

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 NT10BIX5570093	3. DUNS Number 175409010
4. Recipient Organization Citizens' Telephone Co-operative 220 Parkway Ln S, Floyd, VA 24091-4170		
5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2010	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> 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 Chris Bond	7c. Telephone (area code, number and extension) X	
	7d. Email Address chrisbond@citizens.coop	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 01-29-2011	

Project Indicators (This Quarter)

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

On December 10, 2010, Citizens sent out a Request For Proposal (RFP) for the engineering service contract for the NTIA/BTOP project. The proposals were due on December 28, 2010 at 4:00 p.m. EST. There were eleven (11) firms that responded with an RFP. Citizens begin reviewing the RFP's on December 29 and identified the 3 lowest bidders that met the qualification requirements. On December 30, 2010 Citizens called the low bidder to schedule a meeting with the firm to discuss the proposal and clarify questions and concerns. This meeting was scheduled for Monday, January 3, 2011 and complete contract negotiations by January 7, 2011.

On December 14, 2010, Citizens completed contract negotiations with Earth Environmental and Civil, Inc. (EEC) from Rocky Mount, Virginia for engineering services to do the Joint Permit Application (JPA) with the Virginia Marine Resources Commission (VMRC), Department of Environmental Quality (DEQ), and Army Corp of Engineers. EEC began work on the JPA on December 15, 2010 and is coordinating with the Environmental Assessment team in the permit application process.

Citizens met with and completed ride outs with the local Virginia Department of Transportation (VDOT) district offices. Overall, VDOT is in agreement with the scope of the project and foresee no issues at this time. There were three locations identified where VDOT plans future road improvements. One location is in the Town of Pearisburg where VDOT and the Town are scheduling improvements on Henson Avenue. A second VDOT project is new bridge construction on route 114 at the New River and Norfolk Southern tracks. The third location is on route 11/460 in the City of Salem where VDOT is widening the existing high way. The existing utilities are currently moving their facilities to accommodate the new road build. At this time, we do not know if any of these VDOT projects will have an impact on the proposed fiber construction. Citizens will be monitoring these projects as they progress.

The permit for the proposed fiber on route 8 in Floyd and Montgomery counties has been approved. Citizens and VDOT started negotiating an amendment to the existing Memorandum of Understanding (MOU) agreement at the first of December. This amendment will assist in obtaining a project permit to cover the right of way work instead of having to obtain separate permits for all the individual routes in the project.

Citizens started negotiations with Norfolk Southern Railroad in November for the 15 proposed crossing permits that will be required for the project. The preliminary field engineering has been completed on all 15 locations and the applications are ready to submit to Norfolk Southern in early January 2011.

Citizens submitted a proposal to Pulaski County on December 6, 2010 for the proposed property site for the location of the telecommunication hut at Pulaski Corporate Center and two utility easements to allow Citizens to place the fiber facilities in Pulaski Corporate Center and New River Valley Commerce Park. Citizens received notification that Pulaski County has approved the proposal and the agreements should be completed by mid February 2011. As of December 31, 2010 the property for the proposed hut at Christiansburg was still pending.

Citizens has identified five locations on the proposed fiber project that will require private right of way acquisition. The five locations are as follows: (1) Progress Industrial Park in Wythe County, (2) Pulaski Corporate Park in Pulaski County, (3) New River Valley Commerce Park in Pulaski County, (4) Private Property to access existing aerial to cross the New River and Norfolk Southern Railroad on route 114 in Pulaski County, (5) Falling Branch Industrial Park in Town of Christiansburg.

