

RECIPIENT NAME:DeltaCom, Inc.

AWARD NUMBER: NT10BIX5570034

DATE: 05/17/2011

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

### 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>  NT10BIX5570034	<b>3. DUNS Number</b>  141946322
<b>4. Recipient Organization</b>  DeltaCom, Inc. 7037 Old Madison Pike NW, Huntsville, AL 35806-2107		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  03-31-2011	<b>6. Is this the last Report of the Award Period?</b>  <input type="radio"/> Yes <input checked="" type="radio"/> No	
<b>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>		
<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Traci Jennifer Tidmore  Regulatory	<b>7c. Telephone (area code, number and extension)</b>  2563827090	
	<b>7d. Email Address</b>  traci.tidmore@deltacom.com	
<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  05-17-2011	

**Project Indicators (This Quarter)**

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

During this quarter DeltaCom completed Phase I of the project funded by the American Recovery and Reinvestment Act (ARRA) through the Broadband Technology Opportunity Program (BTOP). Phase I of the project included a network expansion of a diverse fiber optic route from Nashville to Knoxville and the lighting of a new diverse fiber optic route from Knoxville to Chattanooga. Fiber Optic transport equipment and prefabricated concrete buildings were installed in Oak Ridge, Tennessee; Cleveland, Tennessee; and Philadelphia, Tennessee. Fiber optic transport equipment was installed at existing facility locations in Nashville, Tennessee; Watertown, Tennessee; Cookeville, Tennessee; Knoxville, Tennessee; and Chattanooga, Tennessee.

Work commenced on Phase II of the project in January 2011. Phase II of the project includes lighting a new fiber route from Knoxville, Tennessee to Bristol, Tennessee. During the first quarter of 2011, fiber optic transport equipment and prefabricated concrete shelters were installed in Morristown, Tennessee; Johnson City, Tennessee; and Bristol, Tennessee. Phase II of this project is forecasted to be complete in April 2011.

During the quarter, twenty-one external laborers performed tasks associated with Fiber Optic Cable Installation. These tasks consisted of backhoe operation, general operation and common/general labor. Additionally, two laborers performed common/general labor tasks associated with Equipment Installation. This labor equated to 5.72 Full Time Equivalent jobs for the quarter. DeltaCom did not seek funding for internal labor therefore, DeltaCom resources are not included in the Full Time Equivalent calculations.

Project expenditures are below the baseline plan due to the delayed start associated with Environmental Assessment approval date and a marginal under run in the overall project budget. No action is being taken to off-set the two month delay; however, DeltaCom's project is currently projected to complete in the fourth quarter of 2011, well in advance of the BTOP deadline of January 31, 2013.

**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	65	Project expenditures are below the baseline plan due to the delayed start associated with Environmental Assessment approval date and a marginal under run in the overall project budget. No action is being taken to off-set the two month delay; however, DeltaCom's project is currently projected to complete in the fourth quarter of 2011, well in advance of the BTOP deadline of January 31, 2013.
2b.	Environmental Assessment	100	DeltaCom's Environmental Assessment was issued a Finding of No Significant Impacts ("FONSI") on 09/30/2010. Professional Services fees incurred for the Environmental Assessment were deemed a sole-source procurement and were not approved for grant funding.
2c.	Network Design	48	Network design was completed in the first quarter of 2011; however, vendor invoices are not scheduled to be paid until second quarter of 2011. This milestone will be in line with the baseline plan in second quarter 2011.
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	16	To date, costs associated with this milestone have under run projected budget expenditures.
2f.	Site Preparation	100	On schedule
2g.	Equipment Procurement	64	Expenditures for equipment are slightly behind schedule due to delayed start. No significant variance to the overall baseline budget is anticipated since this milestone will be in line with the baseline plan in third quarter 2011.
2h.	Network Build (all components - owned, leased, IRU, etc)	74	DeltaCom anticipates a marginal under run variance against the baseline plan for this milestone. DeltaCom will complete work associated with this milestone category in third quarter 2011.
2i.	Equipment Deployment	42	The baseline plan over run associated with this milestone is due to invoice payment timing. No significant variance to the overall baseline plan is anticipated.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2j.	Network Testing	0	DeltaCom currently has an under run variance against the baseline plan for this milestone. Funds were budgeted for test equipment that have not been required to date. Funds will be required prior to completion of the project.
2k.	Other (please specify):	68	In-kind assets comprised of dark fiber and land were dedicated to project on March 14, 2011.

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).  
 No issues at this time.

