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** NT10BIX5570042	**3. DUNS Number** 831201483

4. Recipient Organization

Level 3 EON, LLC 1025 Eldorado Blvd, Broomfield, CO 80021

5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2011	**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 Monisha Merchant Director, Product Management	**7c. Telephone (area code, number and extension)** 1720888603
	7d. Email Address Monisha.merchant@level3.com
7b. Signature of Certifying Official Submitted Electronically	**7e. Date Report Submitted (MM/DD/YYYY):** 08-30-2011

Project Indicators (This Quarter)

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

All outside plant construction is complete. The inside plant work for nine of the eleven sites is complete. All equipment has been ordered including dense wavelength division multiplexing and ADM. Selected the vendors and purchased all equipment for the support and management of our MOSS Network.

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	Construction is complete or under way at each site. The percent complete is based on invoiced expenses in 2Q. Delays are due to longer construction procurement process than expected.
2b.	Environmental Assessment	100	Complete
2c.	Network Design	100	Complete
2d.	Rights of Way	0	N/A - All construction will be on our own property.
2e.	Construction Permits and Other Approvals	100	Complete
2f.	Site Preparation	15	Most construction is complete. The percent complete is based on invoiced expenses in 2Q. Delays are due to longer construction procurement process than expected.
2g.	Equipment Procurement	20	All equipment has been purchased. The percent complete is based on invoiced expenses in 2Q. Delays are due to longer construction procurement process than expected.
2h.	Network Build (all components - owned, leased, IRU, etc)	10	Our network build will be the deployment of transport equipment (2i) at each of our interconnection sites.
2i.	Equipment Deployment	10	Most inside plant work is now finished, so we expect the equipment deployment to pick up in the 3rd quarter.
2j.	Network Testing	5	Dependent on the equipment deployment. This will pick up in the 3rd quarter with the completion of the inside plant work.
2k.	Other (please specify):	0	N/A

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).

The construction vendor selection process put our overall project behind, but we have since moved forward very quickly. We didn't experience any material 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	0	N/A
New network miles leased	0	N/A
Existing network miles upgraded	0	N/A

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
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	1	Interconnection point in Palo Cedro is available for customers seeking wavelengths services. By the end of next quarter we expect all interconnection points to be completed.

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	0
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:
This is confidential per our contracts.

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:
Protected and unprotected transport 50Mbps to 10Gbps to last mile providers. Speeds: 50M, 100M, 150M, 200M, 300M, 400M, 500M, 600M, 1G, 2.5G, 10G, OC-3, OC-12, OC-48, OC-192. Pricing varies based on length of circuit, bandwidth, type of transport, and contract term.

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	1	Slightly behind baseline plan. Expect signed agreements to pick up when interconnection points are completed.
	Providers with signed agreements receiving improved access	1	Slightly behind baseline plan. Expect signed agreements to pick up when interconnection points are completed.
	Providers with signed agreements receiving access to dark fiber	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	1	Protected and unprotected transport 50Mbps to 10Gbps to last mile providers. Speeds: 50M, 100M, 150M, 200M, 300M, 400M, 500M, 600M, 1G, 2.5G, 10G, OC-3, OC-12, OC-48, OC-192.

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**	0	N/A - Will serve anchor institutions via last mile providers.
	Subscribers receiving new access	0	N/A - Will serve anchor institutions via last mile providers.
	Subscribers receiving improved access	0	N/A - Will serve anchor institutions via last mile providers.
	Please identify the speed tiers that are available and the number or subscribers for each	0	N/A - Will serve anchor institutions via last mile providers.
Residential / Households	**Entities passed**	0	N/A - Will serve households via last mile providers.
	Total subscribers served	0	N/A - Will serve households via last mile providers.
	Subscribers receiving new access	0	N/A - Will serve households via last mile providers.
	Subscribers receiving improved access	0	N/A - Will serve households via last mile providers.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A - Will serve households via last mile providers.
Businesses	**Entities passed**	0	N/A - Will serve businesses via last mile providers.
	Total subscribers served	0	N/A - Will serve businesses via last mile providers.
	Subscribers receiving new access	0	N/A - Will serve businesses via last mile providers.
	Subscribers receiving improved access	0	N/A - Will serve businesses via last mile providers.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A - Will serve businesses via last mile providers.

7. Please describe any special offerings you may provide (600 words or less).

We will provide 11 new access points on Level 3's existing broadband network to enable last mile providers to offer affordable high-speed services to under served areas. The additional points of interconnection will offer broadband speeds between 50 Mbps and 10 Gbps.

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).
We plan to complete the rest of the inside plant construction and fiber splicing. The majority of equipment deployments and testing should also be completed.

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	22	All construction and fiber splicing will be completed. The majority of equipment deployments should also be completed. Delays are due to longer construction procurement process than expected. The percent complete is based on invoiced expenses in 2Q.
2b.	Environmental Assessment	100	Complete
2c.	Network Design	100	Complete
2d.	Rights of Way	0	N/A - All construction will be on our own property.
2e.	Construction Permits and Other Approvals	100	Complete
2f.	Site Preparation	25	Delays are due to longer construction procurement process than expected. The percent complete is based on invoiced expenses in 2Q.
2g.	Equipment Procurement	22	Delays are due to longer construction procurement process than expected. The percent complete is based on invoiced expenses in 2Q.
2h.	Network Build (all components - owned, leased, IRU, etc.)	90	Our network build will be the deployment of transport equipment (2i) at each of our interconnection sites.
2i.	Equipment Deployment	90	Variance from baseline due to delay in construction procurement process.
2j.	Network Testing	80	Variance from baseline due to delay in construction procurement process.
2k.	Other (please specify):	0	N/A

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 don't anticipate any major challenges at this time. We plan to be very near the projects completion by the end of 3Q2011.

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	$80,000	$20,000	$60,000	$0	$0	$0	$4,000	$1,000	$3,000
b. Land, structures, right-of-ways, appraisals, etc.	$36,300	$9,075	$27,225	$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	$2,500	$625	$1,875	$234	$59	$175	$500	$125	$375
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	$123,750	$30,937	$92,813	$22,000	$5,500	$16,500	$22,000	$5,500	$16,500
h. Demolition and removal	$0	$0	$0	$0	$0	$0	$0	$0	$0
i. Construction	$474,900	$118,725	$356,175	$66,730	$16,683	$50,047	$125,000	$31,250	$93,750
j. Equipment	$3,671,875	$917,969	$2,753,906	$734,388	$183,597	$550,791	$820,000	$205,000	$615,000
k. Miscellaneous	$0	$0	$0	$0	$0	$0	$0	$0	$0
l. SUBTOTAL (add a through k)	$4,389,325	$1,097,331	$3,291,994	$823,352	$205,839	$617,513	$971,500	$242,875	$728,625
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$4,389,325	$1,097,331	$3,291,994	$823,352	$205,839	$617,513	$971,500	$242,875	$728,625

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: $82,327