

Update on FCC NPRM Intended to Mitigate Communications Supply Chain Risks Through Universal Service Fund Regime

April 19, 2018

The Federal Communications Commission (FCC or Commission) voted unanimously to adopt a Notice of Proposed Rulemaking (NPRM) seeking comment on proposals to prohibit the use of Universal Service Fund (USF) support to purchase equipment or services from companies identified as posing a national security threat to U.S. communications networks or the communications supply chain.

There are two main differences between the draft (summarized here) and final versions of the NPRM. First, the final NPRM explores a broader set of options for remedying threats identified by the Commission. For example, rather than limiting the inquiry to USF-funded equipment or services, the NPRM asks if the Commission should consider actions targeted at non-USF-funded equipment or services produced or provided by companies that pose a national security threat. The final NPRM also asks if there are “testing regimes, showings, or steps concerning the removal or prospective deployment of equipment” that the Commission should consider, as well as the Commission’s legal authority to take any such actions. See NPRM, ¶ 31.

Second, the final NPRM seeks comment on the possible effects of the proposed rule on small businesses, any modifications or alternatives that might ease the burden of the proposed rule on small businesses, and the effectiveness of the proposed rule or any alternative. The NPRM acknowledges that small and rural carriers in particular may rely on equipment or services from companies that may be covered by the proposed rule. To conduct an informed cost-benefit analysis, the Commission requests information on how widely equipment and

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services that would be covered by the proposed rule are deployed. See NPRM, ¶ 34.

Comments are due 30 days after publication in the Federal Register, and reply comments are due 60 days after publication in the Federal Register.