

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) 03-31-2014	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): 05-07-2014
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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 Q1 2014 BIT has successfully terminated tower lease agreements with 9 of the 10 tower companies (23 of the 25 individual tower leases). The remaining 2 unneeded tower leases are projected to be finalized during Q2 2014.

2) The LTE RAN equipment (Radio Access Network) was delivered and received by BIT in February and March. The antennas and cables were ordered and expected to be delivered in Q2 2014.

3) The Fiber Circuit (BIT) to the Converged Regional Core (Panhandle) that was ordered in Q4 2013 has been tested and accepted in late March 2014.

4) The Converged Regional Core Fiber Circuit (Panhandle) to the SuperCenter (NetAmerica) that was ordered in Q4 2013 has been tested and accepted in late March 2014.

5) A total of 13 antennas were ordered and received; the remaining antennas needed will be delivered in Q2-2014.

6) BIT's backhaul and transport network designs have been completed and issued to Ericsson.

7) SIM cards were engineered and ordered in March with delivery and testing to occur in Q2 2014.

8) Brocade software upgrades were ordered, delivered and installed during March.

9) Testing continues by NetAmerica on the several types of Customer Premise Equipment (CPE) in order to determine which type would best suit BIT's needs with a recommendation and an order being placed in Q2 2014. BIT had expected to have CPE ordered during Q1 but a second CPE vendor was being evaluated for better performance which has caused a slight delay on the order. This delay will not affect the installation schedule and BIT will have CPE once customer installs begin in Q3 2014.

10) BIT has completed the site acquisition and has clearance to proceed with the installation of the LTE equipment on one existing tower. The other 9 are expected to be completed in Q2 2014 so installation can begin during Q2 as well. The Alberta tower failed the initial analysis; options are being considered for an alternative site.

11) BIT has completed phase one of the marketing launch plan in February that includes identifying the target markets and the network coverage which includes the GoToMarket Strategy Plan that was completed in March.

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	90	BIT originally projected having CPE ordered and the make ready at the 10 sites completed in Q1 2014. Only one tower site was made ready in February due to extended tower lease amendments for the change in equipment with the tower companies delayed getting the sites ready for the LTE retrofit. Now that the project is underway, the above mentioned uncompleted tasks are projected to be completed in Q2 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, establishing the final network design, SIM cards engineered, and software upgrades were completed.
2b.	Environmental Assessment	100	No Variance
2c.	Network Design	99	The budget modification resulted in a reduction of budgeted funds for network design, thus a significant increase for percent complete as compared to the Q4-2013 report.
2d.	Rights of Way	0	Not Applicable

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2e.	Construction Permits and Other Approvals	97	The approved budget amendment shifted additional funds into this category to cover construction permits needed for the LTE build-out. The budget modification resulted in an increase of budgeted funds for permits, thus a slight reduction for percent complete as compared to the Q4-2013 report.
2f.	Site Preparation	100	No Variance
2g.	Equipment Procurement	80	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 Q1 2014, but BIT did not meet this deadline due to delays in the execution of the vendor contracts and a second CPE vendor was being evaluated for better performance which has caused a slight delay on the order, however, plans to complete the CPE procurement and the order will be placed in Q2 2014. This delay will not affect the installation schedule and BIT will have CPE once customer installs begin in Q3 2014. The budget modification resulted in an increase of budgeted funds for equipment procurement, thus a significant reduction for percent complete as compared to the Q4-2013 report.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Not Applicable
2i.	Equipment Deployment	92	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	97	Additional costs are expected in this category to cover expenses associated with the LTE testing once deployed in Q3 2014. The budget modification resulted in a reduction of budgeted funds for network testing, thus a significant increase for percent complete as compared to the Q4-2013 report.
2k.	Other (please specify):	78	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). The budget modification resulted in a reduction of budgeted funds for this category, thus a significant increase for percent complete as compared to the Q4-2013 report.

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 Q2 2014. Getting the 10 tower sites make ready for the LTE retrofit are taking longer than expected due to BIT trying to finalize termination agreements with some of the tower companies who will also continue to do business with BIT on some existing sites included within the project footprint. This process has caused delays in receiving lease amendments but is fully expected to be completed in Q2 2014. CPE ordering continues to be delayed due to a second vendor's equipment being evaluated, but this will help BIT insure that the customers will be receiving the best product performance. The Alberta Tower Site failed the initial structural analysis and options are being considered for an alternate site.

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

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
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	Not Applicable
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

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	BIT has projected to serve 10 CAls 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	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

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) Tower contract back rent settlements will be finalized.
 2) SIM card testing will be finalized.
 3) Customer Premise Equipment (CPE) will be ordered and delivered.
 4) Complete the site make ready for all 10 tower sites in the 5 county serving area.
 5) Network equipment will be installed on the 10 towers and the first site made live.
 6) The sale of WiMAX equipment will be initiated.
 7) The resolution to replace the Alberta tower site will be identified and resolved.
 8) The first phase of the marketing plan will be initiated. Possible beta testers will be added to active sites and presales will be started.

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	91	No Variance
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	82	No Variance
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	Not Applicable
2i.	Equipment Deployment	92	No Variance
2j.	Network Testing	97	No Variance
2k.	Other (please specify):	79	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).
 1) BIT continues to get approvals from the tower companies for the equipment modifications on some of the tower sites in order to proceed on schedule with the proposed build-out timeline. Overall, this delay will not affect the project completion deadline of 9/30/14.
 2) The Alberta replacement tower will still be an ongoing problem and a resolution will happen during this quarter but will push out the retrofit for this site until last. This has caused a change in the proposed order in which the 10 towers will be retrofitted, but again, will not affect the project completion date 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	\$419,939	\$22,914	\$397,025	\$422,940	\$22,915	\$400,025
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	\$956,957	\$304,566	\$652,391	\$966,957	\$304,566	\$662,391
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	\$83,295	\$40,500	\$42,795	\$83,295	\$40,500	\$42,795
g. Site work	\$393,825	\$2,958	\$390,867	\$387,320	\$4,683	\$382,637	\$387,320	\$4,683	\$382,637
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	\$18,182,269	\$3,346,364	\$14,835,905	\$18,262,269	\$3,386,364	\$14,875,905
k. Miscellaneous	\$1,747,748	\$693,777	\$1,053,971	\$1,374,092	\$581,859	\$792,233	\$1,397,776	\$581,859	\$815,917
l. SUBTOTAL (add a through k)	\$23,958,697	\$4,975,049	\$18,983,648	\$21,623,887	\$4,433,778	\$17,190,109	\$21,740,572	\$4,473,779	\$17,266,793
m. Contingencies									
n. TOTALS (sum of l and m)	\$23,958,697	\$4,975,049	\$18,983,648	\$21,623,887	\$4,433,778	\$17,190,109	\$21,740,572	\$4,473,779	\$17,266,793

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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