

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 NT10BIX5570065	3. DUNS Number 046251963
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4. Recipient Organization Buggs Island Telephone Cooperative 100 Nellie Jones Road , Bracey, VA 23919-1732
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5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2013	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 Michele Taylor	7c. Telephone (area code, number and extension) 434-689-6300 X
	7d. Email Address mtaylor@bitbroadband.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 06-21-2013
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Project Indicators (This Quarter)

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

1) The Buggs Island Telephone (BIT) grant was placed under suspension and a Corrective Action Plan (CAP) was issued on January 4, 2013. BIT provided the CAP responses on March 18, 2013 which allowed the suspension to be partially lifted on March 26, 2013 to enable BIT to secure a third party partner to provide assistance in completing the project; 2) Due to unmitigated interference with its 700 MHz WiMAX deployment, BIT anticipates retrofitting its 700 MHz WiMAX network with a 700 MHz LTE network with construction to begin in Q3 of 2013; 3) BIT initiated the solicitation of a third party partner to assist with the management and administrative needs of the project and 4) BIT received an extension of the original grant termination date of 3/31/13 to 9/30/13, thus providing BIT an additional 6 months to complete the project.

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	81	WiMAX equipment was installed on 24 tower sites and tested. Extreme interference issues with neighboring companies using LTE technology resulted in BIT, in coordination with the grant funding agencies, to abandon the WiMAX system and convert to a compatible LTE system. Due to limited grant funds remaining and if approved by NTIA, the LTE build-out will cover a 5-county service area versus the original plans to cover a 15-county service area. Construction is projected to begin in Q3 of 2013. The project completion date was extended as a result of WiMAX interference and the need for additional time to deploy LTE. Costs to date reflect actual expenses incurred in constructing the WiMAX and 3.65 networks. The 3.65 network, consisting of six towers, is fully operational with testing and commercial launch to be implemented in Q2 of 2013.
2b.	Environmental Assessment	100	The Environmental Assessment is complete.
2c.	Network Design	77	The 700 network is being re-designed due to interference issues. The 3.65 network is complete. The remaining funds will be used to design the LTE build-out in the 5-county service area if approved by NTIA.
2d.	Rights of Way	0	Not Applicable
2e.	Construction Permits and Other Approvals	100	All construction permits have been acquired for the project.
2f.	Site Preparation	57	Costs to date reflect structural improvements to tower sites to accommodate the WiMAX equipment that has been installed.
2g.	Equipment Procurement	85	Costs to date are reflective of the procurement activity which was implemented to purchase WiMAX and 3.65 equipment. The 3.65 network is complete. Due to extreme interference issues, the WiMAX system will be abandoned and a new LTE system will be deployed on towers that cover a 5-county area if approved by NTIA. Funds remaining in this category will be utilized to cover expenses associated with the procurement of LTE equipment.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Not Applicable
2i.	Equipment Deployment	84	WiMAX equipment was purchased and installed on 24 of the 35 original tower sites identified to cover a 15-county service area. Due to extreme interference issues associated with the WiMAX equipment and neighboring LTE neighbors, Buggs Island made the decision to abandon the WiMAX system and convert to a LTE system if approved by NTIA. The remaining funds available in this category will be used to purchase and install LTE equipment on tower sites that will cover a 5-county area. The project was reduced in scope due to the limited grant dollars available to fund the conversion.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	2j. Network Testing	14	Network testing was implemented on the WiMAX and 3.65 network. As noted previously, the WiMAX system will be abandoned and replaced with a LTE system if approved by NTIA. The 3.65 testing resulted in a successfully installed system that can be commercially launched. Additional costs are expected in this category to cover costs associated with the WiMAX and 3.65 testing and upcoming LTE testing once deployed.
	2k. Other (please specify):	36	The costs included in this category include 1) Admin and Legal, 2) Engineering -Project Management, 3) Project Inspection, 4) Monthly Tower Lease Payments, and 5) Monthly Backhaul Fees. The remaining costs in this category will be expended as the project proceeds over the next 6 to 8 months and these activities are implemented.

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).

