

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 NT10BIX5570093	3. DUNS Number 175409010
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4. Recipient Organization

 Citizens' Telephone Co-operative 220 Parkway Ln S, Floyd, VA 24091-4170

5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2012	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 Chris Bond	7c. Telephone (area code, number and extension) X
	7d. Email Address chrisbond@citizens.coop

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 04-30-2012
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Project Indicators (This Quarter)

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

The proposed 186 mile fiber project was divided into 4 separate construction contracts. Three of the construction contracts have been awarded as follows:

- Contract I Nichols Construction, LLC 102 miles 180 days
- Contract II Lambert's Cable Splicing Co, LLC 70 miles 130 days
- Contract III Lambert's Cable Splicing Co, LLC 11 miles 90 days

Contract IV is scheduled to be released and bid by the end of May, 2012.

Fiber Construction Progress:

Contract I: Installation of the fiber optic cable started on January 10, 2012 in the Town of Wytheville and in Wythe County, VA. The contractor began with one aerial crew, one buried placement crew, and two directional bore crews. By mid February and as weather conditions improved the contractor started moving in additional crews to the project. By March there were one aerial crew, three buried placement crews, and three directional bore crews working in several areas of the project including Wythe and Pulaski Counties and in the Town of Wytheville, Town of Pulaski, Town of Dublin, and the City of Radford. By the end of the quarter the contractor had installed 4.6 miles of aerial and 13.9 miles of buried fiber optic cable.

Contract II: Construction activities began on January 16, 2012 with two bore crews working in the Town of Christiansburg. On January 18, 2012 aerial construction began in the Town of Christiansburg, VA. By the first of February the contractor had one aerial crew, three buried placement crews, and three directional bore crews working on several areas of the project including Montgomery, Roanoke, and Botetourt Counties and the Town of Christiansburg. By the end of the quarter the contractor had installed 4.3 miles of aerial and 13.2 miles buried fiber optic cable.

Contract III: Construction was completed by January 20, 2012. Splicing, testing, inventory, and final clean up were completed by the end of February 2012. Final inventory tabulation should be complete by mid April, 2012. The project consisted of installing 0.8 miles of aerial fiber and 8.1 miles of buried fiber cable. 1.4 miles of service drop had been installed to 11 CAI locations. Service had been activated at 1 of those locations. Site work and installation of the telecommunication hut at Christiansburg and the telecommunication hut at Pulaski has been completed including power and back up generators.

The total project miles of fiber installed by the end of quarter 7 equals 46.3.

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	23	Citizens originally projected having 47% of the project complete by the end of the 7th quarter. The total delay in obtaining fiber cable was nearly 6 months from the time orders were placed in June 2011. Starting construction at the beginning of the winter season has slowed progress also.
2b.	Environmental Assessment	100	No Variance
2c.	Network Design	100	No Variance
2d.	Rights of Way	100	No Variance
2e.	Construction Permits and Other Approvals	99	Citizens had anticipated having 100% of the permits and agreements completed by the end of the 7th quarter. The construction permit for the City of Radford has been completed although Citizens has not received the permit to date.
2f.	Site Preparation	100	Citizens had projected having 50% of the site work completed for the two telecommunication huts proposed in the project. The contractor expedited this work in order to beat the winter season and minimize moving construction equipment in at a later date.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2g.	Equipment Procurement	95	Citizens worked together with Mid-Atlantic Broadband Cooperative and the Virginia Tech Foundation in order to procure equipment on a large order at a bulk rate for a larger discount. Due to coordinating this bulk order between 4 BTOP projects, we were able to procure the majority of our equipment sooner than originally anticipated. The order was placed in the 5th quarter and received in the 6th quarter.
2h.	Network Build (all components - owned, leased, IRU, etc)	25	Delay in the final approval of the Environmental Assessment and the long lead time in obtaining fiber cable and other materials have impacted the timing of construction.
2i.	Equipment Deployment	0	Citizens had anticipated having 30% of the equipment installed at the end of the 7th quarter. Delays in starting construction due to the lead time of fiber cable and waiting for approval of the EA has limited the amount of Equipment Deployment.
2j.	Network Testing	5	Citizens had anticipated having 20% of the network testing complete at the end of the 7th quarter. Delays in starting construction due to the lead time of fiber cable and waiting approval for approval of the EA has limited the amount of Network facilities ready for testing.
2k.	Other (please specify):	0	No Variance

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).

