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For Immediate Release

**FCC PROPOSES UPDATED LETTER OF CREDIT RULES FOR
RURAL BROADBAND SUPPORT**

NPRM Looks to Support Fast and Accountable Deployment in High Cost Regions

WASHINGTON, June 6, 2024—The Federal Communications Commission today proposed updated rules to offer greater flexibility in supporting providers' deployment of high-speed internet services in high-cost, rural communities. FCC broadband deployment programs target communities where the high cost of deployment makes it difficult for private funding alone to make deployment cost-effective.

To make sure public dollars are safeguarded, the Commission requires that certain broadband providers who receive Universal Service Fund support to deploy broadband to high-cost areas maintain letters of credit from a qualifying bank and with a sufficient value. Amid concerns that the burden from those requirements can impact deployment, the Commission seeks comment on changing its existing bank rating standards and allowing certain providers to reduce the value of their letter of credit sooner, freeing more capital for deployment.

In the last two years, a significant number of banks have lost their eligibility to issue letters of credit for high-cost support recipients as their safety ratings have fallen below the standard established by the Commission. Carriers are then burdened by the possibility of needing to obtain a new letter of credit from a qualifying bank. The Notice of Proposed Rulemaking adopted today seeks to address those burdens and seeks comment on the appropriate standard for determining the eligibility of a United States bank to provide a letter of credit to a provider participating in certain FCC high-cost programs. The NPRM also seeks comment on reducing the letter of credit value for Rural Digital Opportunity Fund support recipients that have demonstrated sufficient broadband deployment using program funds, and also seeks comment on allowing Connect America Fund Phase II providers that have met deployment and reporting obligations to reduce their letter of credit burden by following the Rural Digital Opportunity Fund letter of credit rules.

Action by the Commission June 6, 2024 by Notice of Proposed Rulemaking (FCC 24-64). Chairwoman Rosenworcel, Commissioners Carr, Starks, Simington, and Gomez approving. Chairwoman Rosenworcel and Commissioner Starks issuing separate statements.

WC Docket Nos. 24-144, 10-90, 18-143, 19-126; AU Docket Nos. 17-182, 20-34; GN Docket No. 20-32

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This is an unofficial announcement of Commission action. Release of the full text of a Commission order constitutes official action. See MCI v. FCC, 515 F.2d 385 (D.C. Cir. 1974).