



# How Electric Cooperatives Can Unlock the Next Broadband Frontier

Broadband Service Adoption Strategies  
for Electric Cooperatives



# TABLE OF CONTENTS

- 3** Introduction: Electric Cooperatives Focus on Delivering the New Essential Service
- 5** Chapter 1: The Community Benefits of a Sustainable Broadband Strategy
- 6** Chapter 2: Taking Advantage of a Once-In-A-Lifetime Funding Opportunity
- 7** Chapter 3: What Subscribers Look for When Choosing a Broadband Service
- 8** Chapter 4: Why Do Subscribers Switch Broadband Providers?
- 9** Chapter 5: Building a Subscriber Adoption Strategy That Sticks
- 12** Conclusion: Guiding Electric Cooperatives Toward Broadband Success





## Introduction

# ELECTRIC COOPERATIVES FOCUS ON DELIVERING THE NEW ESSENTIAL SERVICE

Electric cooperatives emerged almost a century ago as a way to provide power to mainly rural communities. Supported by federal funding, they were able to overcome the unfavorable economics of the electricity business outside of urban areas by allowing communities to come together to provide an essential utility. Many of these earliest cooperatives still exist today.

These cooperatives began entering the broadband business in the late 1990s for the same reason: to provide underserved communities with an essential service. According to the National Rural Electric Cooperative Association (NRECA), there are now more than 250 electric cooperatives across the United States that are either deploying or developing plans to deliver broadband to their members, creating new ways for rural communities to live, learn, and earn.

The pandemic highlighted the importance of broadband as critical infrastructure to support education, healthcare, emergency services, and community cohesion. It is also a key driver of local economic growth, creating jobs, enabling commerce, and even boosting real estate prices. According to the Pew Research Center, 93 percent of adults now use the internet, up from 53 percent at the turn of the century.

