

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 NT10BIX5570035	3. DUNS Number 003428208
4. Recipient Organization Hardy Telecommunications, Inc. 2255 Kimseys Run RD, Lost River, WV 26810-8317		
5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2011	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 Sherry McCuller Managing Director	7c. Telephone (area code, number and extension) 8286759290	
	7d. Email Address peregrine@hughes.net	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-22-2011	

Project Indicators (This Quarter)

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

Hardy Telecommunications achieved the following objectives in Q3 2011: Fiber-optic cable and major construction materials ordered and received. Fiber-optic cable testing performed. Contractors' qualifications evaluated. Request for proposals for outside plant construction prepared and issued. Contractors conference held. Contractor proposals evaluated and negotiated. Contracts prepared and construction contracts awarded. Safety and environmental/archaeological best practices management information provided to contractors by WV Dept. of Highways and consultants. Outside plant construction of aerial fiber optic-cable commenced September 26, 2011. As of September 30, 2011, 106 route miles have been staked. 92 rights of way have been acquired. 189 construction drawings have been produced. 6.2 miles of aerial fiber-optic cable have been placed. A fiber termination plan for each facility and equipment configurations were developed. A final site survey of facilities receiving network access equipment was conducted, and relay rack configurations were identified. Network access equipment was installed at three central office locations and cutover activities commenced. An engineered splice plan was completed for the entire core ring. Archaeological shovel testing of buried fiber-optic cable routes was completed, and a Phase 1 archaeological survey report was submitted to the National Telecommunications & Information Administration ("NTIA") and the West Virginia State Historic Preservation Office ("WV-SHPO"). Materials requested in connection with an Inspector General review of NTIA Broadband Technology Opportunities program ("BTOP") were prepared and submitted. Recovery Act, Financial and Performance Progress Reports were prepared and submitted. Engineering and cost analysis were performed to identify opportunities to leverage the Hardy AnchorRing middle mile network funded by BTOP to lower deployment costs of the Hardy OneNet fiber-to-the premise network funded by the Rural Utilities Service ("RUS") Broadband Initiatives Program ("BIP").

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	34	(59.4%) Variance. Delays in Intercreditor Agreement, Environmental Assessment review, and completion of Historic and Cultural Preservation Review prevented draw down of funds until April, 2011.
2b.	Environmental Assessment	100	629.2% Variance. Cost of environmental assessment and archaeological services ran significantly over budget due to the high number of prehistoric and historic sites in Hardy County, WV and the requirement for a Phase 1 archaeological survey and shovel testing.
2c.	Network Design	90	(1.4%) Variance. Resources reallocated to completion of environmental/archaeological assessments. Segments of the network were rerouted and redesigned from buried cable to aerial placement, to avoid identified historic and cultural sites.
2d.	Rights of Way	12	(88.1%) Variance. The baseline forecast included costs of land, structures, and appraisals in this category. Rights of Way acquisition costs have been included in the Construction Permits and Other Approvals Category. Delays in Environmental Assessment review and completion of Historical and Cultural Preservation Review delayed purchases of land for building placement sites and required easements. Phase 1 archaeological survey and shovel testing required to discover artifacts in 9.3 mile buried section and land for building placement. Land has been purchased for one building site, but site prep and building placement may not proceed until the Phase survey is completed and approvals obtained.
2e.	Construction Permits and Other Approvals	100	86.4% Variance. Sections of line were rerouted and redesigned as aerial placement to avoid historic and cultural sites along the route. Rights of Way acquisition costs have been included in this category.
2f.	Site Preparation	0	(100.0%) Variance. Site preparation may not proceed until completion of Phase 1 archaeological survey and approval by WV Historic Preservice Office and National Telecommunications & Information Administration

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2g.	Equipment Procurement	15	(84.7%) Variance. This category included Equipment Deployment in the Baseline. Deployment expenditures have been included for consistency. Delivery dates were deferred until facilities sites could be connected over fiber. Equipment has been deployed in three central office facilities.
2h.	Network Build (all components - owned, leased, IRU, etc)	18	(81.7%) Variance. Delays in approval of Intercreditor Agreement and Environmental Assessment prevented procurement of materials and commencement of construction prior to second quarter of 2011. Hardy contributed existing network infrastructure and electronics deployed to Community Anchor Institutions, representing 18% completion. Major materials have been ordered, and construction drawings and requests for proposals documentation completed for all four phases of construction. Contracts have been awarded, and construction commenced 9-26-2011. Construction invoices were not received by end of Q3 2011.
2i.	Equipment Deployment	0	N/A. Baseline forecast included equipment deployment in Equipment Procurement budget.
2j.	Network Testing	0	N/A. Same as above.
2k.	Other (please specify): Inspection	0	(100.0%) Variance. Same as Network Build.

