

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 NT10BIX5570053	3. DUNS Number 855036690
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4. Recipient Organization PTI Pacifica, Inc., dba: IT&E 122 W. Harmon Industrial Park Road Suite 103, Tamuning, GU 96913-4164
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5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2011	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 Velma Ann Palacios Engineering Manager	7c. Telephone (area code, number and extension) 6706822090
	7d. Email Address velma.palacios@itehq.net

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-18-2011
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Project Indicators (This Quarter)

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

The activities for this quarter include the following: For the Increase Capacity of Interisland Microwave System, weekly project calls continue. Federal Communications Commission 601 forms have been submitted. DC Power Systems have been received for four sites. Site preparation and network design continue on the four islands. Radio Equipment, antennas, and ancillary equipment have been received. Contractors commenced installation of radio equipment, antennas, and DC Power Systems.

For the 29 Hops - 3G Back Haul Project (Phase II), Federal Communications Commission 601 forms have been submitted. Radio equipment, antennas, and ancillary equipment have been received. Removal of old equipment and site preparation of the 46 project sites have been completed. Radio Equipment installation has started and is at 81% complete. Six links have been commissioned, tested and cut over. Training conducted by contractor.

Prepaid Charging System Contract has been awarded and signed. Contractor conducted a two week information gathering site visit. Issues discovered during the site visit are being addressed by IT&E and the contractor.

Billing Consultant Contract had been awarded. Consultant conducted a one week information gathering site visit. Consultant is working on Request for Information and a Request for Proposal for a postpaid billing systems for telecommunications to include billing, CRM, Business Support Systems (BSS), and Operations Support Systems (OSS). IT&E Personnel attended B/OSS Live Conference.

Network Cabling, DSX assignments and cabling, fiber distribution panel installation and fiber splicing have been completed at the new Network Operations Center (NOC). Duplication of gateway for corporate network, VPN gateway has been completed. Firewalls have been deployed. All corporate servers have been relocated to the new location.

For the MPLS (Multi Protocol Label Switching) Project, Cabinet racks have been deployed in the Data Center in Guam and Alternating Current (AC) power has been installed. The Cisco 7604 and 6509-E switches have been installed in Guam, 4506-E switches installed in Tinian and Rota, and the Coarse Wavelength Division Multiplexing (CWDM) was cutover to Saipan, Tinian, Rota and Guam. Protection was enabled via the fiber link (OME6500) between Guam and Saipan. Training conducted to personnel on Guam and Saipan.

Program Specific Audit was conducted and completed as required. Report has been submitted to the Office of Inspector General and the Grants Office.

Community Outreach: IT&E continues to distribute regular press releases and public announcements to local media outlets regarding our network-wide system upgrades.

IT&E continued its commitment to the community in the 2nd Quarter through an outreach program that included support to many organizations and individuals through a variety of means, such as:

- Donated wireless broadband service to the Guam Visitors Bureau "Maila Ta Fan Boka – Come Lets Eat" event enabling these attendees to post their experience in real time on their internet sites.
- Unchoked DSL service for NMC-CREES on various Video Tele Conference projects aimed at connecting the people of the Marianas through the broadcast of events of various meetings and conferences live to Rota and Tinian NMC sites. Events in the 2nd Quarter included the Human Trafficking Intervention Coalition on May 2, which was a joint effort of the HTIC made up of members from the CNMI and Federal Government.
- Donated DSL service to the newly opened Garapan Community Development Center in Garapan, Saipan.
- Donated Wireless Internet service for the following institution to allow all students and individuals access to internet:
- Rota Public Library
- Melchor Mendiola Memorial Park at Songsong Village

IT&E utilized our Facebook page to inform our subscribers of updates and service outages to the network and our community involvement.

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)

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	54	Prepaid Billing Contract just awarded. Equipment have just been received. The 54% completion is based upon actual expenditures. Although construction is further ahead, IT&E does not pay invoices until they are received, normally after the work has been accomplished. This creates a lag in reporting project completion. Construction for some projects are is ahead of schedule. The damaged dish on the Interisland Microwave Upgrade was not anticipated but it will not delay the entire project as there are other areas locations that the contractor is working on. The Prepaid RFP had to be re-issued which caused a delay as well.
2b.	Environmental Assessment	0	IT&E has a Categorical Exclusion.
2c.	Network Design	75	Prepaid Billing Contract just awarded.
2d.	Rights of Way	0	IT&E has received a Categorical Exclusion. No work will be done in the Rights of Way.
2e.	Construction Permits and Other Approvals	90	Remaining FCC license applications submitted.
2f.	Site Preparation	55	Equipment for other projects have been just received.
2g.	Equipment Procurement	83	Prepaid Billing Contract just awarded this quarter.
2h.	Network Build (all components - owned, leased, IRU, etc)	30	NOC Relocation Project completed.
2i.	Equipment Deployment	30	Equipment deployment started this quarter for the 29 Hops Project.
2j.	Network Testing	30	MPLS equipment installed and cut over. Some links for the 29 Hops have been cut over.
2k.	Other (please specify):	20	Travel to other islands expected as more equipment installed.

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).

One of the 15 feet antennae dish was damaged in shipping. Replacement dish has been ordered for the Tinian Microwave Site. Expected to arrive next quarter.

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
New network miles leased	0	n/a
Existing network miles upgraded	0	n/a
Existing network miles leased	0	n/a
Number of miles of new fiber (aerial or underground)	0	n/a
Number of new wireless links	8	Customers connected.
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	37	These inteconnections are due to completion of all or portions of the Fiber Optic, 17 Hops, and 29 Hops projects. This metric is lagging behind the baseline due to delays that occurred on the execution of the 17 Hops and 29 Hops 3G Back Haul Projects. We expect to report in 3Q 2011 all interconnection points as indicated in the baseline, since the 29 Hops project will be completed (installed and all cut over).