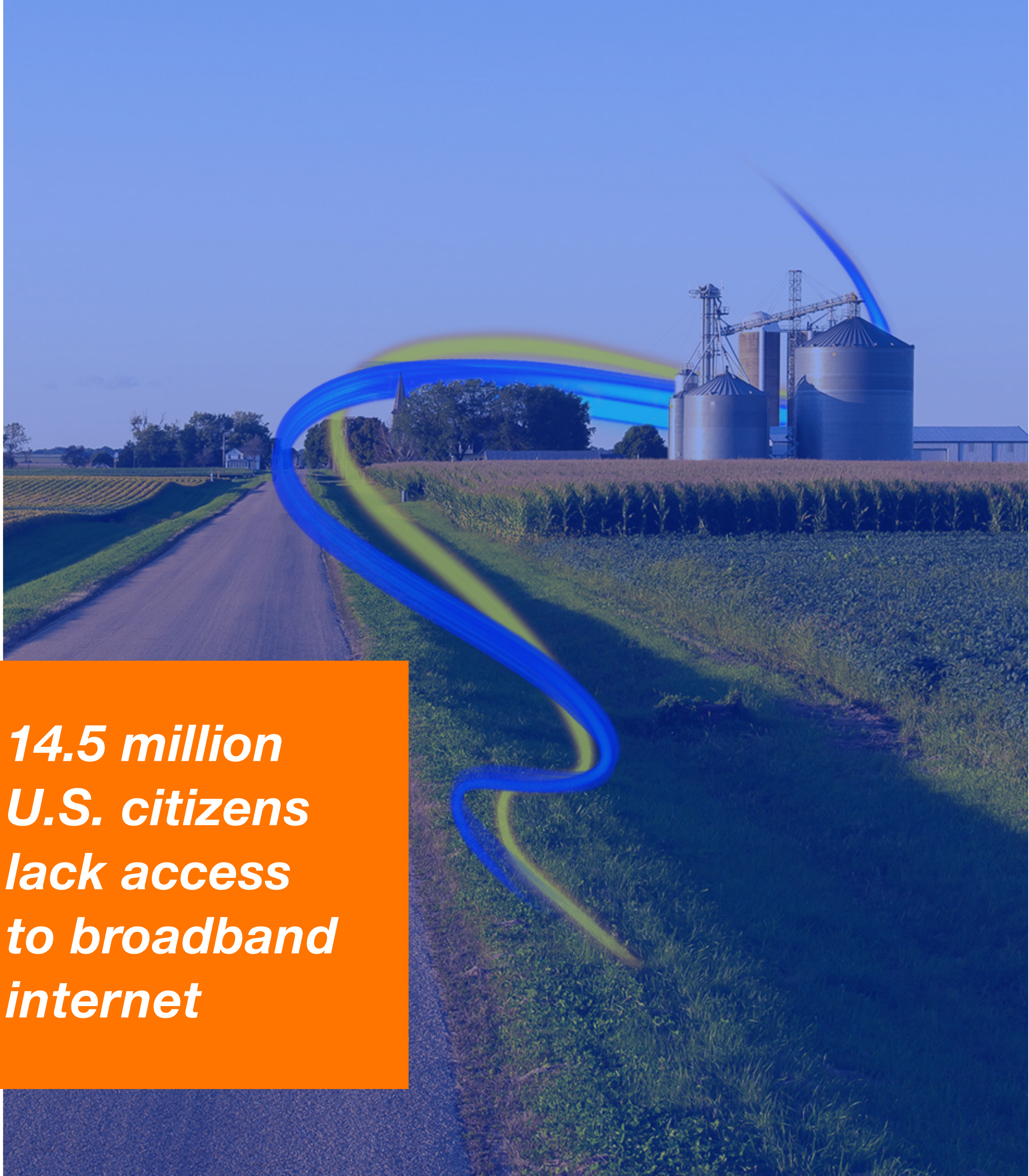




This shift online has put the spotlight on areas where broadband access is either poor or non-existent. According to the Federal Communications Commission (FCC), approximately 14.5 million U.S. citizens, primarily in rural and remote areas, lack access to broadband internet at speeds of 25 Mbps download and 3 Mbps upload. Communities in these areas risk economic decline if people and businesses unable to get online are forced to migrate elsewhere.

As a result, electric cooperatives are stepping up to provide high-speed broadband service in areas underserved by traditional players, closing the “digital divide” that exists between urban and rural communities. As in the 1930s, cooperatives are once again taking advantage of unprecedented funding opportunities to provide an essential service.

But what considerations should electric cooperatives make when entering the broadband business, and what strategies should they deploy to ensure long-term success?



***14.5 million  
U.S. citizens  
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## Chapter 1

# THE COMMUNITY BENEFITS OF A SUSTAINABLE BROADBAND STRATEGY

Unlike commercial broadband providers, electric cooperatives do not exist to generate returns for shareholders. Rather than focusing on short-term gains, their main motivation is to bring long-term benefits to their communities.

This enables electric cooperatives to deliver a unique broadband proposition that is highly differentiated from others in the market. Entering the broadband business offers several benefits for both the community and the cooperative itself, while providing advantages for subscribers over traditional suppliers. These include:

**Meeting the core principles of being a cooperative:** Cooperatives around the world operate according to the same set of core principles and values, as adopted by the International Cooperative Alliance. These principles include commitments to working for the sustainable development of their communities, which today includes broadband.

**Ability to close the digital divide:** Electric cooperatives already have an established infrastructure of power lines and utility poles that can be repurposed to support broadband deployment. This makes it more cost-effective to bring broadband service to underserved areas that are not economically unviable for traditional providers.

**Contributing to socioeconomic development:** Reliable broadband can help communities overcome economic, education, health, and social disparities. Broadband provides access to essential services such as telemedicine and remote learning, and enables full participation in the digital economy.

