FY 2015, since the services had not yet been turned on or billed as of June 30, 2015.

To the extent that the streamlined Bureau denial found that “[t]he exception outlined in the *Waukon Order* . . . does not apply to . . . contracts for services that had not been *activated* in the previous FY,”¹⁹ TQCI respectfully submits that neither the *Waukon Order* nor the *Kalamazoo Order* stand for such a proposition, nor should such a finding be made now. First, in *Waukon*, wherein the HCP’s appeal was denied, the HCP had argued that it adhered to the competitive bidding rules because “*after it signed a service contract with Charter, it took appropriate action to seek competitive bids by posting an FCC Form 465.*”²⁰ In *Kalamazoo*, where there *was* an existing contract, the Bureau granted the appeal. And in the *Cochrane-Fountain City School District Order*, the precursor to *Kalamazoo* that established the existing-contract exception, the Bureau ruled that “an applicant with an existing contract that was not previously posted is obligated only to post its requests, carefully consider all bona fide bids submitted, and wait the requisite 28-day time period prior to renewing an existing contract for the funding year for which it is requesting discounts.”²¹ This is exactly what Gonzales did. In this case, Gonzales and TQCI adhered to the competitive bidding rules under all these

¹⁹ Bureau Streamlined Denial at n. 29 (emphasis added).

²⁰ *Waukon Order* at para. 5 (emphasis added).

²¹ *Request for Review by Cochrane-Fountain City School District, Federal-State Joint Board on Universal Service, Changes to the Board of Directors of the National Exchange Carrier Association, Inc.*, File No. SLD-140683, CC Dockets No. 96-45 and 97-21, Order, 15 FCC Rcd 16628 (Com. Car. Bur. 2000).

precedents, and Gonzales' adoption of the existing TQCI contracts falls squarely under the *Waukon* exception.²²


III. CONCLUSION

Failure to reverse USAC's erroneous decision to deny funding for these necessary telecommunications services would have a terrible and adverse impact on Gonzales. The budgetary ramifications of Gonzales being denied appropriate and proper funding would be great, and could force Gonzales to make difficult choices, such as whether to scale back the care provided at remote rural facilities, or possibly cut staffing levels, in order to offset the cost of lost RHC program funding. Gonzales followed the program rules, and should not be penalized for doing so simply because the factual situation around its program compliance is complex and confusing. The Bureau should uphold the spirit and purpose of the RHC program--assisting healthcare providers in rural communities to receive support for the often costly but critical telecommunications services required to provide quality healthcare--as well as its own precedents in *Cochrane*, *Kalamazoo* and *Waukon*, by granting this petition and restoring the appropriately-requested funding.

²² The Kalamazoo Order states specifically that "applicants who, after a bidding process, choose to continue service under an existing contract need not formally enter into a new contract," Kalamazoo at para. 7 (emphasis added), TQCI recognizes that the Bureau has suggested that it is "advisable" to "memorialize that decision after the bidding process is complete," Kalamazoo at para. 1. See Waukon at para. 3 (applicants are "encouraged to memorialize, at the conclusion of the 28-day waiting period, its decision to continue under the existing contract and to enter the date of its memorialization as the contract award"), inasmuch as "such action will help SLD to determine whether the applicant has in fact properly complied with the Commission's competitive bidding requirements" and that such a memorialization "will help SLD during application review to recognize instances where an applicant's reliance on an existing contract does not facially violate competitive bidding rules." Kalamazoo at para. 7. Indeed, TQCI's prior FCC Appeal acknowledged that this is a best practice, see *id.* at p. 4, and will follow this suggestion in any future HCP adoptions of existing contracts for which RHC funding will be sought.

Respectfully submitted,

TELEQUALITY COMMUNICATIONS, INC.

By 

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(202) 973-4288

Its Attorney

June 29, 2017

DECLARATION

I declare under penalty of perjury that the foregoing Petition for Reconsideration is true and correct to the best of my knowledge and belief.

Executed on this 28 day of June, 2017

A handwritten signature in black ink, appearing to read 'Justin A. Volker', written over a horizontal line.

Justin A. Volker
Director of Regulatory Affairs
TeleQuality Communications, Inc.

EXHIBIT 1

Funding Year 2015 FCC Form 465

Health Care Providers Universal Service
Description of Services Requested & Certification Form

Estimated time per response: 1 hour

Read instructions thoroughly before completing this form. Failure to comply may cause delayed or denied funding.

