QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Award Identification Number	3. DUNS Number
Department of Commerce, National Telecommunications and Information Administration	NT10BIX5570018	014409657

4. Recipient Organization

Critical Hub Networks, Inc 1314 Ponce De Leon Ave.
Ste. 400, San Juan, PR 00907-4047

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
12-31-2012	◯ 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	7c. Telephone (area code, number and extension)
Karen Elizabeth Larson Vice President	7877289000 **7d. Email Address** kmarazzi@caribe.net

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	02-12-2013

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 Wireless Network Deployment: Route Change was submitted & approved in October 2012. Implementation of new route in progress. By the closing of this quarter we had deployed 195 Miles in our fixed wireless terrestrial network. (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 broadband provider, for a total of 17 interconnection agreements. (c) Peering & Provisions: Continued negotiations of peering agreements with network & content providers in MIA-NAP. (d) Provisioning: Continuity of provisioning of interconnections with broadband providers. (e) Community Outreach: Meetings held with other ARRA and BTOP recipients, government representatives, government agencies and educational institutions seeking collaboration to support broadband adoption. (f) Project Modification: In December 2012, submitted a request for project modification to expand project to include fiber in an existing rail system (PRBI-TU segment).

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	99	No variance
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	0	NA
2f.	Site Preparation	99	No variance
2g.	Equipment Procurement	97	No variance
2h.	Network Build (all components - owned, leased, IRU, etc)	99	No variance
2i.	Equipment Deployment	69	Variance due to delays in issuance of FCC licenses. Currently pending 2 licenses.
2j.	Network Testing	74	Variance due to delays in issuance of FCC licenses. Currently pending 2 licenses.
2k.	Other (please specify):	0	NA

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).

Critical Hub's route change request was approved in November, and required us to request a new FCC license for a new site. As of the end of the quarter, the license has yet to be approved. Delays in its issuance will impact our ability to activate this final wireless link within the funded period. Critical Hub submitted in Q4-2012 a Project Modification for the PRBI-TU Segment, which has yet to be approved.

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	195	No significant variance. 12 miles pending for deployment.
New network miles leased	3,901	No variance
Existing network miles upgraded	0	No variance

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Existing network miles leased	0	No variance
Number of miles of new fiber (aerial or underground)	0	No variance
Number of new wireless links	17	Additional links due to route change approvals.
Number of new towers	17	Additional towers due to route change approvals.
Number of new and/or upgraded interconnection points	19	Additional interconnection points due to route change approvals.

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	17
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	7
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 three (3) 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. All interconnection agreements are with last mile service providers which are obtaining PRBI interconnectivity for use in offering their own broadband Internet services.

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	17	Agreements signed with 17 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 3 signed interconnection agreements.
	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	17	Services are available from 100Mbps to 10Gbps

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	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 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	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) Project Modification: Anticipate the project modification submitted in December 2012 will be approved during the quarter. (b) Wireless Network Deployment: Receipt of final pending FCC licenses and activation of the final 12miles. (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. (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 and promote local peering. (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**	100	Actual: 99.7%. Variance due to expenditures pending disbursement related to closeout of project, including audit & legal.
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**	0	NA
2f.	**Site Preparation**	100	No variance
2g.	**Equipment Procurement**	100	No variance
2h.	**Network Build (all components - owned, leased, IRU, etc.)**	100	No variance
2i.	**Equipment Deployment**	100	No variance
2j.	**Network Testing**	100	No variance
2k.	**Other (please specify):**	0	NA

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) 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. (b) 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 incompliance, we are limiting what we contract out. (c) FCC Licenses: Critical Hub is pending 2 FCC licenses in order to finish the terrestrial wireless network. Delay in the issuance of the licenses will impact our ability to complete the link activation within the funded period.

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	$462,500	$0	$462,500	$386,045	$0	$386,045	$405,160	$0	$405,160
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	$761,132	$0	$761,132	$860,808	$0	$860,808
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	$492,547	$0	$492,547	$503,327	$0	$503,327
h. Demolition and removal	$0	$0	$0	$0	$0	$0	$0	$0	$0
i. Construction	$622,031	$0	$622,031	$785,128	$0	$785,128	$907,685	$0	$907,685
j. Equipment	$2,149,732	$760,950	$1,388,782	$2,132,591	$764,504	$1,368,087	$2,221,120	$764,504	$1,456,616
k. Miscellaneous	$29,571	$5,475	$24,096	$52,085	$0	$52,085	$61,381	$1,921	$59,460
l. SUBTOTAL (add a through k)	$32,288,795	$6,606,425	$25,682,370	$31,860,028	$6,604,504	$25,255,524	$32,209,981	$6,606,425	$25,603,556
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$32,288,795	$6,606,425	$25,682,370	$31,860,028	$6,604,504	$25,255,524	$32,209,981	$6,606,425	$25,603,556

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: $480,516