



July 1, 2019

**Via ECFS**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

**RE: NOTICE OF EX PARTE PRESENTATION**

**WT Docket No. 18-89: Protecting Against National Security Threats to the Communications Supply Chain Through FCC Programs**

Dear Ms. Dortch:

On June 27, 2019, John Nettles, President of Rural Wireless Association (“RWA”) member Pine Belt Telephone Co. (“Pine Belt”) and RWA’s General Counsel, Carri Bennet (collectively the “RWA representatives”), sent the attached prepared statements/presentations to Randy Clarke, Commissioner Geoffrey Starks’s Acting Legal Advisor for Wireline and Public Safety. Mr. Nettles and Ms. Bennet also delivered these statements verbally at a Federal Communications Commission (“FCC” or “Commission”) workshop hosted by Commissioner Starks that same day.<sup>1</sup>

During the workshop, and in response to questions from Commissioner Starks, the RWA representatives made statements reflecting their prior submissions in this proceeding: Rural carriers want to safeguard our nation’s security and will follow whatever policies Congress, the White House, and the FCC prescribe. However, in order to ensure these carriers can continue to serve their current customers and build out service to unserved areas, they will need government assistance.

Pursuant to Section 1.1206 of the Commission’s rules, this letter is being filed via the Commission’s electronic comment filing system. Please do not hesitate to contact the undersigned with any questions.

Respectfully submitted,

**RURAL WIRELESS ASSOCIATION, INC.**

By: /s/ Caressa D. Bennet  
Caressa D. Bennet, General Counsel  
5185 MacArthur Blvd., NW, Suite 729  
Washington, DC 20016  
(202) 551-0025  
[legal@ruralwireless.org](mailto:legal@ruralwireless.org)

cc: Commissioner Geoffrey Starks  
Randy Clark

Enclosures

---

<sup>1</sup> Christopher Reno, Chief Accounting Officer of RWA member Union Telephone Co. also delivered a prepared statement at the FCC’s workshop. His statement has already been filed in the record. See [Letter from D. LaFuria, Counsel for Union Telephone Co., to M. Dortch, Secretary, FCC](#), WC Docket No. 18-89 (June 27, 2019).

## **Statement of Carri Bennet, General Counsel Rural Wireless Association**

### **FCC Workshop: “Security Vulnerabilities Within Our Communications Networks: Find It, Fix It, Fund It”**

#### **Prepared for Delivery**

Good morning. Thank you Commissioner Starks for holding this timely “Stakeholder Workshop on Finding, Fixing, and Funding Security Vulnerabilities Within Our Communications Networks.” In December of 2018, prior to you becoming an FCC Commissioner, RWA met with FCC staff and several of the then-Commissioners to discuss the pending national security rulemaking. In those meetings, RWA requested that the FCC convene a workshop in order to develop information and engage in a productive dialogue on how to resolve the national security concerns that have arisen. In your short time as a Commissioner we have already determined that you are a man of action who is determined to get to the heart of the issues that are plaguing rural wireless carriers who chose to deploy Huawei and ZTE equipment in their networks in order to efficiently utilize limited funding and still provide consumers with high-quality service.

By way of background, RWA is a trade association comprised of small rural wireless carriers, each of whom serve under 100,000 subscribers in rural areas across our great country. In fact, most of our 50 or so carriers serve fewer than 10,000 subscribers and many serve less than 2,000 subscribers.

RWA has put a lot of detail in the record about its members’ deployment of Huawei and ZTE equipment. Approximately 25% of our members have deployed either Huawei or ZTE in their networks, and based on our fact gathering, we have learned that Huawei, who is an

associate member of RWA, has 40 customers in the United States. However, not all of these customers are wireless providers. Some use Huawei equipment to light up their fiber networks. So when we put forward our best estimates of how much it would cost to replace our wireless carrier members' Huawei and ZTE equipment, our estimates do not include Huawei and ZTE customers that are not our members. For our members, we estimate costs running upwards of \$800 million to \$1 billion for approximately 12-13 companies. That leaves another 27-35 companies whose replacement costs are not represented in our calculation. We anticipate that the cost of replacing all Huawei and ZTE equipment will be much more, but I will leave that for the next panel discussion.

With respect to fixing the problem, our members are concerned that the process of performing a full network migration from one vendor to another will require a significant amount of time, money, and resources. Paying for such a migration has my members concerned. Replacing network equipment while the network is in operation is not something that can be done overnight or with ease. It requires intensive planning, an enormous amount of time and effort, and coordination with the customer base so as not to cause loss of critical services. RWA's members have estimated that it could take as much as four to ten years to perform a full migration based on the size of their networks and the resources available. Our members are also concerned about being able to access labor resources as the large carriers begin to build out their 5G networks and absorb the highly skilled labor pool. Highly skilled labor to perform a network migration may become an issue that will stretch the amount of time needed and will increase the costs.

In addition to the potentially billions of dollars and long time frame that is at play to perform a replacement of existing equipment, the potential network security issues that have the federal government concerned will not be addressed during the lengthy migration time frame. If this is really about network security issues and threats to the U.S. by foreign governments, RWA believes that a more immediate, prudent approach would be to require network monitoring by a trusted third party cybersecurity company. Our members believe that working with a trusted third party cybersecurity monitoring service such as Cyber Engineering Services in Baltimore, Maryland, may be a better, more expedient course of action to truly assess the network security issues that the first panel discussed.