Form 465 Application Number (assigned by RHCD) 43150101

Block 1: HCP Location Information

Information required in this block applies to the physical location of the HCP. Do not enter a "PO Box" or "Rural Route" address.

1 HCP Number 26215	2 Consortium Name	
3 HCP Name Gonzales Community Health Center	4 HCP FCC Registration Number (FCC RN) 0023314917	
5 Contact Name Raziell De La Barreda		
6 Address Line 1 228 St. George Street		
7 Address Line 2 PO Box 1890	8 County Gonzales	
9 City Gonzales	10 State TX	11 ZIP Code 78629
12 Phone #(830) 672-6511 206	13 Fax #(830) 672-6430	14 E-mail delabarredar.gonzales@tachc.org

Block 2: HCP Mailing Contact Information

15 Is the HCP's mailing address (where correspondence should be sent) different from its physical location described in Block 1?	<input checked="" type="checkbox"/> Yes, complete Block 2 <input type="checkbox"/> No, go to Block 3.	
16 Contact Name Raziell De La Barreda	17 Organization Community Health Centers of South Central Texas Inc.	
18 Address Line 1 P.O. Box 1890		
19 Address Line 2		
20 City Gonzales	21 State TX	22 ZIP Code 78629
23 Phone #(830) 672-6511 206	24 Fax #(830) 672-6430	25 E-mail delabarredar.gonzales@tachc.org

Block 3: Funding Year Information

26 Funding Year (Check only one box)
<input type="checkbox"/> Year 2013 (7/1/2013-6/30/2014) <input type="checkbox"/> Year 2014 (7/1/2014-6/30/2015) <input checked="" type="checkbox"/> Year 2015 (7/1/2015-6/30/2016)

Block 4: Eligibility

27 Only the following types of HCPs are eligible. Indicate which category describes the applicant. (Check only one.)	
<input type="checkbox"/> Post-secondary educational institution offering health care instruction, teaching hospital or medical school	<input type="checkbox"/> Rural health clinic
<input checked="" type="checkbox"/> Community health center or health center providing health care to migrants	<input type="checkbox"/> Consortium of the above
<input type="checkbox"/> Local health department or agency	<input type="checkbox"/> Dedicated ER of rural, for-profit hospital
<input type="checkbox"/> Community mental health center	<input type="checkbox"/> Part-time eligible entity
<input type="checkbox"/> Not-for-profit hospital	

28 If consortium, dedicated emergency department, or part-time eligible entity was selected in Line 27, please describe the entity.

29 Please describe the eligible health care provider's telecommunications and/or Internet service needs, so that service providers may bid to provide the services. The description should describe whether video or store and forward consultations will be used, whether large image files or X-rays will be transmitted, the quality of connection needed, or other relevant considerations. Need communication between locations to facilitate healthcare, for the underserved communities.

Block 5: Request for Services

30 Is the HCP requesting reduced rates for:
<input type="checkbox"/> Both Telecommunications & Internet Services <input checked="" type="checkbox"/> Telecommunications Service ONLY <input type="checkbox"/> Internet Service ONLY

Block 6: Certification

31 <input checked="" type="checkbox"/> I certify that I am authorized to submit this request on behalf of the above-named entity or entities, that I have examined this request, and that to the best of my knowledge, information, and belief, all statements of fact contained herein are true.	
32 <input checked="" type="checkbox"/> I certify that the health care provider has followed any applicable State or local procurement rules.	
33 <input checked="" type="checkbox"/> I certify that the telecommunications services and/or Internet access charges that the HCP receives at reduced rates as a result of the HCPs' participation in this program, pursuant to 47 U.S.C. Sec. 254 as implemented by the Federal Communications Commission, will be used solely for purposes reasonably related to the provision of health care service or instruction that the HCP is legally authorized to provide under the law of the state in which the services are provided and will not be sold, resold, or transferred in consideration for money or any other thing of value.	
34 <input checked="" type="checkbox"/> I certify that the health care provider is a non-profit or public entity.	
35 <input checked="" type="checkbox"/> I certify that the health care provider is located in a rural area. Visit the RHCD website: (http://www.usac.org/rhc/tools/rhcd/Rural/2005/search.asp) or contact RHCD at 1-800-229-5476 for a listing of rural areas.	
36 <input checked="" type="checkbox"/> Pursuant to 47 C.F.R. Secs. 54.601 and 54.603, I certify that the HCP or consortium that I am representing satisfies all of the requirements herein and will abide by all of the relevant requirements, including all applicable FCC rules, with respect to funding provided under 47 U.S.C. Sec. 254.	
37 Signature Electronically signed	38 Date 13-Jan-2015
39 Printed name of authorized person Raziel De La Barreda	40 Title or position of authorized person Chief Information Officer
41 Employer of authorized person Community Health Center Of South Central Texas Inc	42 Employer's FCC RN 0023314917