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	0	No Variance
2b.	Environmental Assessment	90	No Variance
2c.	Network Design	40	No Variance
2d.	Rights of Way	40	Citizens had anticipated having 90% of the rights of way secured by end of quarter 2. The major factors that have delayed this process are: (1) the unusual winter weather has slowed the preliminary field engineering, (2) scheduling meetings and negotiations with County officials and property owners was slowed due to the Holiday season (Thanksgiving, Christmas, New Years), (3) additional right of way was identified to accommodate VDOT road projects.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2e.	Construction Permits and Other Approvals	40	Citizens had anticipated having 90% of the Permits and Agreements completed by the end of quarter 2. The major factors that have delayed this process are: (1) Working with the Virginia Department of Transportation on the MOU amendment has slowed the high way permit process, (2) the winter weather has delayed the firm (EEC) doing the Joint Permit Application (JPA) for stream cross from doing their field engineering, (3) completing the preliminary field engineering for Joint Use Applications has been slowed by the winter weather, (4) meeting and negotiating with locality officials for permits has been more difficult due to the Holiday season.
2f.	Site Preparation	0	No Variance
2g.	Equipment Procurement	0	No Variance
2h.	Network Build (all components - owned, leased, IRU, etc)	0	No Variance
2i.	Equipment Deployment	0	No Variance
2j.	Network Testing	0	No Variance
2k.	Other (please specify): N/A	0	No Variance

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).

Selection of the engineering firm became more difficult and more time consuming due to the number of respondents (11) and the wide range of cost proposals that were submitted. There were three firms that came in at less than one million dollars, five firms submitted proposals from one million to 1.4 million, and three firms that submitted proposals from 1.5 million to 2.1 million. The engineering firm is needed to assist Citizens staff in administering the construction contract, performing field staking and field engineering, and performing the construction and inspection service for the project.

Citizens has been coordinating with the Virginia Cable Telecommunications Association, the Virginia Telecommunications Industry Association, other service providers, and Norfolk and Southern Railroad, and state legislators to have a better and more consistent process in place to do Railroad crossing. These negotiations have been going on for most of the 2010 calendar year with scheduled meetings in Richmond, Virginia and with conference calls between the parties. In late December, Norfolk and Southern Railroad agreed to work with Citizens and come up with a more consistent cost structure for the proposed 15 crossing in the project.

In December, Citizens received notification from the Fish and Wildlife Service (FWS) that the Smooth Cone Flower has been identified in six locations within the project area. The FWS will provide more information in early January 2011 about the locations and the possible effects on the plant. Citizens and the NRVPCD team will work for a resolution with the agencies to avoid delaying submitting the Environmental Assessment which is due to be submitted by February 1, 2011. This is an issue that Citizens may need assistance and guidance from the BTOP program officers to resolve.

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	N/A - Waiting on completion of EA to begin project
New network miles leased	0	N/A - Waiting on completion of EA to begin project
Existing network miles upgraded	0	N/A - Waiting on completion of EA to begin project
Existing network miles leased	0	N/A - Waiting on completion of EA to begin project
Number of miles of new fiber (aerial or underground)	0	N/A - Waiting on completion of EA to begin project
Number of new wireless links	0	N/A - Waiting on completion of EA to begin project
Number of new towers	0	N/A - Waiting on completion of EA to begin project

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	N/A - Waiting on completion of EA to begin project

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	0
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:
N/A - Waiting on completion of EA to begin project

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:

N/A - Waiting on completion of EA to begin project

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 third party operates (600 words or less).

N/A - Waiting on completion of EA to begin project

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	N/A - Waiting on completion of EA to begin project
	Providers with signed agreements receiving improved access	0	N/A - Waiting on completion of EA to begin project
	Providers with signed agreements receiving access to dark fiber	0	N/A - Waiting on completion of EA to begin project
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A - Waiting on completion of EA to begin project
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	N/A - Waiting on completion of EA to begin project

