

RECIPIENT NAME:
AWARD NUMBER:
DATE:

OMB CONTROL NUMBER: 0660-0037
EXPIRATION DATE: 12-31-2010

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information		
1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce/NTIA	2. Award Identification Number NT10BIX5570007	3a. DUNS Number 831268003 3b. EIN 262736592
4. Recipient Organization (Name and complete address including country, congressional district, and zip code) ION Holdco, LLC 80 State Street, Suite 700 Albany, NY 12207 USA Cong Dist 20		
5. Current Reporting Period End Date (MM/DD/YYYY) 06/30/2010	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> 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 Joseph A Calzone	7c. Telephone (area code, number and extension) 518-689-4551	
	7d. Email Address jcalzone@i-o-n.com	
7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY): 07/30/2010	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (150 words or less).
 ION navigated the RFQ/RFP process and completed it for an EA consultant. ION completed initial NEPA and EA review and has submitted this to DoC for final approval. ION began network design and the permitting process for the three initial segments which will be constructed this year. ION has been negotiating anchor institution agreements including one with Alfred University (an anchor institution on our 1st route to be completed). ION has been working with other anchor institutions and 3rd party service providers (Frontier) on these same routes to understand their needs and eventually bring them onto the newly developed network. Job creation has begun internally with new full time positions created, as construction begins job creation will ramp up considerably.

2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second 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 (100 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	1.25	Baseline = 2.35%. Environmental Assessment work took far longer and consumed far more manpower than anticipated. Consequent delay in Network Design and Rights of Way work.
2b.	Environmental Assessment	100	Baseline = 100%
2c.	Network Design	16.89	Baseline = 41.25%. Our Baseline reports that for Network Design will expect to be 41.25% complete through 2Q, and 100% complete by 3Q. Through 2Q our actual results for Network Design was 16.89% complete. We estimate to be at 100% complete by 3Q. We expect to meet our 3Q estimate by dedicating an increased amount of outside consultant time to these efforts. This will be possible now that the Environmental Assessment work (which took far more resources than anticipated away from Network Design efforts) is complete, and those same resources can be dedicated to Network Design efforts.
2d.	Rights of Way	0	Baseline = 2.85%. Environmental Assessment work took far longer and consumed far more manpower than anticipated. Consequent delay in Rights of Way work.
2e.	Construction Permits and Other Approvals	0	Baseline = 0%
2f.	Site Preparation	0	Baseline = 0%
2g.	Equipment Procurement	0	Baseline = 0%
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Baseline = 0%
2i.	Equipment Deployment	0	Baseline = 0%
2j.	Network Testing	0	Baseline = 0%
2k.	Other (please specify): Grant Administration	10.01	Baseline = 35.90%. Due to the long delays in processing our of request for an Entity Transfer of our Grant, and for work on Environmental Assessment requirements, much of our outside consulting for administrative duties were delayed. Now that the Entity Transfer is almost final (date set for August 31), and our Environmental Assessment report has been submitted, we are able to refocus our efforts to the actual construction phases and the administrative resources required for that effort. We expect the need for administrative support to still be at the levels budgeted, and that the 2Q shortfall is only the result of timing.

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 (150 words or less).

ION Holdco decided early on in the grant process that for business reasons it needed to do an entity change. ION began this process in February 2010 and due to this grant truly being in it's infancy stages, the processes needed to maneuver through this change were just not in place. This caused many false starts in getting through and finalizing an entity change. One of the outcomes of being in these uncharted waters was that ION had not received reimbursement for any expenses through the end of June. Additionally, our EA was challenging in that the project incorporates builds in 3 states. While all of this certainly has not been easy, ION personnel has been diligent in trying to move this grant forward and thus none of these have caused a delay in the start of construction of the network.

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4. Please report the following information regarding network build progress. Write "N/A" in the second 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 (100 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	Baseline = 0
New network miles leased	0	Baseline = 0
Existing network miles upgraded	0	Baseline = 0
Existing network miles leased	0	Baseline = 0
Number of miles of new fiber (aerial or underground)	0	Baseline = 0
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of interconnection points	0	Baseline = 0

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your subrecipient, 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	0

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements. Providers:
 NA currently

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. Wholesale services description:
 DS-3, OC-3, OC-12, OC-48, 10Mb to 500Mb Ethernet services, GigE (1000Mb), 2.5Gb wave and 10Gb wave; provided as linear (point to point) and/or route protected circuits. (see attachment)

