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December 13, 2011

## VIA ELECTRONIC MAIL

Ms. Tess Ellis  
Senior Manager  
Rural Health Care Program  
Universal Service Administrative Company  
2000 L Street NW, Suite 200  
Washington DC 20036

Re: Pilot Program Consortium Participation in the Rural Health Care Program

Dear Ms. Ellis:

We represent SCANA Communications d/b/a FRC LLC (FRC) which is a telecommunications carrier currently providing telecommunications services to the Palmetto State Providers Network (PSPN). PSPN is a growing network of over 55 eligible health care providers (HCPs) operating as a consortium pursuant to section 54.601 of the Federal Communications Commission (FCC) rules governing the Rural Health Care Program (RHC),<sup>1</sup> as well as a successful RHC Pilot Program awardee. We are contacting you pursuant to FCC rules which require carriers participating in consortia to establish the urban and rural base rates and distance sensitive charges necessary to calculate RHC support.<sup>2</sup>

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<sup>1</sup> See 47 C.F.R. § 54.601(a)(2)(vii) (consortia of eligible HCPs are eligible to receive supported services); *see also* 54.601(b)(1) (HCPs may join consortia).

<sup>2</sup> 47 C.F.R. §§ 54.609(a)(3) (“a telecommunications carrier that provides telecommunications service to a rural health care provider participating in an eligible health care consortium, and the consortium must establish the applicable rural base rates for telecommunications service for the health care provider's portion of the shared telecommunications services, as well as the applicable urban base rates for the telecommunications service.”); 54.609(a)(1)(iv) (“a telecommunications carrier that provides telecommunications services to a rural health care provider participating in an eligible health care consortium, and the consortium must establish the actual distance-based charges for the health care provider’s portion of the shared telecommunications services.”).

As you know, network sustainability is a requirement imposed on PSPN by FCC rules governing the Pilot Program.<sup>3</sup> PSPN's USAC-approved 10-year sustainability plan<sup>4</sup> is dependent both on receiving RHC support beginning in funding year (FY) 2012,<sup>5</sup> and on maintaining administrative efficiencies made possible by operating as a consortium.

We seek USAC's assistance as we work with PSPN to establish an urban-rural support calculation method for consortium members that USAC will find acceptable. We also seek USAC's assistance in defining a consortia application process that will allow PSPN to continue to apply for and receive discounts as a consortium – as expressly permitted under program rules – rather than as hundreds of individual HCPs.

With the closing of the 2012 RHC funding window less than six months away, we hope to engage with you on these issues as soon as reasonably possible. Indeed, as HCPs plan their 2012 budgets, FRC and PSPN are receiving inquiries concerning available RHC support on an almost daily basis.

#### Additional Background

In 2007, as part of the Pilot Program, PSPN received a \$7.9 million funding award to establish a statewide health broadband network. In 2009, pursuant to a USAC-reviewed competitive bidding process, PSPN entered into a 10-year “evergreen” services contract with FRC. Among other things, the PSPN service contract requires FRC to “cooperate with PSPN to promote and encourage the expansion of the network.”<sup>6</sup>

The PSPN Sustainability Plan provided for three years of Pilot Program support for each consortium participant. Therefore, beginning in FY 2012, a substantial number of PSPN participants will stop receiving support through the Pilot Program. Eligible participants that meet the FCC's definition of “rural” will then be eligible to receive support through the RHC. In addition, a significant number of new eligible HCPs are interested in joining the PSPN consortium. These new HCPs are too late to participate in the Pilot Program, however, they seek to join the consortium and participate through the primary RHC program.

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<sup>3</sup> See *Rural Health Care Support Mechanism, WC Docket No. 02-60, Order, 22 FCC Rcd 20360, ¶ 54 (2007) (RHCPP Selection Order)*; see also *id.*, fn. 172 (“To the extent a network is not self sustainable once established, that may be an indicia of non-compliance with the terms of this Order . . .”).

<sup>4</sup> See PSPN RHC Pilot 14<sup>th</sup> Quarterly Report, at 42-53, <http://fjallfoss.fcc.gov/ecfs/document/view?id=7021717570> (“Sustainability Plan”).

<sup>5</sup> See *id.* at 4 (“Beginning in month 37 of the [120-month FRC] service agreement eligible locations will enroll in the regular [RHC] funding mechanism. . .”).

<sup>6</sup> See *id.* at 45. Note that PSPN must approve any new locations or entities using the network, and FRC is required to ensure that any non-eligible consortium members contribute their fair share to network common costs. *Id.*

Specific Objectives

Our purpose in contacting you is to propose a schedule and process that will allow USAC to complete what appears to be a “rate case” (as described on the USAC RHC website)<sup>7</sup> for the PSPN consortium. We suggest the following steps to such a process:

1. Mid-December 2011 – Familiarize USAC staff that administer the RHC program with the PSPN generally. Telephonically discuss with USAC the rate case process and how it might be utilized in this case; obtain any other thoughts or suggestions USAC is able to provide.
2. Early January 2012 – Provide network design, sustainability plan, and pricing structure information to further familiarize USAC staff with the PSPN. PSPN and FRC jointly submit to USAC (as required under the rules) a proposed PSPN RHC support calculation methodology including a proposed consortium-level 465 and 466/466-A application packet.
3. Mid-January 2012 – If necessary, follow-up with an in-person meeting at USAC at which representatives from FRC and PSPN would be available to discuss the proposal and answer any questions.
4. February 2012 – Receive a final decision from USAC on the PSPN rate case.
5. March 2012 – Receive definitive guidance from USAC on an appropriate consortium application process.

We would like to follow-up this letter with a call to discuss item #1 above and to see whether USAC has any question or concerns about the proposed process and schedule.

Best regards,



Jeffrey A. Mitchell  
Counsel for FRC

cc Don Lewis  
Stefani Waterson, Esq.  
USAC

Dr. W. Roger Poston  
Palmetto State Providers Network

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<sup>7</sup> See USAC RHC Program website, Glossary of Terms, <http://www.usac.org/rhc/tools/glossary-terms-detailed.aspx>.