**Accountability and transparency:** Electric cooperatives are generally more transparent about their operations and decision-making processes. This transparency can lead to better communication with broadband subscribers about service offerings, maintenance, and upgrades.

**Greater social responsibility:** Electric cooperatives are owned and operated by the residents they serve, which gives their community a say in how they are run. This creates a stronger commitment to meeting the specific needs of the community.

**Direct engagement with subscribers:** By being deeply rooted in their communities, electric cooperatives have greater interaction with potential customers, and benefit from “word-of-mouth” marketing and greater brand loyalty.





# TAKING ADVANTAGE OF A ONCE-IN-A-LIFETIME FUNDING OPPORTUNITY

Just as the introduction of the Rural Electrification Administration (REA) in the 1930s led to the creation of the electric cooperatives, governments are now supporting efforts to deploy rural broadband by supplying funding for infrastructure. This funding includes grants, loans, or subsidies for service providers to build out broadband networks in rural areas where the cost of deployment is high. Examples of these programs include:

- **The Broadband Equity, Access, and Deployment (BEAD) program.** This initiative has earmarked \$42.45 billion for last-mile broadband to be distributed at the state level. Recipients must also participate in the FCC's Affordable Connectivity Program (ACP) to make broadband more accessible to even more citizens.
- **The Coronavirus Aid, Relief, and Economic Security (CARES) and American Rescue Plan (ARPA) Acts.** These two acts include funding of more than \$20 billion in state broadband funding programs, recognizing the crucial role of internet connectivity in helping economies recover from the pandemic.
- **The Rural Digital Opportunity Fund (RDOF).** This \$20 billion program introduced by the FCC was designed to finance the construction of high-speed broadband networks in America's unserved rural communities. RDOF aims to bridge the digital divide by bringing life-changing broadband connectivity to nearly 6 million rural homes and businesses across the country.

Electric cooperatives demonstrated significant success in the 2018 Connect America Fund (CAF) II auctions, winning around 15 percent of the awarded funds. However, RDOF is 10 times bigger than CAF II and the rules have been updated to recognize how cooperative-provided broadband can be a life-changing catalyst for rural areas. This represents an unprecedented opportunity for cooperatives to secure even more funding in the coming years.

“Efforts to bridge the digital divide began nearly 25 years ago, yet millions of Americans remain sidelined and disconnected simply because of their zip code. In 2023, that’s unacceptable. Access to broadband creates new ways to live, learn and earn in rural America. These state [funding] allocations are a major milestone in the fight to finally make rural broadband a reality.”



**Jim Matheson, CEO**

National Rural Electric Cooperative Association



## Chapter 3

# WHAT SUBSCRIBERS LOOK FOR WHEN CHOOSING A BROADBAND SERVICE

Electric cooperatives enjoy several advantages over traditional broadband providers, as outlined previously. But a cooperative's community-owned, not-for-profit status does not count for much if their broadband service is unable to compete with rival offerings in key areas such as network quality and affordability. When initially assessing broadband options, potential subscribers are likely to base a decision on the following factors:



**Advertised speed and performance:** A fast internet connection is essential for supporting the increasing array of services a subscriber accesses over broadband, such as streaming high-definition video, online gaming, video conferencing, and access to essential services such as healthcare and education.

**Coverage and availability:** If cooperatives are deploying broadband to underserved areas, potential subscribers will want to ensure that the broadband service is available in their specific location. Even a small service footprint may be viable if no competing service is available.

**Price and value:** Service cost is an important initial consideration, but it is not simply a case of “lowest cost wins.” Potential subscribers are also likely to evaluate service bundles (and managed services), introductory offers, usage limits, and contract lengths.

**Recommendations and feedback:** Positive recommendations from friends, family, or online reviews can instill trust in a particular service. Electric cooperatives are also particularly well-placed to benefit from word of mouth recommendations within their local community.

