



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

February 4, 2022

The Honorable Maria Cantwell
Chair
Committee on Commerce, Science, and Transportation
United States Senate
512 Dirksen Senate Office Building
Washington, DC 20510

Dear Chair Cantwell:

As required by section 4(d)(5)(B) of the Secure and Trusted Communications Networks Act of 2019 (Secure Networks Act), 47 U.S.C. § 1603(d)(5)(B), the Federal Communications Commission (Commission) hereby notifies the Committee on Energy and Commerce and the Committee on Appropriations of the House of Representatives, and the Committee on Commerce, Science, and Transportation and the Committee on Appropriations of the Senate, that, based on a preliminary analysis by the Program Fund Administrator of the applications filed in the Secure and Trusted Communications Networks Reimbursement Program (Reimbursement Program), the Commission has determined that \$1,000,000,000 will not be sufficient to fully fund all approved applications for reimbursements.¹ The Reimbursement Program received 181 applications, and the gross cost estimate demand for Reimbursement Program support contained in the applications is approximately \$5.6 billion. The Program Fund Administrator will further review these applications during the Commission's application review period.

The Secure Networks Act directed the Commission to establish a reimbursement program to reimburse eligible providers of advanced communications service for "costs reasonably incurred in removing, replacing, and disposing of covered communications equipment and services."² Consistent with the Secure Networks Act, as amended by the CAA, the Reimbursement Program will reimburse providers of advanced communications services with ten million or fewer customers for costs incurred in the removal, replacement, and disposal of covered communications equipment or services that pose a national security risk, i.e.,

¹ Secure and Trusted Communications Networks Act of 2019, Pub. L. No. 116-124, § 4(d)(5)(B), 134 Stat. 158 (2020) (codified as amended at 47 U.S.C. §§ 1601–1609) (Secure Networks Act).

² *Wireline Competition Bureau Seeks Comment on Secure and Trusted Communications Networks Reimbursement Program Application Filings and Process*, Public Notice, DA 21-607 (WCB May 24, 2021) (*Reimbursement Process Public Notice*).

communications equipment or services produced or provided by Huawei³ or ZTE,⁴ that were obtained by providers on or before June 30, 2020, subject to a prioritization scheme Congress specified in the Consolidated Appropriations Act of 2021 (CAA).⁵ Section 906 of the CAA appropriated \$1.9 billion to the Commission to “carry out” the Secure Networks Act, of which \$1.895 billion must be used for the Reimbursement Program.⁶ The window to file applications to participate in the Reimbursement Program opened on Friday, October 29, 2021 and closed on Friday, January 28, 2022.⁷ The Commission’s rules and the Secure Networks Act require the Bureau to “approve or deny” Reimbursement Program applications no later than 90 days after the close of the filing window.⁸ The Commission’s Reimbursement Program Fund Administrator⁹ has conducted an initial review of the applications to help the Commission’s Wireline Competition Bureau evaluate the gross estimate demand contained in the applications submitted.¹⁰

³ See generally *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs – Huawei Designation*, PS Docket No. 19-351, Order, 35 FCC Rcd 6604 (PSHSB 2020) (*Huawei Designation Order*).

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⁵ See 47 U.S.C. §§ 1603(c), 1608 (stating “‘advanced communications service’ has the meaning given the term ‘advanced telecommunications capability’ in section 706 of the Telecommunications Act of 1996”); *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Report and Order, Further Notice of Proposed Rulemaking, and Order, 34 FCC Rcd 11423, 11475-76, para. 140 (2019) (*2019 Supply Chain Order and Further Notice*); *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Third Report and Order, FCC 21-86, 2021 WL 3024271, at 21, para. 46 (Jul. 14, 2021) (*2021 Supply Chain Order*).

⁶ CAA § 906. Section 906 provides that “[t]here is appropriated to the Federal Communications Commission, out of amounts in the Treasury not otherwise appropriated, for fiscal year 2021, to remain available until expended— . . . (2) \$1,900,000,000 to carry out the Secure and Trusted Communications Networks Act of 2019 (47 U.S.C. 1601 et seq.), of which \$1,895,000,000 shall be used to carry out the program established under section 4 of that Act (47 U.S.C. 1603).”

⁷ *Protecting against National Security Threats to the Communications Supply Chain Through FCC Programs - Motion for Extension of Time of the Rural Wireless Association, Inc. and NTCA – The Rural Broadband Association*, Order, DA 21-1648, 2021 WL 6144787, at 1, para. 1 (rel. Dec. 29, 2021) (*Supply Chain Reimbursement Program Filing Window Extension Order*).

⁸ 47 U.S.C. § 1603 (d)(3)(A)(i); 47 CFR § 1.50004(d). The Secure Networks Act and the Commission’s rules allow the Wireline Competition Bureau to extend the review period by an additional 45 days “[i]f the Commission determines that, because an excessive number of applications have been filed at one time, the Commission needs additional time for employees of the Commission to process the applications” 47 U.S.C. § 1603(d)(3)(A)(ii); 47 CFR § 1.50004(d).

⁹ *Wireline Competition Bureau Announces Selection of the Secure and Trusted Communications Networks Reimbursement Program Fund Administrator*, WC Docket No. 18-89, Public Notice, DA 21-490, 2021 WL 1719301, at *1 (WCB Apr. 28, 2021).

