

RECIPIENT NAME:COM Net, Inc.

AWARD NUMBER: NT10BIX5570072

DATE: 02/23/2012

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>  NT10BIX5570072	<b>3. DUNS Number</b>  957284334
<b>4. Recipient Organization</b>  COM Net, Inc. 13888 County Road 25 A, Wapakoneta, OH 45895-8316		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  12-31-2011	<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>  Timothy Berelsman	<b>7c. Telephone (area code, number and extension)</b>  X	
	<b>7d. Email Address</b>  tberelsman@cniteam.com	
<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  02-23-2012	

**Project Indicators (This Quarter)**

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

**Community Outreach:**

Com Net's Community Outreach efforts during the quarter consisted primarily of meetings with County Engineering offices in Logan, Hardin, Shelby and Miami Counties, as well as Richland Township in Allen County to secure the right to construct using the direct plow method of construction. Com Net also met with the new Village Administrator from West Milton, Ohio as we worked to solidify lease arrangements for a point-of-presence in the village. Com Net met with officials from the City of Bowling Green to explore opportunities for connectivity. Com Net met with the Ohio Department of Jobs and Family Services (ODJFS) to explore the opportunity for ODJFS to utilize the middle mile facilities to connect county offices back to its data center for enhanced application performance.

**Community Anchor Institution Sales:**

Com Net continued its effort to grow the number of Community Anchor Institutions receiving improved service from the Middle Mile Facilities. In the quarter, the number of Community Anchor Institutions receiving improved service was expanded to 40 in total or a gain of 4 for the quarter. At the end of the quarter, Com Net was actively engaged in working to finalize connectivity for another 3 Community Anchor Institutions that have committed to receiving service.

**Administration:**

Com Net was engaged with its Federal Program Officer Team on several route modifications, which were primarily driven by ground conditions encountered during construction and/or requests by the authority having jurisdiction for modification in the right-of-way through the area over which they have jurisdiction. Approval of these changes in full will carry over to the 1st quarter of 2012.

**Network Design including Right-of-Way and Permits:**

At the end of the quarter, Com Net had released 461.57 miles to its route design firm with approximately 327 miles through the design phase and approximately 170 miles permitted. The balance of the mileage was in various stages of the right-of-way and permit application and approval process.

**Equipment Procurement and Deployment:**

At the end of the quarter, Com Net had received and deployed equipment to 17 planned points-of-presence (PoP). Four of the sites had been cut over into active service on the network replacing a legacy DWDM equipped span that experienced fault propagation errors between PoPs.

**Network Build-Out:**

Com Net continued to progress the network build-out, increasing its deployed number of new construction miles to 140.