**Value-added services:** Broadband that comes with additional features such as security software, parental controls, or access to Wi-Fi hotspots is likely to prove more attractive than a basic connectivity offering.

**Takeaway:** Subscribers are influenced by several factors when choosing a broadband service, so focusing on one key selling point—such as speed or price—may not deliver results. A better strategy is to present a well-rounded offering that aims to meet subscribers' needs today and over the longer term.



## Chapter 4

# WHY DO SUBSCRIBERS SWITCH BROADBAND PROVIDERS?

The factors that initially attract a subscriber to a broadband service may not be sufficient to retain them as a customer for the long term. For example, if a user was motivated to subscribe to a service based solely on price, they are susceptible to being lured away when new competitively priced offerings enter the market. There are several other scenarios that will have subscribers looking elsewhere, including:

**Performance and reliability issues:** Slow speeds, frequent outages, and unreliable connections can frustrate subscribers. If their current provider consistently fails to deliver the promised performance, subscribers will look for alternatives.

**Lack of managed services and other features:** Subscribers are demanding services beyond a basic connection in areas such as security, parental controls, device management, and smart home integration. If their current provider does not offer such services, they may switch to one that does.

**Poor customer service experience:** Lackluster customer service marked by long wait times on support calls or an inability to swiftly resolve an issue will often drive subscribers seek a provider with a better customer service reputation. Research shows that 64 percent of consumers will jump to a competitor after just one poor experience.

**Completion of contract.** Even if they are generally happy with the service, once the initial contract expires, subscribers may take the opportunity to research new providers or deals.

**Change of circumstance:** Broadband requirements change in line with the subscriber's circumstances—they may require faster speeds, different services, or move to area with different broadband options.

**Takeaway:** A service provider will not be able to eradicate subscriber churn entirely, but it is crucial to build a strategy that looks beyond the initial subscriber acquisition and addresses the reasons a subscriber may switch providers further down the line.





## Chapter 5

# BUILDING A SUBSCRIBER ADOPTION STRATEGY THAT STICKS

How should an electric cooperative seek to develop “stickiness” with broadband subscribers? It may seem a daunting task to keep pace with much larger competitors in terms of network quality and the adoption of the latest broadband technologies. But by collaborating with the right partners and leveraging their superior knowledge of the communities that they serve; electric cooperatives can take on larger broadband players—and win.

Long-term broadband success can be achieved via:



**Prioritizing service quality and reliability.** Subscribers will stick with a service that delivers beyond expectations. Electric cooperatives can achieve this by investing in high-quality broadband infrastructure that is future-proofed for long-term success and built on the latest industry standards.

**Delivering innovation and service differentiation.** Innovative managed services such as home network security, device protection, and social media monitoring give subscribers control of their connected home experience. They will also differentiate cooperatives from rival offerings and encourage loyalty.

**Ensuring exceptional customer service.** No matter how reliable the service, users will still encounter technical issues or have questions about their service. The ability of frontline support to proactively identify and resolve issues will be crucial to maintaining a superior subscriber experience.

**Engaging with the local community.** Cooperatives should leverage their local connections by building partnerships with area schools, businesses, and other community organizations to engage with subscribers and develop tailored offerings, deepening brand loyalty.

**Partnering with the experts.** Electric cooperatives are not experts in broadband, but they can partner with people that are. Collaborating with experts can help cooperatives develop long-term strategies and navigate areas such as funding applications, technology choices, and marketing campaigns.

**Takeaway:** By forging strategic partnerships and capitalizing on their local expertise, electric cooperatives have the potential to establish themselves as champions of community-driven connectivity and build lasting subscriber loyalty.