¹⁰ *Wireline Competition Bureau Finalizes Application Filings, Procedures, Cost Catalog, and Replacement list for the Secure and Trusted Communications Networks Reimbursement Program*, WC Docket 18-89, Public Notice, DA 21-947, 2021 WL 3466248 at *11 (WCB Aug. 3, 2021) (*Finalized Reimbursement Process Public Notice*).

Based on initial review of the applications filed, the Commission expects it will apply the prioritization scheme Congress specified in the CAA to reimburse providers of advanced communications services for reasonable expenses incurred in removing, replacing, and disposing of Huawei Technologies Company (Huawei) and ZTE Corporation (ZTE) equipment and services. Under this scheme, the Commission would allocate available funding “first, to approved applications that have 2,000,000 or fewer customers . . . , [then] to approved applicants that are accredited public or private non-commercial educational institutions providing their own facilities-based educational broadband services . . . [and] health care providers and libraries providing advanced communications service, [then] to any remaining approved applicants determined to be eligible for reimbursement under the [Reimbursement] Program.”¹¹ In addition, as required by law and based on the estimated demand, the Commission will likely need to prorate reimbursement funds equally to each eligible applicant within the relevant prioritization category.¹² Finally, the Commission wishes to bring to your attention that it has received, through the United States Department of State, notice from the Palau National Communications Corporation (PNCC)¹³ that providers from Palau also are interested in participating in the Reimbursement Program.¹⁴

We will continue to promptly administer the Reimbursement Program and will meet our obligations under the Secure Networks Act to help secure our nation’s communications networks.

Sincerely,



Jessica Rosenworcel

¹¹ CAA § 901(1)(C)(ii); 47 CFR § 1.50004(f); *2021 Supply Chain Order* at 24-26, paras. 53-59. The Rural Wireless Association, Inc. (“RWA”) filed a Petition for Reconsideration of the Commission’s decision in the *2021 Supply Chain Order* to replace its initial prioritization scheme with the scheme provided by the CAA. See Petition for Reconsideration of the Rural Wireless Association, Inc., WC Docket No. 28-89 (filed Sept. 22, 2021). The Petition is pending.

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¹³ See generally *Wireline Competition Bureau Announces Secure and Trusted Communications Networks Reimbursement Program Help Desk*, WC Docket No. 18-89, DA 21-1131, 2021 WL 4170468 (WCB Sept. 10, 2021).

¹⁴ As the Reimbursement Program is currently constituted, the Commission cannot accommodate requests from foreign entities to participate in the Reimbursement Program to support the removal, replacement, and disposal of Huawei and ZTE communications equipment and services located outside the United States and its territories. See H.R. Rep. No. 116-352, at 8 (2019) (stating the Secure Networks Act “would take a series of actions aimed at improving the security of communications networks in the United States”).



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

February 4, 2022

The Honorable Roger Wicker
Ranking Member
Committee on Commerce, Science, and Transportation
United States Senate
425 Hart Senate Office Building
Washington, DC 20510

Dear Ranking Member Wicker:

As required by section 4(d)(5)(B) of the Secure and Trusted Communications Networks Act of 2019 (Secure Networks Act), 47 U.S.C. § 1603(d)(5)(B), the Federal Communications Commission (Commission) hereby notifies the Committee on Energy and Commerce and the Committee on Appropriations of the House of Representatives, and the Committee on Commerce, Science, and Transportation and the Committee on Appropriations of the Senate, that, based on a preliminary analysis by the Program Fund Administrator of the applications filed in the Secure and Trusted Communications Networks Reimbursement Program (Reimbursement Program), the Commission has determined that \$1,000,000,000 will not be sufficient to fully fund all approved applications for reimbursements.¹ The Reimbursement Program received 181 applications, and the gross cost estimate demand for Reimbursement Program support contained in the applications is approximately \$5.6 billion. The Program Fund Administrator will further review these applications during the Commission's application review period.

The Secure Networks Act directed the Commission to establish a reimbursement program to reimburse eligible providers of advanced communications service for "costs reasonably incurred in removing, replacing, and disposing of covered communications equipment and services."² Consistent with the Secure Networks Act, as amended by the CAA, the Reimbursement Program will reimburse providers of advanced communications services with ten million or fewer customers for costs incurred in the removal, replacement, and disposal of covered communications equipment or services that pose a national security risk, i.e.,

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communications equipment or services produced or provided by Huawei³ or ZTE,⁴ that were obtained by providers on or before June 30, 2020, subject to a prioritization scheme Congress specified in the Consolidated Appropriations Act of 2021 (CAA).⁵ Section 906 of the CAA appropriated \$1.9 billion to the Commission to “carry out” the Secure Networks Act, of which \$1.895 billion must be used for the Reimbursement Program.⁶ The window to file applications to participate in the Reimbursement Program opened on Friday, October 29, 2021 and closed on Friday, January 28, 2022.⁷ The Commission’s rules and the Secure Networks Act require the Bureau to “approve or deny” Reimbursement Program applications no later than 90 days after the close of the filing window.⁸ The Commission’s Reimbursement Program Fund Administrator⁹ has conducted an initial review of the applications to help the Commission’s Wireline Competition Bureau evaluate the gross estimate demand contained in the applications submitted.¹⁰

³ See generally *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs – Huawei Designation*, PS Docket No. 19-351, Order, 35 FCC Rcd 6604 (PSHSB 2020) (*Huawei Designation Order*).

