

Congress of the United States
Washington, DC 20515

62

January 29, 2020

The Honorable Ajit V. Pai
Chairman
Federal Communications Commission
445 12th Street SW
Washington, DC 20554

Dear Chairman Pai:

We write with concerns regarding the Federal Communications Commission's (FCC) draft Rural Digital Opportunity Fund (RDOF) order that requires auction winners to have a letter of credit (LOC) to financially secure all RDOF support received. We believe that the order as drafted could unduly increase the costs of participating in the RDOF and put carrier participation in jeopardy.

While we already have some concerns over the implementation of the RDOF auction—specifically, the FCC's continued reliance on inaccurate Form 477 data—it has also come to our attention that potential participants in the auction share concerns regarding the barriers to access created by the LOC requirements. We are concerned the order as drafted would severely limit, and in some cases absolutely prevent, provider participation.

In some cases, the RDOF LOC requirement may exceed a company's entire revolving credit line, meaning that is unlikely that financial institutions would even extend letters of credit in the amounts necessary to qualify. Furthermore, even if providers were to devote their entire credit revolver to RDOF, it could deprive them of the credit necessary to conduct normal business operations, let alone meet broadband buildout requirements.

We share the FCC's goal to effectively manage risk in this program, however, the FCC should explore alternate risk management measures that would maximize responsible participation in this program, not inhibit it. Rural Americans are counting on the FCC to get this right.

We therefore respectfully request the FCC restructure the RDOF's approach to prudential risk management in a way that ensures providers are able to responsibly participate to the fullest extent possible in this historic program. Without changes to the FCC's LOC requirement and other issues, we worry that potentially millions of rural Americans—our constituents—will risk

being left without access to the critical broadband services they need and the RDOF, if properly adopted, could deliver.

We appreciate your consideration to this matter and look forward to your response.

Sincerely,



G. K. Butterfield
Member of Congress

A. Donald McEachin
Member of Congress