

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, DC 20554**

In The Matter Of	)	
	)	
Rural Health Care Support Mechanism	)	WC Docket No. 02-60
	)	
Wireline Competition Bureau Seeks Further	)	
Comment on Issues in the Rural Health	)	DA 12-1166
Care Reform Proceeding	)	

**REPLY COMMENTS OF CHARTER COMMUNICATIONS, INC.**

Charter Communications, Inc. (“Charter”), by its attorneys, hereby submits its Reply Comments on the Wireline Competition Bureau’s *Public Notice* in this proceeding (DA 12-1166, rel. July 19, 2012) (the “*Public Notice*”), in this proceeding.

Charter, the nation’s fourth largest cable company and an active service provider and network vendor in the Commission’s existing Rural Health Care (“RHC”) support program and Rural Health Care Pilot Program (“Pilot Program”), has participated in earlier stages of this proceeding.<sup>1</sup> Charter urged the Commission to make the new program’s application, funding and reporting processes more streamlined and user-friendly, to overcome the historical reticence of many smaller rural health providers to submit to the resource-intensive, burdensome program regulations, restrictions and administrative requirements that have characterized the existing

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<sup>1</sup> See Comments of Charter Communications, Inc., filed Sept. 8, 2010; Reply Comments, filed Sept. 23, 2010; *Ex Parte* submission, filed Nov. 16, 2010.

program. Among many other recommendations, Charter proposed that the Commission allow flexibility in network ownership or lease arrangements.

**I. THE COMMISSION SHOULD PERMIT AND ENCOURAGE LEASE ARRANGEMENTS IN THE NEW BROADBAND SERVICES PROGRAM**

Charter is heartened by the Bureau's recognition in the *Public Notice* that, in moving toward a final Report and Order in this proceeding, the Commission "can greatly benefit from the experience . . . and the lessons learned" in the Commission's ongoing Pilot Program, the testbed upon which the modernized Rural Health Care program is to be built. Most particularly, Charter applauds the Bureau's key observation that:

Although the Commission allowed Pilot projects to receive support to construct and own broadband network facilities, many Pilot projects chose to lease broadband services from commercial service providers as a way to implement broadband networks connecting HCPs. Projects chose to lease services instead of building networks because HCPs did not want to own or manage the networks and could more easily obtain needed broadband without owning the facilities or incurring administrative and other costs associated with network ownership. In light of the number of successful projects that elected to lease services instead of constructing networks, this Public Notice focuses on deepening the record regarding the Commission's proposed Broadband Services Program and the participation by consortia, including Pilot projects, in such a program.<sup>2</sup>

As Charter stated in its initial comments and reply comments in this proceeding, its experience has been that many RHPs-- who are in the business of health care for patients, not telecommunications-- prefer non-capital lease arrangements wherein ownership and the associated duties of network management and maintenance reside in a qualified, expert network provider. Further, many leading network providers, including Charter, will naturally wish to maintain

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<sup>2</sup> *Public Notice* at ¶ 4.

ownership and control of network facilities that may serve other community users as well. In short, RHPs should not be subjected to a one-size-fits-all ownership requirement that many participants will neither desire nor feel capable of executing. The Bureau's recent Staff Report *Evaluation of Rural Health Care Pilot Program* strongly validated these conclusions:

There may be several reasons why Pilot projects have not generally chosen to construct and own their own broadband facilities. First, running a network is a complex and technical task, and using third-party services can be simpler. Second, it has not always proven necessary for projects to own the facilities in order to obtain broadband deployment to sites previously unserved by high-speed connections. In many cases, service providers have laid fiber and made other investments where necessary to enable them to provide the services requested. Third, through long-term contracts, prepaid leases, and IRUs, projects have been able to obtain low prices for long terms as well as high service quality and reliability and virtual private network configurations. Thus, for many projects it has been unnecessary for the Pilot projects to own the network facilities in order to secure good pricing and high service quality. Fourth, by purchasing services as opposed to owning the network, projects can obtain the underlying services from a range of service providers, and thus can obtain a broader geographic reach, coordinated services, and often lower prices. Fifth, purchasing services allows HCPs to avoid the risk and cost of owning facilities. Finally, HCPs are not permitted to sell, resell, or otherwise transfer communications services or network capacity purchased through the rural health care mechanism.<sup>3</sup>