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⁵ See 47 U.S.C. §§ 1603(c), 1608 (stating “‘advanced communications service’ has the meaning given the term ‘advanced telecommunications capability’ in section 706 of the Telecommunications Act of 1996”); *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Report and Order, Further Notice of Proposed Rulemaking, and Order, 34 FCC Rcd 11423, 11475-76, para. 140 (2019) (*2019 Supply Chain Order and Further Notice*); *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Third Report and Order, FCC 21-86, 2021 WL 3024271, at 21, para. 46 (Jul. 14, 2021) (*2021 Supply Chain Order*).

⁶ CAA § 906. Section 906 provides that “[t]here is appropriated to the Federal Communications Commission, out of amounts in the Treasury not otherwise appropriated, for fiscal year 2021, to remain available until expended— . . . (2) \$1,900,000,000 to carry out the Secure and Trusted Communications Networks Act of 2019 (47 U.S.C. 1601 et seq.), of which \$1,895,000,000 shall be used to carry out the program established under section 4 of that Act (47 U.S.C. 1603).”

⁷ *Protecting against National Security Threats to the Communications Supply Chain Through FCC Programs - Motion for Extension of Time of the Rural Wireless Association, Inc. and NTCA – The Rural Broadband Association*, Order, DA 21-1648, 2021 WL 6144787, at 1, para. 1 (rel. Dec. 29, 2021) (*Supply Chain Reimbursement Program Filing Window Extension Order*).

⁸ 47 U.S.C. § 1603 (d)(3)(A)(i); 47 CFR § 1.50004(d). The Secure Networks Act and the Commission’s rules allow the Wireline Competition Bureau to extend the review period by an additional 45 days “[i]f the Commission determines that, because an excessive number of applications have been filed at one time, the Commission needs additional time for employees of the Commission to process the applications” 47 U.S.C. § 1603(d)(3)(A)(ii); 47 CFR § 1.50004(d).

⁹ *Wireline Competition Bureau Announces Selection of the Secure and Trusted Communications Networks Reimbursement Program Fund Administrator*, WC Docket No. 18-89, Public Notice, DA 21-490, 2021 WL 1719301, at *1 (WCB Apr. 28, 2021).

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Based on initial review of the applications filed, the Commission expects it will apply the prioritization scheme Congress specified in the CAA to reimburse providers of advanced communications services for reasonable expenses incurred in removing, replacing, and disposing of Huawei Technologies Company (Huawei) and ZTE Corporation (ZTE) equipment and services. Under this scheme, the Commission would allocate available funding “first, to approved applications that have 2,000,000 or fewer customers . . . , [then] to approved applicants that are accredited public or private non-commercial educational institutions providing their own facilities-based educational broadband services . . . [and] health care providers and libraries providing advanced communications service, [then] to any remaining approved applicants determined to be eligible for reimbursement under the [Reimbursement] Program.”¹¹ In addition, as required by law and based on the estimated demand, the Commission will likely need to prorate reimbursement funds equally to each eligible applicant within the relevant prioritization category.¹² Finally, the Commission wishes to bring to your attention that it has received, through the United States Department of State, notice from the Palau National Communications Corporation (PNCC)¹³ that providers from Palau also are interested in participating in the Reimbursement Program.¹⁴

We will continue to promptly administer the Reimbursement Program and will meet our obligations under the Secure Networks Act to help secure our nation’s communications networks.

Sincerely,



Jessica Rosenworcel

¹¹ CAA § 901(1)(C)(ii); 47 CFR § 1.50004(f); *2021 Supply Chain Order* at 24-26, paras. 53-59. The Rural Wireless Association, Inc. (“RWA”) filed a Petition for Reconsideration of the Commission’s decision in the *2021 Supply Chain Order* to replace its initial prioritization scheme with the scheme provided by the CAA. See Petition for Reconsideration of the Rural Wireless Association, Inc., WC Docket No. 28-89 (filed Sept. 22, 2021). The Petition is pending.

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¹⁴ As the Reimbursement Program is currently constituted, the Commission cannot accommodate requests from foreign entities to participate in the Reimbursement Program to support the removal, replacement, and disposal of Huawei and ZTE communications equipment and services located outside the United States and its territories. See H.R. Rep. No. 116-352, at 8 (2019) (stating the Secure Networks Act “would take a series of actions aimed at improving the security of communications networks in the United States”).



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

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CHAIRWOMAN

February 4, 2022

The Honorable Cathy McMorris Rodgers
Ranking Member
Committee on Energy and Commerce
U.S. House of Representatives
2322A Rayburn House Office Building
Washington, DC 20515

Dear Ranking Member McMorris Rodgers:

As required by section 4(d)(5)(B) of the Secure and Trusted Communications Networks Act of 2019 (Secure Networks Act), 47 U.S.C. § 1603(d)(5)(B), the Federal Communications Commission (Commission) hereby notifies the Committee on Energy and Commerce and the Committee on Appropriations of the House of Representatives, and the Committee on Commerce, Science, and Transportation and the Committee on Appropriations of the Senate, that, based on a preliminary analysis by the Program Fund Administrator of the applications filed in the Secure and Trusted Communications Networks Reimbursement Program (Reimbursement Program), the Commission has determined that \$1,000,000,000 will not be sufficient to fully fund all approved applications for reimbursements.¹ The Reimbursement Program received 181 applications, and the gross cost estimate demand for Reimbursement Program support contained in the applications is approximately \$5.6 billion. The Program Fund Administrator will further review these applications during the Commission's application review period.

