

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) 06-30-2012	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 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): 08-20-2012
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Project Indicators (This Quarter)

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

The proposed 186 mile fiber project was divided into 4 separate construction contracts. Three of the construction contracts have been awarded as follows:

- Contract I Nichols Construction, LLC 102 miles 180 days
- Contract II Lambert's Cable Splicing Co, LLC 70 miles 130 days
- Contract III Lambert's Cable Splicing Co, LLC 11 miles 90 days

Contract IV is scheduled to be released and bid by the end of August, 2012.

Fiber Construction Progress:

Contract I: Installation of the aerial and buried fiber optic cable continued in Wythe, Pulaski, and Montgomery counties through the 8th quarter. Approximately 90% of the 32 miles of fiber planned to be installed in the Town of Wytheville and Wythe County has been completed. 35% of the 51 miles of fiber planned to be installed in the Town of Pulaski, the Town of Dublin, and Pulaski County has been completed. Preliminary aerial construction and directional bores are near complete in Montgomery County and the City of Radford. The contractor has had 3 – 5 buried crews, 3 – 4 bore crews and 1 – 2 aerial crews working along the various routes during the quarter. Fiber splicing and testing began in Wythe County and the Town of Wytheville in early June and will begin in Pulaski County in early August. The contractor had installed 45 miles of aerial and buried fiber by the end of the quarter and had worked 107 days of the 180 day contract.

Contract II: Installation of the aerial and buried fiber optic cable continued in Montgomery, Floyd, Roanoke, and Botetourt counties through the 8th quarter. 65% of the 32 miles of fiber planned for Montgomery County and the Town of Christiansburg has been completed. 13% of the planned 11.5 miles of fiber planned for Floyd County has been completed. 77% of the planned 22 miles of fiber has been completed in the City of Salem and Roanoke County. 100% of the 4.5 miles in Botetourt County was completed. The contractor has had 3 – 5 buried crews, 4 – 5 bore crews, and 1 – 2 aerial crews working on the various routes during the quarter. Fiber splicing and testing began in mid May in Botetourt County and Roanoke County and will continue into Christiansburg by the middle of July. The Contractor had installed 43.7 miles of aerial and buried fiber by the end of the quarter and had completed 106 days of the 130 day contract.

Contract III: Final inventory and inspection was completed in mid April, 2012. Final invoice was approved on June 4, 2012. Contract III consisted of a total of 8.5 miles of middle mile fiber installed. There were also 2.5 drop miles of fiber installed in Contract III.

Total project miles completed by the end of quarter 8 equals 97.2 miles or 52% of the 186 miles proposed.

The Land, Structures, and Right of Way budget line item is currently over budget. A 424 will be submitted before the next reporting period to adjust our budget, as we have another line item which will be coming in under budget.

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	31	Citizens originally projected having 69% of the project complete by the end of the 8th quarter. The total delay in obtaining fiber cable and receiving an approved Environmental Assessment was nearly 6 months. Although some construction did start in the 5th quarter, the main construction contracts did not get started until the 7th quarter due to the aforementioned delays.
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	100	No Variance

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2g.	Equipment Procurement	100	No Variance
2h.	Network Build (all components - owned, leased, IRU, etc)	52	Delay in the final approval of the Environmental Assessment and the long lead time in obtaining fiber cable and other materials have impacted the timing of construction.
2i.	Equipment Deployment	50	Citizens had anticipated having 60% of the equipment installed at the end of the 8th quarter. Delays in starting construction due to the lead time of fiber cable and waiting approval for the EA limited the amount of Network facilities to be completed and thus equipment to be deployed.
2j.	Network Testing	15	Citizens had anticipated having 20% of the network testing complete at the end of the 7th quarter. Delays in starting construction due to the lead time of fiber cable and waiting for approval of the EA has limited the amount of Network facilities ready for testing.
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 Virginia Department of Transportation has an ongoing construction project on Interstate 81 in Montgomery and Roanoke counties that is impacting Citizens construction along Route 11 in Montgomery. The Citizens contractor is not allowed to work in the right of way of Route 11 during times that the VDOT project is rerouting interstate traffic onto Route 11. This is forcing the contractor to adjust the schedule to work on this portion of the route on weekends only. The Virginia Department of Transportation is also enforcing strict working hours along route 8 in Montgomery County due to the traffic volume along that route.

