QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Award Identification Number	3. DUNS Number
Department of Commerce, National Telecommunications and Information Administration	NT10BIX5570131	044627859

4. Recipient Organization

Peoples Telephone Cooperative Inc. 102 N. Stephens St., Quitman, TX 75783-2202

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
09-30-2012	○ Yes ◉ 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	7c. Telephone (area code, number and extension)
Sharon Hurley	X
	7d. Email Address
	skh@peoplescom.net

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	11-12-2012

Project Indicators (This Quarter)

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

To date, we completed the southern, eastern, and portions of the northern sections of the project. This quarter we completed segments into Mount Pleasant, Paris, and to the headquarters of Region 8 Educational Service Center which connects to 50 schools. The construction has allowed us to directly connect 8 community anchor institutions and numerous sites for 10 last mile providers. We continue to have one-on-one meetings with economic development units, city managers, elected officials, representatives from educational institutions, and business-people from all walks of life. We also hope to be accepted into the lifeline broadband pilot project and are collaborating with other interested parties to make this project successful.

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	46	Mainline construction has increased in pace and several potential customers are in negotiation for connection. Variance from plan is still a reflection of fiber shortage and delay in environmental assessment acceptance. Now that we have program income and fiber supply has opened up, we anticipate being on-target with the overall project milestone by second quarter, 2013.
2b.	Environmental Assessment	100	No variance.
2c.	Network Design	53	Network design is evolving and progressing with increased mainline construction pace. Variance from baseline is partially due to the pace of the project in general but also partially due to improved efficiencies in execution over budgets and plans. Unused funds in this category are planned to be spent in the network build category.
2d.	Rights of Way	0	No variance.
2e.	Construction Permits and Other Approvals	13	Approvals procured as needed. Drop and lateral placement just began last quarter due to fiber shortages. We anticipate being closer to target with the construction permits/approvals milestone by second quarter, 2013. However, due to careful use of public rights-of-way, we anticipate that this section will remain under budget and we will be able to use surplus funds for network build.
2f.	Site Preparation	12	We have not been utilizing private land as much as planned thereby reducing land acquisition and site preparation. We anticipate being closer to target with the site preparation milestone by second quarter, 2013. However, due to careful use of public rights-of-way, we anticipate that this section will remain under budget and we will be able to use surplus funds for network build.
2g.	Equipment Procurement	38	This is an approximate percentage complete for current status of overall project. We expect significant increases in equipment deployment as customers connect. However, we have found that the educational community anchor institutions have ERATE timelines they follow rather rigidly. Consequently, we should have our target met by third quarter, 2013.
2h.	Network Build (all components - owned, leased, IRU, etc)	48	Mainline construction has increased in pace and several potential customers are in negotiation for connection. Variance from plan is still a reflection of fiber shortage and delay in environmental assessment acceptance. We anticipate being on-target with the network build milestone by second quarter, 2013.
2i.	Equipment Deployment	0	Peoples' employees are doing all equipment deployment. No expenses expected in this category. We anticipate using any unused funds in this category for network build.
2j.	Network Testing	0	Peoples' employees are doing all network testing. No expenses expected in this category. We anticipate using any unused funds in this category for network build.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2k.	Other (please specify): Land Acquisition	0	To date, we are leasing and using public rights-of-way instead of purchasing land so Land Acquisition has not been as high as we predicted it would be at this stage. We anticipate using any unused funds in this category for network build.

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).

Additional route modifications have again necessitated environment assessments and the associated delays in approval have proven to be a challenge to our project. We have also experienced delays gaining easements or franchises in several cities which has delayed our progress, although not significantly so far. Approval of the current series of environmental assessments is the only thing that could delay the timely completion of 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	232	232 miles placed and deployed. Approximately 57 miles are currently under construction. Fiber delivery delay caused variance as well as delay of environmental assessment approvals. We expect to be close to target by second quarter, 2013.
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)	232	232 miles placed and deployed. Approximately 57 miles are currently under construction. Fiber delivery delay caused variance as well as delay of environmental assessment approvals. We expect to be close to target by second quarter, 2013.
Number of new wireless links	0	No variance.
Number of new towers	0	No variance.
Number of new and/or upgraded interconnection points	0	No variance.

