

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
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4. Recipient Organization

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

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 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): 11-30-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Engineering was completed in Rio Grande City. The metro route (in city) and campus routes (on the STC & UTPA campuses) were permitted and staked and are ready for construction. Construction pre-bid is scheduled for Oct. 5, 2011 and bids are due no later than noon on Oct. 21, 2011. We completed staking the middle mile route between Harlingen, San Benito and Brownsville. Permitting has been slow but this job is ready to bid as soon as permits are received. We ordered and received fiber for the Rio Grande City job. Building design started on the 3 buildings located in Brownsville, Weslaco and Edinburg.

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	4	See Below
2b.	Environmental Assessment	100	Received our FONSI on 4/8/11
2c.	Network Design	8	Implemented engineering at five CAI locations. Completed permitting and staking in Rio Grande City for STC & UTPA. Completed the engineering and staking on middle mile route segment from Harlingen to Brownsville. Awaiting permits.
2d.	Rights of Way	0	No Budget for this item
2e.	Construction Permits and Other Approvals	0	Construction permits received for Rio Grande City. No budget dollars for this item.
2f.	Site Preparation	0	Will start when building construction starts.
2g.	Equipment Procurement	0	Fiber is scheduled for delivery every month starting in July. Purchase is being delayed until construction is scheduled.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Awaiting Engineering Completion
2i.	Equipment Deployment	0	Awaiting Building construction completion
2j.	Network Testing	0	Testing will commence as route segments are completed
2k.	Other (please specify): Land & Bldg	23	Land is 100% complete. Closed on 3 properties under contract in Brownsville, Weslaco, & Edinburg. Costs came in under budget by about \$260,000. Initiated building design RFP with Megamorphosis.

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).
 Brownsville has presented a challenge. We staked the middle mile route, but the city roads are under construction and downtown is mostly concrete. It is doubtful we will be able to get construction permits. There is existing duct available very near the route we selected and we are pursuing capital dct leases from AT&T. If we receive the capital leases, this will save construction dollars and shorten the construction time frames. BTOP technical assistance is not required.

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	This project was delayed due NEPA directives not authorizing engineering prior to EA approval. Rio Grande City Network miles (13.5) will be constructed by 3/31/12. Construction to start in Rio Grande City.
New network miles leased	0	None

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Existing network miles upgraded	0	None
Existing network miles leased	0	None
Number of miles of new fiber (aerial or underground)	0	This project was delayed due NEPA directives not authorizing engineering prior to EA approval. Rio Grande City Network miles (13.5) will be constructed by 3/31/12. Construction to start in Rio Grande City.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	This project was delayed due NEPA directives not authorizing engineering prior to EA approval. Rio Grande City Network miles (13.5) will be constructed by 3/31/12. Construction to start in Rio Grande City.

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	5
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:
XC Networks

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:

Transport Services and Internet Bandwidth Services.

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	Crafting IRU Agreement for Wholesale providers. Agreements will NOT be signed until network is delivered.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Providers with signed agreements receiving improved access	0	Crafting IRU Agreement for Wholesale providers. Agreements will NOT be signed until network is delivered.
	Providers with signed agreements receiving access to dark fiber	0	Crafting IRU Agreement for Wholesale providers. Agreements will NOT be signed until network is delivered.
	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	In Engineering Phase. Construction has not started.
	Subscribers receiving new access	0	In Engineering Phase. Construction has not started.
	Subscribers receiving improved access	0	In Engineering Phase. 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	This project was delayed due NEPA directives not authorizing engineering prior to EA approval. Rio Grande City Network miles (13.5) will be constructed by 3/31/12. Construction to start in Rio Grande City.
	Total subscribers served	0	In Engineering Phase. Construction has not started
	Subscribers receiving new access	0	In Engineering Phase. Construction has not started
	Subscribers receiving improved access	0	In Engineering Phase. 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
UT Brownsville	Raymondville, TX	Remote University Incubator	YES	Distance Learning - to be included as "In-Kind" Contribution

Project Indicators (Next Quarter)

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

We should complete the 5 Participant CAI (University Campus) engineering and staking. Obtain permits and start construction on the Rio Grande City Route, Harlingen-Brownsville Middle Mile Route, and Complete duct verification (Sneak & Peek) in Brownsville, McAllen, Harlingen and Edinburg. Complete Building design and start construction in Brownsville, Weslaco, & Edinburg. We are purchasing middle-mile fiber in anticipation of long delivery intervals due to high fiber demand. We have increased the number of contractors performing the duct verification in Harlingen, Brownsville, Edinburg & McAllen from 1 to 3. We are increasing the engineering contractors from 2 to 4 to complete staking and acquire permits as quickly as possible. We are working with AT&T to expedite the Capital Duct Lease Agreement.

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	14	See Notes Below
2b.	Environmental Assessment	100	FONSI received on April 8, 2011
2c.	Network Design	12	Engineering validating route design
2d.	Rights of Way	0	Engineering soliciting ROW Permits (Rio Grande City)
2e.	Construction Permits and Other Approvals	0	Soliciting City, County, State & Federal permits
2f.	Site Preparation	0	Complete site prep for 3 properties
2g.	Equipment Procurement	52	Fiber is scheduled for delivery every month starting in July. Purchase is being delayed until construction is scheduled. Equipment to be purchased due to longer delivery
2h.	Network Build (all components - owned, leased, IRU, etc.)	7	Construction in Rio Grande City
2i.	Equipment Deployment	0	Awaiting building construction completion
2j.	Network Testing	0	Testing will commence as route segments are completed
2k.	Other (please specify): Land & Building	24	All land has been purchased. Building design is completed in Brownsville, Weslaco, & Edinburg. RFP's going to contractors for construction.

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 have contracted to have an EA completed on the 3 mile route along Hwy 281. We will complete the duct assessment in Brownsville and execute a Capital Lease Agreement with AT&T in Brownsville, Harlingen, Edinburg and McAllen. We increased our engineering contractors from 2 to 4. Buildings RFP's are being sent to contractors and should be received by Mid December 2011. Multiple construction contractors are positioned to start middle mile projects as engineering is completed.

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.	\$1,679,000	\$503,700	\$1,175,300	\$445,491	\$133,647	\$311,844	\$495,491	\$148,647	\$346,844
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	\$378,618	\$113,585	\$265,033	\$461,118	\$138,335	\$322,783
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	\$30,000	\$9,000	\$21,000
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	\$959,968	\$287,990	\$671,978
j. Equipment	\$2,195,529	\$658,659	\$1,536,870	\$0	\$0	\$0	\$2,000,000	\$600,000	\$1,400,000
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	\$824,109	\$247,232	\$576,877	\$3,946,577	\$1,183,972	\$2,762,605
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	\$824,109	\$247,232	\$576,877	\$3,946,577	\$1,183,972	\$2,762,605

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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