Aerial fiber construction continues to be impacted by delays in getting the make ready completed by other utility owners in three areas of the project.

The weather event that occurred on June 29, 2012 has affected both contractors. The Citizens contractors were obligated to provide storm restoration crews to different areas in the north eastern United States, leaving both contractors short of crews on the project. The storm also has affected the other utilities in the area which will further delay aerial make ready.

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	97	Citizens had anticipated approximately 128 miles complete by the end of quarter 8. Due to the unavailable fiber cable, construction on Contract I and Contract II did not start until January 9, 2012. Having to adjust construction schedules to meet requirements of the Virginia Department of Transportation due to VDOT road improvement projects and traffic situations continues to slow construction progress on several routes. Delays in getting make ready completed are impacting completion of aerial construction in three locations.
New network miles leased	0	No Variance
Existing network miles upgraded	0	No Variance
Existing network miles leased	0	No Variance
Number of miles of new fiber (aerial or underground)	97	Citizens had anticipated approximately 128 miles complete by the end of quarter 8. Due to the unavailable fiber cable, construction on Contract I and Contract II did not start until January 9, 2012. Having to adjust construction schedules to meet requirements of the Virginia Department of Transportation due to VDOT road improvement projects and traffic situations continues to slow construction progress on several routes.

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
		Delays in getting make ready completed are impacting completion of aerial construction in three locations.
Number of new wireless links	0	No Variance
Number of new towers	0	No Variance
Number of new and/or upgraded interconnection points	2	Citizens had anticipated having 4 interconnection points in place by the end of the 8th quarter. Delays in start of construction have resulted in portions of the fiber route needing to be built in order to establish the 2 remaining interconnect 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	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:
None

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 third party operates (600 words or less).
N/A

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	Citizens had anticipated having 1 signed agreement with a wholesale provider. Delay in the final approval of the Environmental Assessment and the long lead time in obtaining fiber cable and other materials have impacted the timing of construction, thus impacting the ability to provide new access to wholesalers.
	Providers with signed agreements receiving improved access	0	No Variance
	Providers with signed agreements receiving access to dark fiber	0	No Variance
	Please identify the speed tiers that are available and the number of	0	N/A

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	subscribers for each		
Community Anchor Institutions (including Government institutions)	Total subscribers served	7	Citizens had anticipated 18 CAI's by the end of the 8th Qtr. Delays were due to existing school contracts and school schedule.
	Subscribers receiving new access	0	Citizens anticipated having 12 new subs by the end of the quarter. Delays were due to existing school contracts and incomplete construction in some locations
	Subscribers receiving improved access	7	Citizens anticipated having 6 subs by the end of the quarter.
	Please identify the speed tiers that are available and the number or subscribers for each	1	1 Gb - 1 Subscriber
Residential / Households	Entities passed	0	No Variance
	Total subscribers served	0	No Variance
	Subscribers receiving new access	0	No Variance
	Subscribers receiving improved access	0	No Variance
	Please identify the speed tiers that are available and the number of subscribers for each	0	No Variance
Businesses	Entities passed	0	No Variance
	Total subscribers served	0	No Variance
	Subscribers receiving new access	0	No Variance
	Subscribers receiving improved access	0	No Variance
	Please identify the speed tiers that are available and the number of subscribers for each	0	No Variance

