

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration	2. Award Identification Number NT10BIX5570093	3. DUNS Number 175409010
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4. Recipient Organization

Citizens' Telephone Co-operative 220 Parkway Ln S, Floyd, VA 24091-4170

5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2011	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No
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7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

7a. Typed or Printed Name and Title of Certifying Official Chris Bond	7c. Telephone (area code, number and extension) X
	7d. Email Address chrisbond@citizens.coop

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-13-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).

The Environmental Assessment Draft was completed and submitted by Citizens and the New River Valley Planning District Commission (NRVPDC) in February. The NRVPDC has been actively corresponding with the FWS and other agencies to resolve questions and provide additional documentation when requested.

Environmental Earth and Civil, Inc. completed the Joint Permit Application (JPA) for the stream and wetland crossings for the proposed fiber routes. This application was submitted to VMRC, DEQ, and the Army Corp in mid February.

The field engineering and route staking is being done by Citizens and Thompson & Litton, Inc. Thompson & Litton started work on the project on January 21, 2011. Route staking and design is running slightly behind schedule and will be addressed further in the Milestone Categories under Network Design.

Citizens completed ride outs and meetings with the Virginia Department of Transportation (VDOT) permit officials in early February. The performance bonds for the new counties have been obtained and are on file with VDOT. Citizens has also obtained the project performance bond that is required for the overall for the project permit. Citizens and VDOT have completed the amendments to the existing Memorandum of Understanding agreement and the agreement is currently processing through the signing stage. Once this document is finalized the project permit will be issued covering the total project.

Railroad crossing permits with Norfolk Southern Railroad were submitted in January and Norfolk Southern agreed to approve all 15 crossings at a set fee per crossing for the total project. Citizens has submitted the required fees and signed all 15 agreements and is waiting for the signed copies from the railroad.

Citizens has completed negotiations with Pulaski County on the proposed telecommunications hut site located at the Pulaski County Corporate Park. This will be a 100 year lease arrangement with the county and the agreement is nearing the completion stage. The property is located at 735 Peppers Ferry Road, Christiansburg, VA. We are expected to close on the property on April 15, 2011.

Five locations along the project route were identified that will require private rights of way agreements. Negotiations have been completed with Progress Park Industrial Park in Wythe County, Pulaski County Corporate Park, and New River Valley Commerce Park in Pulaski County. The easement for the private right of way for the aerial crossing at the New River and Norfolk Southern Railroad on route 114 has been verbally agreed to and is pending finalization of the agreement document. The easement for Falling Branch Industrial Park at Christiansburg is still pending.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	5	no Variance
2b.	Environmental Assessment	95	The final approval of the EA has been delayed because Citizens had to make three changes in the original proposed construction routes. The route changes were (1) Pulaski County Corporate Park route change to accommodate moving existing waterline easement, (2) the original location for the Christiansburg hut site could not be obtained, therefore had to move location where private property could be purchased, (3) Blacksburg route had to be changed from buried to aerial on one portion because of additional utilities being placed in the planned corridor and another portion of the route was changed from aerial to buried because of extensive make ready cost. These changes required approval from BTOP/VTIA program office and then submitting these changes were added to the EA. This resulted in an additional 30 day wait for the FWS and other agencies to respond to the changes. Citizens is expecting a response from the agencies by April 21, based on the 30 day wait.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	2c. Network Design	80	Citizens had anticipated having 90% of the network design completed by the end of quarter 3. Citizens had originally scheduled having the engineering firm approved and the contract agreement finalized by January 7, 2011. Due to the number of responses that Citizens received for engineering RFP, it took longer to make the final decision on selecting the engineering firm. The contract was finalized with Thompson & Litton, Inc. on January 20, 2011 and the firm began work on January 21, 2011, approximately 10 days later than the original schedule. The field engineering and design work got off to a slower start due to the winter weather and a longer than expected learning curve working with a new firm. The field engineering and staking was scheduled to be completed by March 18, 2011. This process will now be completed by April 15, 2011. This required adjusting the scheduled dates for sending out the bid packets, bid due date, and contract award date. These dates were adjusted so as not to affect the planned construction start date of June 13, 2011.
	2d. Rights of Way	80	Citizens had anticipated having 100% of the five identified private rights of way secured by the end of quarter 3. Three of the rights of way have been negotiated and one pending final signing by the property owner. The final right of way with Montgomery County at Falling Branch Industrial Park is scheduled to be completed by May 31, 2011.
	2e. Construction Permits and Other Approvals	90	Citizens had anticipated have 100% of the VDOT and locality work permits completed by the end of quarter 3. All of the VDOT and locality work permits require a complete set of construction sheets of the proposed work before they can be completed. Finalizing these permit was delayed due to having to wait for the completed construction sheets. The construction sheets will be ready by April 15, 2011 and will be sent to VDOT and the localities for completion of the required permitting process for each agency. All permits will be complete by May 30, 2011.
	2f. Site Preparation	0	no Variance
	2g. Equipment Procurement	0	Citizens is working with Mid-Atlantic Broadband Cooperative and the Virginia Tech Foundation in order to procure equipment as on large order at a bulk rate for larger discount. Due to coordinating this bulk order between these 4 BTOP projects, we did not meet our expected goal for this quarter. We expect for this order to happen in 2nd Quarter 2011.
	2h. Network Build (all components - owned, leased, IRU, etc)	0	no Variance
	2i. Equipment Deployment	0	no Variance
	2j. Network Testing	0	no Variance
	2k. Other (please specify): N/A	0	no Variance