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 subrecipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (150 words or less).
 N/A

6. Please provide the data according to the type of subscriber. Write "N/A" 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 (100 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	0	no variance
	Providers with signed agreements receiving access to dark fiber	0	NA - we do not offer/provide this service
	Please identify the speed tiers that are available and the number of subscribers for each	0	20Mbps=0, 50Mbps=0, 100Mbps=0, 250Mbps=0, 500Mbps=0, 1Gbps=0, 2.5Gbps=0, 10Gbps=0, DS-3=0, OC-3=0, OC-12=0, OC-48=0
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	
	Subscribers receiving new access	0	
	Subscribers receiving improved access	0	
	Please identify the speed tiers that are available and the number or subscribers for each	0	20Mbps=0, 50Mbps=0, 100Mbps=0, 250Mbps=0, 500Mbps=0, 1Gbps=0, 2.5Gbps=0, 10Gbps=0, DS-3=0, OC-3=0, OC-12=0, OC-48=0
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 (150 words or less).

The priority for ION with this funding will be to seek out and work with governmental, educational, and healthcare entities that need service or that can offer services to support the vision of the American Reinvestment and Recovery Act. ION is working in close collaboration with Southern Tier West, Southern Tier Central, Southern Tier East, and other development agencies where job creation is central to their mission. ION will address the needs of public safety agencies and has met with agencies to address the need for reliable, affordable and secure capacity to meet the needs of these entities. ION may provide collocation and cross connection services to 3rd party providers requiring such services. ION may provide direct Internet backbone access to anchor institutions or 3rd party service providers to resell to their customers.

8a. Have your network management practices changed over the last quarter? No Yes

8b. If so, please describe the changes (150 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. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent calendar year. 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 (100 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

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (150 words or less).

ION is planning to receive final NEPA/EA approval in the near term, while awaiting this, ION will complete staking and network design, make further progress on rights of way and construction permits, complete review of network equipment and begin procurement. During the next quarter and after EA approval ION will begin construction on three of the 10 proposed segments of the awarded project. More work will be done involving the creation of contracts with 3rd party service providers and anchor institution in preparation of network utilization. Job creation will continue during the next quarter.

2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second 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 (100 words or less).

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	8.47	Zero variance
2b.	Environmental Assessment	100	Zero variance
2c.	Network Design	100	Zero variance
2d.	Rights of Way	16.72	Zero variance
2e.	Construction Permits and Other Approvals	12.9	Zero variance
2f.	Site Preparation	2.41	Zero variance
2g.	Equipment Procurement	11.23	Zero variance
2h.	Network Build (all components - owned, leased, IRU, etc.)	3.95	Zero variance
2i.	Equipment Deployment	0	Zero variance
2j.	Network Testing	0	Zero variance
2k.	Other (please specify): Grant Administration	53.85	Zero variance

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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 (150 words or less).

We expect the entity change to happen in this next quarter and consider it still a challenge and hurdle. This will require additional work in recreating all of the necessary steps for the new entity. This will include registration in ASAP and registering in all governing Websites. We will need to act very quickly and have strong technical assistance to move through these processes quickly and efficiently so it does not affect our time line.

As mentioned above, this process has slowed the transfer of grant money, but we have made strides in working through this process and hope this will no longer be an issue. Another potential issue is the availability of quality cable constructors, as this is late in the build season and many of the firms have their crews in the field working already. We believe we will be able to overcome this obstacle.

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	\$1,175,000	\$235,000	\$940,000	\$117,582	\$23,516	\$94,066	\$632,692	\$126,538	\$506,154
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	\$3,953,595	\$790,719	\$3,162,876	\$503,703	\$100,741	\$402,962	\$926,904	\$185,381	\$741,523
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	\$1,157,000	\$231,400	\$925,601	\$0	\$0	\$0	\$558,566	\$111,713	\$446,853
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$37,772,000	\$7,554,400	\$30,217,600	\$0	\$0	\$0	\$1,553,760	\$310,753	\$1,243,007
j. Equipment	\$5,598,144	\$1,119,600	\$4,478,544	\$0	\$0	\$0	\$628,600	\$125,720	\$502,880
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$49,655,744	\$9,931,159	\$39,724,585	\$621,285	\$124,257	\$497,028	\$4,300,522	\$860,105	\$3,440,421
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS (sum of l and m)	\$49,655,744	\$9,931,159	\$39,724,585	\$621,285	\$124,257	\$497,028	\$4,300,522	\$860,105	\$0

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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