More than a decade ago, Joey Durel and Terry Huval set off on a risky trek — bringing fiber tele-com to Lafayette. The city embraced the journey and has been on a promising trajectory since.

— Angela Simoneaux —

More than 100 years ago, conventional wisdom was that building a utility system in a one-horse town like Lafayette wasn’t a good idea. The big corporations that provided electricity decided that it wouldn’t pay them enough to bring light to the city, and so they told Lafayette’s people they would just have to wait. They were in charge, they had the money and they wanted Lafayette to be a good little city and grow on their schedule, not hers.

But the people who built Lafayette weren’t really into waiting, or conventional wisdom, or doing what they’re told, and so they made what was predicted to be a huge mistake: They sold bonds and built their own damn utility system.

Now the descendants of those people have the largest municipally owned utility system in the state, and they enjoy the most reliable electricity at the best price in Louisiana. That system also regularly dumps cash into the city’s coffers, which is in turn used to support infrastructure and government functions.

LUS is one of Lafayette’s most prized and beneficial assets, all because the people of this city suffer from a unique kind of audacity, the kind of audacity that has marked the development of many of Lafayette’s most successful efforts — an intersection of a music festival, an ice hockey team in a steamy Louisiana town and a government-owned fiber communications network.

This month marks the 10th anniversary of the public vote that authorized the sale of bonds to build LUS Fiber. It’s only been six years — mostly because of delay tactics by more of those big corporations — since the system started offering service to residents (and five since it was offered to businesses), but already LUS Fiber is going to operate in the black this year — even if you include the inflated depreciation percentages applied to telecom systems. If you look only at operating costs, bond payments and revenues, the fiber system has been cash positive since 2012.

LUS Fiber brings the “fastest Internet in the world” to Lafayette, with residential gig service equaled only in Tokyo, Seoul, Singapore, Chattanooga and Kansas City. Our fiber system has attracted high tech industry to Lafayette, creating more than a thousand jobs (so far). The mere existence of this system has forced other utility providers in our area to upgrade their systems ahead of their schedule and keep their prices low — not to mention making Cox a better company for locals to deal with. LUS Fiber revenues are projected to reach $50 million annually in the next nine years.

By any measure, it is a success — just six years in, a success. And those who said (dishonestly, at best) that it would fail were wrong. Wrong.

There’s a reason that, even today, Lafayette is one of only a handful of American cities with a municipally owned fiber system. Even here, in a city with 100 years of utility experience and that pesky audacity, a very specific set of circumstances had to exist, and a very specific set of people had to get involved, for it to happen.

City-Parish President Joey Durel describes it as planets aligning. There were so many spokes to the wheel, and if just one had not been in place, he’s not sure we’d be marking the anniversary of anything this month.

“I guess the good news was, I didn’t know what I couldn’t do at the time,” Durel says.

Among those planets were Durel and Terry Huval, LUS’s longtime director and a highly respected person in the utility world. Also required were a supportive City-Parish Council made up of men with a bent toward progressive thinking, something that was lacking before they arrived. And the last
Fiber foes win round in court ruling

"I was tired of watching politicians allow out-migration from our state. I had heard a lot of talk, but nobody ever did anything about it," Durel says. He wanted to find that one thing that could change Lafayette for the better: "I thought this was our opportunity."

He had to look at the risk to the city's existing assets first. "With fiber, I felt early on that this was really low-risk," Durel continues. "Despite the rhetoric of the opponents and the dollar amount, I felt that if we spent all the money and we couldn't get any customers, the cost to the citizens would be minimal, but the possible payback was so good. The political risk, honestly, I never cared about it."

In fact, two people Durel really respects came to his office to tell him that maybe fiber should be a "second-term issue.""I told them, thanks for caring about me, but I swore I'd never have this conversation, about something that's the right thing to do but I won't do it because it's political suicide," Durel recalls. "I told them that if I got thrown out of office for trying to do the right thing, I'm OK with that. I have a great wife and a great life, and I'm OK with going back to that."