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 significant challenges

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	6	117 miles of the planned Middle Mile network were forecasted to be completed by June 30, 2011. Variance is a result of a number of delays in obtaining approvals, including for an Intercreditor Agreement by NTIA and an existing lender, and approval by NTIA of Hardy's environmental assessment. Aerial deployment may now commence upon awards of construction contracts, but approximately construction of 9.3 miles of buried line may not commence until completion of a Phase I archaeological survey and approval by the WV State Historic Preservation Office.
New network miles leased	0	NA
Existing network miles upgraded	15	15 miles of connectivity to anchor institutions and a portion of an upstream Internet route were contributed by Hardy to the Project.
Existing network miles leased	0	NA
Number of miles of new fiber (aerial or underground)	21	Same as above
Number of new wireless links	0	NA
Number of new towers	0	NA

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of new and/or upgraded interconnection points	0	Same as above

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: NA

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: NA

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). No third party operator

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	NA
	Providers with signed agreements receiving improved access	0	NA
	Providers with signed agreements receiving access to dark fiber	0	NA
	Please identify the speed tiers that are available and the number of subscribers for each	0	NA
Community Anchor Institutions (including Government institutions)	Total subscribers served	9	Construction delayed pending approvals by NTIA, and WV State Historic Preservation Office requirement for a Phase 1 archaeological survey for area of buried line.
	Subscribers receiving new access	0	None

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving improved access	9	Nine subscribers
	Please identify the speed tiers that are available and the number or subscribers for each	5	Speed Tiers are 10 Mbps (8 subscribers), 20 Mbps (1 subscribers), 50 Mbps (0 Subscribers), 100 Mbps (0 Subscribers), and 1 Gbps (0 Subscribers).
Residential / Households	Entities passed	0	NA
	Total subscribers served	0	NA
	Subscribers receiving new access	0	NA
	Subscribers receiving improved access	0	NA
	Please identify the speed tiers that are available and the number of subscribers for each	0	NA
Businesses	Entities passed	0	NA
	Total subscribers served	0	NA
	Subscribers receiving new access	0	NA
	Subscribers receiving improved access	0	NA
	Please identify the speed tiers that are available and the number of subscribers for each	0	NA

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).

NA

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
Baker Cell Tower	Hardy County	Cellular Tower	No	Connected over fiber lateral to geographically diverse, Middle Mile backbone interconnected to Tier 1 upstream network.
Wardensville Cell Tower	Wardensville	Cellular Tower	No	Connected over fiber lateral to geographically diverse, Middle Mile backbone interconnected to Tier 1 upstream network.
Moorefield Cell Tower	Moorefield	Cellular Tower	No	Connected over fiber lateral to geographically diverse, Middle Mile backbone interconnected to Tier 1 upstream network.
Hardy County Board of Education	Moorefield	School District Office	No	School sites connected over fiber-optic cable

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
Moorefield Elementary School	Moorefield	School	No	School sites connected over fiber-optic cable
Moorefield High School	Moorefield	School	No	School sites connected over fiber-optic cable
East Hardy Early Middle School	Baker	School	No	School sites connected over fiber-optic cable
East Hardy High School	Baker	School	No	School sites connected over fiber-optic cable
Moorefield Middle School	Moorefield	School	No	School sites connected over fiber-optic cable

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 Review of report of Phase 1 archaeological shovel testing by the National Telecommunications & Information Administration (“NTIA”) and the West Virginia State Historic Preservation Office (“WV-SHPO”), and approvals to commence construction of buried fiber, expected to be completed in fourth quarter, 2011. Upon approval, buried construction will commence for approximately 5.4 miles. Barring hazardous snow and ice storms, outside plant construction of approximately 107 miles of the Hardy AnchorRing core ring is expected to be 90% completed by the end of fourth quarter 2011. Fiber termination equipment will be ordered and received. Requests for Proposals for fiber-optic cable splicing will be issued, proposals evaluated, and contracts awarded at which time splicing will commence. Engineering for one anchor institution lateral is expected to be completed. Network access equipment will be installed and tested at five central office locations, at which time service cutover will commence. No new CAIs are expected to be connected in 4th quarter 2011. Hardy expects outside plant construction of the core ring to be completed depending upon weather conditions, but deployment of laterals and customer premises equipment is not expected to begin until first quarter 2012. Hardy is in discussions with one last mile service provider, which may result in a signed agreement by year-end 2011 depending upon continued interest and timing of the service provider.

