

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 NT10BIX5570033	3. DUNS Number 141249024
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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) 12-31-2012	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 Francisco Garcia Vice President of Operations	7c. Telephone (area code, number and extension) 7876535170
	7d. Email Address fgarcia@intecopr.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02-28-2013
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Project Indicators (This Quarter)

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

a) Special Award Conditions (SAC) accomplishments.

- [i] Issuance, submittal, revision and approval of BTOP Third Quarter 2012 Performance Progress Report.
- [ii] Issuance submittal and approval of the Federal Transaction Report (SF 425) for Third Quarter 2012.
- [iii] Issuance, submittal and approval of ARRA Progress Report for Third Quarter 2012.

b) Overall Project Accomplishments.

• By developing a quadrant strategy and prioritizing site preparation and tower construction, INTECO activated the largest quadrant with 13 sites and the NOC (Network Operations Center) in August of 2012, ahead of the Grant schedule. We are providing Internet service to various Community Anchor Institutions (CAIs) in the quadrant. Every major equipment and component for the NOC (Network Operational Center) is already installed, tested and in service. All the applications related with billing, authentication and authorization, adding, eliminating and monitoring customers are commissioned. In the Network Operations Center we have continued integration & qualification testing, commissioning of systems, security and routing validation as well as monitoring and testing of modules. We continue to validate and do quality checks for Wimax set-ups, verification, testing, provisioning for customers, ensuring that the whole system is ready for expansion for future customers. All Data Center equipment and the Systems components are installed, tested and in service. Equipment such as the IBM Blade Servers, Fortinet Firewall and UTM (Unified Telecommunication Management), JUNIPER Routers, APC UPS (Uninterrupted Power System) and air conditioning system are installed and commissioned. The communication links between the NOC and Data Center are completed, tested and in production. The main egress point is installed and in service. The second egress point will be installed on January 15. During this quarter we completed the construction and site prep for three roof-tops and the last remaining telecommunication tower, all of which are in quadrant three. The 150 foot monopod was erected on site per schedule. Work completed on this tower included foundation preparation, electrical site work and site prep.

Work continues actively on three of the last four sites with all preparation and construction completed in the last quarter. In the one remaining site, which is leased there was a delay due to inquiries by neighbors concerning the permits, the permit is being worked on by the leasing company and resolution is expected early in the next quarter. In the next quarter we will be installing the telecommunications equipment in two roof-top sites.

• We have completed installation of telecommunication enclosures and telecommunication equipment installation in all preexisting tower sites. During this quarter we completed the construction of the last remaining telecommunication tower which is in quadrant three. The 150 foot monopod was erected on site per schedule. Work completed on this tower included foundation preparation, electrical site work and site prep. Connection to main power grid and installation of telecommunication equipment will occur in the next quarter.

• A total of 52.57 Full Time Equivalent (FTE) jobs were created or retained. Description of the FTE jobs includes Construction (19.66); Equipment/Installation (32.50); and Insurances (0.41).