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	0	N/A
New network miles leased	8	N/A
Existing network miles upgraded	335	N/A
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	0	N/A
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	N/A

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:  
 Nothing to report at this time

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:

Nothing to report at this time

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).  
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	To be served in subsequent quarters
	Providers with signed agreements receiving improved access	0	To be served in subsequent quarters
	Providers with signed agreements receiving access to dark fiber	0	To be served in subsequent quarters
	Please identify the speed tiers that are available and the number of subscribers for each	0	To be served in subsequent quarters
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	To be served in subsequent quarters
	Subscribers receiving new access	0	To be served in subsequent quarters
	Subscribers receiving improved access	0	To be served in subsequent quarters
	Please identify the speed tiers that are available and the number or subscribers for each	0	To be served in subsequent quarters
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).**  
 DeltaCom is creating competitive middle mile pricing that enables connectivity for last mile provider networks. We are also utilizing last mile providers to enable direct DeltaCom services to public anchor institutions in select markets at a 20% discount below our list pricing for qualifying broadband 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).**  
 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
N/A	N/A	N/A	N/A	N/A

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**  
 Phase II is scheduled for completion in April 2011. Phase II includes the lighting of a new fiber route from Knoxville, Tennessee to Bristol, Tennessee. Fiber optic transport equipment will be installed in the prefabricated concrete buildings located in Morristown, Tennessee; Johnson City, Tennessee; and Bristol, Tennessee.  
 Detailed planning for Phase III of the project and outside plant make-ready work will commence in the second quarter of 2011. Phase III of the project is projected to be completed in the fourth quarter of 2011.  
 Full Time Equivalent job creation for this quarter is expected to be minimal because DeltaCom did not seek funding for internal labor associated with this project and therefore, DeltaCom resources are not included in the Full Time Equivalent job creation calculations.

**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	78	Project expenditures are below the baseline plan due to the delayed start associated with Environmental Assessment approval date and a marginal under run in the overall project budget. No action is being taken to off-set the two month delay; however, DeltaCom's project is currently projected to complete in the fourth quarter of 2011, well in advance of the BTOP deadline of January 31, 2013.
2b.	Environmental Assessment	100	DeltaCom's Environmental Assessment was issued a Finding of No Significant Impacts ("FONSI") on 09/30/2010. Professional Services fees incurred for the Environmental Assessment were deemed a sole-source procurement and were not approved for grant funding.
2c.	Network Design	100	On schedule
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	45	To date, costs associated with this milestone have under run projected budget expenditures.
2f.	Site Preparation	100	On schedule

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2g.	Equipment Procurement	75	Expenditures for equipment slightly behind schedule due to delayed start. No significant variance to overall baseline budget is anticipated since milestone will be in line with the baseline plan in third quarter 2011.
2h.	Network Build (all components - owned, leased, IRU, etc.)	78	DeltaCom anticipates a marginal under run variance against the baseline plan for this milestone. DeltaCom will complete work associated with this milestone category in third quarter 2011.
2i.	Equipment Deployment	48	The baseline plan over run associated with this milestone is due to invoice payment timing. No significant variance to the overall baseline plan is anticipated. This milestone is expected to be complete in third quarter 2011.
2j.	Network Testing	0	No expenditures anticipated until third quarter 2011.DeltaCom currently has an under run variance against the baseline plan for this milestone. Funds were budgeted for test equipment that have not been required to date. Funds will be required prior to completion of the project.
2k.	Other (please specify):	100	Remaining in-kind assets will be dedicated to the project in second quarter 2011.

**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).**

No additional issues at this time.

**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	\$15,000	\$0	\$15,000	\$13,561	\$0	\$13,561	\$13,561	\$0	\$13,561
b. Land, structures, right-of-ways, appraisals, etc.	\$1,993,207	\$96,134	\$1,897,073	\$1,106,550	\$96,134	\$1,010,416	\$1,334,550	\$96,133	\$1,238,417
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$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	\$186,000	\$13,074	\$172,926	\$175,838	\$13,074	\$162,764	\$175,838	\$13,074	\$162,764
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,446,157	\$99,675	\$2,346,482	\$1,083,592	\$99,675	\$983,917	\$1,451,592	\$99,675	\$1,351,917
j. Equipment	\$5,462,091	\$562,086	\$4,900,005	\$4,435,531	\$562,086	\$3,873,445	\$4,647,530	\$562,086	\$4,085,444
k. Miscellaneous	\$1,629,360	\$1,629,360	\$0	\$899,774	\$899,774	\$0	\$1,629,360	\$1,629,360	\$0
<b>l. SUBTOTAL (add a through k)</b>	<b>\$11,731,815</b>	<b>\$2,400,329</b>	<b>\$9,331,486</b>	<b>\$7,714,846</b>	<b>\$1,670,743</b>	<b>\$6,044,103</b>	<b>\$9,252,431</b>	<b>\$2,400,328</b>	<b>\$6,852,103</b>
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	<b>\$11,731,815</b>	<b>\$2,400,329</b>	<b>\$9,331,486</b>	<b>\$7,714,846</b>	<b>\$1,670,743</b>	<b>\$6,044,103</b>	<b>\$9,252,431</b>	<b>\$2,400,328</b>	<b>\$6,852,103</b>

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
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