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communications equipment or services produced or provided by Huawei³ or ZTE,⁴ that were obtained by providers on or before June 30, 2020, subject to a prioritization scheme Congress specified in the Consolidated Appropriations Act of 2021 (CAA).⁵ Section 906 of the CAA appropriated \$1.9 billion to the Commission to “carry out” the Secure Networks Act, of which \$1.895 billion must be used for the Reimbursement Program.⁶ The window to file applications to participate in the Reimbursement Program opened on Friday, October 29, 2021 and closed on Friday, January 28, 2022.⁷ The Commission’s rules and the Secure Networks Act require the Bureau to “approve or deny” Reimbursement Program applications no later than 90 days after the close of the filing window.⁸ The Commission’s Reimbursement Program Fund Administrator⁹ has conducted an initial review of the applications to help the Commission’s Wireline Competition Bureau evaluate the gross estimate demand contained in the applications submitted.¹⁰

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FEDERAL COMMUNICATIONS COMMISSION
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February 4, 2022

The Honorable Rosa DeLauro
Chairwoman
Committee on Appropriations
U.S. House of Representatives
H-305 Capitol Building
Washington, DC 20515

Dear Chairwoman DeLauro:

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Based on initial review of the applications filed, the Commission expects it will apply the prioritization scheme Congress specified in the CAA to reimburse providers of advanced communications services for reasonable expenses incurred in removing, replacing, and disposing of Huawei Technologies Company (Huawei) and ZTE Corporation (ZTE) equipment and services. Under this scheme, the Commission would allocate available funding “first, to approved applications that have 2,000,000 or fewer customers . . . , [then] to approved applicants that are accredited public or private non-commercial educational institutions providing their own facilities-based educational broadband services . . . [and] health care providers and libraries providing advanced communications service, [then] to any remaining approved applicants determined to be eligible for reimbursement under the [Reimbursement] Program.”¹¹ In addition, as required by law and based on the estimated demand, the Commission will likely need to prorate reimbursement funds equally to each eligible applicant within the relevant prioritization category.¹² Finally, the Commission wishes to bring to your attention that it has received, through the United States Department of State, notice from the Palau National Communications Corporation (PNCC)¹³ that providers from Palau also are interested in participating in the Reimbursement Program.¹⁴

We will continue to promptly administer the Reimbursement Program and will meet our obligations under the Secure Networks Act to help secure our nation’s communications networks.

Sincerely,



Jessica Rosenworcel

¹¹ CAA § 901(1)(C)(ii); 47 CFR § 1.50004(f); *2021 Supply Chain Order* at 24-26, paras. 53-59. The Rural Wireless Association, Inc. (“RWA”) filed a Petition for Reconsideration of the Commission’s decision in the *2021 Supply Chain Order* to replace its initial prioritization scheme with the scheme provided by the CAA. See Petition for Reconsideration of the Rural Wireless Association, Inc., WC Docket No. 28-89 (filed Sept. 22, 2021). The Petition is pending.

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¹³ See generally *Wireline Competition Bureau Announces Secure and Trusted Communications Networks Reimbursement Program Help Desk*, WC Docket No. 18-89, DA 21-1131, 2021 WL 4170468 (WCB Sept. 10, 2021).

¹⁴ As the Reimbursement Program is currently constituted, the Commission cannot accommodate requests from foreign entities to participate in the Reimbursement Program to support the removal, replacement, and disposal of Huawei and ZTE communications equipment and services located outside the United States and its territories. See H.R. Rep. No. 116-352, at 8 (2019) (stating the Secure Networks Act “would take a series of actions aimed at improving the security of communications networks in the United States”).



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

February 4, 2022

The Honorable Kay Granger
Ranking Member
Committee on Appropriations
U.S. House of Representatives
1016 Longworth House Office Building
Washington, DC 20515

Dear Ranking Member Granger:

As required by section 4(d)(5)(B) of the Secure and Trusted Communications Networks Act of 2019 (Secure Networks Act), 47 U.S.C. § 1603(d)(5)(B), the Federal Communications Commission (Commission) hereby notifies the Committee on Energy and Commerce and the Committee on Appropriations of the House of Representatives, and the Committee on Commerce, Science, and Transportation and the Committee on Appropriations of the Senate, that, based on a preliminary analysis by the Program Fund Administrator of the applications filed in the Secure and Trusted Communications Networks Reimbursement Program (Reimbursement Program), the Commission has determined that \$1,000,000,000 will not be sufficient to fully fund all approved applications for reimbursements.¹ The Reimbursement Program received 181 applications, and the gross cost estimate demand for Reimbursement Program support contained in the applications is approximately \$5.6 billion. The Program Fund Administrator will further review these applications during the Commission's application review period.

The Secure Networks Act directed the Commission to establish a reimbursement program to reimburse eligible providers of advanced communications service for "costs reasonably incurred in removing, replacing, and disposing of covered communications equipment and services."² Consistent with the Secure Networks Act, as amended by the CAA, the Reimbursement Program will reimburse providers of advanced communications services with ten million or fewer customers for costs incurred in the removal, replacement, and disposal of covered communications equipment or services that pose a national security risk, i.e.,

¹ Secure and Trusted Communications Networks Act of 2019, Pub. L. No. 116-124, § 4(d)(5)(B), 134 Stat. 158 (2020) (codified as amended at 47 U.S.C. §§ 1601–1609) (Secure Networks Act).

