

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) 12-31-2013	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): 02-05-2014
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Project Indicators (This Quarter)

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

1) Negotiations continue to terminate lease agreements with tower companies whose towers are located in the two CMA's that are no longer targeted for BIT build-out. By the end of the 4Q 2013 BIT has successfully terminated tower lease agreements with 8 of the 10 tower companies (11 of the 25 individual tower leases). The remaining 14 unneeded tower leases are projected to be finalized during Q1 2014.

2) The LTE vendor has been selected and a contract was signed and dated 11/7/13.

3) The removal of WiMAX equipment from the 14 tower sites located in the two CMAs that are no longer in the project footprint was completed in 12/2013.

4) BIT, along with its engineering firm and the LTE vendor, NetAmerica, completed the radio network design in 12/2013.

5) The circuit to BIT's hosted core (SuperCenter) was ordered on 12/18/13.

6) The LTE RAN equipment (Radio Access Network) was ordered on 12/20/13 with a possible delivery date toward the end of 2/2014.

7) LTE vendor conducted testing of several types of Customer Premise Equipment (CPE) in order to determine which type would best suit BIT's needs. Testing will continue in the first half of Q1 2014 with a recommendation being made to BIT.

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	86	BIT originally projected having SIM cards and CPE ordered and the make ready at 6 sites completed by Q4 2013. Extended contract negotiations with the LTE vendors delayed the execution which caused a delay on the projected order dates. Now that the project is underway, the above mentioned uncompleted tasks are projected to be completed in Q1 2014. Costs to date reflect actual expenses incurred in constructing the WiMAX 700 MHZ and 3.65 GHz networks, the new LTE network, decommissioning the 14 tower sites, order of the network equipment and transport circuits, and establishing the final network design.
2b.	Environmental Assessment	100	No Variance.
2c.	Network Design	84	The remaining funds will be used to design the LTE build-out in the 5-county service area.
2d.	Rights of Way	0	Not Applicable
2e.	Construction Permits and Other Approvals	99	No Variance.
2f.	Site Preparation	100	No Variance
2g.	Equipment Procurement	90	The actual LTE radio access network equipment procurement was 100% complete by the end of Q4 2013. BIT had projected to have the CPE equipment procurement finalized and ordered in Q4 2013, but BIT did not meet this deadline due to delays in the execution of the vendor contracts, however, plans to complete the CPE procurement and the order will be placed in Q1 2014.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Not Applicable
2i.	Equipment Deployment	89	The remaining funds available in this category will be used to purchase and install LTE equipment on 10 tower sites that cover the 5-county service area.
2j.	Network Testing	70	Additional costs are expected in this category to cover expenses associated with the LTE testing once deployed.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2k.	Other (please specify):	50	The budget items included in this category are: 1) Admin and Legal, 2) Engineering-Project Management, 3) Project Inspection, 4) Monthly Tower Lease Payments and Settlements, and 5) Monthly Backhaul Fees.

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).

Tower lease terminations continue to be a time consuming and lengthy process but are expected to be complete by Q1 2014.

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	23	The 23 miles includes microwave links between Lawrenceville to South Brunswick and Jetersville to Earls.
New network miles leased	0	Not Applicable
Existing network miles upgraded	0	Not Applicable
Existing network miles leased	0	Not Applicable
Number of miles of new fiber (aerial or underground)	0	Not Applicable
Number of new wireless links	2	Includes links as listed above in the network miles description.
Number of new towers	0	BIT's plan to deploy LTE technology on 10 towers by 9/30/14.
Number of new and/or upgraded interconnection points	0	Not Applicable

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: To date BIT has zero signed agreements. Working to deploy the network is the highest priority for BIT and since the project is reduced in it's geographic coverage area to 5 counties, BIT plans to be the provider for those counties. BIT is prepared to provide access to its network to wholesale carriers.

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:

At this time, BIT provides no wholesale services and plans to discontinue WiMAX retail services when LTE service is available.

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	None
	Providers with signed agreements receiving improved access	0	None
	Providers with signed agreements receiving access to dark fiber	0	Not Applicable
	Please identify the speed tiers that are available and the number of subscribers for each	0	None
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	BIT has projected to serve 10 CAIs by the end of 9/30/2014.
	Subscribers receiving new access	0	None
	Subscribers receiving improved access	0	None
	Please identify the speed tiers that are available and the number or subscribers for each	0	None
Residential / Households	Entities passed	0	BIT has projected to have the potential to serve 35,345 households included in the 5 county serving area.
	Total subscribers served	45	BIT has projected to serve 1,368 residential households by the end of 9/30/2014. To date BIT has 45 WiMAX users who will be transitioned to LTE when available.
	Subscribers receiving new access	0	None
	Subscribers receiving improved access	0	None
	Please identify the speed tiers that are available and the number of subscribers for each	0	None
Businesses	Entities passed	0	BIT has projected to have the potential to serve 1,828 businesses included in the 5 county serving area.
	Total subscribers served	5	BIT has projected to serve 232 businesses by the end 9/30/2014. To date BIT has 5 WiMAX users who will be transitioned to LTE when available.
	Subscribers receiving new access	0	None
	Subscribers receiving improved access	0	None
	Please identify the speed tiers that are available and the number of subscribers for each	0	None

