

SCRPS Status Update

FCC Form 5640

OMB Control No. 3060-1270

File No. SC-SU0002945

Applicant Information

Applicant FRN	0031866486	Applicant Address	3 Bala Plaza East
Applicant Name	Hotwire Communications, Ltd	Applicant City	Bala Cynwyd
Applicant Email	jbullock@hotwiremail.com	Applicant State	PA
Applicant Phone	4845726003	Applicant ZIP Code	19004

Contact Information

Is the contact the same as the contact listed on the Application Request for Funding Allocation? If not, please list below.

Contact Name	Summit Ridge Group	Contact Address	49 West 38th Street
Contact Email	hotwirernr@summitridgegroup	Contact City	New York
Contact Phone	2124334800	Contact State	NY
		Contact ZIP Code	10018

*Indicate which deadline you are meeting with this filing.

2024-10-07

Explanation of Effort and Availability of Commercial Equipment

*Provide an explanation of efforts undertaken, and challenges encountered, in permanently removing, replacing, and disposing of covered communications equipment or service.

Hotwire is making steady progress in executing its Build Timeline and Plan (“Plan”). We continue to work closely with our vendors who are supplying replacement equipment, urging them to expedite delivery of the entire order while providing any currently available units in the meantime. Since the last status update, we have increased the percentage of the total order received to about 50%. Additionally, we have proactively scheduled and completed on-site visits with thousands of residential end-users to remove and replace covered equipment, which is then disposed of. This progress, requiring significant coordination and cooperation from the end-users, is both labor-intensive and complex due to its interdependent nature.

Despite these efforts, unforeseen circumstances beyond our control, which arose after the submission of our Plan, have presented challenges, allowing us to complete only about 22% of the required tasks. These challenges, as documented in this and previous status updates, along with our recent request for a 6-month extension, have slowed our progress and prevented us from meeting the original one-year deadline following our initial reimbursement.

As previously mentioned and further explained in the next response, we have encountered significant delays in receiving a substantial quantity of custom-designed replacement equipment that was ordered in 2022. Regrettably, this shipment has still not fully arrived, causing a more significant setback than anticipated in our previous quarter's update. Despite receiving additional equipment since the last status update and anticipating further deliveries in the upcoming quarter, the quantity received remains about 50% of the total order. This delay hinders the expected progress outlined in the Plan. Compounding the issue, our current supply and access to available equipment, including both the ordered equipment and alternative options, are depleting, further decelerating our progress. While Hotwire has received nearly half of the ordered equipment, overall project completion is significantly lower due to several factors. These include the inherent time lag between equipment receipt and deployment, recent deliveries that left insufficient time for deployment, and the additional challenges outlined below.

As noted previously, the prolonged wait for a substantial quantity of replacement equipment has introduced an unexpected challenge in completing our work. Due to these delays and the unique demands of our tasks, we now require additional workers to efficiently handle the removal, replacement, and disposal of covered equipment within the remaining timeframe – even with the six-month extension we received. This increased demand for labor resources, surpassing our initial estimates, poses a new challenge, given shortages in the specialized workforce for this type of work. This challenge is further compounded by the program's current funding constraints and the uncertainty surrounding whether Congress will address the shortage.

*Explain whether you are finding commercially available equipment in the marketplace. If not, then explain efforts taken to obtain replacement equipment.

Since we submitted our Plan, the risks we initially identified regarding the availability of commercially available equipment have become more significant challenges. Specifically, our vendor has yet to provide critical components of the custom-designed equipment ordered in January 2022. While we are actively sourcing alternative solutions, options for alternative equipment are limited. This limitation applies not only to our current vendor and existing inventory but also to other vendors.

We recognize the significance of these issues and are working towards finding solutions. We maintain frequent communication with the vendor responsible for supplying the equipment, regularly inquiring about their timeline for delivering the ordered equipment and their potential to provide alternative options. This ongoing dialogue ensures that we are prepared and ready to take prompt action with whatever equipment the vendor can supply. Furthermore, despite the constraints on accessing alternative replacement equipment, we have begun using alternative devices that we possess or have acquired. We deploy this equipment in locations where it is technologically feasible.

By maintaining open communication with our vendor, actively deploying the alternative equipment we have on hand or acquire, and continuously monitoring the situation, we are committed to mitigating the effects of equipment unavailability and successfully executing the project as closely as possible to our original Plan.

