

Congress of the United States
Washington, DC 20515

October 30, 2023

The Honorable Alan Davidson
Assistant Secretary
National Telecommunications and Information Administration
1401 Constitution Avenue NW
Washington, DC 20230

Assistant Secretary Davidson:

We write to share our concerns regarding the National Telecommunications and Information Administration's (NTIA) implementation of the Broadband Equity, Access, and Deployment (BEAD) program. The BEAD program requires broadband providers seeking funding from a state to obtain an irrevocable letter of credit. Although the BEAD program needs accountability measures to ensure providers fulfill their obligations, we worry that this specific requirement will deter provider participation in this program while other less burdensome, but equally effective, alternatives are overlooked.

The \$42.45 billion BEAD program is an opportunity to finally close the digital divide. However, the letter of credit requirement limits the potential for the BEAD program to succeed. Under NTIA's Notice of Funding Opportunity (NOFO), broadband providers must obtain a letter of credit for 25 percent of the grant award to be eligible to receive funds. This is in addition to a 25 percent match and other requirements to ensure those receiving funds have the financial, managerial, and technical capacity to run a successful broadband network.

Smaller broadband providers in our states have expressed concerns over the letter of credit requirement due to its up-front demand for capital. In addition to the capital needed to obtain a letter of credit and matching funds, providers will also pay additional fees levied by the bank providing the letter of credit—which can be sizable. Many of the small and even mid-size providers in our states do not have this excess capital readily available. Indeed, these financial demands could also reduce broadband investment by even the largest broadband providers in our states as they would have to divert funds from ongoing network deployment. While stringent accountability measures should be included to mitigate irresponsible spending, there should not be requirements that undermine the goals of this program.

Although the goal of assuring that an applicant is financially able to deliver on grant requirements is essential, the irrevocable letter of credit requirement for the BEAD program is not the best solution to assessing a provider's financial stability and protecting the government's interest in the program.

Therefore, we respectfully request that NTIA restructure the BEAD program's approach to prudential risk management in a way that ensures providers are able to responsibly participate in the BEAD program to the fullest extent possible in this historic, once-in-a-generation program. Without changes to the BEAD program's letter of credit, we risk leaving millions of Americans without broadband.

To truly make BEAD a success in our states, we ask that you find alternatives to the letter of credit that will protect government funds and provide equal footing for all providers to ensure grant compliance without burdening providers seeking to deploy new networks.

Thank you for your attention to this important matter. We respectfully ask that you respond back to the undersigned members by November 13, 2023.

Sincerely,



August Pfluger
Member of Congress




Debbie Dingell
Member of Congress



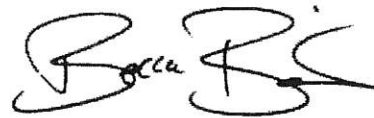
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