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communications equipment or services produced or provided by Huawei³ or ZTE,⁴ that were obtained by providers on or before June 30, 2020, subject to a prioritization scheme Congress specified in the Consolidated Appropriations Act of 2021 (CAA).⁵ Section 906 of the CAA appropriated \$1.9 billion to the Commission to “carry out” the Secure Networks Act, of which \$1.895 billion must be used for the Reimbursement Program.⁶ The window to file applications to participate in the Reimbursement Program opened on Friday, October 29, 2021 and closed on Friday, January 28, 2022.⁷ The Commission’s rules and the Secure Networks Act require the Bureau to “approve or deny” Reimbursement Program applications no later than 90 days after the close of the filing window.⁸ The Commission’s Reimbursement Program Fund Administrator⁹ has conducted an initial review of the applications to help the Commission’s Wireline Competition Bureau evaluate the gross estimate demand contained in the applications submitted.¹⁰

³ See generally *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs – Huawei Designation*, PS Docket No. 19-351, Order, 35 FCC Rcd 6604 (PSHSB 2020) (*Huawei Designation Order*).

⁴ See generally *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs – ZTE Designation*, PS Docket No. 19-352, Order, 35 FCC Rcd 6633 (PSHSB 2020) (*ZTE Designation Order*).

⁵ See 47 U.S.C. §§ 1603(c), 1608 (stating “‘advanced communications service’ has the meaning given the term ‘advanced telecommunications capability’ in section 706 of the Telecommunications Act of 1996”); *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Report and Order, Further Notice of Proposed Rulemaking, and Order, 34 FCC Rcd 11423, 11475-76, para. 140 (2019) (*2019 Supply Chain Order and Further Notice*); *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Third Report and Order, FCC 21-86, 2021 WL 3024271, at 21, para. 46 (Jul. 14, 2021) (*2021 Supply Chain Order*).

⁶ CAA § 906. Section 906 provides that “[t]here is appropriated to the Federal Communications Commission, out of amounts in the Treasury not otherwise appropriated, for fiscal year 2021, to remain available until expended— . . . (2) \$1,900,000,000 to carry out the Secure and Trusted Communications Networks Act of 2019 (47 U.S.C. 1601 et seq.), of which \$1,895,000,000 shall be used to carry out the program established under section 4 of that Act (47 U.S.C. 1603).”

⁷ *Protecting against National Security Threats to the Communications Supply Chain Through FCC Programs - Motion for Extension of Time of the Rural Wireless Association, Inc. and NTCA – The Rural Broadband Association*, Order, DA 21-1648, 2021 WL 6144787, at 1, para. 1 (rel. Dec. 29, 2021) (*Supply Chain Reimbursement Program Filing Window Extension Order*).

⁸ 47 U.S.C. § 1603 (d)(3)(A)(i); 47 CFR § 1.50004(d). The Secure Networks Act and the Commission’s rules allow the Wireline Competition Bureau to extend the review period by an additional 45 days “[i]f the Commission determines that, because an excessive number of applications have been filed at one time, the Commission needs additional time for employees of the Commission to process the applications” 47 U.S.C. § 1603(d)(3)(A)(ii); 47 CFR § 1.50004(d).

⁹ *Wireline Competition Bureau Announces Selection of the Secure and Trusted Communications Networks Reimbursement Program Fund Administrator*, WC Docket No. 18-89, Public Notice, DA 21-490, 2021 WL 1719301, at *1 (WCB Apr. 28, 2021).

¹⁰ *Wireline Competition Bureau Finalizes Application Filings, Procedures, Cost Catalog, and Replacement list for the Secure and Trusted Communications Networks Reimbursement Program*, WC Docket 18-89, Public Notice, DA 21-947, 2021 WL 3466248 at *11 (WCB Aug. 3, 2021) (*Finalized Reimbursement Process Public Notice*).

Based on initial review of the applications filed, the Commission expects it will apply the prioritization scheme Congress specified in the CAA to reimburse providers of advanced communications services for reasonable expenses incurred in removing, replacing, and disposing of Huawei Technologies Company (Huawei) and ZTE Corporation (ZTE) equipment and services. Under this scheme, the Commission would allocate available funding “first, to approved applications that have 2,000,000 or fewer customers . . . , [then] to approved applicants that are accredited public or private non-commercial educational institutions providing their own facilities-based educational broadband services . . . [and] health care providers and libraries providing advanced communications service, [then] to any remaining approved applicants determined to be eligible for reimbursement under the [Reimbursement] Program.”¹¹ In addition, as required by law and based on the estimated demand, the Commission will likely need to prorate reimbursement funds equally to each eligible applicant within the relevant prioritization category.¹² Finally, the Commission wishes to bring to your attention that it has received, through the United States Department of State, notice from the Palau National Communications Corporation (PNCC)¹³ that providers from Palau also are interested in participating in the Reimbursement Program.¹⁴

We will continue to promptly administer the Reimbursement Program and will meet our obligations under the Secure Networks Act to help secure our nation’s communications networks.

Sincerely,



Jessica Rosenworcel

¹¹ CAA § 901(1)(C)(ii); 47 CFR § 1.50004(f); *2021 Supply Chain Order* at 24-26, paras. 53-59. The Rural Wireless Association, Inc. (“RWA”) filed a Petition for Reconsideration of the Commission’s decision in the *2021 Supply Chain Order* to replace its initial prioritization scheme with the scheme provided by the CAA. See Petition for Reconsideration of the Rural Wireless Association, Inc., WC Docket No. 28-89 (filed Sept. 22, 2021). The Petition is pending.