Buggs Island Telephone has faced many challenges with the deployment of a WiMAX system that was not compatible with neighboring LTE deployed systems. After many meetings with neighboring companies and the grant funding agencies, the decision was made to abandon the WiMAX system and deploy a new LTE network if approved by NTIA. With only limited grant funds remaining, the project service area has been reduced from a 15-county area to a 5-county area. BIT is proceeding with all the necessary activities that will result in a fully deployed LTE system that will serve the under-served and un-served residents, businesses, and community-anchor institutions located in the five-county region.

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	The baseline report indicated at the end of Year 3-Q4 BIT would have 120 network miles deployed. Since BIT will be converting from a WiMAX network to an LTE network, if approved by NTIA, no LTE miles were deployed for this reporting period.
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	0	The baseline report indicated at the end of Year 3 Q4 BIT would have 10 wireless links. Since BIT will be converting from a WiMAX network to an LTE network, if approved by NTIA, no new wireless links were deployed for this reporting period.
Number of new towers	0	Buggs, Island Telephone, a wireless last mile provider, has successfully installed 3.65 GHz WiMAX service on six towers that cover a service area of 5 counties containing a population of 5,414 persons. The testing and commercial launch of the 3.65 service will be implemented in Q2 of 2013. BIT's planned 700 MHz WiMAX network was deployed on 24 of 35 towers by Q1 of 2012; however, reciprocal and unmitigated interference with neighboring operators has required BIT to retrofit its network and transition to 700 MHz LTE with construction to begin in Q3 of 2013 if approved by NTIA. As noted, equipment was installed on 24 towers with 6 of the 24 towers offering 3.65 GHz WiMAX and a few towers equipped with 700 MHz WiMAX to be retrofitted with 700 MHz LTE in Q3 of 2013.

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	The baseline report indicated at the end of Q4-2013, BIT would have 35 interconnection points. Since BIT will be converting from a WiMAX network to an LTE network if approved by NTIA, no new interconnection points were deployed for this reporting period.

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: The baseline report indicated at the end of Year Q4-2013 BIT would have 5 signed wholesale agreements. To date BIT has zero signed agreements due to converting from a WiMAX network to an LTE network if approved by NTIA. Working to deploy the network is the highest priority for BIT.

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:

BIT is providing no wholesale services at this time but is providing 3.65 GHz retail services in Mecklenburg and Brunswick counties. Please see attached price list.

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).

BIT has no third party agreements at this time.

