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RURAL ELECTRIC MAGAZINE

2023

BROADBAND

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August 2023



THE SATILLA RURAL ELECTRIC MEMBERSHIP CORP.

CO-OP BUILT, PARTNER-FINANCED AND PARTNER-RUN BROADBAND SERVICE

COOPERATIVE PROFILE

Focusing on its strength in delivering safe, reliable and affordable electricity, Georgia's Satilla Rural Electric Membership Corp. has partnered with industry experts to ensure that every one of its rural members has access to fiber-to-the-home broadband.

Satilla REMC serves nine counties spanning just over 4,400 square miles surrounding Alma, Georgia, in the southeastern part of the state. This primarily residential service territory includes small cities and towns as well as farming communities and even more sparsely populated areas. Across this geographic footprint, many of Satilla REMC's nearly 38,000 members have been either unserved or underserved by other high-speed internet providers. Members have been left behind in the global marketplace. Students can't access remote learning opportunities, and family members can't access services or work-from-home options.

BUSINESS DRIVERS

Like other electric distribution cooperatives across the country, Satilla saw the impact this lack of connectivity was having on its members and their communities and decided to step in to fill the service gap.

"When we recognized the problem a few years ago, we waited for someone in that industry to address it," says Romeo Reyes, Satilla's president and CEO. "After years passed with zero advancements, and hearing more and more from members about their needs, we started exploring how we could support broadband expansion in our territory."

Satilla's year-long due diligence focused on two primary objectives: getting high-speed broadband to every one of its members, and not getting into the internet service provider (ISP) business themselves.

PROJECT OVERVIEW

Satilla decided to work with rural fiber broadband entity Conexon and its ISP arm, Conexon Connect, to build and operate a FTTH network delivering 100-megabit, 1-gigabit and 2-gigabit service.

“We knew we didn’t have the expertise to build and staff an entire internet company from the ground up, so we looked for a partner who would understand our business model and our strategy,” says Reyes.

To support the model, Satilla is building a fiber network over five one-year phases that will serve its vast territory. Fiber will be installed at each distribution substation, and from there to individual homes, farms and businesses.

BUSINESS DRIVERS

The cooperative will continue to own the fiber network and provide access to Conexon Connect for a fee. Connect will then serve as the internet service provider moving forward.

“In addition to the access fee, Satilla REMC will receive a small revenue share, and then Connect will handle every aspect of the internet service, from routers and modems to customer service,” says Reyes.

The internet service is co-branded as “Connect, Powered by Satilla REMC,” so the connection is a close one and capitalizes on Satilla’s 85 years of providing service in the area. As a safeguard to reduce reputation risk, Satilla is working with Connect to ensure its members are as well-served for their internet service as they are for their electricity.

CHALLENGES AND SURPRISES

Even with a very close and positive relationship, Satilla’s fiber network project has not been without challenges that are outside of either partner’s control. Not surprisingly, labor, supply chain hurdles and escalating materials costs top the list.

Despite not receiving any grant funds in the first round of government program distributions, Satilla has sufficient financing in place with long-time lender CoBank. It also continues to pursue other grant opportunities and has been awarded funds in the second round of grant distributions.

“CoBank has been a good financial partner for more than a decade, and we’re glad to know that we have enough capital to finish this project and offer high-speed internet to every member,” says Reyes. “At the same time, any grant funds we can access will

reduce the amount of money we’ll need to draw from the loan and that our members will ultimately need to pay back. CoBank understands and supports this approach.”

Regardless of the supply chain and other issues, the project remains on schedule in Phase 2 for 2023. It’s also gained some attention from competitors, mostly in the cities and suburbs, who fear losing customers as the new network passes by their communities – a network that, in many cases, is far superior to what they’re currently being offered.

“Our competitors aren’t necessarily interested in building their networks into these remote areas. They just want to hold on to the customers they already have, so they’re starting to upgrade their systems and lower their prices,” says Reyes. “Competition is good for everyone, and our project is demonstrating that with the right partners, electric distribution cooperatives can be instrumental in getting their members served with broadband internet access, and they don’t necessarily have to get into the ISP business themselves to do so.”

COMPANY DESCRIPTION

Today, over 75% of electric distribution, transmission and generation cooperatives work with CoBank for their banking and financial needs. We finance projects of all kinds, including traditional electric infrastructure investments, smart grid technology, retail broadband, distributed energy resources (DERs), utility-scale and behind-the-meter renewables, electric vehicles and more.



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