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¹³ See generally *Wireline Competition Bureau Announces Secure and Trusted Communications Networks Reimbursement Program Help Desk*, WC Docket No. 18-89, DA 21-1131, 2021 WL 4170468 (WCB Sept. 10, 2021).

¹⁴ As the Reimbursement Program is currently constituted, the Commission cannot accommodate requests from foreign entities to participate in the Reimbursement Program to support the removal, replacement, and disposal of Huawei and ZTE communications equipment and services located outside the United States and its territories. See H.R. Rep. No. 116-352, at 8 (2019) (stating the Secure Networks Act “would take a series of actions aimed at improving the security of communications networks in the United States”).



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

February 4, 2022

The Honorable Patrick J. Leahy
Chairman
Committee on Appropriations
United States Senate
S-128 Capitol Building
Washington, DC 20510

Dear Chairman Leahy:

As required by section 4(d)(5)(B) of the Secure and Trusted Communications Networks Act of 2019 (Secure Networks Act), 47 U.S.C. § 1603(d)(5)(B), the Federal Communications Commission (Commission) hereby notifies the Committee on Energy and Commerce and the Committee on Appropriations of the House of Representatives, and the Committee on Commerce, Science, and Transportation and the Committee on Appropriations of the Senate, that, based on a preliminary analysis by the Program Fund Administrator of the applications filed in the Secure and Trusted Communications Networks Reimbursement Program (Reimbursement Program), the Commission has determined that \$1,000,000,000 will not be sufficient to fully fund all approved applications for reimbursements.¹ The Reimbursement Program received 181 applications, and the gross cost estimate demand for Reimbursement Program support contained in the applications is approximately \$5.6 billion. The Program Fund Administrator will further review these applications during the Commission's application review period.

The Secure Networks Act directed the Commission to establish a reimbursement program to reimburse eligible providers of advanced communications service for "costs reasonably incurred in removing, replacing, and disposing of covered communications equipment and services."² Consistent with the Secure Networks Act, as amended by the CAA, the Reimbursement Program will reimburse providers of advanced communications services with ten million or fewer customers for costs incurred in the removal, replacement, and disposal of covered communications equipment or services that pose a national security risk, i.e.,

¹ Secure and Trusted Communications Networks Act of 2019, Pub. L. No. 116-124, § 4(d)(5)(B), 134 Stat. 158 (2020) (codified as amended at 47 U.S.C. §§ 1601–1609) (Secure Networks Act).

² *Wireline Competition Bureau Seeks Comment on Secure and Trusted Communications Networks Reimbursement Program Application Filings and Process*, Public Notice, DA 21-607 (WCB May 24, 2021) (*Reimbursement Process Public Notice*).

communications equipment or services produced or provided by Huawei³ or ZTE,⁴ that were obtained by providers on or before June 30, 2020, subject to a prioritization scheme Congress specified in the Consolidated Appropriations Act of 2021 (CAA).⁵ Section 906 of the CAA appropriated \$1.9 billion to the Commission to “carry out” the Secure Networks Act, of which \$1.895 billion must be used for the Reimbursement Program.⁶ The window to file applications to participate in the Reimbursement Program opened on Friday, October 29, 2021 and closed on Friday, January 28, 2022.⁷ The Commission’s rules and the Secure Networks Act require the Bureau to “approve or deny” Reimbursement Program applications no later than 90 days after the close of the filing window.⁸ The Commission’s Reimbursement Program Fund Administrator⁹ has conducted an initial review of the applications to help the Commission’s Wireline Competition Bureau evaluate the gross estimate demand contained in the applications submitted.¹⁰

³ See generally *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs – Huawei Designation*, PS Docket No. 19-351, Order, 35 FCC Rcd 6604 (PSHSB 2020) (*Huawei Designation Order*).

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⁶ CAA § 906. Section 906 provides that “[t]here is appropriated to the Federal Communications Commission, out of amounts in the Treasury not otherwise appropriated, for fiscal year 2021, to remain available until expended— . . . (2) \$1,900,000,000 to carry out the Secure and Trusted Communications Networks Act of 2019 (47 U.S.C. 1601 et seq.), of which \$1,895,000,000 shall be used to carry out the program established under section 4 of that Act (47 U.S.C. 1603).”

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⁸ 47 U.S.C. § 1603 (d)(3)(A)(i); 47 CFR § 1.50004(d). The Secure Networks Act and the Commission’s rules allow the Wireline Competition Bureau to extend the review period by an additional 45 days “[i]f the Commission determines that, because an excessive number of applications have been filed at one time, the Commission needs additional time for employees of the Commission to process the applications” 47 U.S.C. § 1603(d)(3)(A)(ii); 47 CFR § 1.50004(d).

⁹ *Wireline Competition Bureau Announces Selection of the Secure and Trusted Communications Networks Reimbursement Program Fund Administrator*, WC Docket No. 18-89, Public Notice, DA 21-490, 2021 WL 1719301, at *1 (WCB Apr. 28, 2021).