* If there is additional information relevant to the preceding questions or that you believe the Commission should be aware of, please include the information below.

In addition to the supply chain and labor shortage challenges mentioned above, the lack of program funding and the fluctuating signals regarding the Administration's and Congress's willingness to allocate more funds significantly impede Hotwire's adherence to its Plan. This impact is particularly pronounced in decisions related to alternative solutions, affecting both the options available and the timing of those decisions. In navigating these decisions, the company strives to strike a delicate balance between affordability, which is closely tied to assessing the potential of increased funding, and simultaneously achieving the goals of preserving network integrity and minimizing consumer impact.

Additionally, as previously reported, Hotwire's Plan was designed and based on Hotwire receiving all or nearly all of its allocation. With a materially reduced allocation, there would be insufficient funds to cover the significant expense associated with the proactive scheduling of Covered Equipment replacement and conducting on-site visits solely to perform this work. Given the ongoing possibility that Hotwire may receive a much smaller allocation, alternative approaches for completing equipment swaps are being implemented to encourage the required customer participation in the swap process and to ensure consistent movement forward on replacement.

However, all feasible alternatives being considered require a material increase – by years – in the time required to complete the entire project, necessitating further timeline extensions from the FCC.

Program Compliance

*Indicate whether recipient has fully complied with (or is in the process of complying with) all requirements of the Reimbursement Program.

Yes No

*Indicate whether recipient has permanently removed from its communications network all covered communications equipment or services that were in the recipient's network as of the date of the submission of the recipients application request for funding.

Yes No

If recipient has not yet completed the removal process, what estimated percentage of the removal process have you completed?

18

*Indicate whether recipient has replaced all covered communications equipment or services that were in the recipient's network as of the date of the submission of the recipient's application request for funding.

Yes No

If recipient has not yet completed the replacement process, what estimated percentage of the replacement process have you completed?

25

*Indicate whether recipient has disposed of all covered communications equipment or services that were in the recipient's network as of the date of the submission of the recipient's application request for funding.

Yes No

If recipient has not yet completed the disposal process, what estimated percentage of the disposal process have you completed?

5

*Indicate whether recipient has fully complied with (or is in the process of complying with) the timeline submitted by the recipient. If not, provide explanation for deviation.

Yes No

*The filer has indicated no to a question in this section, please provide additional information.

Please see the text above.

Certifications

*By checking the box and providing the electronic signature where indicated below, the Certifying Official on behalf of the filer certifies under penalty of perjury that:

(1) The Certifying Official is authorized to submit this status report on behalf of the above-named filer and, based on information known to me or provided to me by employees responsible for the information being submitted, the information set forth in this status report has been examined and is true, accurate, and complete, and the expenditures, disbursements and cash receipts are for the purposes and objectives set forth in the terms and conditions of the Federal award. The Certifying Official acknowledges that any false, fictitious, or fraudulent information or statement, or the omission of any material fact on this status report or on any other document submitted by the filer may subject the filer and the undersigned to punishment by fine or forfeiture under the Communications Act (47 U.S.C. §§ 502, 503(b), 1606), or fine or imprisonment under Title 18 of the United States Code (18 U.S.C. § 1001, §§ 286-287, and § 1343), or can lead to liability under the False Claims Act (31 U.S.C. §§ 3729-3733, and §§ 3801-3812). (2) The filer is in compliance with the statute, rules, and orders governing the Reimbursement Program, including but not limited to allocations, draw downs, payments, obligations and expenditures of money, and the Certifying Official acknowledges that failure to be in compliance and remain in compliance with those statutes, rules, and orders may result in the denial of funding, cancellation of funding commitments, and/or recoupment of past disbursements. The Certifying Official acknowledges that the filer will maintain detailed records, including receipts, of all costs eligible for reimbursement actually incurred for a period of 10 years; and will file all required documentation for its expenses. The Certifying Official acknowledges that failure to comply with the statute, rules, and orders governing the Reimbursement Program could result in civil or criminal prosecution by law enforcement authorities.

Certifier Information

Certifier Signature	Jonathan Bullock	Certifier Phone	4845726003
Certifier Name	Jonathan Bullock	Certifier Email	jbullock@hotwiremail.com
Certifier Title	Chief Strategy Officer		
Date Signed	2024-10-07		