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	93	(7%) Variance. Delays in Intercreditor Agreement, Environmental Assessment review, and completion of Historic and Cultural Preservation Review prevented draw down of funds until April, 2011.
2b.	Environmental Assessment	100	880% Variance. Cost of environmental assessment and archaeological services ran significantly over budget due to the high number of prehistoric and historic sites in Hardy County, WV and the requirement for a Phase 1 archaeological survey and shovel testing.
2c.	Network Design	100	13% Variance. Resources reallocated to completion of environmental/ archaeological assessments. Segments of the network were rerouted and redesigned from buried cable to aerial placement, to avoid identified historic and cultural sites.
2d.	Rights of Way	12	(88%) Variance. The baseline forecast included purchases of land, structures and appraisals, and purchases of land or easements for Rights of Way in this category. Costs associated with obtaining no-cost private Rights of Way were included in Permitting & Other Approvals. Delays in Environmental Assessment review and completion of Historical and Cultural Preservation Review delayed purchases of land for building placement sites and required easements. Phase 1 archaeological survey and shovel testing required to discover artifacts in 9.3 mile buried section and land for building placement. Land has been purchased for one building site, but site prep and building placement may not proceed until the Phase survey is completed and approvals obtained.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2e.	Construction Permits and Other Approvals	100	154% Variance. The baseline forecast included costs of land, structures, appraisals and purchases of land or easements for Rights of Way in the Rights of Way budget category. Costs associated with construction permitting and obtaining no-cost private Rights of Way were included in this category. Network design rerouted in connection with Environmental Assessment and completion of Historical and Cultural Preservation Review due to number of archaeological prehistoric and historic sites in Hardy County.
2f.	Site Preparation	0	(100%) Variance. Site preparation may not proceed until completion of Phase 1 archaeological survey and approval by WV Historic Preservice Office and National Telecommunications & Information Administration.
2g.	Equipment Procurement	28	(72%) Variance. Baseline forecast included Equipment Deployment expenditures in Equipment Procurement budget. Deployment expenditures have been included in this category for consistency. Delivery dates were deferred until two facilities sites could be connected over fiber. Equipment will be installed in five central office sites in Q4 2011.
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	6% Variance. Delays in obtaining historic preservation approvals for buried construction required aerial construction to commence in advance of buried construction, leading to inefficiencies from deploying the network in portions rather than continuously. Backtracking to buried portions increases resource requirements. Cost of fiber increased by approximately 6.75% due to high demand and limited supply.
2i.	Equipment Deployment	0	N/A. Baseline forecast included equipment deployment in Equipment Procurement budget.
2j.	Network Testing	0	N/A. Same as above.
2k.	Other (please specify): Inspection	100	No variance

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).

Delays in obtaining approvals from National Telecommunications & Information Administration and West Virginia State Historic Preservation Office for buried deployment of approximately 5.4 miles.

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	\$7,500	\$0	\$7,500	\$24,232	\$16,732	\$7,500	\$24,232	\$16,732	\$7,500
b. Land, structures, right-of-ways, appraisals, etc.	\$205,133	\$0	\$205,133	\$25,200		\$25,200	\$89,354	\$0	\$89,354
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$579,642	\$0	\$579,642	\$569,010		\$569,010	\$578,636	\$0	\$578,636
e. Other architectural and engineering fees	\$0	\$0	\$0	\$288,020	\$288,020		\$392,049	\$392,049	
f. Project inspection fees	\$83,980	\$0	\$83,980	\$0	\$0	\$0	\$83,980	\$0	\$83,980
g. Site work	\$1,995	\$0	\$1,995	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$3,372	\$0	\$3,372	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,186,252	\$432,142	\$1,754,110	\$422,536	\$422,536	\$0	\$2,326,300	\$770,241	\$1,556,059
j. Equipment	\$947,990	\$381,962	\$566,028	\$43,863	\$43,863	\$0	\$267,452	\$43,863	\$223,589
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$4,015,864	\$814,104	\$3,201,760	\$1,372,861	\$771,151	\$601,710	\$3,762,003	\$1,222,885	\$2,539,118
m. Contingencies	\$0		\$0						
n. TOTALS (sum of l and m)	\$4,015,864	\$814,104	\$3,201,760	\$1,372,861	\$771,151	\$601,710	\$3,762,003	\$1,222,885	\$2,539,118

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