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	96	All sites implementation to be completed by Q1-2013.
2b.	Environmental Assessment	100	Received FONSI approval (Finding of No Significant Impact) received on November 23, 2010.
2c.	Network Design	100	Network redesign update completed.
2d.	Rights of Way	97	Variance from baseline 3%. Delay in negotiations and written contract leased and/or ownership agreements. Completed lease or land lease contracts for all 24 tower sites.
2e.	Construction Permits and Other Approvals	97	Variance of 3%. Delay in governmental procedures to obtain permits. Submission of permits, including if necessary soil studies, terrain elevation and foundation design, to the responsible Puerto Rican permits agency. All permits to be completed by Q1 2013.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2f.	Site Preparation	92	Variance of 8%. Delay in getting invoices from suppliers. Completed site preparation , construction, telecommunication enclosures installation and telecommunication equipment installation in twenty two tower sites. We have work being completed on two sites.
2g.	Equipment Procurement	96	Variance of 4%. The vendor for Request for Proposal #3; Telecommunications Equipment, has completed the purchase of equipment. Acquisition and installation of the NOC Equipment for INTECO's Broadband Network was completed.
2h.	Network Build (all components - owned, leased, IRU, etc)	96	Variance of 4%. The vendor for Telecommunications Equipment, completed the purchase of all equipment. Acquisition and installation of the NOC Equipment for INTECO's Broadband Network, Request for Proposal #4 was completed. All network build to be completed by Q1 2013.
2i.	Equipment Deployment	96	Variance of 4% from baseline. The vendor for Telecommunications Equipment, is completing equipment installation in last two sites. Acquisition and installation of the NOC Equipment for INTECO's Broadband Network, Request for Proposal #4 was completed in NOC site. All equipment deployment to be completed in Q1-2013.
2j.	Network Testing	96	Variance of 4% from baseline. The vendor for Telecommunications Equipment is completing equipment installation in last two sites. Acquisition, installation, testing and verification of the NOC Equipment for INTECO's Broadband Network will be completed in Q1 2013.
2k.	Other (please specify): Administrative Project Management	94	Variance of 6%. We have met the expenditures guidelines as per SAC with a 96% expenditures of the project to date.

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).

By developing a quadrant strategy and prioritizing the tower preparation and construction, INTECO had established an objective of activating the network and the operations in the largest quadrant in the region by late summer of 2012, ahead of the Grant schedule. We have achieved this goal with service capability in the municipalities of Caguas, Cayey and Gurabo .

We have completed installation of telecommunication enclosures and telecommunication equipment installation in all preexisting tower sites. We used a controlled system for inventory asset control and equipment tag identification for proper asset control for all equipment in diverse stages of installation.

We have completed equipment installation in the NOC (network operational center) with all construction activities completed. Commenced integration & qualification testing as well as commissioning for all central office gear, servers, routers, switches, firewall, security, network operations management, HUAC, UPS, etc.

Work continues on the last sites which will have telecommunications equipment installed, all preparation work has been completed in these sites, the sites will be completed in Q1 2013.

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	80	Wireless microwave project is in construction stage. We initiated service in largest quadrant in 2012. This is the number of addition of the individual active links.
New network miles leased	0	No variance from baseline.
Existing network miles upgraded	0	No variance from baseline.
Existing network miles leased	0	No variance from baseline.
Number of miles of new fiber (aerial or underground)	0	No variance from baseline.
Number of new wireless links	20	Variance from baseline of 7. Wireless microwave project is in construction stage. We initiated service in largest quadrant in 2012. The final number of active links in the network is 27.
Number of new towers	24	No variance from baseline.
Number of new and/or upgraded interconnection points	2	Variance of 2 from baseline. We have two interconnection points , we do not need more interconnection points at this time. Third quarter report indicted 3 interconnection points which was incorrect. Development of traffic volume will determine further increment of interconnection points.

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	2
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	2
Average term of signed agreements (in quarters)	6

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:

EdNet, Critical Hub.

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:

The INTECO BTOP Wireless microwave project has initiated service for Internet Connection Services in the largest quadrant in August of 2012 (there are four quadrants in total in the network). We are completing construction and activation of the rest of the network in the first quarter of 2013.

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 third party operates (600 words or less).

No designated third party.

