

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 NT10BIX5570131	3. DUNS Number 044627859
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4. Recipient Organization

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

5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2011	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 Robbie Allen	7c. Telephone (area code, number and extension) X
	7d. Email Address rob@peoplescom.net

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-30-2011
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Empty space for additional information or comments
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Phase 1A was completed with the exception of the fiber. Phase 1B and 1C have been contracted and begun. Between the 3 projects, 70 miles of 172 total miles have been constructed to the point of fiber placement and splicing. Phase 2A has been designed and contract let out. DWDM equipment is installed and in test. ASR 9000 backbone is installed, tested and 4 area schools have had their existing service upgraded. We succeeded in developing a second and third source for fiber procurement.

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	12	Fiber delays, route changes, and Environmental Assessment changes delayed overall project completion. The 12% project complete reported at the end of September should change significantly by the end of December with the purchase of several shipments of fiber.
2b.	Environmental Assessment	100	FONZI is complete, thus this milestone is 100% complete. Post-FONZI environmental assessment work will be done under Item 2c, Network Design.
2c.	Network Design	20	This is the appropriate percent complete for a project that is 12% complete overall. Additional detail design will be accelerated as project progresses. Post-FONSI budget in the environmental assessment category was added to this category, thereby decreasing percent complete.
2d.	Rights of Way	0	No Variance
2e.	Construction Permits and Other Approvals	9	We classified some Construction Permits and Other Approvals expenses in the wrong categories. Re-classifying these dollars in the appropriate categories results in a decrease in percent complete for this category.
2f.	Site Preparation	4	We have found that we are able to utilize cabinets instead of the buildings originally designed and budgeted, thereby incurring less expenses overall by utilizing cabinets instead of incurring land, buildings, and site prep expenses.
2g.	Equipment Procurement	26	This is the appropriate percent complete for a project that is 12% complete overall. Fiber procurement delays have precluded the purchase of access equipment.
2h.	Network Build (all components - owned, leased, IRU, etc)	8	Fiber delays have caused this category to come up short. You will see a significant increase in network build during 4th quarter, 2011, due to fiber procurement.
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 right-of-way instead of purchasing land so Land Acquisition has not been as high as we predicted it would be at this stage.

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).

Approval of the environmental assessment is still pending, delaying Phase 1B as we seek approval for some minor route changes as well. Lack of fiber has delayed getting service to customers and planned revenue generation is non-existent as a result.

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	18	18.58 miles of fiber were delivered and installed. Additional fiber is scheduled to arrive 4th quarter.
New network miles leased	0	18.58 miles of fiber were delivered and installed. Additional fiber is scheduled to arrive 4th quarter.
Existing network miles upgraded	0	18.58 miles of fiber were delivered and installed. Additional fiber is scheduled to arrive 4th quarter.
Existing network miles leased	0	18.58 miles of fiber were delivered and installed. Additional fiber is scheduled to arrive 4th quarter.
Number of miles of new fiber (aerial or underground)	18	18.58 miles of fiber were delivered and installed. Additional fiber is scheduled to arrive 4th quarter.
Number of new wireless links	0	18.58 miles of fiber were delivered and installed. Additional fiber is scheduled to arrive 4th quarter.
Number of new towers	0	18.58 miles of fiber were delivered and installed. Additional fiber is scheduled to arrive 4th quarter.
Number of new and/or upgraded interconnection points	0	18.58 miles of fiber were delivered and installed. Additional fiber is scheduled to arrive 4th quarter.

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	3
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:

We have no signed agreements with any wholesale or last mile providers.

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:

Our wholesale pricing is as follows: 10 GigE, \$15,000/month; 1 GigE, \$6,000/month; 500 Meg, \$4,000/month; 100 Meg, \$2,250/month.

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)

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	N/A
	Providers with signed agreements receiving improved access	0	N/A
	Providers with signed agreements receiving access to dark fiber	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Community Anchor Institutions (including Government institutions)	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 or subscribers for each	0	N/A
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
	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).

We are planning to provide 10 Meg, 100 Meg, 1 GigE and 10 GigE wholesale internet access for last mile providers. We may also provide network configuration and management.