3. To the extent not covered above, please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

The bid process and selection of the contractor (s) could be more difficult due to bidding the project later in the construction season when fewer contractors may be available to submit bids. The availability of fewer contractors and the higher cost of fuel and construction materials could result in higher bids which could force a re-bidding of the project. This would delay the proposed construction start date and require adjusting the contract to try to attract lower bids without sacrificing the scope of the project design.

As other BTOP, BIP, and normal telecommunications project gear up for construction the lead time on getting materials (especially fiber cable) could become longer which could delay construction start date or slow construction progress. Citizens is working with suppliers and giving advance notice of material requirements for the project to try to avoid lead time problems.

Any further delays in getting final approval of the EA and JPA could affect the planned start on construction date. The BTOP program and program officer and staff have provided and guidance and feedback to Citizens in helping to keep the assessment process

moving.

4. Please report the following information regarding network build progress. Write "0" in the Total column and "N/A" in the Narrative column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	0	N/A - Waiting on completion of EA to begin project construction
New network miles leased	0	N/A - Waiting on completion of EA to begin project construction
Existing network miles upgraded	0	N/A - Waiting on completion of EA to begin project construction
Existing network miles leased	0	N/A - Waiting on completion of EA to begin project construction
Number of miles of new fiber (aerial or underground)	0	N/A - Waiting on completion of EA to begin project construction
Number of new wireless links	0	N/A - Waiting on completion of EA to begin project construction
Number of new towers	0	N/A - Waiting on completion of EA to begin project construction
Number of new and/or upgraded interconnection points	0	N/A - Waiting on completion of EA to begin project construction

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your sub recipient, contractor or subcontractor is negotiating or entered into.

5a. If applicable, please provide the following information with regard to agreements with broadband wholesalers and/or last mile providers as a result of your project.

Indicators	
Number of signed agreements with broadband wholesalers or last mile providers	0
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	0

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
 N/A - Waiting on completion of EA to begin project construction

5c. What wholesale services are being provided by this project? Please describe below. As an attachment to this report, please provide pricing plans (in \$ per month) associated with each wholesale service provided by your product (100 words or less). Wholesale services description:
 N/A - Waiting on completion of EA to begin project construction

5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this this third party operates (600 words or less).
 N/A - Waiting on completion of EA to begin project construction

6. Please provide the data according to the type of subscriber. Write "0" in the Total column and "N/A" in the Narrative column if your project does not pass or serve a particular subscriber type. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (300 words or less).

