

**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>  NT10BIX5570018	<b>3. DUNS Number</b>  014409657
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<b>4. Recipient Organization</b>  Critical Hub Networks, Inc 1314 Ponce De Leon Ave. Ste. 400, San Juan, PR 00907-4047
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<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  09-30-2012	<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>  Karen Elizabeth Larson  Vice President	<b>7c. Telephone (area code, number and extension)</b>  7877289000
	<b>7d. Email Address</b>  kmarazzi@caribe.net

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  11-09-2012
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**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**  
 During the previous quarter, the PRBI project activities included: (a) Terrestrial Network Deployment: Continuity of the facilities preparation was managed this quarter and we anticipate having them completed by the end of 3rd quarter of 2012. By the closing of this quarter we had deployed 72 Miles in our fixed wireless terrestrial network over 7 links. (b) Interconnection Agreements: Ongoing negotiations are in place with broadband providers, government agencies and other community anchor institutions on interconnection agreements. 1 new interconnection agreement in this reporting period with a CAI/University System. (c) Peering & Provisions: Continued negotiations of peering agreements with network & content providers in MIA-NAP. New peering established with 365Wireless.net -54 organizations peered in total. (d) Provisioning: Continuity of provisioning interconnections with broadband providers -3 new service ports were activated (Nustream, CoquiTel & Inteco) & 3 port upgrades. As result of port activations, PR.GOV government portal is now peered. (e) Community Outreach: Implementation of Community Outreach plan. Meetings held with other ARRA and BTOP recipients, government representatives, government agencies and educational institutions seeking collaboration to support the expansion of broadband usage. (f) Wireless Network: Activities related to the allocation of facilities for the Terrestrial Network are in progress. By the closing of this quarter we had deployed 71 Miles a total of 7 links. (g) Route Change: Preparation of a route change to address challenges identified with two POIs. Alternatives were found to resolve the site location needs. Route change will be submitted in October 2012.

**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	98	No significant variance from baseline
2b.	Environmental Assessment	100	No variance from baseline
2c.	Network Design	95	No significant variance from baseline
2d.	Rights of Way	100	Actual 101.99% Exceed budget due to approved network route change and acquisition of additional tower sites.
2e.	Construction Permits and Other Approvals	0	N/A
2f.	Site Preparation	97	No significant variance from baseline
2g.	Equipment Procurement	92	Variance of 8% due to challenges with 2 POIs, which will be addressed in Oct2012 Route Change
2h.	Network Build (all components - owned, leased, IRU, etc)	99	No significant variance from baseline
2i.	Equipment Deployment	64	Variance of 17% due to original FCC delays. However, milestones are tied with salary expenditures. Deployment is on target to meet 3/31/13 deadline.
2j.	Network Testing	55	Variance of 15% due to original FCC delays. However, milestones are tied with salary expenditures. Deployment is on target to meet 3/31/13 deadline.
2k.	Other (please specify):	0	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).**  
 Legal challenges with two sites will require us to submit a route change in October, and caused some delay as time was invested in identifying alternatives to address the challenges. FCC licensing has been completed for all unaffected sites. A new FCC license will need to be submitted in November, subject to successful route change approval.

**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	72	Variance of 79 miles due to delays in FCC licensing, which have since been resolved.
New network miles leased	3,901	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)	0	No variance
Number of new wireless links	7	Variance of 6 due to delays in FCC licensing, which have since been resolved
Number of new towers	9	Variance of 1 due to delays in FCC licensing and legal challenges with some site owners.
Number of new and/or upgraded interconnection points	11	Variance of 3 due to delays in FCC licensing and legal challenges with some site owners.

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	16
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	8
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: Liberty Cablevision, Worldnet, Xecure, Aeronet, AWV, Big Dog, OSNet, AT&T, Puerto Rico Webmasters (PRW), Tropical Networks, Columbus Networks, CoquiTel, Nustream and Inteco have established interconnectivity. The other two (2) pending networks are still in the process of constructing their last mile to the PRBI interconnection site. Due to competitive purposes, the names of the providers who have signed agreements will be released upon successful activation of interconnection.

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: PRBI will provide middle-mile transit and peering services to broadband service providers. In addition, PRBI will also provide peering services to Critical Community Anchor Institutions and Government Agencies.

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	14	Agreements signed with 16 providers - no variance from baseline. 14 network interconnections are currently active. Pending ongoing last mile and port preparation by broadband providers in order to activate remaining 2 signed interconnection agreements.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Providers with signed agreements receiving access to dark fiber	0	No variance
	Please identify the speed tiers that are available and the number of subscribers for each	14	Service are available from 100Mbps to 10Gbps
Community Anchor Institutions (including Government institutions)	Total subscribers served	1	Baseline calculations for CAI served included connectivity via interconnected last mile providers. Currently, one direct CAI connection to Puerto Rico Dept. of Health - PRHIN.
	Subscribers receiving new access	0	No variance
	Subscribers receiving improved access	1	Baseline calculations for CAI served included CAIs served by interconnected last mile providers. Due to NTIA revised guidance, only direct-connect CAIs are now reported. We request to revise the baseline to reflect this guidance.
	Please identify the speed tiers that are available and the number or subscribers for each	0	No variance
Residential / Households	Entities passed	0	N/A
	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	0	N/A
Businesses	Entities passed	0	N/A
	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	0	N/A

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

PRBI offers peering services in Puerto Rico and Florida. These services allow for the local exchange of traffic between networks. Peering is available for community anchor institutions such as schools, libraries, health care providers and non-profit organizations; government organizations; and broadband providers.