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

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
Prices Fork Elementary	Montgomery County	School (K-12)	Yes	CAI is using BTOP-funded infrastructure for internet/transport usage, SOL testing, data backup, distance learning, video classroom, accessing video library server, video conferencing, adult learning, video surveillance, and the "no child left behind" program.
Kipps Elementary	Montgomery County	School (K-12)	No	Have not activated service
Blacksburg Middle	Montgomery County	School (K-12)	No	Have not activated service
Gilbert Linkous Elementary	Montgomery County	School (K-12)	No	Have not activated service
Blacksburg High	Montgomery County	School (K-12)	No	Have not activated service
Harding Elementary	Montgomery County	School (K-12)	No	Have not activated service
Margaret Beeks Elementary	Montgomery County	School (K-12)	No	Have not activated service

Project Indicators (Next Quarter)

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

Citizens and Thompson & Litton will finalize the construction plan sheets and prepare bid documents for the fourth contract of the 186 mile project. The bid documents are scheduled to be sent out by the middle of August, 2012. Bids will be due and the contractor will be announced by the end of August. Citizens ordered fiber at the end of July in order to avoid delaying construction start.

Contract I

Nichols Construction LLC plans to continue with 4 – 5 plow crews, 2 – 3 bore crews and one aerial crew during the 9th quarter. At the current pace and schedule the contractor should have a total of 87 miles of fiber installed by the end of quarter 9 which is 85% of the contract amount. The anticipated completion date for contract I is October 18, 2012.

Contact II

Lambert's Cable Splicing Co., LLC will continue the construction process with 3 – 4 plow crews, 2 -3 bore crews, and one aerial crew during the 9th quarter. At the current pace and schedule the contractor should have 100% of the 71 miles complete on contract II by mid- September.

Community Anchor Institutions

Actual service activation at most of the proposed CAI's is still pending Montgomery County and Pulaski County school schedules. The School systems are currently in contract arrangements with other providers that will be phasing out during the remainder of the year. The service at each location will be activated as soon as these contract agreements end. The service drops are being installed as construction progresses past each location.

Contract IV

The final contract for the 186 mile NTIA/BTOP project is schedule to be bid and awarded by the first week of September, 2012. The scheduled start date of construction will be the second week of October, 2012 with a completion date of 45 days. Citizens has ordered the fiber for this contract in advance in order to avoid delays in beginning the construction.

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)

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	57	Lag time between construction being completed and invoices being created, verified, and approved represents the difference between the overall project and the Network Build.
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	100	No Variance
2g.	Equipment Procurement	100	No Variance
2h.	Network Build (all components - owned, leased, IRU, etc.)	89	Citizens had projected having approximately 144 miles (77%) of aerial and buried fiber construction complete by the end of quarter 9. At the current pace and schedule, the project should be ahead of the original projections by the end of this quarter.
2i.	Equipment Deployment	60	No Variance
2j.	Network Testing	68	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).

Adjusting work schedules and moving crews to accommodate the Virginia Department of Transportation (VDOT) construction project on I-81 could affect completion of the fiber installation along portions of route 11 in Montgomery County and Roanoke County. The VDOT working hours restriction on Route 8 in Montgomery County and Floyd County could also slow the process along that route. Delays in getting make ready completed on three aerial routes (one in the Town of Christiansburg and two in Roanoke County) could affect those sections from being completed in the next quarter. Citizens and Thompson & Litton will continue to monitor this situation closely and look for alternatives options if the delays continue.

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	\$314,829	\$62,966	\$251,863	\$314,829	\$62,966	\$251,863
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$491,739	\$491,739	\$0	\$177,556	\$177,556	\$0	\$216,639	\$216,639	\$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	\$1,952,808	\$390,561	\$1,562,247	\$5,200,000	\$1,040,000	\$4,160,000
j. Equipment	\$1,090,000	\$218,000	\$872,000	\$871,548	\$174,310	\$697,238	\$871,548	\$174,310	\$697,238
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	\$3,316,741	\$805,393	\$2,511,348	\$6,603,016	\$1,493,915	\$5,109,101
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	\$3,316,741	\$805,393	\$2,511,348	\$6,603,016	\$1,493,915	\$5,109,101

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: \$4,000