Monitoring all communications networks 24/7/365 – not just those that have deployed Huawei and ZTE – may be a more cost-effective way to deter and prevent cybersecurity threats to our communications networks from both foreign and domestic sources. A cybersecurity threat doesn't have to come through a back door channel. In most cases of cybersecurity breaches, the front door was left wide open. Protecting our networks through monitoring and good cyber health is a prudent approach regardless of the equipment vendor. To the extent replacing equipment is mandated and, more importantly, funded, having the capability to monitor and respond to cybersecurity threats will still remain an important part of the equation. Our estimates for taking this approach for our members are less costly and are estimated to be under \$10 million – a very affordable solution compared to a complete replacement. Accordingly, cybersecurity monitoring should be under consideration for all communications networks.

Thank you again and we look forward to working with you.

## **Statement of John Nettles, President, Pine Belt Communications**

### **FCC Workshop: “Security Vulnerabilities Within Our Communications Networks: Find It, Fix It, Fund It”**

#### **Prepared for Delivery**

Good morning. Thank you very much for the opportunity to be here and to share a little about my company, Pine Belt Cellular. Pine Belt is a family owned and operated company with deep roots in the Black Belt region of Alabama. We were initially established in 1958 as a landline operator serving 4 rural communities. Over the past 60 years we have managed to grow the company into a state-of-the-art landline and wireless carrier providing voice, video, and data services at fair and reasonable rates.

As a rural operator serving very low population densities, pretty much since day one we have had to look outside of our internal revenue streams to fund our buildout projects. For our wireline network, the primary source of investment capital has been a series of loans from the federal government’s Rural Utilities Service (“RUS”), the first of which we obtained in 1960. Most recently, we secured a loan from RUS to completely rebuild our ILEC wireline footprint with fiber. And it has largely been our ongoing USF High-Cost receipts and intercarrier compensation revenues in the intervening years that have allowed us to predict and prepare for future wireline investments.

These loans and subsidies, however, have only gone so far in helping us serve our customers, in that they were targeted at making and maintaining investments in wireline networks – not wireless and even wireline voice at that. On the wireless side, we have had to scrounge for the funds needed to build and improve those services offerings, offerings which

have become a staple in today's lifestyle, both rural and urban. For example, in the 1990s, we executed at least three asset sales to fund our initial buildout and, soon thereafter, the conversion from analog to digital. In 2010 we engaged in a tower sale and leaseback transaction to supplement diminishing wireless cash flows and to basically stay afloat. Nearly all of the cash from these deals was invested back in our wireless business and our community.

We were truly blessed when the Commission rolled out the Mobility Fund Phase I ("MF-I") program, and with the help of this one-time USF allocation we were able to finally make the upgrades required to offer mobile data services everywhere in our footprint. Prior to receiving these allocations, we were operating on a 2G Lucent network, originally installed in 1999, that was long past its manufacturer supported life. If not for this shot in the arm, we most assuredly would have had to exit the wireless market. And like many other rural carriers that received MF-I support, we sought to stretch these funds as far as we could in order to provide the highest quality service to as much of the population as possible. By choosing ZTE, not only were we able to easily meet our 3G build out requirements, but we also realized a significant uptick in recurring revenues which set the stage for us to quickly deploy 4G LTE and VoLTE.

At the time of our receiving MF-I support, choosing ZTE was basically a no-brainer. We solicited quotes from five different vendors and ZTE's bid was almost one-third that of the highest bidder and 25 percent below the second lowest bidder, and so with nothing to tell us not to do it we chose them. We turned up the first components of our new network in 2014 and completed our buildout obligations in 2015, and we thought we were looking across a pretty bright horizon. Then, in early 2018, as the supply chain and cyber security concerns

came into the public debate, a low and dark cloud of uncertainty settled over our heads, and it seems our wireless consumers could also be facing some gloomy times, especially if we have to move to a new vendor without significant third party assistance. Furthermore, given the recent actions by the FCC, Congress, and the White House, we currently can't say with very much confidence how, if, and when we will be able to improve and expand coverage into the numerous pockets of underserved areas throughout west central Alabama, something we hope to do soon using the 600 MHz licenses we recently purchased at auction. And don't even ask me about our plans for 5G until some of this settles out.

We understand that we are not the only carrier facing these uncertainties, and on behalf of Pine Belt, I sincerely thank Commissioner Starks for convening this workshop. I truly hope we all remain actively engaged on this subject after today; that we soon define what equipment must be replaced and what equipment can remain if monitored for intrusive probes from bad actors; and that we discuss and define a reasonable time frame within which we will be required to make any mandated replacements or install security systems. I also hope we will use today's time to specifically discuss the status of equipment that was purchased with Commission funds, purchases that were made long before any ban on such equipment was publicly discussed, and whether carriers who purchased equipment prior to the ban will receive funding to assist with replacement. Pine Belt, like many other carriers, originally purchased and deployed this equipment to meet the then-defined policy objective of extending 3G or better mobile voice and data service to unserved communities. If now the government wishes to establish a completely different, but equally important, policy objective, it is certainly reasonable for carriers like us to receive similar government assistance in meeting these new

goals, without which numerous rural and urban customers will suffer, including those requiring public safety assistance.