Starting the construction process in the winter months has impacted the amount of progress due to the weather conditions and the shorter working hours during this time of the year. The Virginia Department of Transportation has an ongoing construction project on Interstate 81 in Montgomery and Roanoke counties that is impacting Citizens construction along Route 11 in Montgomery. The Citizens contractor is not allowed to work in the right of way of Route 11 during times that the VDOT project is rerouting interstate traffic onto Route 11. This is forcing the contractor to adjust the schedule to work on this portion of the route on weekends only. The Virginia Department of Transportation is also enforcing strict working hours along route 8 in Montgomery County due to the traffic volume along that route.

Aerial fiber installation has been impacted in several areas due the Joint Use Process and make ready issues with the other utility owners in the area. Lack of communication between the pole owners and existing attaching service providers is the main problem. There is also a lack of effort following the guidelines and procedures that are set forth in the Joint Use Agreements and standard industry practices.

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	46	Citizens had anticipated approximately 89 miles complete by the end of quarter 7. Due to the unavailable fiber cable, construction on Contract I and Contract II did not start until January 9, 2012. Starting construction in the winter months and having to adjust construction schedules to meet requirements of the Virginia Department of Transportation due to VDOT road improvement projects and traffic situations have caused delays.
New network miles leased	0	No Variance
Existing network miles upgraded	0	No Variance
Existing network miles leased	0	No Variance
Number of miles of new fiber (aerial or underground)	46	Citizens had anticipated approximately 89 miles complete by the end of quarter 7. Due to the unavailable fiber cable, construction on Contract I and Contract II did not start until January 9, 2012. Starting construction in the winter months and having to adjust construction schedules to meet requirements of

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
		the Virginia Department of Transportation due to VDOT road improvement projects and traffic situations have caused delays.
Number of new wireless links	0	No Variance
Number of new towers	0	No Variance
Number of new and/or upgraded interconnection points	1	Citizens had anticipated having 3 interconnection points in place by the end of quarter 7. Due to construction delays caused by unavailable fiber cable, construction on Contract I and Contract II did not start until January 9, 2012. Starting construction in the winter months and having to adjust construction schedules to meet requirements of the Virginia Department of Transportation due to VDOT road improvement projects and traffic situations have caused delays.

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: N/A

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: N/A

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	No Variance
	Providers with signed agreements receiving improved access	0	No Variance
	Providers with signed agreements receiving access to dark fiber	0	No Variance

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	No Variance
Community Anchor Institutions (including Government institutions)	Total subscribers served	1	Citizens had anticipated 8 subs by the end of the quarter. Delays were due to existing school contracts and school schedule.
	Subscribers receiving new access	0	Citizens had anticipated 2 subs receiving new access by the end of the quarter. Delays were due to existing school contracts and school schedule.
	Subscribers receiving improved access	1	Citizens had anticipated 6 subs receiving improved access by the end of the quarter. Delays were due to existing school contracts and school schedule.
	Please identify the speed tiers that are available and the number of subscribers for each	1	1 Gb - 1 Subscriber
Residential / Households	Entities passed	0	No Variance
	Total subscribers served	0	No Variance
	Subscribers receiving new access	0	No Variance
	Subscribers receiving improved access	0	No Variance
	Please identify the speed tiers that are available and the number of subscribers for each	0	No Variance
Businesses	Entities passed	0	No Variance
	Total subscribers served	0	No Variance
	Subscribers receiving new access	0	No Variance
	Subscribers receiving improved access	0	No Variance
	Please identify the speed tiers that are available and the number of subscribers for each	0	No Variance

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

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
Prices Fork Elementary	Montgomery County	School (K-12)	Yes	CAI is using BTOP-funded infrastructure for internet/transport usage, SOL testing, data backup, distance learning, video classroom, accessing video library server, video conferencing, adult learning, video surveillance, and the "no child left behind" program.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

Citizens and Thompson & Litton will finalize the construction plan sheets and prepare bid documents for the fourth contract of the 186 mile project. The bid documents are scheduled to be sent out by the third week of May, 2012. Bids will be due and the contractor will be announced by the third week of June. Citizens will set a start date once the delivery date of the fiber cable for contract IV is identified.

