

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 NT10BIX5570068	3. DUNS Number 003866597
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4. Recipient Organization Valley Telephone Cooperative, Inc. 480 South 6th Street, Raymondville, TX 78580-2434

5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2013	6. Is this the last Report of the Award Period? <input checked="" type="radio"/> Yes <input 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 Leonard Beurer Chief Financial Officer	7c. Telephone (area code, number and extension) 9566421108
	7d. Email Address leonard.beurer@vtx1.net

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-19-2013
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Project Indicators (This Quarter)

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

Network Operations and Deployment

- Finished engineering and construction of Brownsville campuses (UTB, TSC, UTHSC)
- Finished engineering and construction of Edinburg campuses (UTPA, UTHSC)
- Finished construction of Edinburg metro route
- Installed and configured electronics at 3 new POP buildings and 4 existing POP buildings
- Tested completed network (Rio Grande City, Hidalgo, McAllen, Edinburg, Weslaco, Harlinegn, Raymondville, Brownsville)

As a result of network deployment progress:

- A total of 200 miles of new fiber miles were deployed (13 this quarter)
- A total of 219 miles of in-kind fiber miles were added (0 this quarter)
- A total of 24 CAIs were connected (11 this quarter)

Business Development

- Our business development team continued to reach out to local community leaders, anchor institutions, and last mile providers in our service region to generate interest and to create new business opportunities
- After fulfilling our initial mission to design and deploy the network and render it operational, our organization is expand it by further extending the network and generating additional business opportunities among the unserved and under-served customers in our network service region.

As a result of our ongoing efforts with customer outreach and building relationships with last mile providers:

- We have executed 5 contracts with 7 entities (UT Systems uses a consolidated contract for all entities in its organization) for network services
- We have executed 1 contract for broadband internet service and are negotiating others
- We have identified and have started to approach several CAIs and Businesses along the deployed route

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	100	N/A
2b.	Environmental Assessment	100	N/A
2c.	Network Design	100	N/A
2d.	Rights of Way	100	N/A
2e.	Construction Permits and Other Approvals	100	N/A
2f.	Site Preparation	100	N/A
2g.	Equipment Procurement	100	N/A
2h.	Network Build (all components - owned, leased, IRU, etc)	100	N/A
2i.	Equipment Deployment	100	N/A
2j.	Network Testing	100	N/A
2k.	Other (please specify): Land & Building	100	N/A

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).

In the past quarter Texas Southmost College (TSC) and University of Texas - Brownsville (UTB) ended their partnership and began to operate as separate entities. This change caused several issues. One was that the locations where the entities interconnect with the network changed. This caused an overall reduction in the total number of interconnection points to 24. Despite this, we deployed handholds with fiber service loops at all originally planned locations, so that if in the future there was a renewed desire to connect the dropped sites it would be possible with minimal effort.

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	200	New miles deployed are all-new fiber
New network miles leased	0	N/A
Existing network miles upgraded	219	These represent the in-kind contribution
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	200	N/A
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	24	Because TSC and UTB split into two different entities, the number of interconnection points was changed by the request of these PCAs. The total number of dark fibers being delivered was not affected. Additionally, handholds were liberally deployed to allow for additional access by PCAs and to connect CAs once laterals are built.

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	5
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	12

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: XC Networks, Texas Southmost College (TSC), South Texas College (STC), Texas State Technical College (TSTC), University of Texas (UT Borwnsville, UT Pan American, UT Health and Science Centers)

NOTE: Original reported figure of 8 contracts was reduced because of consolidated contract for UT Systems.

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:

Transport Services & Internet Bandwidth Services

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).