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	13
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	2
Average term of signed agreements (in quarters)	12

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

The last mile providers with whom we have signed agreements are: The Cyber Shop, ETEX Telephone, Cumby Telephone, Franklin County Wireless/Mt Vernon Optic Herald, ConNEXTions Telcom, Peoples Communication, Inc., Trillion Partners, Down-to-Earth Broadband, CoStreet/Verizon, Skynet, Starnet, Peoples Wireless, and Northeast Texas Broadband.

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:

We are providing 10 Megs to 4 Gig services to 10 providers. They are using them to provide WiFi internet services, to provide DSL services to their existing customers, or to access a second connection point for their network to provide redundancy.

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).

None.

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**	5	We projected that we would have 5 last mile providers receiving new access and we have surpassed our projection.
	Providers with signed agreements receiving improved access	5	We projected we would have 1 last mile provider receiving improved access and have surpassed our projection.
	Providers with signed agreements receiving access to dark fiber	0	We projected we would have 1 last mile provider receiving access to dark fiber, but all providers have requested new or improved access instead.
	Please identify the speed tiers that are available and the number of subscribers for each	8	1 customer is receiving a 10 meg circuit, 1 customer is receiving a 20 meg circuit, 2 customers are receiving 100 megs, 1 customer is receiving multiple 100 meg and 200 meg circuits, 1 customer is receiving 2 500 meg circuits, 3 customers are receiving 1 gig, and 1 customer is receiving 4 gigs. The other tiers are 50 megs and 10 gigs.
Community Anchor Institutions (including Government institutions)	**Total subscribers served**	12	The variance in CAI counts is due to the environmental assessments taking longer than expected and fiber procurement delays.
	Subscribers receiving new access	0	The variance in CAI counts is due to the environmental assessments taking longer than expected and fiber procurement delays.
	Subscribers receiving improved access	12	The variance in CAI counts is due to the environmental assessments taking longer than expected and fiber procurement delays.
	Please identify the speed tiers that are available and the number or subscribers for each	8	8 CAIs are receiving 100 megs, 1 CAI is receiving 70 megs, 1 CAI is receiving 50 megs, 1 CAI is receiving 20 megs, 1 CAI is receiving 10 megs. We are also offering 500 megs, 1 gig, and 10 gig tiers.
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

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	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
Fruitvale ISD	**Fruitvale**	**K-12 School**	**Yes**	**This infrastructure is being used for educational purposes.**
Edgewood ISD	**Edgewood**	**K-12 School**	**Yes**	**This infrastructure is being used for educational purposes.**
Mount Vernon ISD	**Mount Vernon**	**K-12 School**	**Yes**	**This infrastructure is being used for educational purposes.**
Chapel Hill/Mount Pleasant ISD	**Mount Pleasant**	**K-12 School**	**Yes**	**This infrastructure is being used for educational purposes.**
Quinlan ISD	**Quinlan**	**K-12 School**	**Yes**	**This infrastructure is being used for educational purposes.**
Northeast Texas Community College	**Mount Pleasant**	**Community College**	**Yes**	**This infrastructure is being used for educational purposes.**
Harts Bluff ISD	**Harts Bluff**	**K-12 School**	**Yes**	**This infrastructure is being used for educational purposes.**
Boles Home ISD	**Quinlan**	**K-12 School**	**Yes**	**This infrastructure is being used for educational purposes.**

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
Next quarter we expect to complete another 91.5 miles, including a run from Mt Pleasant to Paris with construction underway to Roxton and Bonham. Design work on the last phase should be complete with plans to start at both ends simultaneously in order to complete the project on time if there are no additional delays due to environmental assessment approvals. We have several last mile providers and one community anchor institution scheduled to go live October 1. In all, we have 2 last mile provider contracts and 7 community anchor contracts we expect to be signed by the end of the quarter. We plan to connect 4 community anchor institutions during the fourth quarter of 2012.