**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	No Variance versus 3rd Quarter 2011 Performance Progress Report Projections, but a 30% Variance versus baseline primarily driven by a later than expected construction start date.
2b.	Environmental Assessment	100	Follow-up Environmental Assessment activities for route modification requests and implementation of Environmental Assessment Measures and Protocols pursuant to the EA FONSI.
2c.	Network Design	45	Positive variance versus 3rd Quarter 2011 Performance Progress Report Projections and a 4% positive variance versus baseline. Com Net is attempting to work further ahead on permit application and construction packages in preparation for an aggressive Spring thru Fall 2012 Construction Period.
2d.	Rights of Way	30	Negative Variance versus 3rd Quarter 2011 Performance Progress Report Projections and a 24% Negative Variance versus Baseline due to the fact that, as of the end of the quarter, Com Net had not yet reached agreement with Hardin, Shelby and Miami counties to authorize the use of the direct plow method of construction. Although significant progress was made, right-of-way permits for these counties were still outstanding at the end of the year.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2e.	Construction Permits and Other Approvals	23	Positive Variance of 7% versus 3rd Quarter 2011 Performance Progress Report Projections and a negative variance of 23% versus Baseline. Com Net continues to see better than expected turn-around time on permits and other approvals for railroad crossings. Com Net has also implemented EA protocol and measures to move to aerial construction on existing pole lines, which has increased the expected run rate for pole attachment application and make ready fees.
2f.	Site Preparation	6	Negative Variance of 7% versus 3rd Quarter 2011 Performance Progress Report Projections and a negative variance of 59% versus baseline. Com Net was able to progress work associated with improvements associated with its Findlay Point-of-Presence at a collocation site and with site acquisition and surveying work associated with its Wood County Point-of-Presence. Progress on the Huntsville Point-of-Presence was delayed as we were unable to complete the acquisition of an easement for the site prior to year-end. Com Net has several modification pending submissions that will further reduce the number of new construction Point-of-Presence sites by occupying existing leased space.
2g.	Equipment Procurement	32	Negative Variance of 2% versus 3rd Quarter 2011 Performance Progress Report and a negative 19% variance versus baseline. Variance from third quarter 2011 is associated with auxiliary equipment that will be purchased and deployed in early 2012 as needed on a site-by-site basis.
2h.	Network Build (all components - owned, leased, IRU, etc)	12	No Variance versus 3rd Quarter 2011 Performance Progress Report Projections and a negative variance of 20% versus baseline. This category is the primary driver in the Overall Project Progress. Construction of routes progressed in the 4th quarter as projected primarily due to rain and flooding conditions rather than snow and ice conditions.
2i.	Equipment Deployment	1	Negative Variance of 7% versus 3rd Quarter 2011 Performance Progress Report Projections and a negative variance of 81% versus baseline. The negative variance versus 3rd Quarter 2011 Performance Progress Report was strictly due to continued invoicing delays by CYAN for installation of professional services. The actual number of sites deployed exceeded Com Net's original 3rd quarter projections with four of the deployed sites cut-over into service on the network. This indicator will continue to lag until invoicing is brought current.
2j.	Network Testing	41	Positive Variance of 16% versus 3rd Quarter 2011 Performance Progress Report Projections and a negative variance of 7% versus baseline. Network Testing has increased in volume as Com Net requests testing and release of portions of routes to establish service to Community Anchor Institutions prior to completion of the full segment. Com Net will need to monitor expenses in this area as crews are redeployed to test facilities upon full segment completion for Point-of-Presence to Point-of-Presence Community Pair turn-ups.
2k.	Other (please specify): Pre-Award Acceptance and Application	100	Project Management and Administrative Reporting of 58% versus 3rd Quarter 2011 Performance Progress Report Projections of 60% and a baseline of 44%. The variance versus projection is positive as legal expenses for finalization of agreement was less than projected. The closure of the progress in this area on a financial basis versus baseline should continue to close based on work pulled ahead for boiler plate contract development. Contractual Sales Solutions continue to perform favorably to budget expectations, as well as Community Anchor Institution Sales. The finalization of contractual agreements with Broadband Service Partners and Wholesalers continues to lag behind expectations, however these providers have a tendency to not put a high priority on such agreements until the facilities are deployed. Operation Support System was at 12% for no variance versus 3rd Quarter 2011

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			projections and a 2% variance versus baseline. Operation Support System was at 12% versus 3rd Quarter projections of 11% for a positive variance of 1%. Com Net continues to defer NISC IVUE plant and trouble module implementation, as well as a decision to defer mapping until the end of the project when records are transferred from route design firm to Com Net.

**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).**

One of the challenges was in working through route modifications due to unfavorable ground conditions experienced in the field during construction, as well as while working with Authorities Having Jurisdiction for route changes due to upcoming projects the village, city or county has planned in the upcoming years. These changes are relatively minor but can create a significant delay in construction progress if crews and equipment have to be moved off of a portion of the route and then moved back in later to finish a small section.

Other delays encountered were primarily related to (i) working with Authorities Having Jurisdiction to secure permits that allow for the planned method of construction in order to prevent significant budget overruns; (ii) management of active crews based on route miles under permit; (iii) managing around high water conditions and areas with unacceptable ground moisture for the direct plow method of construction; and (iv) reassignment of cut-length fiber cable reels based on routes under permit to allow construction to progress.