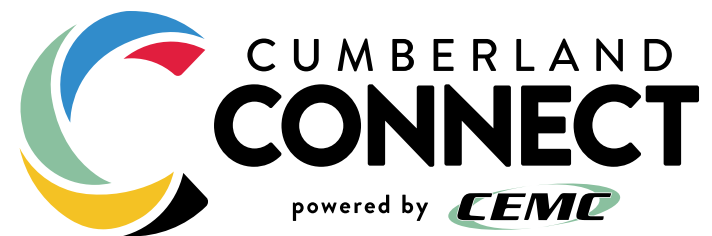


## Case Study

# CUMBERLAND CONNECT

Cumberland Connect is a subsidiary of the Cumberland Electric Member Corporation (CEMC), which was founded nearly a century ago to provide electricity to previously unserved communities in Tennessee. CEMC serves more than 100,000 members and began deploying broadband via Cumberland Connect in 2019. Cumberland Connect recently surpassed the 25,000 broadband subscriber milestone and is currently turning up fiber-to-the-home (FTTH) broadband services to more than new 240 members each week.

Cumberland Connect has worked with Calix since their inception in 2019. They operate an end-to-end Calix network using Calix Intelligent Access EDGE™ to rapidly build out the network and Revenue EDGE™ to deliver the ultimate subscriber experience. By leveraging the Calix broadband platform, Cumberland Connect has been able to set themselves apart from larger competitors—and deliver an incredible Net Promoter Score<sup>SM</sup> (NPS<sup>®</sup>) of more than 90.



### WEBSITE

[cumberlandconnect.org](http://cumberlandconnect.org)

### LOCATION

Clarksville, TN

### SERVICES

High-speed internet, phone, residential video





## Case Study

# TOMBIGBEE FIBER

Mississippi-based Tombigbee Fiber was launched in 2020 by Tombigbee Electric Power Association (TEPA), a non-profit, member-owned cooperative that has been supplying electricity to Mississippians since 1933. Tombigbee Fiber continues this legacy of making essential services accessible to its subscribers and bringing vitality to its communities.

Tombigbee Fiber has built their network on the Calix broadband platform, using both the Intelligent Access EDGE and Revenue EDGE solutions, supported by insights and analytics from Calix Cloud. Through their partnership with Calix, Tombigbee has created a winning playbook to continuously deploy managed services that grow value for their community. These include SmartTown community Wi-Fi and the social media monitoring tool, Bark. Offering such managed services has helped Tombigbee Fiber deliver an outstanding NPS of 91.



### WEBSITE

[tombigbeefiber.com](http://tombigbeefiber.com)

### LOCATION

Tupelo, MS

### SERVICES

Residential and business fiber internet and voice





## Conclusion

# GUIDING ELECTRIC COOPERATIVES TOWARD BROADBAND SUCCESS

The journey of electric cooperatives from their origins nearly a century ago to their current role as broadband providers reflects a remarkable commitment to community development and progress. Their goal remains the same: to provide essential services to underserved areas, ensuring that rural communities have the tools they need to thrive in the digital age.