**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	Are you also the broadband service provider	Narrative description of how anchor institutions are using BTOP-funded infrastructure
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		baseline)	for this institution? (Yes / No)	
None	NA	NA	NA	NA

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**  
 During the next quarter, we anticipate the following accomplishments: (a) Route Change: Submission of route change to address challenges with 2 interconnection sites. Anticipate route change approval during the quarter. (b) Wireless Network Deployment: Activation of 11 POIs and associated links. (c) Interconnection Agreements: Continuity of execution of interconnection agreements with broadband providers. Anticipate one (1) new agreement during the quarter. (d) Network Interconnectivity: Continuity of activation of peering and interconnection with content and network providers at MIA-NAP. Anticipate ten (10) new peering interconnections at MIA-NAP. (e) Community Outreach: Meeting with government agencies, broadband providers and other community leaders to implement plans to promote the adoption of broadband in the island. (f) Close Out Preparations: Preparations for project close-out initiated.

**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	99	No significant variance from baseline
2b.	Environmental Assessment	100	No variance from baseline
2c.	Network Design	95	No significant variance from baseline
2d.	Rights of Way	100	Actual 101.99% Exceed budget due to approved network route change and acquisition of additional tower sites.
2e.	Construction Permits and Other Approvals	0	N/A
2f.	Site Preparation	98	No significant variance from baseline
2g.	Equipment Procurement	98	Variance due to final procurement of equipment for last POI as submitted under Route Change
2h.	Network Build (all components - owned, leased, IRU, etc.)	99	No variance from baseline
2i.	Equipment Deployment	79	Deployment delayed because of FCC license issuance delays.
2j.	Network Testing	70	Testing delays due to deployment delays.
2k.	Other (please specify):	0	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).**

(a) Route Change. We will be submitting a route change in October 2012 in order to address the challenges encountered with two points of interconnection. Subject to route change approval, we will submit for new associated FCC licenses. If route change approval is delayed or denied, it may impact our ability to complete this link within the funded period. (b) Weather: Due to the nature of many facility accommodation activities, in the case that any adverse weather conditions impact Puerto Rico the project's progress may be affected. (c) External Contractor Deliverables: If any external contractor/supplier/vendor incurs delays or does not fulfill their duties/materials, it may impact the project outcome. In order to reduce risk of contractor/supplier incompletion, we are limiting what we contract out. (d) Tower/Antenna Sites. In the event that a tower/rooftop becomes unavailable, we will face delays in deployment of the terrestrial network and will be forced to seek an alternative site and submit for a new route change and new FCC licenses. Some sites will have more impact than others in the overall network build 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	\$462,500	\$0	\$462,500	\$351,429	\$0	\$351,429	\$378,044	\$0	\$378,044
b. Land, structures, right-of-ways, appraisals, etc.	\$27,151,000	\$5,840,000	\$21,311,000	\$27,246,000	\$5,840,000	\$21,406,000	\$27,246,000	\$5,840,000	\$21,406,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$1,331,091	\$0	\$1,331,091	\$692,153	\$0	\$692,153	\$787,130	\$0	\$787,130
e. Other architectural and engineering fees	\$4,500	\$0	\$4,500	\$4,500	\$0	\$4,500	\$4,500	\$0	\$4,500
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$538,370	\$0	\$538,370	\$486,515	\$0	\$486,515	\$486,515	\$0	\$486,515
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$622,031	\$0	\$622,031	\$710,882	\$0	\$710,882	\$774,690	\$0	\$774,690
j. Equipment	\$2,149,732	\$760,950	\$1,388,782	\$2,013,475	\$764,504	\$1,248,971	\$2,163,475	\$764,504	\$1,398,971
k. Miscellaneous	\$29,571	\$5,475	\$24,096	\$43,788	\$0	\$43,788	\$45,438	\$0	\$45,438
<b>l. SUBTOTAL (add a through k)</b>	\$32,288,795	\$6,606,425	\$25,682,370	\$31,548,742	\$6,604,504	\$24,944,238	\$31,885,792	\$6,604,504	\$25,281,288
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$32,288,795	\$6,606,425	\$25,682,370	\$31,548,742	\$6,604,504	\$24,944,238	\$31,885,792	\$6,604,504	\$25,281,288

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: \$378,736
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