

RURAL BROADBAND INSIGHTS FOR CLOSING THE DIGITAL DIVIDE



WITH PARTNER JONATHAN CHAMBERS

Co-ops Connect FYI

By Jonathan Chambers • Apr 21, 2023

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Selling Belief, Not Broadband



I've been in the broadband business since the broadband business started in this country. But over the past decade, I haven't been selling broadband.

I've been selling belief.

- Belief in a brighter future for rural America.
- Belief in the ability of fiber broadband to transform communities and lives.
- Belief that rural electric cooperatives could repeat the miracle of the 1930s rural electrification, rely on themselves, and build their own fiber networks.

So when I met Gary Wood, President & CEO at Central Virginia Electric Cooperative, six years ago at a statewide meeting, I wasn't selling broadband. I was selling belief.

Gary was one of the few people who took me up on that notion of belief.

Now, five years after starting construction, Central Virginia Electric Cooperative has completed its system build of over 4,500 miles of fiber-optic cable and reached the milestone of connecting over 20,000 fiber broadband customers.

That's a tremendous accomplishment. The unwavering vision of a better future – and the determination to reach it.

As a dear friend of mine says:

| *“Belief is a good thing, but action is my love language.”*

The CVEC Success Story



My conversations with Gary six years ago were different than the conversations Gary had with his team six years ago.

Gary told his staff members: “Your jobs are going to stay the same as they are. The guys we are hiring at Conexon are going to do all the work.”

What he told me was something a little different. He told me how much he wanted his staff to be involved, take the lead, and run things.

Gary’s vision was that his electric cooperative would do it themselves. *And they have.*

In five years, CVEC has built fiber broadband through its subsidiary, Firefly Fiber Broadband, to reach every one of its members.

In five years, Firefly Fiber Broadband has built over 4,500 miles of fiber network and connected over 20,000 subscribers, with 2,500 more installations underway.

Gary’s belief and his team’s hard work have led the co-op to a new future. His belief, and his determination to do whatever it took to bring service to all members of his cooperative.



CVEC's Next Steps



Two weeks ago, we celebrated CVEC's achievement of a broadband network.

Now CVEC is building outside its electric service territory, partnering with neighboring co-ops and Dominion Energy to build another 4,500 miles and another 40,000 passings.

CVEC's 56 percent take rate is higher than the take rate Conexon had projected under the business plan.

- But it isn't higher than my personal, heretofore-private objective.
- My objective for every Conexon project is: **100 percent take rate. If you have 40,000 passings, your objective should be 40,000 customers.**

The big picture:

- An electric co-op is a membership organization. Every single member has electric service from their cooperative.
- **Every electric co-op member benefits from a fiber-optic network,** both from the improvement to the electric distribution system and from the availability of world-class broadband.
- **Every electric co-op member benefits financially when the co-op's broadband business is successful,** in the form of a healthier balance sheet, capital credits and distributions.
- Every electric co-op member buys electricity from a company they own. The same should hold true for broadband.
- Co-op members don't need anyone else to provide internet service. They don't need Verizon or CenturyLink or Comcast or Charter.
- **Co-ops are making fiber internet service available to every single member. Every single member should subscribe.**

The bottom line:

It's time for all members to sign up for service.

No one else is going to help rural Americans in the long run like electric cooperatives are.

You own the network. Patronize your own business. Buy from yourselves.

The Conexon Vision, Then



Seven years ago, Randy Klindt and I had a simple idea.

The idea was that **every single member of every single electric cooperative in the country should have access to fiber-based broadband service.**

- Not satellite, not fixed wireless, not some enhanced copper service, not hybrid fiber-coax. Not any of the other technologies.
- **Why? Because the best investment** of public or private dollars – the best investment of *anybody's* dollars in this