We own and operate our own network

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)
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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	No active subscribers at this time
	Providers with signed agreements receiving improved access	1	No active subscribers at this time
	Providers with signed agreements receiving access to dark fiber	7	No active subscribers at this time
	Please identify the speed tiers that are available and the number of subscribers for each	9	Transport Services DS1 @ 1.5 Mbps DS3 @ 45 Mbps OC3 @ 155 Mbps OC12 @ 622 Mbps Gig-E @ 1,000 Mbps OC48 @ 2,500 Mbps OC192 @ 10,000 Mbps Dark Fiber/IRU @ 10,000 Mbps
			Internet Bandwidth DS1 @ 10 Mbps 10 Mbps @ 10 Mbps DS3 @ 45 Mbps 100 Mbps @ 100 Mbps OC3 @ 155 Mbps OC12 @ 622 Mbps Gig-E @ 1,000 Mbps OC48 @ 2,500 Mbps OC192 @ 10,000 Mbps No active subscribers at this time
Community Anchor Institutions (including Government institutions)	Total subscribers served	24	Because TSC and UTB split into two different entities, the number of interconnection points was changed by the request of these PCAIs. The total number of dark fibers being delivered was not affected. Additionally, handholds were liberally deployed to allow for additional access by PCAIs and to connect CAIs once laterals are built.
	Subscribers receiving new access	24	Because TSC and UTB split into two different entities, the number of interconnection points was changed by the request of these PCAIs. The total number of dark fibers being delivered was not affected. Additionally, handholds were liberally deployed to allow for additional access by PCAIs and to connect CAIs once laterals are built.
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number or subscribers for each	9	Transport Services DS1 @ 1.5 Mbps DS3 @ 45 Mbps OC3 @ 155 Mbps OC12 @ 622 Mbps Gig-E @ 1,000 Mbps OC48 @ 2,500 Mbps OC192 @ 10,000 Mbps Dark Fiber/IRU @ 10,000 Mbps
Internet Bandwidth DS1 @ 10 Mbps 10 Mbps @ 10 Mbps DS3 @ 45 Mbps 100 Mbps @ 100 Mbps			

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
			OC3 @ 155 Mbps OC12 @ 622 Mbps Gig-E @ 1,000 Mbps OC48 @ 2,500 Mbps OC192 @ 10,000 Mbps PCAs are being provided with dark fiber. Bandwidth available is determined by equipment deployed by each CAI.
Residential / Households	Entities passed	0	This project does not target residential customers.
	Total subscribers served	0	This project does not target residential customers.
	Subscribers receiving new access	0	This project does not target residential customers.
	Subscribers receiving improved access	0	This project does not target residential customers.
	Please identify the speed tiers that are available and the number of subscribers for each	0	This project does not target residential customers.
Businesses	Entities passed	200	We have identified a number of potential business customers. Lateral fiber routes will need to be built to connect any interested parties. These lateral builds are being engineered and built after 06/30/2013 without the use of BTOP funds.
	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	9	Transport Services DS1 @ 1.5 Mbps DS3 @ 45 Mbps OC3 @ 155 Mbps OC12 @ 622 Mbps Gig-E @ 1,000 Mbps OC48 @ 2,500 Mbps OC192 @ 10,000 Mbps Dark Fiber/IRU @ 10,000 Mbps Internet Bandwidth DS1 @ 10 Mbps 10 Mbps @ 10 Mbps DS3 @ 45 Mbps 100 Mbps @ 100 Mbps OC3 @ 155 Mbps OC12 @ 622 Mbps Gig-E @ 1,000 Mbps OC48 @ 2,500 Mbps OC192 @ 10,000 Mbps No active subscribers at this time

