

RURAL BROADBAND INSIGHTS FOR CLOSING THE DIGITAL DIVIDE



WITH PARTNER JONATHAN CHAMBERS

Co-ops Connect FYI

By Jonathan Chambers • May 05, 2023

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The Newest Face of Community Broadband Ownership



Last week, Conexon Connect took another important leap forward in closing the digital divide with rural fiber broadband.

We announced the start of construction of a fiber network in East Carroll Parish, a rural Louisiana parish once named the poorest place in America by TIME Magazine.

We build networks all over the country. **East Carroll Parish is special.**

Why it matters:

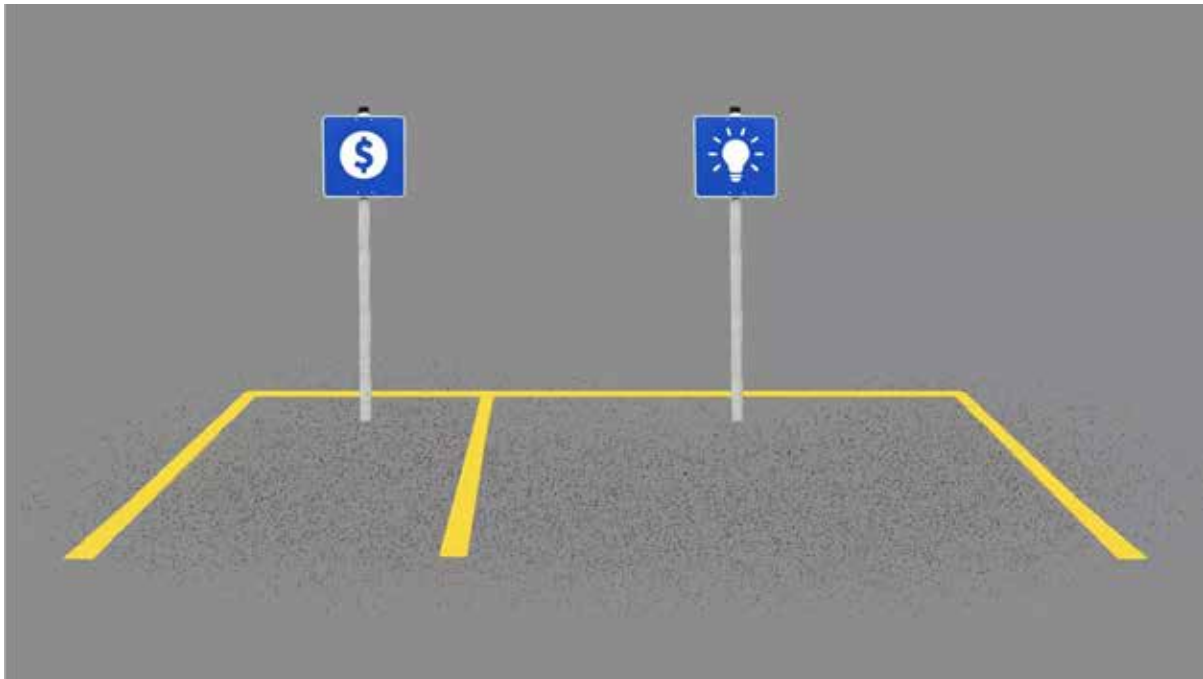
Until now, we have worked almost exclusively with rural electric cooperatives.

- Co-ops have infrastructure that makes it easy to put fiber on their poles.
- Co-ops already have poles and ducts and conduits and rights of way and bucket trucks and linemen and a membership organization.
- If East Carroll Parish had an electric cooperative serving the entire parish, we would have built the network already.

Other than a couple of hundred locations in the south, **East Carroll Parish isn't served by an electric cooperative.** We are already working with Northeast Louisiana Power Cooperative, but its service territory doesn't extend throughout the parish.

Conexon Connect is building a fiber network to serve the parish anyway.

The East Carroll Parish Model



Within our electric cooperative model:

- The cooperative owns the fiber network, or we can own the fiber network.
- Where the co-op owns the network, the co-op either operates the network itself with our support, or leases the network to us to operate as the internet service provider.
- Where we are the internet service provider, we pay the co-op an amount of money to cover its costs – the costs of construction and ownership of the network – **plus a share of the revenue we earn.**

Why do we work this way?

To Conexon, network ownership is important. We believe it is advantageous for local communities to own these networks, just as the members of an electric co-op own the electric network.

We believe East Carroll Parish should own the network we are going to build. **But East Carroll Parish doesn't have an electric cooperative to lean on.**

Now what?

- ***We'll work around it.***
- Conexon is working with Delta Interfaith and other community groups in East Carroll Parish to form an entity that **can** own the network.
- When that organization is set up, we will transfer ownership so that the residents of East Carroll Parish own their network — ***just like the electric co-ops do.***
- We will donate the \$4 million GUMBO grant we received from the state of Louisiana for this broadband project to the organization once it is set up. We will lease the network from East Carroll Parish, ***just like we lease networks from the electric co-ops.***
- We will give East Carroll Parish revenue share payments, ***just like we do with the electric co-ops.***
- This revenue share will give the organization owned by East Carroll Parish sufficient resources to operate its organization and do with the money as they choose. **Collectively. As its owners.**

Why it matters:

Ownership is critical to long-term success.

1. The residents of East Carroll Parish may not be able to raise the capital up front for the network. They may not have the know-how to design a network or the personnel to build it.
2. But they have something that gets dismissed all too often: **Buying power.**

3. The residents of East Carroll Parish will be purchasing service. If they all decide collectively they are going to purchase service from a network they own, **it works in the same way as a cooperative.**
4. **And then, East Carroll Parish residents can kick AT&T or CableOne or any other inferior provider to the curb.** Other providers had their chance. They had decades to build networks to rural East Carroll, rural Louisiana, and rural America.

The Final Word



Assets aside, the electric cooperative model works for one predominant reason:

Electric cooperatives are built on a covenant that the members together are stronger. Electric cooperatives are a profoundly

American institution. As in the American motto, *E pluribus unum* — out of many, one.

There is a difference between a contract and a covenant.

- **A contract is a deal between two parties.** Consideration is required. Each party gives something; each party gets something. That's a contract.
- A covenant is something else altogether. **A covenant binds people together and lifts them all up.**
- **Where a contract seeks the best possible deal, a covenant seeks the best possible world.**

What Conexon is offering to electric cooperatives and to rural communities like East Carroll Parish — those communities without a co-op — **is a covenant with us.**

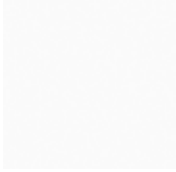
- Work with us. We will build a network for you. We will help you get funding, own the network if you choose, operate the network.
- **The big picture:** We will help you establish an organization that allows you to own the network ***so you can control your own economic destiny.***

That is what East Carroll Parish is doing, and that is why the East Carroll Parish model is so encouraging.

Does this model make sense elsewhere? We are interested in working with others who want to learn and explore.

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