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
N/A	N/A	N/A	N/A	N/A

Project Indicators (Next Quarter)

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

We expect a second fiber supplier to deliver 100 miles of fiber which will allow us to begin adding CAIs and customers to the fiber. Phase 1A will be complete with significant progress on Phase 1B and 1C. DWDM testing should be complete and circuits live from Dallas to Tyler and Longview. Additional CAIs will be connected.

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	21	No variance
2b. Environmental Assessment	100	No variance
2c. Network Design	27	We have experienced environmental delays and have made route changes which affect many of our milestone categories. Our fiber suppliers have just recently begun delivering fiber, so these expenditures have been delayed and pushed back from their anticipated expense dates, again affecting our milestone categories.
2d. Rights of Way	0	No variance
2e. Construction Permits and Other Approvals	12	We have experienced environmental delays and have made route changes which affect many of our milestone categories. Our fiber suppliers have just recently begun delivering fiber, so these expenditures have been delayed and pushed back from their anticipated expense dates, again affecting our milestone categories.
2f. Site Preparation	5	We have experienced environmental delays and have made route changes which affect many of our milestone categories. Our fiber suppliers have just recently begun delivering fiber, so these expenditures have been delayed and pushed back from their anticipated expense dates, again affecting our milestone categories.
2g. Equipment Procurement	29	We have experienced environmental delays and have made route changes which affect many of our milestone categories. Our fiber suppliers have just recently begun delivering fiber, so these expenditures have been delayed and pushed back from their anticipated expense dates, again affecting our milestone categories.
2h. Network Build (all components - owned, leased, IRU, etc.)	16	No variance
2i. Equipment Deployment	0	We have experienced environmental delays and have made route changes which affect many of our milestone categories. Our fiber suppliers have just recently begun delivering fiber, so these expenditures have been delayed and pushed back from their anticipated expense dates, again affecting our milestone categories.
2j. Network Testing	0	We have experienced environmental delays and have made route changes which affect many of our milestone categories. Our fiber suppliers have just recently begun delivering fiber, so these expenditures have been delayed and pushed back from their anticipated expense dates, again affecting our milestone categories.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2k.	Other (please specify): Land Acquisition	0	We have experienced environmental delays and have made route changes which affect many of our milestone categories. Our fiber suppliers have just recently begun delivering fiber, so these expenditures have been delayed and pushed back from their anticipated expense dates, again affecting our milestone categories.

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).

We continue to work with Texas state agencies to improve cost effectiveness of construction on state rights-of-way. We plan to adjust our cash flow model to determine what adjustments may be necessary to the schedule in order to maintain the financial viability 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.

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.	\$1,012,000	\$202,400	\$809,600	\$16,225	\$3,245	\$12,980	\$42,385	\$8,477	\$33,908
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	\$1,215,205	\$243,041	\$972,164	\$1,590,205	\$318,041	\$1,272,164
e. Other architectural and engineering fees	\$1,290,280	\$258,056	\$1,032,224	\$83,381	\$16,676	\$66,705	\$83,381	\$16,676	\$66,705
f. Project inspection fees	\$950,297	\$190,059	\$760,238	\$0	\$0	\$0	\$130,805	\$26,161	\$104,644
g. Site work	\$192,000	\$38,400	\$153,600	\$9,357	\$1,872	\$7,485	\$9,357	\$1,871	\$7,485
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	\$1,948,066	\$389,613	\$1,558,453	\$3,698,066	\$739,613	\$2,958,453
j. Equipment	\$3,709,590	\$741,918	\$2,967,672	\$974,670	\$194,934	\$779,736	\$1,124,670	\$224,934	\$899,736
k. Miscellaneous	\$0	\$0	\$0	\$2,451	\$490	\$1,961	\$2,451	\$490	\$1,961
l. SUBTOTAL (add a through k)	\$36,031,695	\$7,206,339	\$28,825,356	\$4,249,355	\$849,871	\$3,399,484	\$6,681,320	\$1,336,263	\$5,345,056
m. Contingencies									
n. TOTALS (sum of l and m)	\$36,031,695	\$7,206,339	\$28,825,356	\$4,249,355	\$849,871	\$3,399,484	\$6,681,320	\$1,336,263	\$5,345,056

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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