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

N/A

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
UT Brownsville - ITEC	Brownsville	Other Institutions of Higher Education	No	They intend to use the connection we are providing them to interconnect with other higher learning institutions.
Texas Southmost College - Tandy Hall	Brownsville	Other Institutions of Higher Education	Yes	They intend to use the connection we are providing them to interconnect with other higher learning institutions.
UT Health - School of Public Health	Brownsville	Other Institutions of Higher Education	No	They intend to use the connection we are providing them to interconnect with other higher learning institutions.
UT Brownsville - Education and Business Complex	Brownsville	Other Institutions of Higher Education	No	They intend to use the connection we are providing them to interconnect with other higher learning institutions.
UT Brownsville - Biomedical Research and Health Professions Building	Brownsville	Other Institutions of Higher Education	No	They intend to use the connection we are providing them to interconnect with other higher learning institutions.
UT Health Science Center	Edinburg	Other Institutions of Higher Education	No	They intend to use the connection we are providing them to interconnect with other higher learning institutions.
UT Pan American - Admin Annex	Edinburg	Other Institutions of Higher Education	No	They intend to use the connection we are providing them to interconnect with other higher learning institutions.
UT Pan American - Hagggar Building	Edinburg	Other Institutions of Higher Education	No	They intend to use the connection we are providing them to interconnect with other higher learning institutions.
UT Pan American - Main Campus Computer Center	Edinburg	Other Institutions of Higher Education	No	They intend to use the connection we are providing them to interconnect with other higher learning institutions.
UT Pan American - South Trenton	Edinburg	Other Institutions of Higher Education	No	They intend to use the connection we are providing them to interconnect with other higher learning institutions.
UT Family Medical Center	McAllen	Medical and Healthcare Providers	No	They intend to use the connection we are providing them to interconnect with other higher learning institutions.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 The original project scope was reached and the project is complete. Moving forward we intend to continue to add CAI and non-CAI customers to the network. As the deployed network is over 400 miles long, and passes through multiple municipalities, there are a large number of potential subscribers to approach and offer services to. Since the laterals to connect these potential subscribers will be self-funded, we are currently in the process of establishing the best strategy to add new subscribers. We intend to use customer aggregation to reduce the per-subscriber cost of new infrastructure.

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	N/A
2b.	Environmental Assessment	100	N/A
2c.	Network Design	100	N/A
2d.	Rights of Way	100	N/A
2e.	Construction Permits and Other Approvals	100	N/A
2f.	Site Preparation	100	N/A
2g.	Equipment Procurement	100	N/A
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	N/A
2i.	Equipment Deployment	100	N/A
2j.	Network Testing	100	N/A
2k.	Other (please specify): Land & Building	100	N/A

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).

Although the project is now complete and all federal funds awarded have been used, we intend to continue to build out the network. At the time of the completion of the award, approximately 50% of fiber strands had been allocated to the Participant CAIs (UTPA, UTHSC, STC, TSTC, UTB, TSC). Moving forward we will be self-funding lateral connections to this network to sign up new users, both CAIs and businesses for the remaining network capacity. As lateral construction in urban areas can be very expensive, we have been identifying interested parties and trying to group them in such a way as to maximize subscribers connected while minimizing construction per subscriber.

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.	\$1,550,082	\$465,025	\$1,085,057	\$1,550,082	\$465,025	\$1,085,057	\$1,550,082	\$465,025	\$1,085,057
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,830,144	\$849,043	\$1,981,101	\$2,830,144	\$849,043	\$1,981,101	\$2,830,144	\$849,043	\$1,981,101
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	\$51,000	\$15,300	\$35,700	\$51,000	\$15,300	\$35,700	\$51,000	\$15,300	\$35,700
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$16,063,135	\$4,818,941	\$11,244,195	\$16,063,135	\$4,818,941	\$11,244,195	\$16,063,135	\$4,818,941	\$11,244,195
j. Equipment	\$1,931,148	\$579,344	\$1,351,804	\$1,931,148	\$579,344	\$1,351,804	\$1,931,148	\$579,344	\$1,351,804
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$22,425,509	\$6,727,653	\$15,697,857	\$22,425,509	\$6,727,653	\$15,697,857	\$22,425,509	\$6,727,653	\$15,697,857
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$22,425,509	\$6,727,653	\$15,697,857	\$22,425,509	\$6,727,653	\$15,697,857	\$22,425,509	\$6,727,653	\$15,697,857

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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