

RECIPIENT NAME:Iniciativa Tecnologica Centro Oriental (INTECO)

AWARD NUMBER: NT10BIX5570033

DATE: 03/19/2012

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

ANNUAL 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 NT10BIX5570033	3. DUNS Number 141249024
4. Recipient Organization Iniciativa Tecnologica Centro Oriental (INTECO) Turabo University St.189 KM3.3, Gurabo, PR 00778-3030		
5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2011	6. Is this the last Annual Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No	
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 Oscar Jimenez-Martir	7c. Telephone (area code, number and extension) 7879612001	
	7d. Email Address ojimenez@intecopr.com	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 03-19-2012	

OVERALL PROJECT PERFORMANCE INDICATORS

1. Please provide the following average cost figures for your project. Please review the instructions to determine how to calculate these figures. Write "0" in the second column and "N/A" in the third column if your project does not yet have this information. Depending on whether your project contains Middle Mile and/or Last Mile components, some metrics may not apply. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).

Cost Indicator	Average Cost / Speed	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Average cost per new mile (Middle Mile)	0	N/A. Project in construction stage
Average cost per household passed (Last Mile)	0	N/A. Project in construction stage
Average cost per subscriber (Last Mile)	0	N/A. Project in construction stage
Maximum broadband speed advertised (Middle Mile)	9 mbps	Project in construction stage
Maximum broadband speed advertised (Last Mile)	N/A	N/A. Middle mile project in construction stage
Average broadband speed provided (Middle Mile)	5.6 mbps	Project in construction stage
Average broadband speed provided (Last Mile)	N/A	N/A. Middle mile project in construction stage

2. Please provide each facility name and type, the county where the facility is located, and census tract information for any facilities funded by your project during this annual reporting period. Report only facilities for which construction has been completed.

Facility Identifier / Name	Facility Type	County	Census Tracts
NOTE: Not Applicable. Project in construction stage. No facilities for which construction has been completed are reported.	(See NOTE)	(See NOTE)	(See NOTE)

Add Facility

Remove Facility

3. Please identify (1) the total number of interconnection, peering, and/or transit agreements entered into during this annual reporting period; (2) the total number of agreements of each type that you are currently negotiating; and (3) whether you have denied any request for interconnection and if so, why. If you have not entered into any agreements, please write "N/A."

Interconnection Agreements (600 words or less)

We have completed an interconnection agreement with a key ISP supplier on the island and have a wholesale agreement completed with another supplier in order to provide Broadband Service connection. Although the network is in construction, we have a target of activating two major quadrants by late summer 2012, ahead of the grant schedule. We are establishing agreements beforehand in order to be able to provide service to key municipalities and CAI's once we active the BTOP network.

Peering and Transit Agreements (600 words or less)

We agreed to acquire transit agreements in order to provide Broadband service which may include interconnection service. Although the network is in construction, we have a target of activating two major quadrants by late summer 2012, ahead of the grant schedule. We are establishing transit agreements beforehand in order to be able to provide service to key municipalities and CAI's once we active the BTOP network. We also want to have local peering on the island through an agreement with the other BTOP project on the island. We will have the benefits of local peering to all key CAI's from the begging of the project.