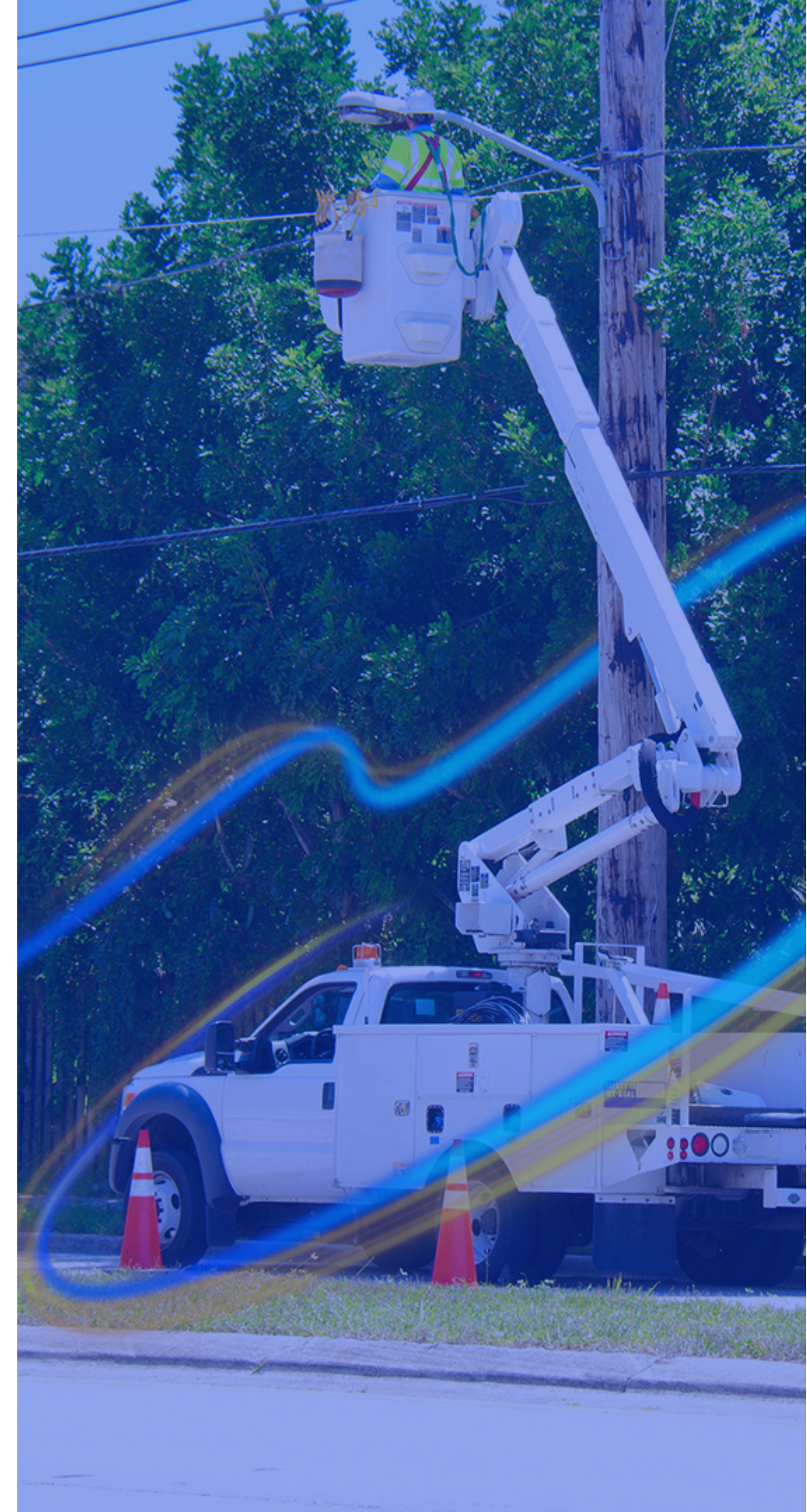
The pandemic underscored the critical importance of broadband as essential infrastructure for education, healthcare, emergency services, and economic growth. As the demand for high-speed connectivity surges, electric cooperatives have stepped up to close the digital divide. Thanks to unprecedented funding opportunities, cooperatives now have a once-in-a-lifetime opportunity to accelerate their broadband businesses.

However, building a sustainable broadband business brings challenges. To achieve long-term success, a cooperative must embrace their cooperative principles and deep community connections to deliver a broadband proposition that goes beyond connectivity. This means being able to build trust with subscribers by providing innovative managed services that help them maximize their broadband experience and deliver real value.

Today, 86 percent of all U.S. electric cooperatives that offer broadband are partnering with Calix to transform their business and successfully deliver advanced fiber services to their communities. Calix enables these new providers to expand quickly into new markets by simplifying operations, speeding up buildout and service provisioning, and providing a platform to launch an exciting array of managed services.

***Find out how we're helping electric cooperatives bring advanced broadband networks to their communities:***

[LEARN MORE](#)







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