**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	140	Negative Variance of 170 Miles. This variance is due to an original projected start of construction date of March 2011. Actual construction didn't start until after all initial special award conditions were satisfied, which was in June 2011.
New network miles leased	19	Negligible Variance versus baseline.
Existing network miles upgraded	28	Negative Variance of 737.8 versus baseline. Upgrading of existing network miles is contingent upon deployment of the new network miles along routes as planned. The fiber, consisting of new and existing miles, must be in place between the community pairs prior to cut over to the Cyan DWDM equipment. This gap will close as the gap in new network miles deployed closes, but it is contingent upon completion of the build-out working north and south from Lima, Ohio, as well as the timely cut over of the Com Net active network to the Cyan equipment between Community Pairs.
Existing network miles leased	335	Negative Variance of 430.8 Miles versus baseline. This gap will close as Com Net continues to deploy equipment to its planned Point-of-Presence, test and accept passive fiber facilities for use in the GigEPAC network.
Number of miles of new fiber (aerial or underground)	140	Change in reporting versus baseline. The baseline was completed with the understanding this metric was inclusive of all network miles. This line item is strictly based on number of miles of "NEW" fiber and is consistent with the number reported for new network miles deployed.
Number of new wireless links	0	N/A
Number of new towers	0	N/A

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	11	<p>Com Net entered into agreements to establish mid-span point-of-meet interconnects with Northwest Net, Benton Ridge Telephone Company and OARnet's RockHill Point-of-Presence. Com Net also established a second point-of-interconnect with OARnet through the implementation of an intrabuilding connection at 535 Scherers Court; Columbus, OH.</p> <p>The gap between the number of interconnection points included in our projections for the 4th quarter of 2011 (37) versus actual results for Q4 2011 (11) is that with the favorable winter weather conditions, we continue to place an emphasis on closing the gap on the build-out of fiber optic routes. At the time of developing the projections for the 4th quarter of 2011, our assumption was that unfavorable winter weather would limit our outside plant construction efforts; therefore we would apply resources to issue change orders to our implementation plans to allow partial turn-up of interconnections at PoP sites prior to the completion of all fiber routes that would be supported through a PoP. This has not occurred to date due to the favorable conditions for outside plant construction; therefore the preferred approach is to advance the fiber route build-outs and hold on the activation of PoP sites with new and improved interconnection points until all fiber routes are in place.</p> <p>There is no plan to reduce the number of interconnection points at this time; it is strictly a matter of delayed turn-up due to the gap in the deployment of fiber routes. Com Net did continue with its plans to purchase and install DWDM equipment at additional PoP sites that will support new and upgraded interconnection points. The equipment simply has not been cut into service.</p>

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	11
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	19
Average term of signed agreements (in quarters)	38

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: Last Mile Providers added for the quarter were Northwest Net, an unlicensed frequency Wireless Internet Service Provider, and the Benton Ridge Telephone Company, a BIP recipient.

The Ohio Academic Resources Network (OARnet) was added in December of 2011 as a wholesale customer of Com Net's lit MetroEthernet 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:

In an effort to refine and simplify Com Net's wholesale and enterprise MetroEthernet solution, Com Net has focused on three basic types of service including ELINE, ELAN and Dual Homed Satellite to Primary and Disaster Recovery Hub Sites. Com Net has defined these services along with a series of qualifying discounts that are determined on an Individual case basis.

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).

Subrecipients ZAYO (400 Centennial Parkway, Suite 200, Louisville, CO 80027; 1.303.381.4683) and the Ohio Academic Resources

Network (OARnet) (1224 Kinnear Road; Columbus, OH 43212; 616.292.9191) will be designated to operate a portion of the network on activation of designated spans for which the providers will be responsible for operating certain fibers. The specific portions of the network will be detailed on activation. To date, no such portions of the network are available for release to the sub-recipients' operations.

