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	NT10BIX5570018	014409657

4. Recipient Organization

Critical Hub Networks, Inc 1314 Ponce De Leon Ave.
Ste. 400, San Juan, PR 00907-4047

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
12-31-2010	◯ 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)
Karen Elizabeth Larson	7877289000
	7d. Email Address
Vice President	kmarazzi@caribe.net

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	02-24-2011

Project Indicators (This Quarter)

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

During the previous quarter, the PRBI project activities included: (a) Backbone Activation: Activation of submarine cable capacity (FAC) for the Puerto Rico-Florida span. Network testing currently underway. (b) Engineering Design Implementation: Commencement of implementation of copper and optical infrastructure at PR-NAP and MIA-NAP, PRBI facility preparations including emergency power and fire suppression systems, network activation, provisioning, operations & management of Layer 2 & 3 services. (c) Interconnection Agreements: Execution of interconnection agreements with broadband providers. Ongoing negotiations with other broadband providers, government agencies and community anchor institutions on interconnection agreement for peering and transit. Ongoing negotiations of peering agreements with network & content providers in MIA-NAP. (d) Steering Committee: Invitation of candidates to PRBI Steering Committee. Awaiting response from government representatives. Seeking nonprofit candidate. (e) Employee Recruiting: Project System Administrator was recruited. Employee recruiting is ongoing. (f) Provisioning: Commencement of provisioning of interconnections with broadband provider networks. All broadband providers invited to assist with network testing. Official service launch and activation anticipated for next quarter. (g) Collaboration with ARRA projects and Community Anchor Institutions: Ongoing talks with other ARRA recipients regarding project synergies, interconnectivity & peering, and maximizing ARRA funds through cooperative work. Potential collaborations include PR Department of Health, PR Department of Education, INTECO and viNGN BTOP projects. (h) Community Outreach: Meetings held with educational institutions and other organizations to explain the PRBI project, how the PRBI will impact broadband usage, and seeking collaboration to support the expansion of broadband usage.

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	85	No variance from baseline.
2b.	Environmental Assessment	100	Satisfied EA requirement in first reporting quarter.
2c.	Network Design	47	No variance from baseline.
2d.	Rights of Way	63	Rights of way ahead of schedule by 47% due to key rooftop acquistion completed at end of this quarter. Originally was scheduled to be completed at beginning of next quarter.
2e.	Construction Permits and Other Approvals	0	N/A
2f.	Site Preparation	19	Recruitment Delay of Network Analyst reflected in expenditures. (3% variance from baseline).
2g.	Equipment Procurement	5	46% variance from baseline because funds were not disbursed in this quarter as anticipated. However, procurement which was scheduled to be completed to-date has been completed. Disbursement of funds for procurement will be made in Q1-2011.
2h.	Network Build (all components - owned, leased, IRU, etc)	99	No variance from baseline.
2i.	Equipment Deployment	6	Recruitment delays of Network Analyst reflected in expenditures (5% variance from baseline)
2j.	Network Testing	0	Recruitment delays of Network Analyst reflected in expenditures (4% variance from baseline)
2k.	Other (please specify):	0	N/A

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).

Equipment procurement of core network equipment is currently on schedule. However, baseline projections are tied to expenditures and payment for this equipment will be completed in the first quarter of 2011. We are continuing to encounter delays in recruiting of knowledgeable Network Engineer, RF Engineer and Analyst candidates, but this has not yet impeded actual progression of project. We are evaluating training alternatives for future recruitments. Last-mile costs are posing some challenges for executing interconnection contracts with some Community Anchors. While we anticipating addressing this with laterals funding through program income, this may be delayed due to new Environmental Assessment work which may need to be completed.

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	No variance from baseline
New network miles leased	3,901	No variance from baseline
Existing network miles upgraded	0	No variance from baseline
Existing network miles leased	0	No variance from baseline
Number of miles of new fiber (aerial or underground)	3,901	No variance from baseline
Number of new wireless links	0	No variance from baseline
Number of new towers	0	No variance from baseline
Number of new and/or upgraded interconnection points	2	No variance from baseline

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	5
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	12
Average term of signed agreements (in quarters)	9

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
As of 12/31/2010, PRBI has not activated services. Five contracts have been signed with last mile providers. We anticipate activating services for some of these signed contracts in the next quarter. Some of the providers are in the process of constructing the middle mile to the PRBI interconnection point, which will delay the activation of services until that is completed. We are working with 12 potential interconnection clients. Due to competitive purposes, the names of the providers who have signed agreements will be released upon successful activation of interconnection.