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Based on initial review of the applications filed, the Commission expects it will apply the prioritization scheme Congress specified in the CAA to reimburse providers of advanced communications services for reasonable expenses incurred in removing, replacing, and disposing of Huawei Technologies Company (Huawei) and ZTE Corporation (ZTE) equipment and services. Under this scheme, the Commission would allocate available funding “first, to approved applications that have 2,000,000 or fewer customers . . . , [then] to approved applicants that are accredited public or private non-commercial educational institutions providing their own facilities-based educational broadband services . . . [and] health care providers and libraries providing advanced communications service, [then] to any remaining approved applicants determined to be eligible for reimbursement under the [Reimbursement] Program.”¹¹ In addition, as required by law and based on the estimated demand, the Commission will likely need to prorate reimbursement funds equally to each eligible applicant within the relevant prioritization category.¹² Finally, the Commission wishes to bring to your attention that it has received, through the United States Department of State, notice from the Palau National Communications Corporation (PNCC)¹³ that providers from Palau also are interested in participating in the Reimbursement Program.¹⁴

We will continue to promptly administer the Reimbursement Program and will meet our obligations under the Secure Networks Act to help secure our nation’s communications networks.

Sincerely,



Jessica Rosenworcel

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

February 4, 2022

The Honorable Richard C. Shelby
Ranking Member
Committee on Appropriations
United States Senate
S-146A Capitol Building
Washington, DC 20510

Dear Ranking Member Shelby:

As required by section 4(d)(5)(B) of the Secure and Trusted Communications Networks Act of 2019 (Secure Networks Act), 47 U.S.C. § 1603(d)(5)(B), the Federal Communications Commission (Commission) hereby notifies the Committee on Energy and Commerce and the Committee on Appropriations of the House of Representatives, and the Committee on Commerce, Science, and Transportation and the Committee on Appropriations of the Senate, that, based on a preliminary analysis by the Program Fund Administrator of the applications filed in the Secure and Trusted Communications Networks Reimbursement Program (Reimbursement Program), the Commission has determined that \$1,000,000,000 will not be sufficient to fully fund all approved applications for reimbursements.¹ The Reimbursement Program received 181 applications, and the gross cost estimate demand for Reimbursement Program support contained in the applications is approximately \$5.6 billion. The Program Fund Administrator will further review these applications during the Commission's application review period.

The Secure Networks Act directed the Commission to establish a reimbursement program to reimburse eligible providers of advanced communications service for "costs reasonably incurred in removing, replacing, and disposing of covered communications equipment and services."² Consistent with the Secure Networks Act, as amended by the CAA, the Reimbursement Program will reimburse providers of advanced communications services with ten million or fewer customers for costs incurred in the removal, replacement, and disposal of covered communications equipment or services that pose a national security risk, i.e.,

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² *Wireline Competition Bureau Seeks Comment on Secure and Trusted Communications Networks Reimbursement Program Application Filings and Process*, Public Notice, DA 21-607 (WCB May 24, 2021) (*Reimbursement Process Public Notice*).

communications equipment or services produced or provided by Huawei³ or ZTE,⁴ that were obtained by providers on or before June 30, 2020, subject to a prioritization scheme Congress specified in the Consolidated Appropriations Act of 2021 (CAA).⁵ Section 906 of the CAA appropriated \$1.9 billion to the Commission to “carry out” the Secure Networks Act, of which \$1.895 billion must be used for the Reimbursement Program.⁶ The window to file applications to participate in the Reimbursement Program opened on Friday, October 29, 2021 and closed on Friday, January 28, 2022.⁷ The Commission’s rules and the Secure Networks Act require the Bureau to “approve or deny” Reimbursement Program applications no later than 90 days after the close of the filing window.⁸ The Commission’s Reimbursement Program Fund Administrator⁹ has conducted an initial review of the applications to help the Commission’s Wireline Competition Bureau evaluate the gross estimate demand contained in the applications submitted.¹⁰

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Jessica Rosenworcel

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF THE
CHAIRWOMAN

February 4, 2022

The Honorable Frank Pallone
Chairman
Committee on Energy and Commerce
U.S. House of Representatives
2125 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Pallone:

As required by section 4(d)(5)(B) of the Secure and Trusted Communications Networks Act of 2019 (Secure Networks Act), 47 U.S.C. § 1603(d)(5)(B), the Federal Communications Commission (Commission) hereby notifies the Committee on Energy and Commerce and the Committee on Appropriations of the House of Representatives, and the Committee on Commerce, Science, and Transportation and the Committee on Appropriations of the Senate, that, based on a preliminary analysis by the Program Fund Administrator of the applications filed in the Secure and Trusted Communications Networks Reimbursement Program (Reimbursement Program), the Commission has determined that \$1,000,000,000 will not be sufficient to fully fund all approved applications for reimbursements.¹ The Reimbursement Program received 181 applications, and the gross cost estimate demand for Reimbursement Program support contained in the applications is approximately \$5.6 billion. The Program Fund Administrator will further review these applications during the Commission's application review period.

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communications equipment or services produced or provided by Huawei³ or ZTE,⁴ that were obtained by providers on or before June 30, 2020, subject to a prioritization scheme Congress specified in the Consolidated Appropriations Act of 2021 (CAA).⁵ Section 906 of the CAA appropriated \$1.9 billion to the Commission to “carry out” the Secure Networks Act, of which \$1.895 billion must be used for the Reimbursement Program.⁶ The window to file applications to participate in the Reimbursement Program opened on Friday, October 29, 2021 and closed on Friday, January 28, 2022.⁷ The Commission’s rules and the Secure Networks Act require the Bureau to “approve or deny” Reimbursement Program applications no later than 90 days after the close of the filing window.⁸ The Commission’s Reimbursement Program Fund Administrator⁹ has conducted an initial review of the applications to help the Commission’s Wireline Competition Bureau evaluate the gross estimate demand contained in the applications submitted.¹⁰

³ See generally *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs – Huawei Designation*, PS Docket No. 19-351, Order, 35 FCC Rcd 6604 (PSHSB 2020) (*Huawei Designation Order*).