Contract I

Nichols Construction LLC plans to continue with 4 – 5 plow crews, 2 – 3 bore crews and one aerial crew during the 8th quarter. With improving weather conditions and longer daylight hours, the contractor anticipates placing 30 – 35 miles of fiber this quarter. By the end of the 8th quarter the contractor plans to have 53 total miles (51%) complete on the contract.

Contact II

Lambert's Cable Splicing Co., LLC will continue the construction process with 3 – 4 plow crews, 2 -3 bore crews, and one aerial crew during the 8th quarter. With improving weather conditions and longer daylight hours the contractor anticipates placing 25 miles of fiber this quarter. By the end of the 8th quarter the contractor plans to have 42.5 total miles (60%) complete on the contract. This contract has two routes that require limited work hours and weekend work schedule due to Virginia Department of Transportation requirements.

Community Anchor Institutions

Service will be activated at 2 -3 additional CAI locations in the 8th quarter. These schedules are being coordinated with the Montgomery County School system so work can be done after the current school session ends.

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	38	Citizens had anticipated having 69% of the network construction completed by the end of the 8th quarter. Construction was impacted by the long lead time in obtaining fiber cable and other materials.
2b.	Environmental Assessment	100	No Variance
2c.	Network Design	100	No Variance
2d.	Rights of Way	100	No Variance
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.)	56	Citizens had anticipated having 68% of the network construction completed by the end of the 8th quarter. Construction was impacted by the long lead time in obtaining fiber cable and other materials. If Network build continues at the current pace, the project will be within 12% of the original projected milestones by the end of the 8th quarter.
2i.	Equipment Deployment	0	Citizens had anticipated having 60% of the equipment installed at the end of the 8th quarter. Delays in starting construction due to the lead time of fiber cable and waiting for approval of the EA has limited the amount of Equipment Deployment.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2j.	Network Testing	20	No Variance
2k.	Other (please specify): N/A	0	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).

Citizens, Thompson & Litton, and the contractors are continuing to explore options on how to increase production and bring the original projected milestones more in line. Having to adjust work schedules because of Virginia Department of Transportation construction on I-81 and because of the congested traffic on route 8 could impact overall production accomplishment for the quarter. There is also an environmental issue that has been identified in the New River Valley Commerce Park in Pulaski County that could delay construction in the park until September 1, 2012. Citizens and the NRVPDC has contacted FWIS and VDGIF to work through the issue. Citizens does not anticipate that this issue will have a significant impact on the project completion date.

The construction process on Contract IV could be delayed by the lead times on obtaining fiber cable. Although lead times have improved from what they were a year ago, they are still running 20 – 30 weeks out.

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.	\$160,000	\$32,000	\$128,000	\$235,499	\$47,100	\$188,399	\$274,353	\$54,871	\$219,482
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$491,739	\$491,739	\$0	\$144,594	\$144,594	\$0	\$171,102	\$171,102	\$0
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$9,819,064	\$1,581,304	\$8,237,760	\$1,389,717	\$277,943	\$1,111,774	\$3,030,809	\$606,162	\$2,424,647
j. Equipment	\$1,090,000	\$218,000	\$872,000	\$871,548	\$174,310	\$697,238	\$916,841	\$183,368	\$733,473
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$11,560,803	\$2,323,043	\$9,237,760	\$2,641,358	\$643,947	\$1,997,411	\$4,393,105	\$1,015,503	\$3,377,602
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$11,560,803	\$2,323,043	\$9,237,760	\$2,641,358	\$643,947	\$1,997,411	\$4,393,105	\$1,015,503	\$3,377,602

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: \$2,583,000	b. Program Income to Date: \$2,500
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