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	2	Variance of two from baseline. Network has not been fully deployed.
	Providers with signed agreements receiving improved access	0	No variance from baseline.
	Providers with signed agreements receiving access to dark fiber	0	No variance from baseline.
	Please identify the speed tiers that are available and the number of subscribers for each	0	No variance from baseline. For all future providers dedicated internet access at 2/1 mbps asymmetric, 5/2 mbps and 9/3 mbps.
Community Anchor Institutions (including Government institutions)	Total subscribers served	5	Variance of 60 from baseline. Wireless microwave network is in final construction stage. We have initiated service in largest quadrant in August/September 2012. We anticipate additional CAI's connections in the first quarter (Q1) of 2013.
	Subscribers receiving new access	1	Variance of 17 from baseline. Wireless microwave network is in final construction stage. We have initiated service in largest quadrant in August/September 2012. We anticipate additional CAI's connections in the first quarter (Q1) of 2013.
	Subscribers receiving improved access	4	Variance of 43 from baseline. Wireless microwave network is in construction stage. We have initiated service in largest quadrant in August/September 2012. We anticipate additional CAI's connections in the 1st quarter (Q1) of 2013.
	Please identify the speed tiers that are available and the number or subscribers for each	1	For all future subscribers dedicated internet access at 2/1 mbps asymmetric , 5/2 mbps and 9/3 mbps. At this moment we are only using 5/2 mbps for all subscribers. This is what we are offering our customers , the baseline was developed almost three years ago, indicated 6/2.
Residential / Households	Entities passed	0	N/A in baseline.
	Total subscribers served	0	N/A in baseline.
	Subscribers receiving new access	0	N/A in baseline.
	Subscribers receiving improved access	0	N/A in baseline.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A in baseline.
Businesses	Entities passed	0	Variance of 605 from baseline. Wireless microwave network is in construction stage. We have initiated service in largest quadrant in Aug/Sept 2012. We anticipate business connections will initiate in the first quarter (Q1) of 2013.
	Total subscribers served	0	Variance of 61 from baseline. Wireless microwave network is in final Construction Stage. We anticipate subscribers connections

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
			will initiate in the first quarter (Q1) of 2013.
	Subscribers receiving new access	0	Variance of 15 from baseline. Wireless microwave network is in Construction Stage. We anticipate subscribers receiving new access will initiate in the first quarter (Q1) of 2013.
	Subscribers receiving improved access	0	Variance of 46 from baseline. Wireless microwave network is in Construction Stage. We anticipate subscribers connections will initiate in the first quarter (Q1) of 2013.
	Please identify the speed tiers that are available and the number of subscribers for each	1	For all future subscribers; 2/1 mbps, 5/2 mbps and 9/3 mbps dedicated internet access and Metro E. Wireless microwave network is in final construction stage. We have initiated service in the largest quadrant in August/September 2012. We anticipate subscriber connections will initiate in the first quarter (Q1) of 2013. At this moment we are only using 5/2 mbps for all subscribers. This is what we are offering our customers , the baseline was developed almost three years ago, indicated 6/2.

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

No special offerings are available at this moment; in final construction stage.

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

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

Not applicable.

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
EdNet	Caguas	Educational Institution	No	Using the Infrastructure for internet access.
Plaza del Mercado	Caguas	Government Institutions	No	Using the Infrastructure for internet access.
Savarona Community Center	Caguas	Government Institutions	Yes	Using the Infrastructure for internet access.
BADECO	Caguas	Government Institutions	Yes	Using the Infrastructure for internet access.
Municipality of Caguas	Parque Sola Morales, Caguas	Government Institutions	Yes	Using the Infrastructure for internet access.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

MILESTONE #1 OVERALL PROJECT

Activities Q1-2013
 1. Completion of installation of equipment and connection to power grid by Puerto Rico Power Authority in two roof-tops and last tower constructed, Juncos9 site.

MILESTONE #6 SITE PREPARATION
 Activities Q1-2013
 1. We will be completing two sites, in the first quarter 2013.

MILESTONE #10 NETWORK TESTING
 Activities Q1-2013
 1. The NOC Equipment for INTECO's Broadband Network will be completed in this quarter; quality checks, system integrity and integration testing.

INFRASTRUCTURE KEY INDICATOR #4 - NUMBER OF WIRELESS LINKS
 Activities Q1-2013
 1. We will activate 7 additional wireless links.

INFRASTRUCTURE KEY INDICATOR #8 - NUMBER OF POTENTIAL AGREEMENTS WITH BROADBAND WHOLESALERS OR LAST MILE PROVIDERS
 Activities Q1-2013
 1. We will add one additional signed wholesale agreement.

