

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

**General Information**

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570065	<b>3. DUNS Number</b>  046251963
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**4. Recipient Organization**

Buggs Island Telephone Cooperative 100 Nellie Jones Road , Bracey, VA 23919-1732

<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  06-30-2014	<b>6. Is this the last Report of the Award Period?</b>  <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.

<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Michele Taylor	<b>7c. Telephone (area code, number and extension)</b>  434-689-6300 X
	<b>7d. Email Address</b>  mtaylor@bitbroadband.com

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  07-29-2014
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**Project Indicators (This Quarter)**

- 1. Please describe significant project accomplishments completed during this quarter (600 words or less).**
- 1) All existing WiMAX lease agreements have been terminated.
  - 2) Network testing and optimization of the LTE network is underway. Testing and optimization is expected to be complete in Q3 of 2014.
  - 3) Four (4) additional beta testers have been added and BIT has started the retrofit of the remaining WiMAX customers to the new LTE equipment.
  - 4) LTE Equipment has been successfully installed on nine (9) out of 10 towers; negotiations continue to locate an alternative tower to replace the Alberta Tower.
  - 5) Purchase orders were issued for indoor and outdoor CPE equipment and mobile MiFi devices; Indoor and outdoor devices have been received. BIT plans to test the VoIP capability in Q3 of 2014.
  - 6) Phase I of the Marketing Plan has been rolled out and will end mid July of 2014.
  - 7) Discussions on the sale of the WiMAX equipment are in process between NTIA and BIT pending a final decision from NTIA on the appropriate course of action.

**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	92	Additional CPE shipments are expected during Q3 2014; however will not delay project completion by September 30, 2014. Negotiations continue to secure the 10th tower site that will complete the build-out of the 5-county area.
2b.	Environmental Assessment	100	No Variance
2c.	Network Design	99	No Variance
2d.	Rights of Way	0	Not Applicable
2e.	Construction Permits and Other Approvals	97	No Variance
2f.	Site Preparation	100	No Variance
2g.	Equipment Procurement	81	The CPE Vendor has been selected and purchase orders have been issued for BEC indoor and outdoor CPE and mobile MiFi devices. A few units have actually been received with the remaining to be shipped in Q3 of 2014.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Not Applicable
2i.	Equipment Deployment	95	The remaining funds available in this category were used to purchase LTE equipment for 10 tower sites that cover the 5-county service area. Installation of LTE equipment on 9 of 10 towers have been completed during Q2 2014.
2j.	Network Testing	97	Additional costs are expected in this category to cover expenses associated with the LTE network testing which will be completed in Q3 2014.
2k.	Other (please specify):	81	The budget items included in this category are: 1) Admin and Legal, 2) Demolition & Removal, 3) Project Inspection, 4) Monthly Tower Lease Payments and Back Rent Settlements, 5) Monthly Backhaul Fees, 6) Community Outreach, and 7) Fiber (In-Kind Match).

**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).**

The Alberta Tower Site failed the initial structural analysis and options are being considered for an alternate site. Negotiations are underway between the tower owner, MBC, and BIT and alternative tower sites are being discussed in an effort to secure the 10th tower site and begin LTE installation.

**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	All wireless network towers are leased by BIT, not owned so the count will remain at 0.
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 its 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 during Q3 2014.

**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).**

1) NetAmerica, the LTE provider for BIT and a contractor, will operate the hosted core (SuperCenter) in Houston, Texas. Contact information: Chuck Harris, 888.686.2747.

2) Panhandle Telephone, who is an alliance member of NetAmerica and a subcontractor, will operate the Converged Regional Core,

which is part of the hosted core that is located in Guymon, Oklahoma. Contact information: Travis Clark, 800.562.2556.

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 of 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	22	BIT has projected to serve 1,368 residential households by the end of 9/30/2014. To date BIT has 22 WiMAX users who will be transitioned to LTE when available. The number of users has decreased from Q4 2013 due to the ongoing issues related to the WiMAX service resulting in some users finding alternate means of an internet connection until the LTE network is up and operating.
	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) Customer Premise Equipment has been ordered and the first shipment has been received. Additional shipments will be received in Q3 of 2014.
- 2) Approval from the grant office on the proper disposal of the WiMAX equipment.
- 3) The resolution to replace the Alberta tower site will be identified and the equipment install will be completed.
- 4) Testing will be complete and optimization achieved of the newly installed LTE network resulting in active and ongoing CPE installs as customers sign-up for the service.
- 5) The second and third phase of the Marketing Plan will be initiated which includes a direct-mail customer letter with marketing materials and follow-up postcards targeted to approximately 9,000 households, businesses, and CAIs.
- 6) BIT's project will be fully operational and commercially ready remaining on schedule with the project end date of 9/30/14.

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	100	No Variance
2b.	Environmental Assessment	100	No Variance
2c.	Network Design	100	No Variance
2d.	Rights of Way	0	Not Applicable
2e.	Construction Permits and Other Approvals	100	No Variance
2f.	Site Preparation	100	No Variance
2g.	Equipment Procurement	100	No Variance
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	Not Applicable
2i.	Equipment Deployment	100	No Variance
2j.	Network Testing	100	No Variance
2k.	Other (please specify):	100	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).

BIT does not anticipate any issues during the next quarter that would either delay or impact the planned progress against the project

RECIPIENT NAME: Buggs Island Telephone Cooperative

AWARD NUMBER: NT10BIX5570065

DATE: 07/29/2014

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 6/30/2015

milestones. BIT now continues to stay on track with the project completion deadline of 9/30/14.

**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	\$577,693	\$49,417	\$528,276	\$449,145	\$25,241	\$423,904	\$577,694	\$49,418	\$528,276
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	\$1,088,131	\$315,040	\$773,091	\$965,094	\$306,903	\$658,191	\$1,088,131	\$315,187	\$772,944
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	\$106,695	\$43,810	\$62,885	\$89,295	\$42,000	\$47,295	\$106,695	\$43,810	\$62,885
g. Site work	\$393,825	\$2,958	\$390,867	\$387,320	\$4,683	\$382,637	\$394,080	\$4,683	\$389,397
h. Demolition and removal	\$67,871	\$9,603	\$58,268	\$67,871	\$9,603	\$58,268	\$67,871	\$9,603	\$58,268
i. Construction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
j. Equipment	\$19,824,590	\$3,737,155	\$16,087,435	\$18,483,487	\$3,428,063	\$15,055,424	\$19,710,489	\$3,623,054	\$16,087,435
k. Miscellaneous	\$1,747,748	\$693,777	\$1,053,971	\$1,418,081	\$588,109	\$829,972	\$1,707,402	\$651,814	\$1,055,588
<b>l. SUBTOTAL (add a through k)</b>	<b>\$23,958,697</b>	<b>\$4,975,049</b>	<b>\$18,983,648</b>	<b>\$22,012,437</b>	<b>\$4,527,891</b>	<b>\$17,484,546</b>	<b>\$23,804,506</b>	<b>\$4,820,858</b>	<b>\$18,983,648</b>
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	<b>\$23,958,697</b>	<b>\$4,975,049</b>	<b>\$18,983,648</b>	<b>\$22,012,437</b>	<b>\$4,527,891</b>	<b>\$17,484,546</b>	<b>\$23,804,506</b>	<b>\$4,820,858</b>	<b>\$18,983,648</b>

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: \$42,815