He also believed that politicians who work like they will only have one term are the ones who get rewarded with a second one. "If you do the right thing for the right reason, people will respect you," Durel says. And they did, and returned him to office twice.

Jerry Huval is one of those audacious Cajuns, a man who has voice mail greetings in French (first) and English (last), and who is known for his devotion to classic swing, Cajun music and his red beret. He's the reason callers to the LUS automated system hear folklorist Amanda LaFleur's perky "Bonjour! instead of some canned, impersonal cut-rate Siri.

Huval's fiber story starts a long time ago.

"A few years after I came to LUS in 1994, we decided to highlight our 100th year since the 1896 vote to establish the electric and water system. I was always intrigued as to what led the citizens in Lafayette to vote for that initiative, and later learned that it was simply a strong desire of the citizens to move their community forward," he remembers.

Communities have always needed "highways of commerce" to grow, Huval says, be it waterways, railroads, electricity or interstate highways. For him, it was clear that broadband was the highway of the future. "The vision was simple: Lafayette was already benefiting from a very successful electric, water and wastewater system, and LUS could leverage its expertise to offer Internet and other telecommunications services, if that is what our community wanted," he says. "After we threw out the idea, the entrepreneurial, wildcatter spirit of Lafayette seemed to take it from there."

That spirit had some help in the form of critical political mistakes by the incumbent providers. Durel remembers that the president of BellSouth came to a Rotary Club meeting here and basically said that Lafayette was getting above itself, adding that "New Orleans doesn't even have this." "That was the wrong thing to say to this community," Durel says. "If we can be first, that is something this community will wear with a sense of pride. It's that risk-taking mentality, coupled with the culture of working hard and playing hard, all working together."

But even with all that spirit, one thing this community did not have was a long, strong history of coalition-building, of activism. That's where that audacious group of citizens came in, to build an army that would fight for an amazing idea. "It's a pretty big deal, what we accomplished," says community activist John St. Julien. "Community organizing is something that Lafayette has been deficient in. The Horse Farm rode directly off the fiber fight. Other than those two issues, there's not been much in the way of civic activism here."

But that is what happened. St. Julien and his wife, Layne, Stephen Handwerk, Mike Stagg, Andre' Connaux, Gobb Williams, Don Bertrand, Bill Pennermaker, Kaliste Saloom III and dozens more band together in a motley crew of old, young, establishment, non-establishment, black, white, Democrat, Republican, you name it. That citizen group created and ran the campaign for that July 2005 election.

There's a picture of that group on election night, standing in the street, holding signs, fists raised; it's a perfect capture of that spirit, says Gobb Williams.

"We were waiting for the results ... I think we were at the Cajundome; wherever we were, as a group we started looking at each other. We all had the same thing in our hearts, that we did not belong there. And we passed the word around, let's get out of here," recalls Williams. "I said we can go to my office, and so we came to the parking lot at my office and celebrated the victory. Republicans, Democrats, independents, black, white, Spanish, French, all working together for one cause. Always get chills when I look at the picture, because I realize that we had this group of people, a core of people, working for one cause, uniting our resources, and we were victorious."

Handwerk, now director of the state Democratic Party, had recently moved to Lafayette to run a web development business. He had a Cox modem for downloading, but had to use dial-up to send anything. AT&T had terrible service, he says. Then he heard about fiber, and met with Huval.

"It all made so much sense. But with the conservative leadership of this community, I felt there was no way the Republicans would sign on," Handwerk says. "Then I heard the LUS story."

A community that had taken that kind of step in the 19th century might actually accomplish this, he thought. But it wasn't easy. "It seemed like one obstacle after the next," Handwerk recalls. "We were a bunch of community activists, and there were these huge companies against us. It really was a David vs. Goliath situation."

That was exactly the reason Gobb Williams got involved.

"No. 1, what really sold me on it, was that these people in our government were willing to stand up against corporate America to provide us with an alternative," Williams says. "And, I had never seen such a diverse group of people ready to fight for and believe in the same things I believed in."