Please remember:

- Form 465 is the **first** step a health care provider must take in order to receive the benefit of reduced rates resulting from participation in this universal service support program.
- After the HCP submits a complete and accurate Form 465, the RHCD will post it on the RHCD web site for 28 days.
- HCPs may not enter into agreements to purchase eligible services from service providers before the **28 days expire**.
- After the HCP selects a service provider, the HCP must initiate the **next** step in the application process, the filing of Form 466 and/or 466A.

Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act, 47 U.S.C. Secs. 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. Sec. 1001.

FCC NOTICE FOR INDIVIDUALS REQUIRED BY THE PRIVACY ACT AND THE PAPERWORK REDUCTION ACT

Part 3 of the Commission's Rules authorize the FCC to request the information on this form. The purpose of the information is to determine your eligibility for certification as a health care provider. The information will be used by the Universal Service Administrative Company and/or the staff of the Federal Communications Commission, to evaluate this form, to provide information for enforcement and rulemaking proceedings and to maintain a current inventory of applicants, health care providers, billed entities, and service providers. No authorization can be granted unless all information requested is provided. Failure to provide all requested information will delay the processing of the application or result in the application being returned without action. Information requested by this form will be available for public inspection. Your response is required to obtain the requested authorization.

The public reporting for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the required data, and completing and reviewing the collection of information. If you have any comments on this burden estimate, or how we can improve the collection and reduce the burden it causes you, please write to the Federal Communications Commission, AMD-PER, Paperwork Reduction Act Project (3060-0804), Washington, DC 20554. We will also accept your comments regarding the Paperwork Reduction Act aspects of this collection via the Internet if you send them to pra@fcc.gov. PLEASE DO NOT SEND YOUR RESPONSE TO THIS ADDRESS.

Remember - You are not required to respond to a collection of information sponsored by the Federal government, and the government may not conduct or sponsor this collection, unless it displays a currently valid OMB control number or if we fail to provide you with this notice. This collection has been assigned an OMB control number of 3060-0804.

THE FOREGOING NOTICE IS REQUIRED BY THE PRIVACY ACT OF 1974, PUBLIC LAW 93-579, DECEMBER 31, 1974, 5 U.S.C. 552a(e)(3) AND THE PAPERWORK REDUCTION ACT OF 1995, PUBLIC LAW 104-13, OCTOBER 1, 1995, 44 U.S.C. SECTION 3507.

This form should be submitted to:

Rural Health Care Division
30 Lanidex Plaza West, P.O.Box 685
Parsippany NJ 07054-0685

EXHIBIT 2

Funding Year 2016 FCC Form 465

Health Care Providers Universal Service
Description of Services Requested & Certification Form

Estimated time per response: 1 hour

Read instructions thoroughly before completing this form. Failure to comply may cause delayed or denied funding.

Form 465 Application Number (assigned by RHCD) 43165467

Block 1: HCP Location Information

Information required in this block applies to the physical location of the HCP. Do not enter a "PO Box" or "Rural Route" address.

1 HCP Number 26215	2 Consortium Name	
3 HCP Name Gonzales Community Health Center	4 HCP FCC Registration Number (FCC RN) 0023314917	
5 Contact Name Raziel De La Barreda		
6 Address Line 1 228 St. George Street		
7 Address Line 2 PO Box 1890	8 County Gonzales	
9 City Gonzales	10 State TX	11 ZIP Code 78629
12 Phone # (830) 672-6511 206	13 Fax # (830) 672-6430	14 E-mail delabarredar.gonzales@tachc.org

