

# Raising THE SPEED LIMIT

*Pulaski turns to its public utility  
to turn on the broadband tap*

BY ALEXEI SMIRNOV

**J**AY RANEY, PROPRIETOR OF MEDIA GRAPHIC DESIGN IN PULASKI, is a professional graphic designer who has been in business since 1999. But until recently, his Internet band width was stuck in 2004. Up until a year ago, Raney had to settle for a DSL connection offered locally by BellSouth successor AT&T and cable provider Charter Communications. Because most of his clients are out-of-state, Raney was forced to slug through sending and receiving high-resolution images at speeds inferior to those enjoyed by teenagers in Hong Kong.

E-mail any rural community in America, and you'll hear similar tales of the lack of interest from telecom companies in providing fiber-to-the-home Internet service. Sitting on hundreds of miles of fiber-optic lines in urban areas, the big telecoms tend to consider small communities insufficiently profitable propositions. Pulaski was no exception.

"It's been our experience in rural Tennessee that we don't get the top-notch technology until the private sector can make a profit on it," says Pulaski Mayor Dan Speer. "I don't agree with that."

Speer, who has been mayor for 20 years, believes the city must have a true broadband service to advance economically. And because for-profit service providers weren't stepping up to the plate, Pulaski took matters into its own hands. Preliminary studies began in 2000, followed by a 2002 city council resolution that encouraged the Pulaski Electric System to go into the broadband business. After a \$5 million investment in infrastructure and deployment of fiber-optic cable across town, PES Energize was launched last March.



PES Energize Command Center

“The community got tired of asking the incumbent providers, BellSouth and Charter, [for fiber-optic services],” says Wes Kelley, executive vice president of the utility’s communications division. Having spent nine years in the public

utility business, Kelley arrived in Pulaski from Michigan in 2005, around the time PES was polishing its business plan and two years after a customer survey found considerable support for the project.

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By early May of this year, nearly 25% of Giles county homes and businesses, or more than 1,000 individual customers, were receiving the PES network's telephone, broadband and cable television services. "It was a steep learning curve," says Kelley, who is now invited by other municipalities to talk about the PES experience. "When you offer 260TV channels, that's a lot of programmers to coordinate with. Phone is a very unforgiving service—you either have dial tone, or you don't."


Then there's crawling underneath old homes to install the cable. But after PES figured out how to provide reliable dial tone and flipped the switch, subscribers came calling. Jay Raney was one of them: "The service is more reliable than DSL, and it's considerably faster," he says. Raney pays about \$200 a month for the phone, cable and broadband combo comparable to what he paid BellSouth—and with what he describes as better service.

PES relied heavily on the experience of Jackson, the first city in the state to deploy fiber to the home. (Other successful examples include Bristol, Morristown and Clarksville.) Tullahoma is underway with its own network. Chattanooga is borrowing money to get construction underway, despite the April lawsuit by Comcast, which claims that the city utility's cable TV and Internet venture is an illegal cross-subsidy because it is financed by bonds backed by the electric system revenue.

According to Kelley, the only reason Pulaski avoided a similar lawsuit is population size. "It's 5,000 homes in Pulaski versus 160,000 homes in Chattanooga." Which brings up a good point about turning a profit. "We don't have shareholders to please or corporate executives out of town," Kelley says. Yet PES Energize is no charity. So far a year into operation,

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the utility is ahead of projections. "We're very close to positive cash flow," Kelley says.

Others are taking notice. The National Association of Telecommunications Officers and Advisors (NATOA) named PES Energize the 2007 Community Broadband Network of the Year, recognizing its "path-breaking" efforts to provide a valuable service to the community. That award further improved Tennessee's standing

private industry is struggling to finance [such projects]."

As for Mayor Speer, he couldn't be happier. He can't wait for the PES network to show major companies that it can turn a profit. In the meantime, there are more clients to sign up. "We're trying to build a 21<sup>st</sup> Century community, and fiber-optic technology is a basis of that," says Speer, who seemingly never tires of proselytizing.

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— DAN SPEER  
MAYOR OF PULASKI

among those who care about cross-country broadband deployment. "For a town like Pulaski, no one else is going to build a fiber network in the next five years" says Chris Mitchell of the Institute for Local Self-Reliance in Minneapolis, Minn., which tracks community-owned networks. "Utilities have access to lower-interest loans. Our position is that cities need to do it because the

"Our hospital's contract with their current provider is fixing to expire," he adds. "We're showing them how fast their radiology department can send X-Rays. It's amazingly efficient."

As a benevolent broadband monopoly by default, PES Energize is poised to get all the high-speed Internet business it can handle. **tn**

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