One of the biggest problems, everyone agrees, was explaining to people just what the heck fiber means. "Cox and AT&T were spending a huge amount of money to distort the conversation, and what was worse, the biggest obstacle — nobody knew what we were talking about. We would send out a mailer saying 'Vote for Fiber,' and they thought we were talking about bran flakes," Handwerk says.

"We wondered how much this idea had resonance with a whole lot of people whose
hobbies, jobs, interests didn’t run that way [to technology],” recalls Layne St. Julien.

But the larger idea did. She remembers in particular a “wonderful” man who lived on Eighth Street.

“He called to ask for a yard sign, and I went over there. He must have been 75, 80 years old, and lived in a very old house,” she says. “I asked him why he felt so strongly about this issue. And for him, it was kind of a patriotic thing. He felt like it was a good thing for the future and for kids. He pointed to the children playing up the street and said, ‘All of these kids can use that.’

“For certain of us,” she says, “that was a defining moment.”

The group tailored its message to each market. Knocked on doors — so many doors.

“We wrote phone scripts. We worked the phone bank,” Handwerk recalls, with Republicans and Democrats working side by side. “It was really surreal,” he says, “but it was empowering as well.”

That’s one of the planets aligning that Durel mentions.

“I’m proud of the parish executive committees of those two parties holding their noses but speaking in unison,” Durel says. “They really did unite the people.”

Williams says that unity is still “a memory I cherish.”

“I will remember that as long as I live, and I say this with a full heart, the people I worked with on that campaign, they will forever have a special place in my heart,” Williams says. “Erin [May] made a little card during the campaign, a small card with everyone’s name and phone number on it. I still carry that card today in my wallet. I will never get rid of this card.”

Aside from the truly grass roots nature of the citizens’ campaign, two other items played a big role in the success of it. First, the city administration started using another Lafayette anomaly, another one of those upstart, ridiculous, unique Lafayette assets — Acadiana Open Channel. The weekly program hosted by city officials offered plain-spoken information, and again — unbelievably — it worked.

“That helped us evolve to the next level, going to a vote, mobilizing people,” Handwerk recalls. Secondly, the “big boys,” Cox Communications and AT&T [nee BellSouth] started dumping money into a campaign that can only be described as ham-fisted.

“They did ads with people who purported to be from Lafayette, but they had fake Louisiana accents. Just terrible accents, and white trucks with Texas plates,” John St. Julien recalls. “They did all of this stuff that was so dumb.”

For instance, there was the push poll, John St. Julien remembers. “It was about 45 minutes long, and full of the most outrageous questions.” One started with information about the LUS lawn-watering schedule, which the pollster referred to as “rationing.” Then the pollster asked how you would feel if your Internet was rationed so your neighbor could download pornography.

The fiber group would pull out each lie or distortion, break down all the false information and send it out in email blasts to show just how ruthless the big boys were going to be. And it turned out to be invaluable to the pro-fiber side. “There’s no better way to educate the community than controversy,” Durel says. “I hate taking the brunt of it, but I learned through this process, if you want something done and the public needs educating about it, you have to have controversy.”

There was a lot of money spent, and not just to stop Lafayette. It was to make an example out of Lafayette.

“They didn’t want any other uppity cities going down this road,” Handwerk says. “This was a finger in the dike.”

The citizen group was able to settle into FIBER CONTINUED ON PG 18
reaction mode: Once the dumb, clunky messages came out, they took to their emails and blog and pointed out every single lie. It wasn’t just an opportunity to educate; it was an opportunity to draw on local pride and, again, that spirit of audacity. “It was a lot of fun to watch, waiting for them to say something else ridiculous and outrageous,” John St. Julien remembers.

One critical aspect, he adds, was the participation of Durel and Huval.

“To have public officials willing to advocate out front, to be — in this day and age — so forthrightly un-corporate, I was just blown away,” John St. Julien says. “They were willing to say, ‘These are greedy out-of-town corporations.’”

