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** NT10BIX5570131	**3. DUNS Number** 044627859

4. Recipient Organization

Peoples Telephone Cooperative Inc. 102 N. Stephens St., Quitman, TX 75783-2202

5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2011	**6. Is this the last Report of the Award Period?** ◯ **Yes** ◉ **No**

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 Robbie Allen	**7c. Telephone (area code, number and extension)** X
	7d. Email Address rob@peoplescom.net
7b. Signature of Certifying Official Submitted Electronically	**7e. Date Report Submitted (MM/DD/YYYY):** 02-24-2012

Project Indicators (This Quarter)

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

We completed most of the construction in Phase 1 of 3, through rural areas from Quitman through Mineola, Grand Saline, Edgewood and to Wills Point. This resulted in a total of 41 miles in service. Duct was installed in 80% of the route from Mineola through Lindale, Van, Canton, and to Wills Point. Contruction began on duct from Wills Point to I-30. We also began construction on Phase 2 of 3 phases.

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	19	Receipt of fiber resulted in 50% increase in project completion from 3rd Quarter. Expect significant additional progress next quarter.
2b. Environmental Assessment	100	FONSI is complete, thus this milestone is 100% complete. Post-FONSI environmental assessment work will be done under item 2c, Network Design.
2c. Network Design	27	Consistent with project progress.
2d. Rights of Way	0	No variance.
2e. Construction Permits and Other Approvals	10	Approvals procured as needed. Some delay is attributable to delayed receipt of fiber.
2f. Site Preparation	7	Site preparation performed as needed. Some delay is attributable to delayed receipt of fiber.
2g. Equipment Procurement	27	This is the appropriate percent complete for a project that is 19% complete overall. Fiber procurement delays have delayed the purchase of access equipment.
2h. Network Build (all components - owned, leased, IRU, etc)	17	Receipt of fiber resulted in 50% increase in project completion from 3rd Quarter. Expect significant additional progress next quarter.
2i. Equipment Deployment	0	Peoples' employees are doing all equipment deployment. No expenses expected in this category.
2j. Network Testing	0	Peoples' employees are doing all network testing. No expenses expected in this category.
2k. Other (please specify): Land Acquisition	0	To date, we are leasing and using public right-of-way instead of purchasing land so Land Acquisition has not been as high as we predicted it would be at this stage.

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).

Environmental approval of route changes was finally received as well as enough fiber to begin "lighting up" the facilities. Planned revenue is still non-existent and straining resources.

The variance in subscriber counts (question #5) is due to the environmental assessment taking longer than expected and the delay in fiber procurement.

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	41	Fiber was delivered mid-December and installation has begun. Fiber delivery delay caused variance.

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles leased	0	Fiber was delivered mid-December and installation has begun. Fiber delivery delay caused variance.
Existing network miles upgraded	0	Fiber was delivered mid-December and installation has begun. Fiber delivery delay caused variance.
Existing network miles leased	0	Fiber was delivered mid-December and installation has begun. Fiber delivery delay caused variance.
Number of miles of new fiber (aerial or underground)	41	Fiber was delivered mid-December and installation has begun. Fiber delivery delay caused variance.
Number of new wireless links	0	Fiber was delivered mid-December and installation has begun. Fiber delivery delay caused variance.
Number of new towers	0	Fiber was delivered mid-December and installation has begun. Fiber delivery delay caused variance.
Number of new and/or upgraded interconnection points	0	Fiber was delivered mid-December and installation has begun. Fiber delivery delay caused variance.

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	1
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	5
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:

The Cyber Shop in Grand Saline, Texas.

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:

WiFi internet services will be provided to rural areas surrounding Grand Saline, Texas. We are charging The Cyber Shop $2,595.00 per month for 100 Meg.

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).

None.

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**	1	We have one customer receiving a speed of 100 Megs. The variance in subscriber counts is due to the environmental assessment taking longer than expected and fiber procurement delays. With fiber now being installed, we expect to begin serving additional subscribers next quarter.

