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**For Immediate Release**

## **FCC MODIFIES LETTER OF CREDIT RULES TO FACILITATE BROADBAND BUILDOUT**

### ***Updated Rules Will Relieve Burdens on Carriers, Free Up Money for Deployment***

WASHINGTON, December 11, 2024—The Federal Communications Commission today adopted changes to rules governing letters of credit to relieve administrative and financial burdens on broadband providers receiving certain types of high-cost support from the Commission’s Universal Service Fund. Letters of credit are an important safeguard for certain high-cost programs and today’s approved changes will increase the number of banks qualified to issue letters of credit and ultimately free up capital for deployment.

To receive high-cost support authorized through one of the Commission’s competitive processes, eligible telecommunications carriers must obtain and maintain a letter of credit from a qualified financial institution. This requirement protects the integrity of the Universal Service Fund and ensures that the Commission can recoup previously disbursed funds in the event of a provider’s default. Under the Commission’s current rules, for a U.S. bank to qualify to issue a letter of credit, it must, among other requirements, maintain a Weiss bank safety rating of B- or better. However, since the Commission first adopted the Weiss bank safety rating requirements, the number of banks that qualify under the current standard has significantly decreased, raising concerns of increased costs and administrative burdens on support recipients.

This Report and Order changes the Commission’s current rules to allow U.S. banks that are well capitalized to issue letters of credit to high-cost support recipients, which will increase the number of banks qualified to issue letters of credit. This change applies to participants in Connect America Fund Phase II (Auction 903), the Rural Digital Opportunity Fund (Auction 904), the 5G Fund, the Bringing Puerto Rico Together Fund, and the Connect USVI Fund. Today’s action also changes the letter of credit rules for Connect America Fund Phase II and the Rural Digital Opportunity Fund, to allow providers to reduce the value of their letter of credit after meeting certain deployment milestones, allowing support recipients to free up capital and accelerate their broadband deployment.

Action by the Commission December 11, 2024 by Report and Order (FCC 24-127).  
Chairwoman Rosenworcel, Commissioners Carr, Starks, Simington, and Gomez approving.  
Chairwoman Rosenworcel issuing a separate statement.

WC Docket Nos. 10-90, 18-143, 19-126, 24-144; 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).*