The “big boys” really would do just about anything, as is evidenced by a story Huval tells. He was on Gov. Kathleen Blanco’s broadband advisory council, and was at the State Capitol for a meeting one day. “A Cox representative asked me to have coffee in the cafeteria there. And this person told me that Cox was creating a new director of operations position, and that he/she had been asked to approach me to see if I was interested,” Huval recalls.

Cox offered that job to at least three others in Durel’s inner circle, Durel adds. And some detractors haven’t stopped. Tim Supple has been a vocal opponent of the plan since its inception and continues to be critical of the fiber system to this day — even though he’s a fiber customer and calls it “a wonderful product.”

Supple feels that most customers don’t need Internet at the speed and capacity fiber offers, and that the plan was to make a lot of profit in telephone and cable TV, markets he says are “drying up.” He insists on comparing current financial statements to the feasibility study done in 2004 to determine if LUS Fiber could work.

“Everybody can have an opinion, but nobody can have an opinion on the facts, and the facts show losses of $50 million they have to make up,” Supple says.

The problem with Supple’s facts is they don’t match the figures.

The feasibility study predicted that, by the fifth year of offering services to both residential and business customers, telephone sales would top $9 million, TV sales would be at $12.5 million, Internet sales would be less than $5 million, and wholesale sales would be approximately $2.7 million. That’s a total of $30.1 million.

But the figures were, for the fifth year of sales: $4.8 for telephone, $11.5 for television, $11.3 for Internet and $3.1 for wholesale. That’s a total of $30.7 million.

So while there was an over-estimation of telephone sales, there was an under-estimation of wholesale sales and a very large under-estimation (more than 50 percent) of Internet sales. In the end, it’s a wash because the projected revenues are almost spot-on — something one would not really expect to happen, since the feasibility study did not take into account the delays and costs associated with the lawsuits filed by the “big boys.”

Also, the “losses” referred to by Supple aren’t valid, either, Huval says. Supple is trying to combine long-term debt and depreciation with annual net income, and the two don’t mix, according to Huval. The required depreciation is close to $54 million currently, but the “continuous review” that Huval’s people have done projects only $5 million in needed upgrades in the next 10 years. Fiber assets are on a depreciation schedule of 30-40 years, but are like power lines in that they are more likely to last 50-60 years.

“Businesses that survive make needed adjustments tied to real market considerations — not based on a study that was based on some arbitrary requirement in a state law,” Huval notes.

As far as the big boys go, a spokesperson for AT&T could not be reached for comment.

Cox declined comment on the job offers to Huval and others and elected not to address specific questions about the role it played in fighting LUS Fiber.

Back to the campaign for fiber, that alliance between the city administration and the citizens’ group wasn’t all roses and rainbows. The citizen group was promised assistance with funding that never came. The results of the market survey done early on were never shared with its members, even though it could have helped with their phone bank and door-knock planning.

And, for John St. Julien, LUS Fiber hasn’t reached its full potential.

“Did I expect it to look like this? Yes. Is it what I most want? No,” he says of the current system. “But Terry was nothing but forthright. He wanted a utility; reliable, low-cost service. He was never all that interested in issues that I was interested in, like the digital divide. ... What I really expected was a conventional telecommunications offering, just as the electricity company was conventional. There is no political under-the-table involvement. There’s no favoritism. I’m fully cognizant of that, and I like that, I’m good with that. But...”

John St. Julien has wished for more aggressive and creative marketing, for more progressive implementation — citywide WiFi for instance — but he hasn’t seen that. (See related sidebar for an update on citywide WiFi.)

Handwerk has wishes on the more technical side, in terms of LUS Fiber working with co-ops like CLECO and SLEMC to expand the system. But he feels that even people who don’t have LUS Fiber are benefiting from the system. “The other companies were forced to upgrade,” he says. “That rising tide launched all these ships. You’re paying less today than you would have, and you get better service.”

