

RURAL BROADBAND INSIGHTS FOR CLOSING THE DIGITAL DIVIDE



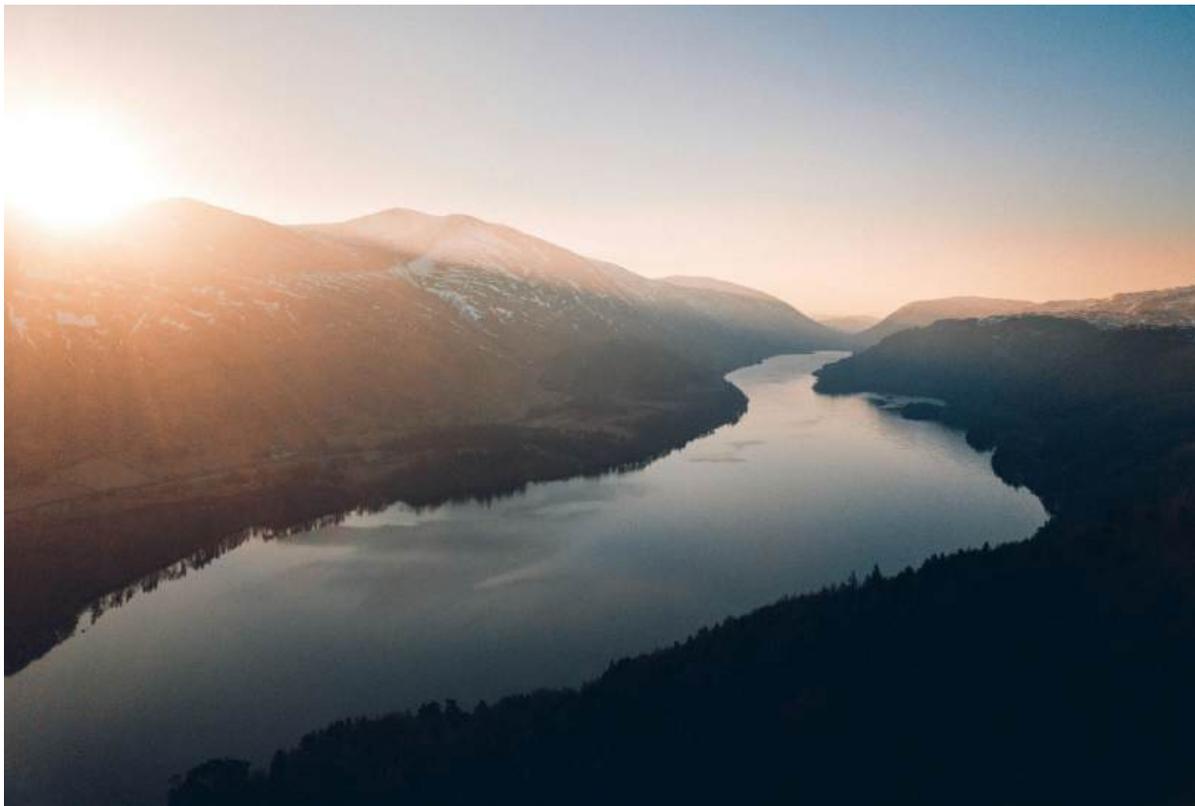
WITH PARTNER JONATHAN CHAMBERS

Co-ops Connect FYI

By Jonathan Chambers • Aug 30, 2024

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The River



Five years ago, I attended a CEO Close-Up event where Nate Silver was the keynote speaker. Silver had gained national fame analyzing political polling data. In 2008, he accurately predicted 98% of the 2008 Electoral College results; in 2012, he accurately predicted 100% of the Electoral College results.

I first encountered Silver over 20 years ago when he was producing baseball statistics. If you have ever played fantasy football or basketball, you might have heard of the granddaddy of fantasy sports – Rotisserie League Baseball. Back in the early '80s, my roommates and I used to rise early to check the box scores in the papers to learn how our players had done.

I've always appreciated people who can open one's eyes with data; Silver does that exceptionally well.