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
None	None	None	None	None

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 1) Continue negotiations with tower companies in an effort to release monthly payment obligations on towers no longer needed for the project.
 2) Engineer and order SIM cards.
 3) Order Customer Premise Equipment (CPE).
 4) Start on the site make ready for all 10 tower sites in the 5 county serving area.
 5) Network equipment should be delivered by the end of 2/2014 but installation on the 10 towers is not projected until May 2014.
 6) Circuit testing and acceptance to the hosted core (SuperCenter) should be completed.

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	87	BIT originally projected that the deployment of the LTE network would be 100% completed by Q1 2014 but lengthy equipment vendor procurement and contract negotiations delayed the build-out time line. The deployment of LTE equipment is now projected to begin in Q2 2014. Because of this delay BIT's projection of signing up and installing beta testers will not begin until early Q3 2014 and will not be commercially launched until late Q3 2014. BIT will start marketing efforts in Q1 2014 in order to do customer pre-sales.
2b.	Environmental Assessment	100	BIT anticipates an environmental assessment for a new tower site that will be needed to replace one of the ten existing sites. Q4 2013 showed remaining funds in this category.
2c.	Network Design	83	Engineering design fees continue as LTE build-out proceeds in the 5-county service area.
2d.	Rights of Way	0	Not Applicable
2e.	Construction Permits and Other Approvals	99	Additional permits will need to be obtained for the installation of LTE equipment.
2f.	Site Preparation	100	Actual site preparation was 100% complete by the end of Q4 2013. BIT will have to do a structural analysis for a new tower site that will be needed to replace one of the ten existing sites. No funds remain in this category but a budget modification will be submitted during Q1 2014 where funds will be reallocated to this category.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2g.	Equipment Procurement	90	Equipment procurement is complete. A budget amendment will be submitted prior to the next reporting period.
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	Not Applicable
2i.	Equipment Deployment	90	Costs for LTE equipment purchase and deployment is expected to occur in Q1-2014.
2j.	Network Testing	70	Additional costs are expected in this category to cover expenses associated with LTE testing once deployed.
2k.	Other (please specify):	54	Next quarter costs include the removal of WiMAX equipment from the 10 tower sites, ongoing monthly back haul & lease fees, and general administration, management, and inspection fees.

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) BIT will need to get approval from the tower companies for equipment modifications for the 10 tower sites before the site make ready can be completed. BIT needs this permission as quickly as possible to stay on schedule with the proposed build-out time line.
 2) BIT will need to relocate equipment from one existing tower to another per the tower owners request. This will result in having a structural analysis and environmental review. BIT will need to submit a request to NTIA for approval. BIT will need to start this process immediately in order to remain on schedule against the projected milestones.

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	\$267,558	\$17,558	\$250,000	\$380,796	\$16,813	\$363,983	\$412,796	\$16,813	\$395,983
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	\$591,877	\$146,581	\$445,296	\$917,338	\$281,617	\$635,721	\$939,337	\$281,181	\$658,156
e. Other architectural and engineering fees	\$361,435	\$361,435	\$0	\$152,144	\$123,289	\$28,855	\$152,144	\$123,289	\$28,855
f. Project inspection fees	\$142,800	\$0	\$142,800	\$76,695	\$38,500	\$38,195	\$76,695	\$38,500	\$38,195
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
j. Equipment	\$22,003,511	\$3,864,959	\$18,138,552	\$18,365,548	\$3,762,566	\$14,602,982	\$18,632,106	\$3,845,919	\$14,786,187
k. Miscellaneous	\$591,516	\$584,516	\$7,000	\$445,095	\$11,575	\$433,520	\$514,214	\$31,446	\$482,768
l. SUBTOTAL (add a through k)	\$23,958,697	\$4,975,049	\$18,983,648	\$20,337,616	\$4,234,360	\$16,103,256	\$20,727,292	\$4,337,148	\$16,390,144
m. Contingencies									
n. TOTALS (sum of l and m)	\$23,958,697	\$4,975,049	\$18,983,648	\$20,337,616	\$4,234,360	\$16,103,256	\$20,727,292	\$4,337,148	\$16,390,144

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: \$28,277
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