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	BIT is currently not negotiating with wholesale providers. The baseline report indicated at the end of Year Q4-2013 BIT would have 5 signed wholesale agreements. To date BIT has zero signed agreements due to converting from a WiMAX network to an LTE network if approved by NTIA. Working to deploy the network is the highest priority for BIT.
	Providers with signed agreements receiving improved access	0	BIT is currently not negotiating with wholesale providers. The baseline report indicated at the end of Q4-2013 BIT would have 5 signed wholesale agreements. To date BIT has zero signed agreements due to converting from a WiMAX network to an LTE network if approved by NTIA. Working to deploy the network has been the highest priority for BIT.
	Providers with signed agreements receiving access to dark fiber	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	BIT is currently not negotiating with wholesale providers .The baseline report indicated at the end of Year Q4-2013 BIT would have 5 signed wholesale agreements. To date BIT has zero signed agreements due to converting from a WiMAX network over to an LTE network if approved by NTIA. Working to deploy the network is the highest priority for BIT.
Community Anchor Institutions (including Government institutions)	Total subscribers served	5	The baseline report projected BIT would serve 482 CAIs by the end of Q4-2013. To date BIT has 5 CAIs who are serving as beta testers and will begin to pay for the service with discounted rates by the end of Q3 2013. The reason for the limited number of CAIs served is due to converting from a WiMAX network to an LTE network if approved by NTIA. Working to deploy the network is the highest priority for BIT.
	Subscribers receiving new access	0	As noted above, to date BIT is serving 5 CAIs. These CAIs are classified as receiving improved access not receiving new access.
	Subscribers receiving improved access	5	All of the CAIs served are receiving improved access from BIT.
	Please identify the speed tiers that are available and the number or subscribers for each	5	The speed tiers offered, depending on availability, include 1.5 Mbps, 3 Mbps, 4 Mbps, 6 Mbps, and 10 Mbps. One (1) of these customers is receiving 1.5 Mbps, two (2) of these customers are receiving 3 Mbps, one (1) is receiving 6 Mbps and one (1) is receiving 10 Mbps.
Residential / Households	Entities passed	14,165	The baseline report indicated that it would be possible to potentially serve 102,468 residential households from the installation of a WiMAX system that would be operational by the end of Q4-2013. BIT only had six towers powered and offering service to customers during this quarter.
	Total subscribers served	76	The baseline report projected BIT would serve 26,777 residential households by the end of Q4-2013,. To date BIT has 76 who are serving as beta testers and will begin to pay for the service with by the end of Q3 2013. The reason for the limited number of residential households served is due to converting from a WiMAX network to an LTE network if approved by NTIA. Working to deploy the network is the highest priority for BIT.
	Subscribers receiving new access	10	10 of the residential subscribers served are receiving new access to service from BIT.
	Subscribers receiving improved access	66	66 of the residential subscribers served are receiving improved access to service from BIT.
	Please identify the speed tiers that are available and the number of subscribers for each	3	On March 31, 2013 Buggs Island Telephone had 76 residential beta customers on 700 WiMAX who will transition to 700 LTE. The speed tiers offered, depending on availability, include 1.5 Mbps, 3 Mbps, and 4 Mbps. 70 customers are receiving 1.5 Mbps, and 6 customers are receiving 3 Mbps.
Businesses	Entities passed	2,406	The baseline report indicated that it would be possible to potentially serve 15,128 businesses from the installation of a WiMAX system that would be operational by the end of Q4-2013. BIT only had six towers powered and offering service to customers during this quarter.
	Total subscribers served	7	The baseline report projected BIT would serve 4,813 businesses by the end of Q4-2013. To date BIT has 7 who are serving as beta testers and will begin to pay for the service with by the end of Q3 2013. The reason for the limited number of business subscribers served is due to converting from a WiMAX network to an LTE network if approved by NTIA. Working to deploy the network is the highest priority for BIT.
	Subscribers receiving new access	1	Only 1 of the business subscribers served are receiving new access to service from BIT.
	Subscribers receiving improved access	6	6 of the business subscribers served are receiving improved access to service from BIT.
	Please identify the speed tiers that are available and the number of subscribers for each	4	On March 31, 2013 Buggs Island Telephone had four (4) business beta customers receiving service. The speed tiers offered, depending on availability, include 1.5 Mbps, 3 Mbps, 4 Mbps, and 10 Mbps. Two (2) of the business is receiving 3 Mbps, one (1) is receiving 4 Mbps and one (1) is receiving 10 Mbps.

7. Please describe any special offerings you may provide (600 words or less).
 Buggs Island Telephone Cooperative will be offering discounted business rates to Community Anchor Institutions. BIT will also offer broadband services to community parks in exchange for advertising BIT's services.

8a. Have your network management practices changed over the last quarter? Yes No

8b. If so, please describe the changes (300 words or less).
 No changes to report

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
Brunswick County Sheriff's Department	Brunswick County	Public Safety Entities	Yes	CAI's are using BTOP funded infrastructure to gain access to broadband at a discounted rate to provide better service as a benefit and necessity for their customers.
Southside Planning District Commission	Mecklenburg County	Other Government Facilities	Yes	CAI's are using BTOP funded infrastructure to gain access to broadband at a discounted rate to provide better service as a benefit and necessity for their customers.
Town of South Hill	Mecklenburg County	Other Government Facilities	Yes	CAI's are using BTOP funded infrastructure to gain access to broadband at a discounted rate to provide better service as a benefit and necessity for their customers.
Colonial Theatre	Mecklenburg County	Other Community Support Organizations	Yes	CAI's are using BTOP funded infrastructure to gain access to broadband at a discounted rate to provide better service as a benefit and necessity for their customers.
Phenix Volunteer Fire Department	Charlotte County	Public Safety Entities	Yes	CAI's are using BTOP funded infrastructure to gain access to broadband at a discounted rate to provide better service as a benefit and necessity for their customers.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 1) Procure a LTE vendor and execute a contract; 2) Place the equipment order with the selected LTE vendor; 3) Submit a Management Plan that permits the full lift of the grant suspension; and 4) Identify a 3rd party partner to assist in the implementation and management of the LTE conversion; and 5) Begin negotiations with tower companies in an effort to release monthly payment obligations on towers no longer needed for the project.

