

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

General Information		
<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570098	<b>3. DUNS Number</b>  831438424
<b>4. Recipient Organization</b>  California Broadband Cooperative, Inc. 1101 Nimitz Ave, Vallejo, CA 94592-1014		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  12-31-2010	<b>6. Is this the last Report of the Award Period?</b>  <div style="text-align: center;"> <input type="radio"/> Yes    <input checked="" type="radio"/> No                     </div>	
<b>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.</b>		
<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Michael Ort	<b>7c. Telephone (area code, number and extension)</b>  X	<b>7d. Email Address</b>  mort@digital395.com
<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  02-17-2011	

**Project Indicators (This Quarter)**

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

Grants Administration

- Completed Special Award Condition 10, Baseline Project Plan
- Revised and Completed Detailed Budget, 6-Month EA Budget, and Budget Narrative
- Clarified status of Praxis Associates, Inc. as a sub-recipient
- Attended the National Telecommunications and Information Administration Broadband Technology Opportunity Program Recipient Conference (Nov 9-12)
- Conducted weekly status meetings with Federal Program Officer

Network Planning and Engineering

- Completed end to end route plans for EA and Rights-of-Way documentation
- Completed node site identification
- Identified and documented all Staging and Laydown Sites
- Took detailed "Distance Measuring Instrument" measurements for 70% of route (high altitude and desert sections)
- Completed Request For Proposal and awarded Digital Mapping contract with TetraTech.
- Completed survey of 2/3 route to create digital base maps
- Negotiated changes to the Caltrans Broadband Policy to accommodate special needs of Digital 395
- Negotiated route in State of Nevada with Nevada Department of Transportation and Counties

Environmental Assessment

- Awarded Contract for Environmental Assessment vendor
- Completed Biological Investigation: Desktop and field surveys throughout entire route
- Completed Cultural Investigation: conducted route-wide record searches; field cultural surveys in all but Indian Reservations, Bureau of Land Management, Department of Defense and United States Forest Service lands.
- Initiated and are in consultation with State Historic Preservation Office per Section 106 of the National Historic Preservation Act
- Established requirements for California Environmental Quality Act and prepared initial study with California Public Utility Commission as lead agency
- Completed the existing conditions write up for the Environmental Assessment
- Consulted with Federal and State Tribal Historic Preservation Offices.
- Initiated Hazardous Waste desktop analysis

Project Management

- Established field project management office (Bishop)
- Sub-Recipient hired Senior Manager for Engineering and Construction Operations
- Identified and acquired Application Service Provider to host project time reporting and project planning
- Initiated Industry and Anchor outreach for interconnection, dark fiber and service needs.

**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	2	N/A
2b.	Environmental Assessment	65	N/A
2c.	Network Design	3	N/A
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	3	N/A
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	0	N/A
2h.	Network Build (all components - owned, leased, IRU, etc)	0	N/A
2i.	Equipment Deployment	0	N/A

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2j.	Network Testing	0	N/A
2k.	Other (please specify): N/A	0	N/A

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).

California Broadband encountered challenges with several federal agencies in obtaining cultural records for the Draft Environmental Assessment. Both the Bureau of Land Management and United States Forest Service indicated they were under statutory obligations regarding Section 106, requiring extensive field surveys, which appeared to be incongruent with Environmental Assessment requirements as expressed by National Telecommunications and Information Administration. As these issues were worked out, winter storms set in and much of the area in question was covered in snow. A mutual clarification of United States Forest Service and Bureau of Land Management agency roles would help move the project.

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
New network miles leased	0	N/A
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	0	N/A
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	N/A

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	3
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

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

**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).**

Inyo Networks, Inc. as a vendor for the California Broadband Cooperative will perform all day to day operating activities for the Digital 395 network after the initial network construction phase of the project is complete. These activities will include network management and operation, anchor institution service provisioning, customer care, billing and regulatory support.

Inyo Networks  
 Michael Ort - Chief Executive Officer  
 1101 Nimitz Avenue  
 Vallejo, CA 94592-1014  
 Phone (510) 599-4062

**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)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	N/A
	Providers with signed agreements receiving improved access	0	N/A
	Providers with signed agreements receiving access to dark fiber	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number or subscribers for each	0	N/A
Residential / Households	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Businesses	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

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

N/A

**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

**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

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**  
The third quarter (January 1, 2011-March 31, 2011) activities will concentrate on completing the Environmental Assessment and initiating Rights-of-Way efforts. In addition, pre-construction activities will focus on the development of working drawings for construction operations, securing permits, and creating bid specs for the Request For Proposals.

