



FEDERAL COMMUNICATIONS COMMISSION

47 CFR Part 54

[WC Docket No. 18-89; DA 21-355; FRS 19427]

Wireline Competition Bureau Seeks Comment on a Report and Preliminary Cost Catalog and Replacement List to Help Providers Participate in the Supply Chain Reimbursement Program

AGENCY: Federal Communications Commission.

ACTION: Notification.

SUMMARY: In this document, the Wireline Competition Bureau (Bureau) invites interested parties to comment on the Supply Chain Reimbursement Program Study (Report) and a preliminary Catalog of Eligible Expenses and Estimated Costs (Catalog) to assist the Federal Communications Commission (Commission) with establishing the Secure and Trusted Communications Networks Reimbursement Program (Reimbursement Program).

DATES: Comments are due April 26, 2021.

ADDRESSES: Pursuant to §§ 1.415 and 1.419 of the Commission's rules, interested parties may file comments on or before the date indicated on the first page of this document. Comments must reference WC Docket No. 18-89 and must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS).

- **Electronic Filers:** Comments may be filed electronically using the Internet by accessing ECFS: <https://www.fcc.gov/ecfs/>.
- **Paper Filers:** Parties who choose to file by paper must file an original and one copy of each filing. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail.
 - Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9050 Junction Drive, Annapolis Junction, MD 20701.
 - U.S. Postal Service First-Class, Express, and Priority mail must be addressed to 45 L Street NE, Washington, DC 20554.

- Effective March 19, 2020, and until further notice, the Commission no longer accepts any hand or messenger delivered filings at its headquarters. This is a temporary measure taken to help protect the health and safety of individuals, and to mitigate the transmission of COVID-19. The Commission encourages outside parties to take full advantage of the Commission's electronic filing system. Any party that is unable to meet the filing deadline due to the building closure may request a waiver of the comment or reply comment deadline, to the extent permitted by law.

People with Disabilities. To request materials in accessible formats for people with disabilities (Braille, large print, electronic files, audio format), the Commission asks that requests for accommodations be made as soon as possible in order to allow the agency to satisfy such requests whenever possible. Send an email to fcc504@fcc.gov or call the Consumer and Governmental Affairs Bureau at (202) 418-0530.

FOR FURTHER INFORMATION CONTACT: Christopher Koves, Wireline Competition Bureau, 202-418-7400 or by email at SupplyChain@fcc.gov. We ask that requests for accommodations be made as soon as possible in order to allow the agency to satisfy such requests whenever possible. Send an email to fcc504@fcc.gov or call the Consumer and Governmental Affairs Bureau at (202) 418-0530.

SUPPLEMENTARY INFORMATION: This is a summary of the Bureau's Public Notice (Notice) in WC Docket No. 18-89; DA 21-355, released on March 25, 2021. The full text of this document is available at the following Internet address: <https://www.fcc.gov/document/fcc-releases-preliminary-supply-chain-reimbursement-program-documents>.

1. By the Notice, the Bureau invites interested parties to comment on the Report and a preliminary Catalog, <https://docs.fcc.gov/public/attachments/DA-21-355A1.pdf>, to assist the Commission with establishing the Reimbursement Program. The Report and Catalog will help eligible providers of advanced communications services participate in the Reimbursement Program. The Bureau also seeks comment on a preliminary List of Categories of Suggested Replacement Equipment and Services (Replacement List) to aid with the replacement of communications equipment and services deemed to pose an unacceptable risk to U.S. national security or the security and safety of U.S. persons (i.e., covered communications equipment or services).

2. Section 4 of the Secure and Trusted Communications Networks Act of 2019 (Secure Networks Act), as amended, directs the Commission to establish a Reimbursement Program for the

reimbursement of costs incurred by eligible providers of advanced communications services for the removal, replacement, and disposal of any covered communications equipment or services. Eligible providers include those providers that have previously obtained covered communications equipment or services, and, as recently amended, includes providers with up to 10 million or fewer customers. Eligible providers seeking reimbursement are required to submit an “initial reimbursement cost estimate at the time of application, with supporting materials substantiating the costs.” The Commission is required, as part of the Reimbursement Program, to develop a Replacement List to assist participants.

3. On December 11, 2020, the Commission adopted the *Supply Chain Second Report and Order*, 86 FR 2904, January 13, 2021, which, among other measures, promulgated rules for the Reimbursement Program and the Replacement List. The Commission interpreted “providers of advanced communications service” to mean those providers with a broadband connection to an end user with at least a speed of 200 kbps in one direction and promulgated a “costs reasonably incurred” standard to determine reimbursement expense eligibility. The Commission also directed the Bureau to develop and finalize a Catalog to “identify reimbursable costs with as much specificity as possible, provide guidance to entities seeking reimbursement, streamline the reimbursement process, and increase accountability.”

4. The Bureau contracted with Widelity, Inc. (Widelity) to produce a report detailing the anticipated steps in removing, replacing, and disposing of covered communications equipment or services and an initial proposed version of the Catalog and Replacement List. Widelity conducted a series of confidential interviews with a broad range of communications industry stakeholders to understand the process and costs associated with removing, replacing, and disposing of covered communications equipment or services. The Bureau now seeks comment on the Report, Catalog, and Replacement List.

