

**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>  NT10BIX5570093	<b>3. DUNS Number</b>  175409010
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**4. Recipient Organization**

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

<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  12-31-2012	<b>6. Is this the last Report of the Award Period?</b>  <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.

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

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  02-21-2013
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**Project Indicators (This Quarter)**

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

Contract I: Nichols Construction, LLC completed fiber construction in the City of Radford and the county of Montgomery on December 21, 2012. All fiber construction is complete in Pulaski Co. except for a 1-mile aerial section that has been delayed by difficulty in easement obtainment and aerial make ready that is required from Verizon. Splicing of fiber in these areas is in process and is complete except for one splice in Pulaski Co. and one location in Montgomery Co. These 2 splice locations are to be completed by January 11, 2013. Testing of the fiber for this contract is ongoing and is projected to be completed by January 15, 2013. Currently Nichols Construction has a crew performing final clean-up on all routes included in the contract. By the end of the quarter, Nichols had installed a total of 102 miles (99%) of the proposed 103 mile contract.

Contract II: Lambert's Cable Splicing, LLC has completed construction of the 0.5 mile aerial fiber along the Falling Branch Industrial Park which had previously been held up by make ready work needed by Verizon. Construction along Route 8 in Montgomery Co. near the site of road construction and new high school is still being delayed by aerial make ready work needed by AEP and Verizon. No schedule has been established by these companies for completion of this work. Splicing of all fiber except for the incomplete section along Route 8 is complete. Testing of fiber to resolve attenuation issues along completed fiber routes and up to the incomplete section is in process and scheduled to be completed by January 15, 2013. By the end of the 10th quarter, Lambert's had placed 67 miles of the proposed 71 miles of fiber on this contract.

Contract IV: Edwards Telecommunications, Inc. completed construction on the underground section of fiber along Route 100 from Dublin (Pulaski Co.) to Pearisburg (Giles Co.) on December 20, 2012. Splicing and testing of this section of fiber was completed on December 28, 2012. Edwards will complete any final clean up on this section by January 15, 2013. The remaining section (5.2 miles) of construction is aerial cable located in the Town of Pearisburg that is being held up by make ready work that is needed by AEP and Verizon. No time schedule for completion of this work has been announced by these companies. By the end of the quarter, Edwards had completed construction on 18.8 miles (78%) of the proposed 24 miles of fiber for this contract.

By the end of the 10th quarter, a total of 179.2 linear miles (96%) of the proposed 186 linear miles of NTIA/BTOP project had been completed.

**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	65	Citizens originally projected having 93% of the project complete by the end of the 10th Quarter. Since this Milestone is calculated on Federal Funds that have been spent, the delay in percentage complete is due to the delay in invoicing from the Contractors performing the construction. Actual construction on the project is 96% complete at the end of the 10th Quarter.
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

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2h.	Network Build (all components - owned, leased, IRU, etc)	96	Citizens had projected to be 93% of the project complete by the end of the 10th quarter. Citizens exceeded this target by having the contractors bring in additional crews and by starting work on a 4th contract with a third contractor.
2i.	Equipment Deployment	80	No Variance
2j.	Network Testing	80	Citizens had anticipated having 77% of the network testing complete at the end of the 10th quarter. Problems found with attenuation loss in some locations has delayed some testing. However, solutions for this issue have been determined and is presently being utilized. This work will be completed in the upcoming weeks and all testing shall remain on target for the upcoming quarter.
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).**

During the 10th quarter, make ready issues in 3 areas have delayed the completion of construction for this project. On Contract I, there is approximately 1 mile of aerial in Pulaski Co. that cannot be built because of pending make ready work by Verizon. On Contract II, a .75 mile aerial section of construction is being delayed by needed make ready work by AEP. On Contract IV, a 5.2 mile portion of aerial construction in the town of Pearisburg in Giles Co. is being held up by pending make ready work needed by Verizon and AEP. This make ready work is currently being engineered by these companies and some have already been invoiced. However, no schedule has been announced by these companies as to when this work will be completed. Currently 2 winter storms have hit these areas and recovery work has taken precedence over this project. These areas make up all of the construction that is left on this 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	180	Citizens had anticipated approximately 186 miles being complete by the end of quarter 10. Delays in getting make ready completed is impacting completion of the remaining 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)	180	Citizens had anticipated approximately 186 miles being complete by the end of quarter 10. Delays in getting make ready completed is impacting completion of the remaining 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	4	Citizens had anticipated having 8 interconnection points in place by the end of the 10th quarter. Delays in construction because incomplete aerial make ready work has resulted in portions of the fiber route needing to be built in order to establish the remaining 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	0