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	3	Positive Variance to baseline. This is the network-to-network interface established with One Community in Worthington, Ohio, the network-to-network interface established with CISP in Toledo, Ohio and the ELAN service established with OARnet with 800 Mbps Port Connections established in Lima, OH and Worthington, OH.
	Providers with signed agreements receiving improved access	7	Positive Variance to baseline. The positive variance shows an incremental gain of 2 from the 3rd Quarter of 2011 based on Northwest Net and the Benton Ridge Telephone Company receiving improved access in the quarter.
	Providers with signed agreements receiving access to dark fiber	2	No Variance to baseline. In the 4th Quarter of 2011, the Benton Ridge Telephone Company joined the Ottoville Mutual Telephone Company in receiving access to dark fiber.
	Please identify the speed tiers that are available and the number of subscribers for each	3	Rate limited 10 Gbps and 1 Gbps port connectivity for network-to-network Interfaces; and 100 Mbps User Network Interface Port and Ethernet Transport Service as purchased wholesale by One Community.
Community Anchor Institutions (including Government institutions)	Total subscribers served	39	An incremental gain of 3 CAIs from the 3rd Quarter of 2011 and a positive variance versus baseline of 21. A total of 4 additional CAIs were reported as connected in the fourth quarter with the elimination of the Fort Recovery School District from those reported in the third quarter. The Fort Recovery School District was improved through the use of middle mile facilities as part of service provided by Wabash Mutual Telephone Company. Wabash Mutual Telephone Company is a BIP Recipient for the Fort Recovery Service Area. In satisfaction of Com Net SAC requirements, the Fort Recovery School District can not/should not have been included in Com Net's CAI count.
	Subscribers receiving new access	4	An incremental gain of 1 CAI from the 3rd Quarter of 2011 and a positive variance versus baseline of 4. The incremental gain of 1 was based on the establishment of lit Metro Ethernet service for OARnet between Worthington and Lima, Ohio at a time when their network was impaired and they were facing an extended outage between their Lima, Ohio and Worthington, Ohio Points-of-Presence.
	Subscribers receiving improved access	35	Incremental gain of two from the 3rd Quarter of 2011 and a positive variance versus baseline of 10. Actual improved connections of 3 during the quarter offset by an adjustment of 1 from the prior quarter.
	Please identify the speed tiers that are available and the number or subscribers for each	8	4 at 5 Mbps; 5 at 10 Mbps; 7 at 20 Mbps; 5 at 50 Mbps; 12 at 100 Mbps; 1 at 200 Mbps; 1 at 800 Mbps and 5 at 1000 Mbps
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

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	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).**

Com Net has no new special offerings to share for the quarter.

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

**8b. If so, please describe the changes (300 words or less).**

Com Net's network management practices have not changed.

**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
Tiffin Market Street Clinic	Tiffin, OH	Medical and Healthcare Provider	No	Customer is receiving a 1 Gbps managed fiber solution from the Bascom Mutual Telephone Company to connect back to the wholesales service installed by Com Net for One Community at the Tiffin Memorial Hospital.
Payne Elementary	Payne, OH	K-12	No	Customer is receiving a 1 Gbps Port Service rate limited to 100 Mbps as part of a managed fiber solution from Com Net's wholly owned subsidiary Independents Fiber Network to connect back to the Wayne Trace School District High School north of Haviland, OH. This represents improved service for the Payne Elementary as they previously depended upon an unlicensed wireless link the school operated and maintained that was highly prone to lightening strikes.
Findlay High School	Findlay, OH	K-12	No	CAI is receiving 1 Gbps Port Service rate limited to 100 Mbps. The service is being provided prior to completion of the Com Net project build by way of Com Net granting the Benton Ridge Telephone Company an Indefeasible Right to Use Dark Fiber. Com Net is granting the dark fiber IRU based on the Benton Ridge Telephone Company agreeing to use it to deliver service to the Findlay High School. Benton Ridge Telephone Company connects to the IRU'd fiber through a mid-span point-of-meet where they splice to the fiber and terminate the fiber on a legacy 10 Gbps Segment-Provider Network managed by Com Net. The service replaces a capacity limited DS3 TDM circuit that was previously serving the school.