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	59	The baseline prediction is higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions. The length of time it takes for approval of our Environmental Assessment is keeping us from getting caught up, however.
2b.	Environmental Assessment	100	No variance.
2c.	Network Design	63	The baseline prediction is higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions. The length of time it takes for approval of our Environmental Assessment is keeping us from getting caught up, however.
2d.	Rights of Way	0	No variance.
2e.	Construction Permits and Other Approvals	15	The baseline prediction is higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions. The length of time it takes for approval of our Environmental Assessment is keeping us from getting caught up, however.
2f.	Site Preparation	18	The baseline prediction is higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions. The length of time it takes for approval of our Environmental Assessment is keeping us from getting caught up, however.
2g.	Equipment Procurement	45	The baseline prediction is higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions. The length of time it takes for approval of our Environmental Assessment is keeping us from getting caught up, however.
2h.	Network Build (all components - owned, leased, IRU, etc.)	60	The baseline prediction is higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions. The length of time it takes for approval of our Environmental Assessment is keeping us from getting caught up, however.
2i.	Equipment Deployment	0	Peoples' employees are doing all equipment deployment. No expenses expected in this category.
2j.	Network Testing	0	Peoples' employees are doing all network testing. No expenses expected in this category.
2k.	Other (please specify): Land Acquisition	0	To date, we are leasing and using public rights-of-way instead of purchasing land so land acquisition has not been as high as we predicted it would be at this stage.

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).

Additional route modifications have again necessitated environment assessments and the associated delays in approval have proven to be a challenge to our project. We have also experienced delays gaining easements or franchises in several cities which has delayed our progress, although not significantly so far. Approval of the current series of environmental assessments is the only thing that could delay the timely completion of this project.

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.

Cost Classification	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		
	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	$8,430	$1,686	$6,744	$8,430	$1,686	$6,744
b. Land, structures, right-of-ways, appraisals, etc.	$1,012,000	$202,400	$809,600	$35,300	$7,060	$28,240	$43,822	$8,764	$35,058
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$3,039,520	$607,904	$2,431,616	$2,497,678	$499,536	$1,998,142	$3,203,000	$640,600	$2,562,400
e. Other architectural and engineering fees	$1,290,280	$258,056	$1,032,224	$163,044	$32,609	$130,435	$205,750	$41,150	$164,600
f. Project inspection fees	$950,297	$190,059	$760,238	$277,519	$55,504	$222,015	$311,390	$62,278	$249,112
g. Site work	$192,000	$38,400	$153,600	$26,233	$5,247	$20,986	$37,500	$7,500	$30,000
h. Demolition and removal	$32,400	$6,480	$25,920	$0	$0	$0	$0	$0	$0
i. Construction	$25,805,608	$5,161,122	$20,644,486	$12,320,187	$2,464,037	$9,856,150	$15,780,508	$3,156,112	$12,624,396
j. Equipment	$3,709,590	$741,918	$2,967,672	$1,421,087	$284,217	$1,136,870	$1,668,300	$333,650	$1,334,650
k. Miscellaneous	$0	$0	$0	$0	$0	$0	$0	$0	$0
l. SUBTOTAL (add a through k)	$36,031,695	$7,206,339	$28,825,356	$16,749,478	$3,349,896	$13,399,582	$21,258,700	$4,251,740	$17,006,960
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$36,031,695	$7,206,339	$28,825,356	$16,749,478	$3,349,896	$13,399,582	$21,258,700	$4,251,740	$17,006,960

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: $155,652