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving new access	0	N/A - Waiting on completion of EA to begin project
	Subscribers receiving improved access	0	N/A - Waiting on completion of EA to begin project
	Please identify the speed tiers that are available and the number or subscribers for each	0	N/A - Waiting on completion of EA to begin project
Residential / Households	Entities passed	0	N/A - Waiting on completion of EA to begin project
	Total subscribers served	0	N/A - Waiting on completion of EA to begin project
	Subscribers receiving new access	0	N/A - Waiting on completion of EA to begin project
	Subscribers receiving improved access	0	N/A - Waiting on completion of EA to begin project
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A - Waiting on completion of EA to begin project
Businesses	Entities passed	0	N/A - Waiting on completion of EA to begin project
	Total subscribers served	0	N/A - Waiting on completion of EA to begin project
	Subscribers receiving new access	0	N/A - Waiting on completion of EA to begin project
	Subscribers receiving improved access	0	N/A - Waiting on completion of EA to begin project
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A - Waiting on completion of EA to begin project

7. Please describe any special offerings you may provide (600 words or less).

N/A - Waiting on completion of EA to begin project

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 - Waiting on completion of EA to begin project

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)	Type of Anchor Institution (as)	Are you also the broadband	Narrative description of how anchor institutions are using BTOP-funded infrastructure
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	or county)	defined in your baseline)	service provider for this institution? (Yes / No)	
N/A	N/A	N/A	N/A	N/A - Waiting on completion of EA to begin project

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 Citizens staff and the New River Valley Planning District Commission (NRVPDC) staff is scheduled to complete and submit the Environmental Assessment by February 1, 2011. The NRVPDC is the firm that Citizens contracted with to perform the BTOP requirements of the EA. The NRVPDC had contacted and received responses from most of the required agencies by the end of quarter 2. Environmental Earth and Civil, Inc. (EEC) is doing the engineering work for the Joint Permit Application to meet the requirements for stream and wetland crossings. EEC will be coordinating with the NRVPDC, NTIA, and BTOP officials in obtaining the JPA permitting requirements.

Citizens will be contracting with Thompson & Litton, Inc. to assist the Citizens engineering staff in completing the field staking and network design by March 18, 2011. Thompson & Litton, Inc. will team with Citizens to prepare the construction contract and bid instructions and mail to the approved contractors list by March 31, 2011.

Citizens engineering staff will submit for the required Virginia Department of Transportation (VDOT) permits, Norfolk & Southern railroad applications, Locality work permits, building permits, and joint use proposals by February 25, 2011. Citizens is currently negotiating with all these agencies and plans to have all permits, proposals, and agreements complete by March 31, 2011.

Acquisition of property for the two proposed telecommunication huts is scheduled to be completed by March 31, 2011. Site plans and building specifications will also be complete and Citizens will begin negotiations with the building manufacturer and set up delivery and installation schedules. Generator specifications and telecommunication equipment for the huts will be finalized and purchase orders will be prepared by March 31, 2011.

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	5	No Variance
2b.	Environmental Assessment	100	No Variance
2c.	Network Design	90	No Variance
2d.	Rights of Way	100	No Variance
2e.	Construction Permits and Other Approvals	100	No Variance
2f.	Site Preparation	0	No Variance
2g.	Equipment Procurement	13	No Variance
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	No Variance
2i.	Equipment Deployment	0	No Variance
2j.	Network Testing	0	No Variance
2k.	Other (please specify): N/A	0	No Variance

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).
 Environmental Assessment. The pending issue with the Fish and Wildlife Service regarding the Smooth Cone Flower could delay the EA process. Citizens may need guidance and assistance from BTOP/NTIA project team with this issue if it can not be resolved without delaying the EA 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.

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.	\$160,000	\$32,000	\$128,000	\$0	\$0	\$0	\$80,000	\$16,000	\$64,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$491,739	\$491,739	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$9,819,064	\$1,581,304	\$8,237,760	\$0	\$0	\$0	\$0	\$0	\$0
j. Equipment	\$1,090,000	\$218,000	\$872,000	\$0	\$0	\$0	\$545,000	\$109,000	\$436,000
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$11,560,803	\$2,323,043	\$9,237,760	\$0	\$0	\$0	\$625,000	\$125,000	\$500,000
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$11,560,803	\$2,323,043	\$9,237,760	\$0	\$0	\$0	\$625,000	\$125,000	\$500,000

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: \$2,583,000 b. Program Income to Date: \$0