⁴ See generally *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs – ZTE Designation*, PS Docket No. 19-352, Order, 35 FCC Rcd 6633 (PSHSB 2020) (*ZTE Designation Order*).

⁵ See 47 U.S.C. §§ 1603(c), 1608 (stating “‘advanced communications service’ has the meaning given the term ‘advanced telecommunications capability’ in section 706 of the Telecommunications Act of 1996”); *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Report and Order, Further Notice of Proposed Rulemaking, and Order, 34 FCC Rcd 11423, 11475-76, para. 140 (2019) (*2019 Supply Chain Order and Further Notice*); *Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs*, WC Docket No. 18-89, Third Report and Order, FCC 21-86, 2021 WL 3024271, at 21, para. 46 (Jul. 14, 2021) (*2021 Supply Chain Order*).

⁶ CAA § 906. Section 906 provides that “[t]here is appropriated to the Federal Communications Commission, out of amounts in the Treasury not otherwise appropriated, for fiscal year 2021, to remain available until expended— . . . (2) \$1,900,000,000 to carry out the Secure and Trusted Communications Networks Act of 2019 (47 U.S.C. 1601 et seq.), of which \$1,895,000,000 shall be used to carry out the program established under section 4 of that Act (47 U.S.C. 1603).”

⁷ *Protecting against National Security Threats to the Communications Supply Chain Through FCC Programs - Motion for Extension of Time of the Rural Wireless Association, Inc. and NTCA – The Rural Broadband Association*, Order, DA 21-1648, 2021 WL 6144787, at 1, para. 1 (rel. Dec. 29, 2021) (*Supply Chain Reimbursement Program Filing Window Extension Order*).

⁸ 47 U.S.C. § 1603 (d)(3)(A)(i); 47 CFR § 1.50004(d). The Secure Networks Act and the Commission’s rules allow the Wireline Competition Bureau to extend the review period by an additional 45 days “[i]f the Commission determines that, because an excessive number of applications have been filed at one time, the Commission needs additional time for employees of the Commission to process the applications” 47 U.S.C. § 1603(d)(3)(A)(ii); 47 CFR § 1.50004(d).

⁹ *Wireline Competition Bureau Announces Selection of the Secure and Trusted Communications Networks Reimbursement Program Fund Administrator*, WC Docket No. 18-89, Public Notice, DA 21-490, 2021 WL 1719301, at *1 (WCB Apr. 28, 2021).

¹⁰ *Wireline Competition Bureau Finalizes Application Filings, Procedures, Cost Catalog, and Replacement list for the Secure and Trusted Communications Networks Reimbursement Program*, WC Docket 18-89, Public Notice, DA 21-947, 2021 WL 3466248 at *11 (WCB Aug. 3, 2021) (*Finalized Reimbursement Process Public Notice*).

Based on initial review of the applications filed, the Commission expects it will apply the prioritization scheme Congress specified in the CAA to reimburse providers of advanced communications services for reasonable expenses incurred in removing, replacing, and disposing of Huawei Technologies Company (Huawei) and ZTE Corporation (ZTE) equipment and services. Under this scheme, the Commission would allocate available funding “first, to approved applications that have 2,000,000 or fewer customers . . . , [then] to approved applicants that are accredited public or private non-commercial educational institutions providing their own facilities-based educational broadband services . . . [and] health care providers and libraries providing advanced communications service, [then] to any remaining approved applicants determined to be eligible for reimbursement under the [Reimbursement] Program.”¹¹ In addition, as required by law and based on the estimated demand, the Commission will likely need to prorate reimbursement funds equally to each eligible applicant within the relevant prioritization category.¹² Finally, the Commission wishes to bring to your attention that it has received, through the United States Department of State, notice from the Palau National Communications Corporation (PNCC)¹³ that providers from Palau also are interested in participating in the Reimbursement Program.¹⁴

We will continue to promptly administer the Reimbursement Program and will meet our obligations under the Secure Networks Act to help secure our nation’s communications networks.

Sincerely,



Jessica Rosenworcel

¹¹ CAA § 901(1)(C)(ii); 47 CFR § 1.50004(f); *2021 Supply Chain Order* at 24-26, paras. 53-59. The Rural Wireless Association, Inc. (“RWA”) filed a Petition for Reconsideration of the Commission’s decision in the *2021 Supply Chain Order* to replace its initial prioritization scheme with the scheme provided by the CAA. See Petition for Reconsideration of the Rural Wireless Association, Inc., WC Docket No. 28-89 (filed Sept. 22, 2021). The Petition is pending.

¹² CAA § 901(1)(C); 47 CFR § 1.50004(f).

¹³ See generally *Wireline Competition Bureau Announces Secure and Trusted Communications Networks Reimbursement Program Help Desk*, WC Docket No. 18-89, DA 21-1131, 2021 WL 4170468 (WCB Sept. 10, 2021).

¹⁴ As the Reimbursement Program is currently constituted, the Commission cannot accommodate requests from foreign entities to participate in the Reimbursement Program to support the removal, replacement, and disposal of Huawei and ZTE communications equipment and services located outside the United States and its territories. See H.R. Rep. No. 116-352, at 8 (2019) (stating the Secure Networks Act “would take a series of actions aimed at improving the security of communications networks in the United States”).