CAPACITY, UTILIZATION, AND CAPABILITY INDICATORS						
4. Community Anchor Institutions: In the chart below, please provide information on the types of community anchor institutions capable of receiving service (i.e., anchor institutions connected to your network plus those passed by your network) as a result of BTOP funds.						
Type of Community Anchor Institution	Total Number Within Service Area	Type of Community Anchor Institution	Total Number Within Service Area			
Schools (K-12)	180	Public Housing	13			
Libraries	10	Other Institutions of Higher Education	12			
Medical and Healthcare Providers	26	Other Community Support Organizations	14			
Public Safety Entities	10	Other Government Facilities	40			
Community Colleges	25	Total Community Anchor Institutions	330			
5. Please indicate the average increase in broadband speed provided to the community anchor institution customers as a result of your project, including a description of how this increase was calculated (600 words or less).						
Project network is in construction stage.						
6. What retail services are being provided by this project? Please describe below. (600 words or less). As an attachment to this report, please provide pricing plans (in \$ per month) associated with each retail service. Retail services description:						
Not applicable. Project network is in construction stage.						
7a. What network management policies (e.g., bandwidth limitations, traffic prioritization) are in place for the services provided by your project? 7b. Have you ever limited or blocked consumers from accessing any lawful content, service, service provider, or application, or prevented any consumers from attaching any legal device to the network? If so, please explain why (300 words or less)?						
Project network is in construction stage.						
8. If applicable, please provide the total number and the percentage of subscribers who have dropped the broadband service provided through this project (total number of households and/or businesses and the "churn rate") and the subscribers' reasons for discontinuing their service (600 words or less).						
Not applicable. Project in construction stage.						
9. Please provide the following information regarding the number of fiber strand-miles:						
Total Number of Strand-miles	Total Number of Active Fiber Strand-miles Used by Recipient	Total Number of Leased Fiber Strand-miles	Total Number of Dark Fiber Strand-miles	Total Number of Strand-miles Being Built		
				Active	Leased	Dark
0	0	0	0	0	0	0
10. If you wholesale dark fiber, please list your wholesale customers and the number of fiber miles you currently are leasing to those customers:						
Project is microwave tower based not fiber based.						

11. Please provide the following information regarding the facility collocation capacity:			
Total Facility (total square feet for all facilities)	Number of Square Feet Used by Recipient	Number of Square Feet Leased	Number of Square Feet Available
0	0	0	0

12. If you do not own collocation space, please describe how and where other network providers and/or customers interconnect with your network (600 words or less).

Project is in construction stage

13. To the extent that you have made any subcontracts or sub grants, please provide the number of subcontracts or sub grants that have been made to socially and economically disadvantaged small business (SDB) concerns as defined by section 8(a) of the Small Business Act, 15 U.S.C. 647, as modified by NTIA's adoption of an alternative small business size standard for use in BTOP. Please also provide the names of these SDB entities (150 words or less).

We have not made any subcontracts with entities with section 8a Small Business Act definition (SDB - Small Disadvantage Business).

14. Please describe any best practices/lessons learned that can be shared with other similar BTOP projects (900 words or less).

a) Lessons learned. The INTECO project is a tower based microwave project, which needs to develop the towers in the network to be able to service the region and the CAI's.

The network is designed with four loops or quadrants to provide redundancy and improve service levels to customers. To assure that we meet the 67% objective in the first two years, we have developed a strategy that prioritized the activities by focusing on completing two initial loops of the network. In these two quadrants the majority of the towers already exist (14 of the 16 existing towers in the network). We prioritized the preparation and construction in these two quadrants, will install equipment in these towers and complete the construction of the command center (NOC) in the first two years of the project. The initial two quadrants of the network have 14 existing towers, 3 new towers and the command center (CO). The site preparation for these 18 sites and all the equipment for all sites and the command center will be completed or ordered in 2011 which will assure substantial completion of expenditures for the project within the two year requirement. We will also be constructing in these two initial quadrants, three of the eight new towers in the network. We have construction permits for these three towers and completed the RFP process to award construction. By developing this quadrant strategy and prioritizing the site preparation and tower construction, INTECO has established the objective to activate the network and the operations in the these two areas in summer of 2012, ahead of the Grant schedule. We will initiate connection for CAI's in the third quarter of 2012 in the quadrants which are activated. We have completed interconnection agreements and a wholesale agreement with two providers in the 4th quarter of 2011, as we anticipate the network start-up.

b) Lessons learned. Collection of information on regional public school broadband use.

There was no centralized information in the region on what internet capabilities and how broadband was being used in the public school system. We developed a short survey and are conducting on site interviews to develop an information database on the state of the use of broadband in the region. We understand that this will do the following; (1) create a baseline for comparison when the project is implemented, (2) Pinpoint resources in the school system to foment the use of broadband resources, (3) Provide an overall inventory of how the public schools in the rural community are currently using the internet, (4) Create a contact sheet for which the people involved with Broadband in the school system in the region can connect with each other, and (5) establish schools which can be highlighted as innovative school implementing broadband programs in an objective form

c) This type of project in Broadband infrastructure is driven by three major areas of investment that covers; Telecom Equipment, Construction of Towers & Sites and Site preparation for Towers. These three elements are over 85% of the total cost of the project. They are spent in certain peak periods of time as the equipment and sites are delivered, verified and accepted. The baseline report which we initially submitted did not consider this method. The original baseline was along the planning of activities, not cash flow paid to suppliers. In other words a lot of planning and preliminary work is needed to deliver the ability to install equipment and finish sites. Our project uses existing towers (which require preparation) and new towers being constructed. Elements such as permits, design, contacting, proposal evaluation, negotiation, lead times for equipment, lead times for construction and installation occur prior to payments to suppliers and draw downs. The method used for the original baseline analysis does not reflect the time and effort it took for the project management of a complex project as well as the timing of payment to key suppliers.

