Oconee signs first contract for broadband

BY CARLOS GALARZA
FOR THE JOURNAL

WALHALLA — Left for dead by some detractors, Oconee's broadband project has overcome multiple missteps to finally lock up its first contract that would allow an emerging telecommunications company in the Southeast to use its fiber optic network.

The county has signed a five-year contract with Dukenet Communications, a company jointly owned by Duke Energy and privately held Alinda Capital Partners. Since its inception in 1994, Dukenet has positioned itself as one of the top regional providers of fiber network services for data centers, wireless carriers, government, healthcare, manufacturing, finance, education and enterprise across the region. Dukenet is based in Charlotte, N.C., as is Duke Energy.

News of the contract signing emerged in the latest report submitted by Oconee on the status of its broadband project to federal regulators.



Moulder

The quarterly report, which was filed by the county on March 4, tells federal officials how much progress Oconee has made on the broadband project funded in large by a $9.6 million grant awarded to the county by Broadband USA in the summer of 2010.

County Administrator Scott Moulder confirmed the deal with Dukenet this week.

"It's a nice feeling to get the first contract done," Moulder said. "Our goal is to provide last mile broadband connections to residents and businesses."

For proprietary reasons, Moulder would not disclose terms of the agreement with Dukenet. Oconee is currently negotiating contracts with at least four other companies.

"They (Dukenet) paid money and they are using (the network)," Moulder said.

Dukenet purchased the use of of the network based on a dark fiber rate structure. Moulder uses the analogy of an interstate highway system without exit ramps to explain dark fiber on the county's broadband network. He said Dukenet would be responsible for any infrastructure needed to provide exit ramps, or services to customers.

"We give you the system and you can have this one lane," Moulder said to explain the sale of dark fiber.

The county is currently having a consultant prepare another rate structure model that would be applied to Internet service providers that would rely on the county's infrastructure to deliver services to their customers.

"We'll put the off-ramps and take their

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riders (customers) on and off our system, but we'll bill you for that," Moulder said.

Oconee's latest report to Broadband USA covers the fourth quarter of 2012. The county reported that the overall broadband project is 90 percent completed with 190 network miles of fiber deployed. The project's goal is to have a network of approximately 270 miles.

According to the report, Oconee had spent $12.5 million on the project, including $8.4 million covered by the federal grant. Matching funds make up the other funding.

Moulder said the project should be completed by the end of May and stay within its original $14.3 million budget.

Dukenet has emerged as a potent telecommunications player in the Southeast with broadband capabilities covering parts of Virginia, Tennessee, the Carolinas and Georgia. A year ago, the company signed a seven-year contract with the State of South Carolina to offer advanced communications services to state agencies, universities and other institutions.

Dukenet officials did not respond Wednesday to a request for comment on the contract with Oconee.

County officials involved with the broadband project are hopeful that increased competition from Internet service providers using their network will expand high speed Internet coverage and lower costs to residents and businesses.

The project suffered through several early missteps. The first contract awarded by the county to have conduit and fiber placed underground was voided after the contractor failed to get required bonding.

Oconee's project also was delayed by state legislation lobbied for by AT&T to prevent government-owned broadband networks from having unfair advantages over private systems.

carlosgveve@gmail.com