The comments submitted in response to the *Public Notice* on this topic are virtually unanimous in their affirmation of the Bureau's conclusion that lease arrangements should be permitted and indeed encouraged in the new Broadband Services Program. For example, GCI stated that "while multi-year contracting should be encouraged, mandating facilities ownership, an IRU, or a capital lease simply denies HCPs flexibility in determining how best to procure networks and to provide for future growth;"<sup>4</sup> and the Western New York Rural Area Health Education Center testified that it "was fortunate enough to be able to participate as one of those pilot projects that

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<sup>3</sup> See *Wireline Competition Bureau Evaluation of Rural Health Care Pilot Program*, Staff Report, WC Docket No. 02-60, DA 12-1332 (rel. Aug. 13, 2012) at ¶ 92.

<sup>4</sup> Comments of General Communications, Inc., filed Aug. 23, 2012, at 8.

chose to lease our services. Some of the core reasoning and rationale behind this was: (1) Several of our HCPs operate with limited staff. It would be overwhelming to ask them to own, maintain, and manage a communications network. (2) Leasing the network allows us the flexibility to keep pace with the ever-changing and advancing technologies.”<sup>5</sup> These and many other Pilot Program commenters attest that leasing of network services rather than facilities ownership should be encouraged in the new program.<sup>6</sup> Those attestations should be adopted in the new program rules.

## **II. THE COMMISSION SHOULD ADOPT OTHER PRUDENT PROPOSALS BASED ON THE EXPERIENCE OF PILOT PROGRAM PARTICIPANTS**

Charter has been privileged to serve as a significant network vendor to two successful Pilot Program projects, namely those of the Oregon Health Network (OHN) and the Rural Wisconsin Health Cooperative (RWHC). OHN and RWHC, as well as many other Pilot Program participants, filed comments on the instant *Public Notice*. Charter supports the comments of these worthy RHC consortia, including their views supporting inclusion of and funding for non-rural sites that serve as hubs or otherwise play integral roles in RHC networks;<sup>7</sup> that the new program should omit references to “point-to-point connectivity” in favor of greater flexibility in service definitions;<sup>8</sup> that support for network equipment should be permitted;<sup>9</sup> and

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<sup>5</sup> Comments of Western New York Rural Area Health Education Center, filed Aug. 21, 2012, at 5.

<sup>6</sup> See, e.g., Comments of Hospital Sisters Health System at 5; National Telecommunications Cooperative Assn. at 2-3; North Carolina Telecommunications Network at 4; Montana Telecommunications Assn. at 4-6.

<sup>7</sup> See Comments of OHN at 4-5; Comments of RWHC at 2.

<sup>8</sup> Comments of OHN at 8-9; Comments of RWHC at 3.

<sup>9</sup> Comments of OHN at 9; Comments of RWHC at 3.

that the competitive bidding process should be streamlined, for example, to allow Requests for Quotes (RFQs) in lieu of detailed Requests for Proposals (RFPs) in appropriate circumstances.<sup>10</sup>

Respectfully submitted,

CHARTER COMMUNICATIONS, INC.



Robert E. Quicksilver  
Mark E. Brown  
Charter Communications, Inc.  
12405 Powerscourt Drive  
St. Louis, MO 63131

Paul Glist  
James M. Smith  
DAVIS WRIGHT TREMAINE LLP  
1919 Pennsylvania Avenue, N.W.  
Suite 800  
Washington, D.C. 20006  
202-973-4200

Its Attorneys

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<sup>10</sup> Comments of OHN at 11-12; Comments of RWHC at 4.