**Environmental Assessment**  
A Draft Environmental Assessment will be submitted on time (January 31, 2011) for California Public Utility Commission and National Telecommunications and Information Administration review. Concurrently, environmental work will continue to be aggressively pursued with key state and federal agencies. Special attention will be given to sensitive cultural areas in Bureau of Land Management and United States Forest Service lands. Stakeholder work will be undertaken as required by local agencies. Network designs and construction methods will be modified, as needed to mitigate any identified project impacts.

**Network Design**  
Having segmented the overall route into manageable sections, we will begin field drawings in key sections of the route to test our methodology with permitting agencies. In addition, we will complete our digital base maps for approximately 70% of the route and acquire available city and county maps for municipal network designs. Contracts will be secured with local telephone exchange companies to ascertain available conduit in communities.

**Project Overlap**  
We conducted a series of discussions with Round Two BTOP project awardee Nevada Hospital Association/ E-Care Nevada to compare project proposals. We agreed to collaborate on the development of a series of mutually beneficial alternatives to resolve approximately 30 miles of Nevada infrastructure overlap between the projects. A draft proposal for overlap resolution is being circulated for comment between the project teams. Additional discussions are scheduled and a proposed resolution to the project overlap is targeted to be presented to the both projects Federal Program Officer during February, 2011

**Rights of Way**  
All parcels will be identified and title searches will begin in Nevada and California. Rights-of-Way processes will be identified by agency and all privately held parcels will be identified for contact and acquisition.

**Permits**  
The team will continue to Inventory all permitting agencies impacted, document permitting requirements, initiate preparation of permit packages. Having successfully achieved significant changes in California Department of Transportation (CALTRANS) broadband policies, we will continue to work with them to resolve any outstanding design issues and to define the appropriate level of detail for permits. Finally, we will initiate agreements with the Counties of Mono, Inyo and Kern for Node sites so that the documentation will be ready of final execution upon issuance of the Environmental Approvals.

**Equipment Procurement**  
The project will consolidate equipment requirements, identify qualified vendors, and further define Procurement processes and requirements for Node Buildings, fiber optic cable, conduit, and electronics.

**Equipment Deployment**  
The project offices will be equipped and motor vehicles will be acquired for project management and engineering. Engineering and

project management staff will be equipped with computers and field measurement equipment.

**Federal Expenditures**

California Broadband Cooperative anticipates \$4,805,939 in federal funds will be expended through the end of the Third Quarter.

**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	N/A
2b.	Environmental Assessment	95	N/A
2c.	Network Design	21	N/A
2d.	Rights of Way	26	N/A
2e.	Construction Permits and Other Approvals	40	N/A
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	5	N/A
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	N/A
2i.	Equipment Deployment	5	N/A
2j.	Network Testing	0	N/A
2k.	Other (please specify): N/A	0	N/A

**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).**

The project will continue to be challenged by agency Environmental requirements of Federal Lands. In addition to the extensive field survey work required under Section 106 by the Bureau of Land Management, we anticipate some intervention during the comment cycles by local stakeholders. Due to over 4,000 identified parcels along the route, we anticipate some challenges defining the specific location of the existing CalTrans rights-of-way. The land records are extremely old and do not lend themselves to efficient digital documentation. Accuracy and completeness is also a problem in the area.

**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	\$15,109,345	\$3,021,870	\$12,087,475	\$670,517	\$0	\$670,517	\$2,069,215	\$0	\$2,069,215
b. Land, structures, right-of-ways, appraisals, etc.	\$2,285,826	\$457,166	\$1,828,660	\$0	\$0	\$0	\$50,000	\$0	\$50,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$3,006,194	\$601,239	\$2,404,955	\$201,040	\$0	\$201,040	\$706,383	\$0	\$706,383
e. Other architectural and engineering fees	\$2,906,663	\$581,333	\$2,325,330	\$689,972	\$0	\$689,972	\$1,586,856	\$0	\$1,586,856
f. Project inspection fees	\$164,635	\$32,927	\$131,708	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$314,813	\$62,963	\$251,850	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$69,013,409	\$13,802,688	\$55,210,721	\$0	\$0	\$0	\$118,230	\$0	\$118,230
j. Equipment	\$8,573,312	\$1,714,663	\$6,858,649	\$0	\$0	\$0	\$275,255	\$0	\$275,255
k. Miscellaneous	\$61,800	\$12,360	\$49,440	\$0	\$0	\$0	\$0	\$0	\$0
<b>l. SUBTOTAL (add a through k)</b>	\$101,435,997	\$20,287,209	\$81,148,788	\$1,561,529	\$0	\$1,561,529	\$4,805,939	\$0	\$4,805,939
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$101,435,997	\$20,287,209	\$81,148,788	\$1,561,529	\$0	\$1,561,529	\$4,805,939	\$0	\$4,805,939

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: \$0

b. Program Income to Date: \$0