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 improved access	0	The variance in subscriber counts is due to the environmental assessment taking longer than expected and fiber procurement delays. With fiber now being installed, we expect to begin serving additional subscribers next quarter.
	Providers with signed agreements receiving access to dark fiber	0	The variance in subscriber counts is due to the environmental assessment taking longer than expected and fiber procurement delays. With fiber now being installed, we expect to begin serving additional subscribers next quarter.
	Please identify the speed tiers that are available and the number of subscribers for each	1	We have one customer receiving a speed of 100 Megs. The variance in subscriber counts is due to the environmental assessment taking longer than expected and fiber procurement delays. With fiber now being installed, we expect to begin serving additional subscribers next quarter.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	The variance in CAI counts is due to the environmental assessment taking longer than expected and fiber procurement delays. With fiber now being installed, we expect to begin serving additional subscribers next quarter.
	Subscribers receiving new access	0	The variance in CAI counts is due to the environmental assessment taking longer than expected and fiber procurement delays. With fiber now being installed, we expect to begin serving additional subscribers next quarter.
	Subscribers receiving improved access	4	The variance in CAI counts is due to the environmental assessment taking longer than expected and fiber procurement delays. With fiber now being installed, we expect to begin serving additional subscribers next quarter.
	Please identify the speed tiers that are available and the number or subscribers for each	4	All 4 CAIs are receiving 100 Megs. The variance in CAI counts is due to the environmental assessment taking longer than expected and fiber procurement delays. With fiber now being installed, we expect to begin serving additional subscribers next quarter.
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).
None.

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
Alba-Golden ISD	Alba, TX	School	Yes	They are connected to 3 other schools and also receive a 100 Meg broadband connection.
Gladewater ISD	Gladewater, TX	School	No	They are connected to 3 other schools.
Rains ISD	Emory, TX	School	Yes	They are connected to 3 other schools and also receive a 100 Meg broadband connection.
Yantis ISD	Yantis, TX	School	Yes	They are connected to 3 other schools and also receive a 100 Meg broadband connection.

Project Indicators (Next Quarter)

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

We expect to procure a contract and begin to serve a large number of schools via the Region 8 Service Center. We have also contacted many schools and other community institutions along our routes who are very receptive to obtaining new or improved access via our fiber. We have several contracts pending including an electric cooperative and an end user who we expect to turn up in the first quarter, 2012. Additional contracts are expected with connection dates in the second quarter, 2012. By the end of the first quarter, 2012, we expect to have a total of 103 miles in service and 5 connections, including 2 CAIs.

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	27	The baseline prediction was higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions.
2b.	Environmental Assessment	100	No variance.
2c.	Network Design	35	The baseline prediction was higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions.
2d.	Rights of Way	0	No variance.
2e.	Construction Permits and Other Approvals	16	The baseline prediction was higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions.
2f.	Site Preparation	10	The baseline prediction was higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions.
2g.	Equipment Procurement	34	The baseline prediction was higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions.
2h.	Network Build (all components - owned, leased, IRU, etc.)	25	The baseline prediction was higher than this but this represents a significant improvement over last quarter. Now that we are procuring and installing fiber, we are "catching up" to baseline predictions.
2i.	Equipment Deployment	0	Peoples' employees are doing all equipment deployment. No expenses expected in this category.
2j.	Network Testing	0	Peoples' employees are doing all network testing. No expenses expected in this category.
2k.	Other (please specify): Land Acquisition	0	To date, we are leasing and using public right-of-way instead of purchasing land so Land Acquisition has not been as high as we predicted it would be at this stage.

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).

We have contacted many schools along our routes who are very receptive to obtaining new or improved access via our fiber, but they are under contract with other providers via the Universal Service ERate program and cannot commit to take our service until their current contract period is complete.

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.

Cost Classification	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		
	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.	$1,012,000	$202,400	$809,600	$21,050	$4,210	$16,840	$42,385	$8,477	$33,908
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$3,039,520	$607,904	$2,431,616	$1,374,108	$274,823	$1,099,285	$1,459,948	$291,989	$1,167,959
e. Other architectural and engineering fees	$1,290,280	$258,056	$1,032,224	$83,381	$16,676	$66,705	$221,764	$44,353	$177,411
f. Project inspection fees	$950,297	$190,059	$760,238	$152,678	$30,536	$122,142	$166,323	$33,265	$133,058
g. Site work	$192,000	$38,400	$153,600	$15,763	$3,152	$12,611	$19,200	$3,840	$15,360
h. Demolition and removal	$32,400	$6,480	$25,920	$0	$0	$0	$0	$0	$0
i. Construction	$25,805,608	$5,161,122	$20,644,486	$4,329,112	$865,822	$3,463,290	$6,451,402	$1,290,280	$5,161,122
j. Equipment	$3,709,590	$741,918	$2,967,672	$1,007,147	$201,429	$805,718	$1,261,261	$252,252	$1,009,009
k. Miscellaneous	$0	$0	$0	$2,841	$568	$2,273	$2,841	$568	$2,273
l. SUBTOTAL (add a through k)	$36,031,695	$7,206,339	$28,825,356	$6,986,080	$1,397,216	$5,588,864	$9,625,124	$1,925,024	$7,700,100
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$36,031,695	$7,206,339	$28,825,356	$6,986,080	$1,397,216	$5,588,864	$9,625,124	$1,925,024	$7,700,100

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