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)

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	82	WiMAX equipment was installed on 24 tower sites and tested. Extreme interference issues with neighboring companies using LTE technology resulted in Buggs Island Telephone, in coordination with the grant funding agencies, to abandon the WiMAX system and convert to a compatible LTE system if approved by NTIA. Due to limited grant funds remaining, the LTE build-out will cover a 5-county service area versus the original plans to cover a 15-county service area. Construction is projected to begin in Q3 of 2013. The project completion date was extended as a result of WiMAX interference and the need for additional time to deploy LTE. Costs to date reflect actual expenses incurred in constructing the WiMAX and 3.65 networks. The 3.65 network, consisting of six towers, is fully operational with testing and commercial launch to be implemented in Q2 of 2013.
2b.	Environmental Assessment	100	The Environmental Assessment is complete.
2c.	Network Design	77	The 700 network is being re-designed due to interference issues. The 3.65 network is complete. The remaining funds will be used to design the LTE build-out in the 5-county service area if approved by NTIA.
2d.	Rights of Way	0	Not Applicable
2e.	Construction Permits and Other Approvals	100	All construction permits have been acquired for the project.
2f.	Site Preparation	100	It is expected that all costs associated with tower modifications to install the WiMAX equipment will be fully paid in Q2 of 2013.
2g.	Equipment Procurement	85	Activities associated with the procurement of LTE equipment will be initiated in Q2 of 2013.
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	Not Applicable
2i.	Equipment Deployment	84	The purchase and installation of LTE equipment will begin in Q3 of 2013.
2j.	Network Testing	26	Network testing was implemented on the WiMAX and 3.65 network. As noted previously, the WiMAX system will be abandoned and replaced with a LTE system if approved by NTIA. The 3.65 testing resulted in a successfully installed system that can be commercially launched. Additional costs are expected in this category to cover costs associated with the WiMAX and 3.65 testing and upcoming LTE testing once deployed.
2k.	Other (please specify):	58	The costs included in this category include 1) Admin and Legal, 2) Engineering - Project Management, 3) Project Inspection, 4) Monthly Tower Lease Payments, and 5) Monthly Backhaul Fees. The remaining funds in this category will be expended as the project proceeds over the next 6 to 8 months and these activities are implemented.

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).

1) Challenges will include negotiating with Airspan on the unused WiMAX equipment and 2) Ensuring that the project will be complete by the new extension date of September 2013.

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	\$286,813	\$16,813	\$270,000	\$232,829	\$16,813	\$216,016	\$253,452	\$16,813	\$236,639
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	\$1,108,868	\$177,082	\$931,786	\$611,283	\$92,657	\$518,626	\$691,748	\$173,122	\$518,626
e. Other architectural and engineering fees	\$152,144	\$123,289	\$28,855	\$152,144	\$123,289	\$28,855	\$152,144	\$123,289	\$28,855
f. Project inspection fees	\$142,800	\$48,873	\$93,927	\$75,680	\$37,485	\$38,195	\$75,680	\$37,485	\$38,195
g. Site work	\$383,825	\$1,188	\$382,637	\$296,670	\$1,188	\$295,483	\$383,825	\$1,188	\$382,637
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	\$21,482,710	\$4,607,804	\$16,874,906	\$17,810,410	\$3,761,129	\$14,049,281	\$17,810,410	\$3,761,129	\$14,049,281
k. Miscellaneous	\$401,537	\$0	\$401,537	\$0	\$0	\$0	\$198,217	\$0	\$198,217
l. SUBTOTAL (add a through k)	\$23,958,697	\$4,975,049	\$18,983,648	\$19,179,016	\$4,032,561	\$15,146,456	\$19,565,476	\$4,113,026	\$15,452,450
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$23,958,697	\$4,975,049	\$18,983,648	\$19,179,016	\$4,032,561	\$15,146,456	\$19,565,476	\$4,113,026	\$15,452,450

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: \$5,804
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