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	N/A - Waiting on completion of EA to begin project construction
	Providers with signed agreements receiving improved access	0	N/A - Waiting on completion of EA to begin project construction
	Providers with signed agreements receiving access to dark fiber	0	N/A - Waiting on completion of EA to begin project construction
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A - Waiting on completion of EA to begin project construction
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	N/A - Waiting on completion of EA to begin project construction
	Subscribers receiving new access	0	N/A - Waiting on completion of EA to begin project construction
	Subscribers receiving improved access	0	N/A - Waiting on completion of EA to begin project construction
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A - Waiting on completion of EA to begin project construction
Residential / Households	Entities passed	0	N/A - Waiting on completion of EA to begin project construction
	Total subscribers served	0	N/A - Waiting on completion of EA to begin project construction
	Subscribers receiving new access	0	N/A - Waiting on completion of EA to begin project construction
	Subscribers receiving improved access	0	N/A - Waiting on completion of EA to begin project construction
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A - Waiting on completion of EA to begin project construction
Businesses	Entities passed	0	N/A - Waiting on completion of EA to begin project construction
	Total subscribers served	0	N/A - Waiting on completion of EA to begin project construction
	Subscribers receiving new access	0	N/A - Waiting on completion of EA to begin project construction
	Subscribers receiving improved access	0	N/A - Waiting on completion of EA to begin project construction
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A - Waiting on completion of EA to begin project construction

7. Please describe any special offerings you may provide (600 words or less).

N/A - Waiting on completion of EA to begin project construction

8a. Have your network management practices changed over the last quarter? Yes No

8b. If so, please describe the changes (300 words or less).

N/A - Waiting on completion of EA to begin project construction

9. Community Anchor Institutions:

Using the table below, please provide a list by service area of the community anchor institutions (including Government institutions) connected to your network as a result of BTOP funds. Figures should be reported for the most recent reporting quarter only (NOT

cumulatively). Also indicate whether your organization is currently providing broadband service to the anchor institution. Finally, provide a short narrative description with examples of how institutions are using BTOP-funded infrastructure (300 words or less).

Institution Name	Service Area (town or county)	Type of Anchor Institution (as defined in your baseline)	Are you also the broadband service provider for this institution? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
N/A	N/A	N/A	N/A	N/A - Waiting on completion of EA to begin project construction

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 All VDOT permits, locality work permits, rights of way agreements, and joint use arrangements will be completed by May 31, 2011.
 The construction contract(s) is scheduled to go out for bids on April 27, 2011 and the bids are due at 4:00 p.m. EST on May 12, 2011 at the Citizens Office in Floyd, VA. The contract(s) is scheduled to be evaluated and awarded by May 17, 2011. The selected contractor(s) will be promptly notified and Citizens will authorize the contractor to order supplies and materials and to make preparations to start construction. The construction start date is scheduled to be June 13, 2011.
 Site preparation and construction of the telecommunication huts will begin by mid July.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Planned Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the next reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	5	no Variance - With regards to project progression and budget expenditures Citizens and it's contractor have began preliminary Engineering work. Citizens has absorbed all of these costs and will look to get reimbursement for the Federal portion once FONSI has been issued and we can begin drawing down funds.
2b.	Environmental Assessment	100	no Variance
2c.	Network Design	100	no Variance
2d.	Rights of Way	100	no Variance
2e.	Construction Permits and Other Approvals	100	no Variance
2f.	Site Preparation	50	no Variance
2g.	Equipment Procurement	13	no Variance
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	no Variance
2i.	Equipment Deployment	0	no Variance
2j.	Network Testing	0	no Variance
2k.	Other (please specify): N/A	0	no Variance

3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).
 Further delays in the approval of the EA and JPA could affect the start date of beginning the construction process.
 Lead time on construction materials and supplies could delay the construction start date or slow the construction progress.

Infrastructure Budget Execution Details

Activity Based Expenditures (Infrastructure)

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

Budget for Entire Project				Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
Cost Classification	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Land, structures, right-of-ways, appraisals, etc.	\$160,000	\$32,000	\$128,000	\$0	\$0	\$0	\$140,000	\$28,000	\$112,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$491,739	\$491,739	\$0	\$49,654	\$49,654	\$0	\$77,404	\$77,404	\$0
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$9,819,064	\$1,581,304	\$8,237,760	\$0	\$0	\$0	\$403,000	\$80,600	\$322,400
j. Equipment	\$1,090,000	\$218,000	\$872,000	\$0	\$0	\$0	\$545,000	\$109,000	\$436,000
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$11,560,803	\$2,323,043	\$9,237,760	\$49,654	\$49,654	\$0	\$1,165,404	\$295,004	\$870,400
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$11,560,803	\$2,323,043	\$9,237,760	\$49,654	\$49,654	\$0	\$1,165,404	\$295,004	\$870,400

2. Program Income: Please provide the program income you listed in your application budget and actuals to date through the end of the reporting period.

a. Application Budget Program Income: \$2,583,000 b. Program Income to Date: \$0