INFRASTRUCTURE KEY INDICATOR #9 - FEDERAL GRANT EXPENDITURES
 Activities Q1-2013
 1. Expected Federal Grant expenditures in the 1st quarter 2013 will be \$228,202.00.

INFRASTRUCTURE KEY INDICATOR #10A - TOTAL SUBSCRIBERS SERVED (CAIs CONNECTED)
 Activities Q1-2013
 1. We are a tower based, microwave project which will be activated by quadrants, we are still in the construction phase of the project in some quadrants. As we continue to complete the quadrants we continue to connect CAI's. We will add 25 CAI's activated in Q1-2013.

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	99	All 24 sites to be completed by Q1-2013.
2b.	Environmental Assessment	100	Received FONSI approval (Finding of No Significant Impact) received on November 23, 2010.
2c.	Network Design	100	Network redesign update completed.
2d.	Rights of Way	100	Completed lease or land lease contracts for all 24 sites.
2e.	Construction Permits and Other Approvals	100	Submission of permits, including if necessary soil studies, terrain elevation and foundation design, to the responsible Puerto Rican permits agency. We initially underestimated the time it would take to get construction permits for new tower construction. All permits for construction will be completed by Q1-2013.
2f.	Site Preparation	99	Completion of all site preparation, construction, telecommunication enclosures installation and telecommunication equipment installation in twenty four tower sites. We will be completing two additional sites, in the Q1-2013.
2g.	Equipment Procurement	100	All Telecommunications Equipment has been acquired. Acquisition and installation of the NOC Equipment for INTECO's Broadband Network was completed.
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	Acquisition and installation of the NOC Equipment for INTECO's Broadband Network was completed. All network build to be completed by Q1-2013.
2i.	Equipment Deployment	100	All equipment for INTECO's Broadband Network, all equipment has been received and installed. Acceptance, systems and integration testing and all equipment deployment to be completed in Q1-2013.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2j.	Network Testing	100	The vendor for Telecommunications Equipment is completing equipment installation in last two sites. Acquisition, installation, testing and verification of the NOC Equipment for INTECO's Broadband Network will be completed in Q1 2013.
2k.	Other (please specify): and Management Administration	99	All telecommunications equipment and network equipment have been completed and final testing.. A strategy of quadrant priorities was implemented with the largest quadrant activated in August/September 2012. All major tower construction has been completed, with two sites being completed in first quarter 2013.

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).

1. We will be completing two additional sites in the first quarter. One of the sites, which is a leased site is dealing with concerns raised by neighbors. The site has all permits required by Puerto Rican law however we are reviewing site agreement and neighbors concerns.

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	\$2,006,759	\$747,150	\$1,259,609	\$1,885,717	\$626,108	\$1,259,609	\$2,004,919	\$745,310	\$1,259,609
b. Land, structures, right-of-ways, appraisals, etc.	\$3,936,561	\$2,355,572	\$1,580,989	\$3,864,561	\$2,283,572	\$1,580,989	\$3,936,561	\$2,355,572	\$1,580,989
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$157,000	\$0	\$157,000	\$157,000	\$0	\$157,000	\$157,000	\$0	\$157,000
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	\$1,902,043	\$190,119	\$1,711,924	\$1,483,722	\$0	\$1,483,722	\$1,881,127	\$169,203	\$1,711,924
j. Equipment	\$7,902,256	\$119,659	\$7,782,597	\$7,782,598	\$0	\$7,782,598	\$7,896,274	\$113,676	\$7,782,598
k. Miscellaneous	\$439,055	\$0	\$439,055	\$439,054	\$0	\$439,054	\$439,055	\$0	\$439,055
l. SUBTOTAL (add a through k)	\$16,343,674	\$3,412,500	\$12,931,174	\$15,612,652	\$2,909,680	\$12,702,972	\$16,314,936	\$3,383,761	\$12,931,175
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$16,343,674	\$3,412,500	\$12,931,174	\$15,612,652	\$2,909,680	\$12,702,972	\$16,314,936	\$3,383,761	\$12,931,175

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
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