5. *Report: Supply Chain Reimbursement Program Study*. Widelity produced the Report detailing the “requirements, timing, and costs involved in the removal, replacement, and disposal of covered communications equipment, or services, from the networks of advanced communications service providers” participating in the Reimbursement Program. The Report provides an industry and technology overview and explains Widelity’s methodologies used to develop the initial version of the proposed Catalog and Replacement List. In preparing the Report, Widelity focused on the removal, replacement, and disposal of communications equipment and services produced or provided by Huawei and ZTE.

Widely acknowledges that the reimbursement process will be “complex and resource intensive” but concludes that the Reimbursement Program “can be achieved with the desired outcomes.”

6. The Bureau seeks comment from interested parties on the Report, including Widely’s methodologies, and how the Report should inform the Reimbursement Program. In particular, does the Report accurately capture all anticipated steps and categories of expenses associated with the removal, replacement, and disposal of covered communications equipment or services?

7. *Catalog of Eligible Expenses and Estimated Costs*. The Catalog is intended to “help the Commission and applicants satisfy the Secure Networks Act’s requirements[,] not only by helping applicants with transition planning and estimating costs for application submissions, but also with identifying potential replacement equipment and services and expediting the Commission’s reimbursement request review process.” When requesting funding from the Reimbursement Program, applicants “can reference the final [Catalog], which will contain a list of many, but not necessarily all, of the relevant expenses in lieu of providing additional supporting documentation to justify the specific cost estimate.” As the Commission said, “[i]f an applicant believes the predetermined estimate does not fully account for its specific circumstances or a predetermined cost estimate is not provided in the [Catalog] for the cost identified by the applicant, the applicant can provide its own individualized cost estimate.”

8. Widely produced the proposed Catalog, which includes a range of cost estimates, organized by category and subcategory of communications equipment and services, that may be eligible for reimbursement under the Reimbursement Program. These suggested costs are estimates only and are not meant to indicate that reimbursement will reflect the estimated costs. As the Commission explained, listing in the Catalog is not a guarantee of reimbursement for any individual expense under the Reimbursement Program. All claimed cost estimates submitted in a reimbursement application are subject to review by Commission staff to ensure each expense and request for reimbursement is reasonable. The Catalog is not exhaustive and inclusion or exclusion of a particular category of costs should not be read to state or imply that the expense will or will not be eligible for reimbursement. After considering public comments on the proposed Catalog, the Bureau will issue a public notice adopting a final version of the Catalog.

9. The Bureau seeks comment from interested parties on the proposed Catalog, including

the suggested ranges of estimated costs and cost categories and subcategories, and how the Catalog should inform the Reimbursement Program. To what extent are the cost estimates included in the proposed Catalog reasonable? Are the suggested cost ranges likely to help carriers estimate the costs for application submissions and identify potential replacement equipment and services? Are there additional cost categories and subcategories that should be included in the final Catalog?

10. *List of Categories of Suggested Replacement Equipment and Services.* Section 4(d)(1) of the Secure Networks Act directs the Commission to establish a Replacement List that “will identify categories of suggested replacements of real and virtual hardware and software equipment and services to guide providers removing covered communications equipment from their networks.” The Commission explained that the Catalog would “inform the Replacement List by helping to target the type of equipment that will be removed and replaced.” The Commission found that the “Replacement List should include equipment and services equipped, or upgradable to, be used in [Open Radio Access Networks (O-RAN)], or in virtualized networks.” In adopting a rule for the Replacement List, however, the Commission declined “to identify specific equipment and services” or a “list of manufacturers” due to concerns about “inadvertently overlooking some equipment or manufacturers,” “influenc[ing] purchases” by appearing “to convey that the Commission believes certain equipment meets quality and security metrics,” and possibly leading to “security threats.”

11. Widelity produced the proposed Replacement List which includes categories of replacement equipment and services that may be used to replace potentially covered equipment and services under the Reimbursement Program. Widelity relied on the network categories the Commission’s Office of Economics and Analytics developed to identify Huawei and ZTE equipment and services potentially subject to replacement, removal, and disposal. Based on these network categories, Widelity analyzed core layer, distribution layer, access layer software, and services to prepare the proposed Replacement List. After considering public comments on the proposed Replacement List, the Bureau will release a public notice adopting the final version of the Replacement List which will be published on the Commission’s website and annually updated to ensure that it remains current consistent with the *Supply Chain Second Report and Order*.

12. The Bureau seeks comment on the proposed Replacement List. Are there additional

categories of equipment and services that could be used to replace potentially covered communications equipment and services that the Bureau should include in the Replacement List?

13. *Ex Parte Rules.* This matter shall be treated as a “permit-but-disclose” proceeding in accordance with the Commission’s *ex parte* rules. Persons making *ex parte* presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral *ex parte* presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the *ex parte* presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter’s written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during *ex parte* meetings are deemed to be written *ex parte* presentations and must be filed consistent with rule 1.1206(b). In proceedings governed by rule 1.49(f) or for which the Commission has made available a method of electronic filing, written *ex parte* presentations and memoranda summarizing oral *ex parte* presentations, and all attachments thereto, must be filed in their native format (e.g., .doc, .xml, .ppt, searchable .pdf). Participants in this proceeding should familiarize themselves with the Commission’s *ex parte* rules.

FEDERAL COMMUNICATIONS COMMISSION

Cheryl Callahan
Assistant Chief, Telecommunications Access Policy Division
Wireline Competition Bureau.

[FR Doc. 2021-07173 Filed: 4/8/2021 4:15 pm; Publication Date: 4/12/2021]