

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
4. Recipient Organization Peoples Telephone Cooperative Inc. 102 N. Stephens St., Quitman, TX 75783-2202		
5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2012	6. Is this the last Report of the Award Period? <div style="text-align: center;"> <input type="radio"/> Yes <input checked="" type="radio"/> No </div>	
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 Sharon Hurley	7c. Telephone (area code, number and extension) X	7d. Email Address skh@peoplescom.net
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-30-2012	

Project Indicators (This Quarter)			
<p>1. Please describe significant project accomplishments completed during this quarter (600 words or less).</p> <p>Last quarter we completed most of the construction of rural areas from Quitman through Mineola, Grand Saline, Edgewood, and to Wills Point. This quarter we completed the Mineola, Lindale, Van, Canton to Wills Point loop. Construction has begun on the Wills Point to Quinlan to Greenville leg. The completed construction in this quarter has permitted us to obtain signed agreements with 5 Community Anchor Institutions whom we expect to connect by the end of June. We have two sales-people working full-time to contact and connect anchor institutions. We have had many town-hall type presentations, as well as 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.</p>			
<p>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).</p>			
	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	26	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 first quarter, 2013.
2b.	Environmental Assessment	100	No variance.
2c.	Network Design	33	Network design is evolving and progressing with increased mainline construction pace. Variance from baseline is still primarily due to pace of the project in general. We anticipate being on-target with the network design milestone by first quarter, 2013.
2d.	Rights of Way	0	No variance.
2e.	Construction Permits and Other Approvals	11	Approvals procured as needed. Right-of-way cost is less than anticipated but drop and lateral placement is just now beginning to occur due to fiber shortages. We anticipate being closer to target with the construction permits/approvals milestone by first quarter, 2013.
2f.	Site Preparation	12	We have been utilizing public rights-of-way more than planned thereby reducing land acquisition and site preparation. We anticipate being closer to target with the site preparation milestone by first quarter, 2013.
2g.	Equipment Procurement	27	This is an appropriate 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 second quarter, 2013.
2h.	Network Build (all components - owned, leased, IRU, etc)	25	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 first quarter, 2013.
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. 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).

Environmental approval of route changes was finally received as well as enough fiber to begin "lighting up" the facilities. Planned revenue is still under-budget and continues to strain resources. Now that we have program income and we will begin billing several educational community anchor institutions effective July 1, 2012, we expect the revenue strain to ease a bit during the second quarter. Fiber optic cable has also become more available so we are working to catch up construction and fiber installation. If we experience good weather conditions the rest of this year, we should be close to target by first quarter, 2013.

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	102	102 miles placed and deployed. Approximately 77 miles are currently under construction. Fiber delivery delay caused variance. Now that we can procure fiber, and assuming we have good weather the rest of the year, we expect to be close to target by first 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)	102	102 miles placed and deployed. Approximately 77 miles are currently under construction. Fiber delivery delay caused variance. Now that we can procure fiber, and assuming we have good weather the rest of the year, we expect to be close to target by first 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	6
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, ConNEXTions Telcom, and Peoples Communication, Inc. Of these six providers, three are receiving service in the first quarter, 2012, as shown below.

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 100 Meg to 1000 Meg services to 6 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	2	We anticipated more providers would be receiving new access by this point in the project, however, the majority of the providers with whom we are negotiating are requesting improved access.
	Providers with signed agreements receiving improved access	1	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	7	1 customer is receiving 20 megs. 1 customer is receiving 100 megs. 1 customer is receiving 1 Gig. The other tiers are 10 megs, 50 megs, 500 megs, and 10 gig.
Community Anchor Institutions (including Government institutions)	Total subscribers served	4	The variance in CAI counts is due to the environmental assessment taking longer than expected and fiber procurement delays. With fiber now being installed, we expect to begin serving additional subscribers in the third quarter when their ERATE contracts change over to our company.
	Subscribers receiving new access	0	The variance in CAI counts is due to the environmental assessment taking longer than expected and fiber procurement delays. With fiber now being installed, we expect to begin serving additional subscribers in the third quarter when their ERATE contracts change over to our company.
	Subscribers receiving improved access	4	The variance in CAI counts is due to the environmental assessment taking longer than expected and fiber procurement delays. With fiber now being installed, we expect to begin serving additional subscribers next quarter. We have 5 additional signed agreements, but we will not be able to serve these schools until 3rd quarter when their ERATE contracts end.
	Please identify the speed tiers that are available and the number or subscribers for each	7	All 4 CAIs are receiving 100 Megs. We are also offering 10 megs, 20 megs, 50 megs, 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
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	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).
None.

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).
Next quarter we expect to be near completion on the Wills Point, Quinlan, and Greenville leg. We also expect to have a good deal of the design completed for the second phase of our project. We should have several more Community Anchor Institutions and last mile providers with signed agreements. We have 77 miles of cable currently under construction and expect to have that completed next quarter. We are also seeking approval to be involved in the lifeline broadband pilot project and are collaborating with several diverse entities to bring this to fruition.

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	33	The baseline prediction was 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.
2b.	Environmental Assessment	100	No variance.
2c.	Network Design	37	The baseline prediction was 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.
2d.	Rights of Way	0	No variance.
2e.	Construction Permits and Other Approvals	13	The baseline prediction was 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.
2f.	Site Preparation	17	The baseline prediction was 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.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2g.	Equipment Procurement	34	The baseline prediction was 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.
2h.	Network Build (all components - owned, leased, IRU, etc.)	32	The baseline prediction was 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.
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).

We have contacted many schools along our routes who are very receptive to obtaining new or improved access via our fiber, but they are under contract with other providers via the Universal Service ERate program and cannot commit to take our service until their current contract period is complete. Seven have signed agreements with us but will not begin receiving service from us until third quarter, 2012. Many more that we contract with over the next 3 quarters will be delayed until third quarter, 2013, for this very reason. There are 2 last mile providers with signed agreements that will receive service during the second quarter, 2012 and 1 that will be served in the third quarter, Trillion Partners. Trillion will, in turn, improve service to 51 schools in the third quarter with a possibility of more in the future (see http://www.trillion.net/customers/case_6.html.)

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	\$25,950	\$5,190	\$20,760	\$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	\$1,623,834	\$324,766	\$1,299,068	\$1,772,100	\$354,420	\$1,417,680
e. Other architectural and engineering fees	\$1,290,280	\$258,056	\$1,032,224	\$132,875	\$26,575	\$106,300	\$205,750	\$41,150	\$164,600
f. Project inspection fees	\$950,297	\$190,059	\$760,238	\$159,259	\$31,852	\$127,407	\$187,150	\$37,430	\$149,720
g. Site work	\$192,000	\$38,400	\$153,600	\$26,053	\$5,211	\$20,842	\$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	\$6,478,956	\$1,295,792	\$5,183,164	\$8,250,500	\$1,650,100	\$6,600,400
j. Equipment	\$3,709,590	\$741,918	\$2,967,672	\$1,012,050	\$202,410	\$809,640	\$1,261,000	\$252,200	\$1,008,800
k. Miscellaneous	\$0	\$0	\$0	\$2,841	\$568	\$2,273	\$2,841	\$568	\$2,273
l. SUBTOTAL (add a through k)	\$36,031,695	\$7,206,339	\$28,825,356	\$9,461,818	\$1,892,364	\$7,569,454	\$11,760,663	\$2,352,132	\$9,408,531
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	\$9,461,818	\$1,892,364	\$7,569,454	\$11,760,663	\$2,352,132	\$9,408,531

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: \$5,845