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	1
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	20

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: Marianas Cablevision (MCV) - The term of the agreement in 5a is 60 months or 20 quarters.

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:

IP Transport between Guam and Saipan on undersea fiber optic cable.

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	n/a
	Providers with signed agreements receiving improved access	0	n/a
	Providers with signed agreements receiving access to dark fiber	0	n/a
	Please identify the speed tiers that are available and the number of subscribers for each	0	n/a
Community Anchor Institutions (including	Total subscribers served	0	n/a

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Government institutions)			
	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 or subscribers for each	0	n/a
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).
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
none this quarter	n/a	n/a	n/a	none this quarter

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
Increase Capacity of Interisland Microwave System: Continue with weekly project calls. Continue with Radio Equipment and

Antennae Installation on the four islands. Installation of DC Power Systems at the four sites. Commission and turn up radios. Align antennas.

29 Hops - 3G Back Haul Project: Receive Federal Communications Commission 601 forms. Complete Radio equipment, antennas, and ancillary equipment installation. Commission, test and cut over remaining links.

Prepaid Charging System: Resolve issues discovered during the site visit. Conduct weekly project meetings.

Billing System Project: Review draft RFP prepared by Billing Consultant. Issue RFP.

Enhanced IP Core Network (MPLS) and NOC Project: Complete the 1% remaining of the cut over work to the new system. Project Close out. Ensure all project documentation completed.

Community Outreach: Continue with Outreach Campaign.

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	91	Project Implementation will begin for the Prepaid Billing System. 29 Hops Project is expected to be completed this quarter. Inter-island Microwave Upgrade is anticipated to be at 80% complete. We hope to meet the 91% completion with our actual expenditures by the end of next quarter, but this is not expected since the Prepaid Billing project will not be completed until the end of December. We expect the 29 Hops to be 100% complete and the interisland Microwave Upgrade to be 90% complete by the end of the 3rd quarter, and the Prepaid Billing project to be 50% complete by this date.
2b.	Environmental Assessment	0	IT&E has a Categorical Exclusion.
2c.	Network Design	97	Prepaid Billing System Configuration continues. Postpaid Billing will begin.
2d.	Rights of Way	0	IT&E has received a Categorical Exclusion. No work will be done in the Rights of Way.
2e.	Construction Permits and Other Approvals	100	All FCC License will be received.
2f.	Site Preparation	57	Site preparation work will be completed for the Inter-Island Microwave Upgrade.
2g.	Equipment Procurement	100	Postpaid Billing System RFP is expected to be issued.
2h.	Network Build (all components - owned, leased, IRU, etc.)	96	Network Build continues is expected to be completed for the 29 Hops and the Inter-island Microwave Upgrade will be close to completion.
2i.	Equipment Deployment	57	Equipment Deployment will continue for the 29 Hops and the Inter-island Microwave Upgrade.
2j.	Network Testing	30	Network Testing will continue for the 29 Hops and Inter-island Microwave Upgrade Projects.
2k.	Other (please specify):	44	Inter-island travel due to project implementation will continue.

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).

Minor delays due to weather for the installation of the antennas. Rainy season is from July through December.

IT&E Match proportionality: Our approved budget specifies per line item the matching costs and federal shares. Most of the equipment was covered by federal funds so we did not have a matching share for those expenditures as well as other line items. Most of our projected matching share was from labor costs, and these we always expected to accrue in the latter part of the projects after the equipment had been ordered and received.

We fully expect our reported matching share to rise significantly during the remaining quarters of the grant period, and, in fact, we believe that by the end of the grant period it will exceed the 20% we originally projected due to unpredictable cost overruns on the higher risk projects involving software (e.g., the Prepaid and Postpaid Billing Systems), the effects of weather causing project delays, and the damage in shipping of large items that we have already experienced. To this we must consider that network technology

RECIPIENT NAME:PTI Pacifica, Inc., dba: IT&E

AWARD NUMBER: NT10BIX5570053

DATE: 08/18/2011

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

changes rapidly and we have already had to make changes in our original network designs to keep up with these changes which have increased originally projected costs on the 3G Backhaul project, the NOC Relocation project, and the MPLS Project, among others, and all of which will eventually be made up in our matching share.

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	\$499,200	\$0	\$499,200	\$71,162	\$0	\$71,162	\$361,248	\$0	\$361,248
b. Land, structures, right-of-ways, appraisals, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$759,456	\$264,000	\$495,456	\$473,971	\$264,000	\$209,971	\$678,102	\$237,336	\$440,766
e. Other architectural and engineering fees	\$2,553,604	\$1,328,400	\$1,225,204	\$358,321	\$358,321	\$0	\$2,298,368	\$1,195,152	\$1,103,217
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$354,013	\$0	\$354,013	\$64,103	\$9,609	\$54,494	\$212,519	\$0	\$212,519
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
j. Equipment	\$5,225,979	\$0	\$5,225,979	\$4,365,807	\$217,758	\$4,148,050	\$5,215,109	\$0	\$5,215,109
k. Miscellaneous	\$670,740	\$430,800	\$239,940	\$150,593	\$77,947	\$72,646	\$391,887	\$250,808	\$141,079
l. SUBTOTAL (add a through k)	\$10,062,992	\$2,023,200	\$8,039,792	\$5,483,957	\$927,635	\$4,556,323	\$9,157,233	\$1,683,296	\$7,473,938
m. Contingencies									
n. TOTALS (sum of l and m)	\$10,062,992	\$2,023,200	\$8,039,792	\$5,483,957	\$927,635	\$4,556,323	\$9,157,233	\$1,683,296	\$7,473,938

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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