Indicators	
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 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 subscribers for each	0	No Variance
Community Anchor Institutions (including Government institutions)	Total subscribers served	36	Citizens had anticipated 52 CAI's by the end of the 10th Quarter. Delays were due to existing school contracts and incomplete construction in some locations. Also, total number of CAI's being built to is now at 50.
	Subscribers receiving new access	24	Citizens anticipated having 46 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	12	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 - 5 Subscribers
Residential / Households	Entities passed	0	No Variance
	Total subscribers served	0	No Variance

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	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
<b>Businesses</b>	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 BTOF 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 BTOF-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 BTOF-funded infrastructure
Belview Elementary	Montgomery County	School (K-12)	No	Have not activated service
Auburn High, Middle & Elem	Montgomery County	School (K-12)	No	Have not activated service
East Montgomery High	Montgomery County	School (K-12)	No	Have not activated service
County Government Center	Montgomery County	Other Government Facility	Yes	CAI is using BTOF-funded infrastructure for internet/transport usage, data backup, accessing servers, video conferencing, and video surveillance.
Pulaski School Board	Pulaski County	School (K-12)	No	Have not activated service
Pulaski Middle School	Pulaski 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).**

Contract I

Nichols Construction LLC will continue with the testing of fiber optic cable in all areas to resolve attenuation issues. This work will consist of the digging up of cable in problem areas to relieve tight radius bends in cable. Plans are to complete this testing by February

15, 2013. Construction of service drop to Radford University will be completed by February 15 as well. If make ready work on the 1-mile aerial section in Pulaski Co. is completed in February, it is anticipated that the remaining construction and all testing could be completed by the end of the 11th quarter.

**Contract II**

Lamberts Cable Splicing will continue with testing of fiber optic cable in problem areas to resolve attenuation issues as well. It is anticipated that all testing will be finished on all fiber optic cable where construction is complete by February 15, 2013. Construction on the aerial section along Route 8 in Montgomery Co. will be completed soon after make ready work is completed by AEP. Plans are to have all construction and testing completed on this contract by the end of the 11th quarter if make ready issues are resolved by mid-February.

**Contract IV**

At this time, Edwards Telecommunications is finished with all construction and testing of the 18.8 mile buried portion of the fiber optic cable on it's contract. They will complete all clean-up work in February, weather permitting. They will construct the 5.2 mile aerial section in the town of Pearisburg soon after make ready is completed by AEP and Verizon. Estimated time for completion of this construction cannot be established since no completion dates have been announced by either company for the make ready work.

**Community Anchor Institutions**

Service activation at most of the CAI's in Montgomery and Pulaski County are still pending the completion of testing of the fiber optic cable in these areas. Activation of service at these locations should be ready by the 12th quarter. Service drops have been installed at 35 CAI locations and the remaining will be completed in the 11th 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	85	Citizens originally projected having 95% of the project complete by the end of the 11th Quarter. Since this Milestone is calculated on Federal Funds that have been spent, the delay in percentage complete is due to the delay in invoicing from the Contractors performing the construction. Actual construction on the project is projected to be 96% complete at the end of the 11th Quarter.
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.)	96	No Variance
2i.	Equipment Deployment	80	No Variance
2j.	Network Testing	96	All testing should be finished on all completed fiber. Only the construction delayed by make-ready issues will remain.
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).**

Contracts I, II, and IV have varying amounts of make ready issues that continue to delay construction and completion of those contracts.

- Contract I - 1 mile section in Pulaski County
- Contract II - 0.5 mile section in Montgomery Co.
- Contract IV - 5.2 mile section in Pearisburg (Giles Co.)

RECIPIENT NAME: Citizens' Telephone Co-operative

AWARD NUMBER: NT10BIX5570093

DATE: 02/21/2013

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

All contractors are committed to finish this construction as soon as this make ready work is completed by Verizon and AEP. Unfortunately with no schedules having been set by these companies for this work and with storm recovery work increasing during the winter, projecting completion dates is difficult.

**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	\$322,566	\$64,513	\$258,053	\$322,566	\$64,513	\$258,053
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$491,739	\$491,739	\$0	\$247,441	\$247,441	\$0	\$282,384	\$282,384	\$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	\$6,021,949	\$1,204,390	\$4,817,559	\$8,360,081	\$1,672,016	\$6,688,065
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
<b>l. SUBTOTAL (add a through k)</b>	<b>\$11,560,803</b>	<b>\$2,323,043</b>	<b>\$9,237,760</b>	<b>\$7,463,504</b>	<b>\$1,690,654</b>	<b>\$5,772,850</b>	<b>\$9,836,579</b>	<b>\$2,193,223</b>	<b>\$7,643,356</b>
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	<b>\$11,560,803</b>	<b>\$2,323,043</b>	<b>\$9,237,760</b>	<b>\$7,463,504</b>	<b>\$1,690,654</b>	<b>\$5,772,850</b>	<b>\$9,836,579</b>	<b>\$2,193,223</b>	<b>\$7,643,356</b>

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: \$12,500
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