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:
PRBI will provide middle-mile transit and peering services to broadband service providers. In addition, PRBI will also provide peering services to Critical Community Anchor Institutions and Government Agencies.

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)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	No variance from baseline
	Providers with signed agreements receiving improved access	0	No variance from baseline.

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 access to dark fiber	0	No variance from baseline.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Services will be available from 100Mbps-1Gbps.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	No variance from baseline
	Subscribers receiving new access	0	No variance from baseline
	Subscribers receiving improved access	0	No variance from baseline
	Please identify the speed tiers that are available and the number or subscribers for each	0	No variance from baseline
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).

PRBI will be offering peering services, both in Puerto Rico and in Florida. These services will allow for the local exchange of traffic between networks. Peering will be available for community anchor institutions such as schools, libraries, health care providers and non-profit organizations; government agencies; and broadband providers.

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	No CAI connected to date.

Project Indicators (Next Quarter)

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

During the next quarter, we anticipate the following accomplishments: (a) Backbone Activation: Completion of network testing of Puerto Rico-Florida span. Official launch and activation of interconnection and peering services. (b) Engineering Design Implementation: Continuance of PRBI facility preparations including emergency power, network activation, provisioning, operations & management of Layer 2 & 3 services.(c) Interconnection Agreements: We anticipate the execution of several interconnection agreements with broadband providers. We anticipate also executing peering agreements with network & content providers in MIA-NAP. (d) Steering Committee: Finalization of Steering Committee and scheduling of first meeting. (e) Employee Recruiting: Employee recruitment is ongoing. Specialized training in development. (f) Provisioning: Fine-tuning of provisioning processes. (g) Rights of Way: Contract negotiation for wireless tower sites for terrestrial network phase.

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	89	No significant variance
2b.	Environmental Assessment	100	No significant variance
2c.	Network Design	57	No significant variance.
2d.	Rights of Way	64	Contract negotiations for towers to be completed but funds won't be disbursed.
2e.	Construction Permits and Other Approvals	0	N/A
2f.	Site Preparation	67	Recruitment delays of Network Analyst reflected in expenditures
2g.	Equipment Procurement	47	Equipment procurement is proceeding as expected. Initial delays were encountered in delivery of core routing/switching equipment as we received defective equipment that had to be returned. While situation has been resolved and we are on track, fund disbursement will be affected which affects the baseline milestones.
2h.	Network Build (all components - owned, leased, IRU, etc.)	99	No significant variance
2i.	Equipment Deployment	11	Recruitment delays of Network Analyst reflected in expenditures.
2j.	Network Testing	6	Recruitment delays of Network Analyst reflected in expenditures.
2k.	Other (please specify):	0	N/A

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).

Weather: Hurricane season has ended. However, in the event that any adverse weather conditions impact either Puerto Rico or Miami, the project progress may be delayed and/or otherwise affected. Supplier/Vendor Deliverable: If any external supplier/vendor incurs delays in fulfilling their obligations, such as equipment delivery or service activation, the project schedule may be delayed. Contingency plans are in place to ensure overall project completion within the project timeframe.

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	$462,500	$0	$462,500	$103,328	$0	$103,328	$138,561	$0	$138,561
b. Land, structures, right-of-ways, appraisals, etc.	$27,151,000	$5,840,000	$21,311,000	$26,515,000	$5,840,000	$20,675,000	$26,515,000	$5,840,000	$20,675,000
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$1,331,091	$0	$1,331,091	$95,139	$0	$95,139	$155,043	$0	$155,043
e. Other architectural and engineering fees	$4,500	$0	$4,500	$4,500	$0	$4,500	$4,500	$0	$4,500
f. Project inspection fees	$0	$0	$0	$0	$0	$0	$0	$0	$0
g. Site work	$538,370	$0	$538,370	$82,208	$0	$82,208	$401,876	$0	$401,876
h. Demolition and removal	$0	$0	$0	$0	$0	$0	$0	$0	$0
i. Construction	$622,031	$0	$622,031	$141,929	$0	$141,929	$205,963	$0	$205,963
j. Equipment	$2,149,732	$760,950	$1,388,782	$115,214	$0	$115,214	$828,565	$653,842	$174,723
k. Miscellaneous	$29,571	$5,475	$24,096	$4,653	$0	$4,653	$6,990	$0	$6,990
l. SUBTOTAL (add a through k)	$32,288,795	$6,606,425	$25,682,370	$27,061,971	$5,840,000	$21,221,971	$28,256,498	$6,493,842	$21,762,656
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$32,288,795	$6,606,425	$25,682,370	$27,061,971	$5,840,000	$21,221,971	$28,256,498	$6,493,842	$21,762,656

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: $1,264