“From the beginning, we listened to lots...
of ideas. Some of them, like the peer-to-peer Intranet idea, were ones we embraced and deployed. Some ideas felt too radical and unpredictable for us to feel comfortable with,” Huval says. “While ideas and visions were welcome, we knew that our most important immediate task was to make this system a financial success. We had to strike the right balance between technology and financial viability.”

In terms of profit, the delays created by the state statute and the lawsuits aimed at shutting the project down hurt the most, he says.

“We entered this arena as underdogs. We had to fight for every success we achieved. We were forced to accept a law that was going to make our entry into this business far more difficult. We incurred lawsuit delay after lawsuit delay — delays that impacted our entry into this competitive market for three years. I know of no local government telecom system that has had to go through the extreme challenges we encountered,” he notes. “If we would not have had all these early legal impediments, we would have been on-line faster and drawn in far more customers, more quickly. If we could have captured the level of strong enthusiasm in those early years, there is no doubt our revenues would have been stronger, and we could have been even more creative and aggressive. ... Under the circumstances, there was not much we could have done differently and still reach a successful business result.”

So the battle is ongoing, but right now, Durel says, “cash flow is positive. Technically you can say it is still showing a loss. At the end of this year you won’t be able to say that.”

Some will still want to say it, and will say it — but to do so would be disingenuous at best, he says. “I will never understand how anybody, a councilman or a consumer, would think that hurting our system benefits our people.”

Even though the fiber system is, itself, an asset on so many levels, and has forced better service and lower prices for our citizens — and that alone is a benefit — Huval says profit is still critical.

“I think the citizens would want to see the system profitable,” he says. “They’ve made an investment in this system.”

Looking back, Durel feels that fiber did turn out to be that defining accomplishment, the one (along with the Horse Farm) of which he’s most proud.

And let’s be frank: Who knew at the time that Durel had it in him, that so early in his political career he would risk so much on such a bold initiative?

No one.

Except for Durel himself — and Terry Huval, of course.

“I knew this had the possibility of transforming Lafayette — that 25 years later, Lafayette would be a better place because of this,” Durel says. “Even if fiber just breaks even, but we create thousands of new jobs because of it, that’s a win.”

Fiber made a splash this year at Festival International when free WiFi was offered at the main stages of the event. It was part of the system’s sponsorship of the festival, but those WiFi units didn’t come down after the event was over; they’re still there.

So what’s next with that?

Citywide WiFi for use by LUS Fiber customers is on the drawing board, LUS Director Terry Huval says. “We’re planning a phase-in of it, a slow phase-in.”

In addition to the Downtown units, there are also WiFi units at the airport and Acadiana Mall for anyone to use right now. Huval said initial plans are to open up the WiFi units at LUS substations, which currently are being used for LUS business, to allow fiber subscribers access.

As it stands today, the long-term plan is to provide more WiFi access for LUS Fiber customers around the city. However, there are no plans at present to provide free citywide WiFi.

“What has to be a blend here of offering this to the community, but more importantly helping us grow our business,” Huval says. “It needs to be tied into our continued success in expanding our customer accounts with fiber, because that’s what is funding it.”

In addition to the substations, more units will be added gradually to increase WiFi access for LUS Fiber customers around town.

“We will be adding some in places like Downtown, the Oil Center, our parks, those are the first areas we’re going to hit,” Huval says. “It’s going to be a slow process, because there’s only so much money I have to spend on that each year.”

Besides, it’s not much of a revenue-producing model. “It’s a good thing for our community; it gives our customers a benefit of being able to use the WiFi system instead of their data plan when they’re around town,” Huval says. “It’s more of a means to attract and retain customers, while at the same time providing an infrastructure.”

But what about people who live in Broussard or Youngsville and work and play in Lafayette? Could they buy an LUS Fiber WiFi package to use?

“If we do decide to make it free for our own customers, we’ll make sure there’s a mechanism to allow others to utilize it,” Huval says. “How popular it will be we don’t know.”

As usual, Huval is a cautious guy when it comes to LUS: “We know it’s a potentially popular service, and as we roll out sections of it, we’ll get a better sense of how the market is going to respond to that.” — AS