Block 2: HCP Mailing Contact Information

15 Is the HCP's mailing address (where correspondence should be sent) different from its physical location described in Block 1?	<input checked="" type="checkbox"/> Yes, complete Block 2 <input type="checkbox"/> No, go to Block 3.	
16 Contact Name Raziel De La Barreda	17 Organization Community Health Centers of South Central Texas Inc.	
18 Address Line 1 P.O. Box 1890		
19 Address Line 2		
20 City Gonzales	21 State TX	22 ZIP Code 78629
23 Phone # (830) 672-6511 206	24 Fax # (830) 672-6430	25 E-mail delabarredar.gonzales@tachc.org

Block 3: Funding Year Information

26 Funding Year (Check only one box)
<input checked="" type="checkbox"/> Year 2016 (7/1/2016-6/30/2017) <input type="checkbox"/> Year 2017 (7/1/2017-6/30/2018) <input type="checkbox"/> Year 2018 (7/1/2018-6/30/2019)

Block 4: Eligibility

27 Only the following types of HCPs are eligible. Indicate which category describes the applicant. (Check only one.)	
<input type="checkbox"/> Post-secondary educational institution offering health care instruction, teaching hospital or medical school	<input type="checkbox"/> Rural health clinic
<input checked="" type="checkbox"/> Community health center or health center providing health care to migrants	<input type="checkbox"/> Consortium of the above
<input type="checkbox"/> Local health department or agency	<input type="checkbox"/> Dedicated ER of rural, for-profit hospital
<input type="checkbox"/> Community mental health center	<input type="checkbox"/> Part-time eligible entity
<input type="checkbox"/> Not-for-profit hospital	

28 If consortium, dedicated emergency department, or part-time eligible entity was selected in Line 27, please describe the entity.

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Block 5: Request for Services

30 Is the HCP requesting reduced rates for:
<input type="checkbox"/> Both Telecommunications & Internet Services <input checked="" type="checkbox"/> Telecommunications Service ONLY <input type="checkbox"/> Internet Service ONLY

Block 6: Certification

31 <input checked="" type="checkbox"/> I certify that I am authorized to submit this request on behalf of the above-named entity or entities, that I have examined this request, and that to the best of my knowledge, information, and belief, all statements of fact contained herein are true.	
32 <input checked="" type="checkbox"/> I certify that the health care provider has followed any applicable State or local procurement rules.	
33 <input checked="" type="checkbox"/> I certify that the telecommunications services and/or Internet access charges that the HCP receives at reduced rates as a result of the HCPs' participation in this program, pursuant to 47 U.S.C. Sec. 254 as implemented by the Federal Communications Commission, will be used solely for purposes reasonably related to the provision of health care service or instruction that the HCP is legally authorized to provide under the law of the state in which the services are provided and will not be sold, resold, or transferred in consideration for money or any other thing of value.	
34 <input checked="" type="checkbox"/> I certify that the health care provider is a non-profit or public entity.	
35 <input checked="" type="checkbox"/> I certify that the health care provider is located in a rural area. Visit the Eligible Rural Areas Search Tool on the Telecommunications Program web page at http://usac.org/rhc/telecommunications/tools/rural/search/search.asp or contact RHCD at (800) 453-1546 for a listing of rural areas.	
36 <input checked="" type="checkbox"/> Pursuant to 47 C.F.R. Secs. 54.601 and 54.603, I certify that the HCP or consortium that I am representing satisfies all of the requirements herein and will abide by all of the relevant requirements, including all applicable FCC rules, with respect to funding provided under 47 U.S.C. Sec. 254.	
37 Signature Electronically signed	38 Date 24-May-2016
39 Printed name of authorized person Raziel De La Barreda	40 Title or position of authorized person Chief Information Officer
41 Employer of authorized person Community Health Center Of South Central Texas Inc	42 Employer's FCC RN 0023314917

Please remember:

- ◆ Form 465 is the first step a health care provider must take in order to receive the benefit of reduced rates resulting from participation in this universal service support program.
- ◆ After the HCP submits a complete and accurate Form 465, RHCD will post it on the RHCD web site for 28 days.
 - ◆ HCPs may not enter into agreements to purchase eligible services from service providers before the **28 days expire**.
 - ◆ After the HCP selects a service provider, the HCP must initiate the **next** step in the application process, the filing of Form 466 and/or 466A.

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This form should be submitted online through the RHC Program online application system, My Portal.
<https://forms.universalservice.org/usaclogin/login.asp>

EXHIBIT 3

Document Associations Spreadsheet

[illegible]