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** NT10BIX5570068	**3. DUNS Number** 003866597

4. Recipient Organization

Valley Telephone Cooperative, Inc. 480 South 6th Street, Raymondville, TX 78580-2434

5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2011	**6. Is this the last Report of the Award Period?** ○ 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 Leonard Beurer Sr. Manager F&A	**7c. Telephone (area code, number and extension)** 9566421108 **7d. Email Address** lbeurer@vtci.net
7b. Signature of Certifying Official Submitted Electronically	**7e. Date Report Submitted (MM/DD/YYYY):** 05-11-2011

Project Indicators (This Quarter)

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

Completed preparation of our response to EA questions from NTIA Federal Environmental Reviewer and obtained approval from USFWS, TxGLO, USACE & SHPO. We are now in the 9th month of the EA. We submitted our FINAL EA response to NTIA. We have had to get extensions on the property we are purchasing and this is due to the delays in obtaining EA approval.

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	2	See below
2b.	Environmental Assessment	100	Submitted Final EA for approval on March 21, 2011
2c.	Network Design	1	Implemented Duct searches in AT&T service areas, Engineering at anchor institutions
2d.	Rights of Way	0	Awaiting EA approval
2e.	Construction Permits and Other Approvals	0	Awaiting EA approval
2f.	Site Preparation	0	Awaiting EA approval
2g.	Equipment Procurement	0	Awaiting EA approval
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Awaiting EA approval
2i.	Equipment Deployment	0	Awaiting EA approval
2j.	Network Testing	0	Awaiting EA approval
2k.	Other (please specify): Land & Buildings	95	Awaiting closure on three properties under contract in Brownsville, Weslaco and Edinburg

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 biggest issue during the last quarter was obtaining SHPO approval.This was escalated via our FPO and we ultimately received approval on 3/21/11.

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	0	Construction has not started
New network miles leased	0	Construction has not started
Existing network miles upgraded	0	Construction has not started
Existing network miles leased	0	Construction has not started
Number of miles of new fiber (aerial or underground)	0	Construction has not started
Number of new wireless links	0	N/A
Number of new towers	0	N/A

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of new and/or upgraded interconnection points	0	Construction has not started

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	6
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:
See Pricing Attachment

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).
We own and operate our own network

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	Working with our Legal consultant to craft IRU Agreements for wholesalers
	Providers with signed agreements receiving improved access	0	Working with our Legal consultant to craft IRU Agreements for wholesalers
	Providers with signed agreements receiving access to dark fiber	0	Working with our Legal consultant to craft IRU Agreements for wholesalers
	Please identify the speed tiers that are available and the number of subscribers for each	0	Speed tiers are attached. No Subscribers
Community Anchor Institutions (including Government institutions)	**Total subscribers served**	0	Awaiting FONSI; Construction has not started
	Subscribers receiving new access	0	Awaiting FONSI; Construction has not started

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving improved access	0	Awaiting FONSI; Construction has not started
	Please identify the speed tiers that are available and the number or subscribers for each	0	Speed tiers are attached. No Subscribers
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	Awaiting FONSI; Construction has not started
	Total subscribers served	0	Awaiting FONSI; Construction has not started
	Subscribers receiving new access	0	Awaiting FONSI; Construction has not started
	Subscribers receiving improved access	0	Awaiting FONSI; Construction has not started
	Please identify the speed tiers that are available and the number of subscribers for each	0	Speed tiers are attached. No Subscribers

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
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).
Obtain EA approval and FONSI. Select engineering contractor(s). Close on properties in Brownsville, Edinburg and Weslaco.
Conduct engineering meetings with Participant Anchor Institutions (5) and identify needs of each.

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	2	See below
2b.	Environmental Assessment	100	Obtain EA Approval and FONSI
2c.	Network Design	35	Duct search in AT&T service areas; Engineer at participant anchor institutions
2d.	Rights of Way	25	ROW in engineering routes
2e.	Construction Permits and Other Approvals	0	Not started
2f.	Site Preparation	50	Brownsville, Weslaco, and Edinburg properties
2g.	Equipment Procurement	0	Not required
2h.	Network Build (all components - owned, leased, IRU, etc.)	10	Start network build at anchor institutions
2i.	Equipment Deployment	0	Not required
2j.	Network Testing	0	Not started
2k.	Other (please specify): Land & Buildings	50	Close on 3 properties under contract in Brownsville, Weslaco and Edinburg

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).

The EA approval delayed the project three months. Now we are three months behind on our engineering progress. Technical assistance is not needed. We need to identify additional contractor resources that can assist with completing engineering on route segments. We will start the construction process as soon as possible. We still have to send out bids to multiple construction companies and try to shorten the bid review process.

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	$0	$0	$0	$0	$0	$0
b. Land, structures, right-of-ways, appraisals, etc.	$1,679,000	$503,700	$1,175,300	$0	$0	$0	$742,966	$222,890	$520,076
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$2,754,391	$826,317	$1,928,074	$293,438	$88,031	$205,406	$760,568	$228,170	$532,398
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	$51,000	$15,300	$35,700	$0	$0	$0	$25,500	$7,650	$17,850
h. Demolition and removal	$0	$0	$0	$0	$0	$0	$0	$0	$0
i. Construction	$15,745,589	$4,723,677	$11,021,912	$0	$0	$0	$0	$0	$0
j. Equipment	$2,195,529	$658,659	$1,536,870	$0	$0	$0	$0	$0	$0
k. Miscellaneous	$0	$0	$0	$0	$0	$0	$0	$0	$0
l. SUBTOTAL (add a through k)	$22,425,509	$6,727,653	$15,697,856	$293,438	$88,031	$205,406	$1,529,034	$458,710	$1,070,324
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$22,425,509	$6,727,653	$15,697,856	$293,438	$88,031	$205,406	$1,529,034	$458,710	$1,070,324

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