Silver has just written a new book, *On the Edge: The Art of Risking Everything*, which is not about politics or baseball. It's about risk-taking – from poker to sports betting to Silicon Valley to cryptocurrency to AI.

Silver characterizes risk-takers in two categories:

1. Those who take the types of risk he describes in poker, cryptocurrency and AI, whom he characterizes as those who **live in the River**; and
2. People and institutions with a vested interest in the status quo or the establishment, whom he characterizes as those who **live in the Village**.

Silver doesn't quite describe the two poles as risk-taking versus risk aversion. Instead, he uses language familiar to those who live in the River – expected value, Nash equilibriums, Bayesian priors – to explain how those in the River think about risk.

The River and Me



I first became familiar with these risk terms when studying game theory over 40 years ago. **In reading Silver's book, I recognized myself.**

Silver, a professional poker player and entrepreneur, also thinks of himself as a River dweller. And, he thinks the River is generally winning, both economically and in the broader influence of societal trends. Mind, Silver isn't describing gambling or risk-taking as if it is an addiction.

He's recounting how certain people evaluate risk.

I thought a lot about my work over the past decade while reading Silver's new book. By temperament and inclination, **I am, in Silver's terms, a quintessential River dweller.**

When I started working with electric co-ops and then left the FCC to join Randy at Conexon, I understood my nature and approach might be at odds with those with whom I sought to work ***because of my perception of the risk.*** My perception of the risk is rooted in more than 30 years in the broadband industry.

To me, the proposition for rural broadband always has been:

We are building networks that will last for a half century or more, in geographies with little or no competition, to deliver a service that our economy is and will be based on for the foreseeable future.

The River and Rural Electric Broadband



I recognize the choice to build rural broadband is a hard decision to make. Over the years, I have appreciated deeply the perspective of the management and boards of electric cooperatives, who must make the hard decision.

I think of Tim Davis, retired CEO of Pemiscot-Dunklin Electric Cooperative in Missouri. Tim shared with me one day how he worked his way up from the bottom to the top of the co-op ladder, starting as a lineman and finishing his career as the CEO. And that he had one more consequential decision to make – whether to authorize the construction of a fiber-optic network. He said, “Jonathan, I don’t understand the technology well enough, but I think my community needs it. If you tell me that this will work, I will put my faith in you.” **When someone puts**

their faith in you, you're no longer just in a business relationship; you have formed a covenant.

I think of Julius Hackett, CEO of Tri-County Electric Cooperative in Florida. Julius studied the numbers. As he put it, “As rural as we are, there are always reasons not to move forward with these projects, thinking that because of the density, you can't make the math work.” As much as any co-op CEO we've worked with, Julius was deliberate in his evaluation to investigate and understand the math. **And once he believed the math would work, we built.**

I think of Tim Smith, who recently announced his retirement as CEO of East Central Oklahoma Electric Cooperative (ECOEC). I recall a conversation with him during the first FCC broadband auction. We had calculated that ECOEC needed to win 50% of the available funding in its service territory. Tim called late one day after the auction round concluded to discuss strategy. We were about a week into the bidding. The auction format was a descending clock auction. Each round, the amounts were reduced, and that day, the round had been reduced to 70%. After some discussion, we agreed to stick with our plan, to stay in the auction as long as there was a prospect of winning at least 50%. **ECOEC ended up winning just a tick more than 50% of the available funding.**

In the years after that conversation, Tim occasionally would tell me he was having trouble sleeping because of the project. We were and remained on budget and on schedule year after year after year. Still, it took Tim a long time to get a good night's sleep. But as he told us recently, “To the co-ops and the boards that are thinking about ‘should we do it?’ or ‘can we afford to do it with the federal monies available?’ – I say, ‘I'm not sure you can afford **not** to do it.’”

Beyond the River



I'm not sure I agree with Silver's concept of risk-takers and the River.

As one who spends a lot of time in the River, I cannot readily say, "Come on in, the water's fine." **Everyone must make their own decision about what feels like too much risk for their soul to bear.**

I appreciate those in my life who have joined me in the River. I prefer to think of the River differently, as once explained to me by a friend:

The world is ever-changing, and most people aren't in the River with you when it flows, so they remain where you last saw them on the banks.

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