particular field – **is in fiber.**

Except nobody else would do it – *no one except the cooperatives.*

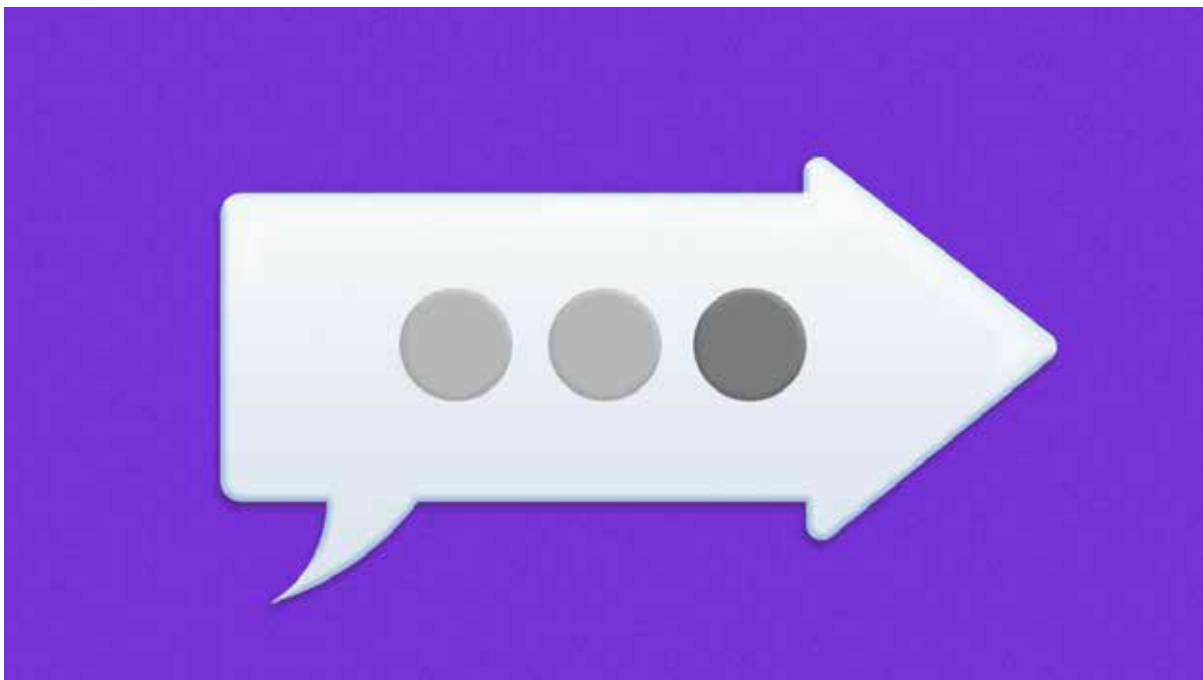
Our goal was to get the entire country built out with the same quality service you get in urban and suburban areas.

But nobody would invest in rural areas ... just like the 1930s for electric networks. So, we turned to electric cooperatives.

Why? Because cooperatives are built upon a covenant. A covenant that all members, no matter where they live, deserve the same quality service at the same rates.

That covenant is as true today as it was in the 1930s.

The Conexon Vision, Now



Five years ago, I would tell people, “Randy Klindt and I are building a company to help electric cooperatives do the work of building fiber broadband. We’re going to teach co-ops to do this work, we’re going to

find partners, we're going to find leaders in the co-op community, and we're going to build broadband to 10 percent of the country."

If I told you that five years ago, you might not have believed me.

Yes, but:

We (Conexon and electric cooperatives) have built and are presently constructing fiber-optic networks to 10 percent of the geography of the country.

So now when I tell you we (Conexon and electric cooperatives) are going to build 20-25 percent of the country, **you ought to believe me.**

What's next:

When we build 20-25 percent of the country with fiber broadband with electric cooperatives, you know what happens?

- You get to the point where everybody expects it.
- You get to the point where it doesn't matter if it's a co-op territory or not.
- **Today, everyone *expects* fiber to the home is necessary for the future in urban and suburban America. *Why not rural America?***

The belief I'm selling today:

I love this country and I love rural America.

Rural America *deserves* what CVEC has built in central Virginia, and what so many other co-ops have built across the country.

We aren't stopping until it's done.

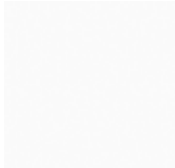
"We" — Conexon and the electric cooperatives we serve. Randy and I. Your team and ours. *Together.*

We (electric cooperatives) can once again change rural America.

*Feel free to forward this **Co-ops Connect FYI** to colleagues who want to stay in the know on all things broadband! Subscribe to Conexon's weekly newsletter [here](#).*

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