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We will comply with the SAC goal of more than 67% completion of the project, as measured in money drawdown's , within the initial two year time span of the project and 100% completion in the three years of the project.

d) Major activities and tasks of INTECO project completed by December 2011;

1) Sites Surveys and Network Design verification and confirmation, the sites in the network were submitted to the EA process Did a RFP (request for proposal) to select entity to do Environmental Assessment (EA). Completed EA, submitted and (FONSI) received from NTIA.

2) In first two years INTECO has prepared five additional Requests for Proposal (RFP) processes, four RFP's were completed in 2011 (proposals received, evaluated and awarded, contracts established). RFP for construction of three towers will be completed in first quarter 2012.

[a] RFP 1 - Construction Permits contract, submission of permits, included soil studies, terrain elevation and foundation design, to the responsible Puerto Rican permits agency for the construction of eight new telecommunications towers to be used by the network in underserved areas. Approval received for four sites in 2011. Work continues on three additional sites which we expect to receive in 2012.

[b] RFP 2 - Site prep and construction on exiting tower Sites, For preparation of existing tower sites, construction of pads, ice bridge, electrical connection. 10 of 16 sites were completed by December 2011. Structural analysis has been requested from all existing sites to latest code requirement; negotiation of improvements to existing towers has been completed and is in process. Example, one of our key vendors is Crown Castle which has 9 of the existing towers in the network and they have completed all structural analysis and we have negotiated updated terms.

[c] RFP 3 - Telecommunications Equipment, For all telecommunication equipment, microwave backbone- point to point radios, Wi Max - point to multipoint radios, switches, cables, antennas, spares, installation and commissioning. RFP was evaluated, vendor selected and equipment was ordered. All equipment for this RFP to be received and installed in 15 sites by March 2012 with three more sites installed by June 2012.

[d] RFP 4 - Central Office Equipment for Network, All central office gear, servers, routers, switches, firewall, security, network operations management, HVAC, UPS, ect. Proposals were evaluated and vendor selected, contract negotiations completed in 2011. All equipment to be installed in the first quarter of 2012.

[e] RFP 5 – Tower Construction for three new locations, Site preparation, construction and installation of foundation in three telecommunication towers in first two years. Published and meetings held in 2011, evaluation and vendor to selected in Jan 2012. The three towers are one 200 ft. self-sustaining tower, and two 150 ft. mono pods The three towers will be installed in the first two quarters of 2012.

3) The FCC frequencies for the project's backbone have been secured. All the frequencies for the point to point microwave backbone, are reserved by the FCC in INTECO's name. All frequencies required in the Backbone in 6 and 11GHz and have completed the Client Approval Notification (CAN).

4) The 2.5 spectrum for Wi Max transmission is reserved by contract agreement

5) The lease agreements for sixteen existing towers will be completed by 1st quarter 2012; we have 13 signed, three in process.

6) The land- lease agreements for eight new tower sites will be completed by 1st quarter of 2012, we have 6 signed, two in process.

7) The Command Center (NOC) of the network and its data center will be completed by 1st quarter 2012.

8) Evaluation of personnel needed to adequately manage the project was completed and Engineering resources were added to the project. In 2011, we added, an engineer to do tower site construction inspections and a Network Engineering Manager.

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15. Using the Excel spreadsheet template titled "Annual PPR CCI Addendum", please provide an updated list of Community Anchor Institutions (CAIs) that you have connected and plan to connect to your network.

16. Using the Excel spreadsheet template titled "Annual PPR CCI Addendum", please provide a list of community pairs that are receiving new or improved broadband service as a result of BTOP grant funds.

17. Please provide up-to-date network route maps in a single file, in a Google Earth compatible format (e.g., KMZ file).