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
Ohio Academic Resources Network (OARnet)	Worthington, OH	Other Higher Education Institution	No	OARnet contacted Com Net in an emergency situation in mid-December when a fiber in the Columbus Metropolitan area was cut resulting in a service outage to the OARnet Lima PoP, K-12 sites, as well as OARnet member universities. Com Net's network was unaffected by the cut. Com Net was able to dispatch optronics and establish an 800 Mbps ELAN service for OARnet within 4 hours of notification. The service was established through a port connection at 535 Scherers Court and a legacy mid-span fiber point-of-meet interconnect placed outside of 1680 North Sugar Street. The facilities at 1680 North Sugar Street were deployed in the 2nd and 3rd Quarter of 2011 through the NTIA BTOP award. Based on OARnet and its members being without service at the time of deployment, Com Net has counted this connection as providing the CAI with New Service.

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**

Community Outreach:

Com Net will be participating on a panel with NTIA and fellow BTOP recipients at the OPASTCO Winter Conference in Orlando, FL. Com Net will be meeting with U.S. House Representatives for several of the counties located within the coverage area of the GigEPAC project. Com Net will continue to hold meetings with County Engineers, County Commissioners, Village Administrators, Colleges and Universities, State Agency Directors and other key individuals throughout the 1st quarter of 2012.

CAI Connections:

Com Net will be finalizing connectivity of the Defiance Mercy Hospital to Saint Vincent and Saint Charles Hospitals in the Toledo metro area; upgrading the Parkway School District from unlicensed wireless to Fiber-to-the-School and upgrading the Crestview School District from unlicensed wireless to Fiber-to-the-School.

Equipment Procurement and Deployment:

Com Net plans to cut its second set of DWDM Points-of-Presence into service in the 1st Quarter of 2012. Com Net plans to relocate its legacy dedicated Internet access Point-of-Presence to Toledo, OH and establish an interconnect and peering point out of this Interexchange Carrier's Network Center.

Network Design and Permitting:

Com Net plans to focus on further progressing the finalization of all construction plans by the end of the 2nd Quarter of 2012 and accelerate permit applications in preparation for a very aggressive construction period from the Spring of 2012 thru the Fall of 2012.

Network Build Out:

Based on the favorable weather in the month of January, Com Net is continuing to pursue an aggressive winter construction schedule.

**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	29	Negative Variance of 27% versus baseline down 3% from prior quarter variance. Com Net is projecting aggressive progress for the 2012 Winter Quarter based on favorable weather during the month of January. Com Net's projections are based on segments that have been a work-in-progress for some time, receiving the necessary authorizations to proceed to completion. Com Net is projecting that it will achieve 67% completion of the overall project by the end of the 3rd Quarter of 2012, full completion by the end of the 2nd Quarter of 2013 and that the gap between baseline and actual will not be closed until the 1st Quarter of 2013.



	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2b.	Environmental Assessment	100	Expenditures with Environment Assessment Consultant are being tracked under Construction Permits and Other Approvals as services are requested on a per segment basis to pursue route modification or to assist in implementation of protocols and measures identified in the project FONSI.
2c.	Network Design	67	Positive Variance versus baseline of 12%. This is as planned by Com Net as we pull-ahead design and permitting activities in preparation for an aggressive construction period from the Spring of 2012 thru the Fall of 2012.
2d.	Rights of Way	42	Com Net is expecting to finalize arrangements with several Counties to allow for the direct plow method of construction. This arrangement should allow for the release of over 50 Miles of Right-of-Way in a short time frame. This backlog of right-of-way mileage, along with right-of-way applications submitted with standard lead times, should allow for a substantial amount of mileage to be released for construction by the end of the 1st Quarter of 2012.
2e.	Construction Permits and Other Approvals	39	Com Net is projecting a negative variance versus baseline of 26%. From a financial perspective, this gap is expected to close as Com Net's construction moves to more congested areas where authorities will apply more stringent requirements; therefore resulting in higher permitting fees. As Com Net approaches metropolitan areas, pole attachment applications and make ready fees will increase as the planned aerial mileage increases. Com Net will also encounter record and capacity checks as it pursues access to existing conduit routes. Com Net isn't projecting these fees to be liquidated until the 2nd and 3rd Quarters of 2012.
2f.	Site Preparation	11	Projection is based on a negative variance of 62% versus baseline. Com Net will continue to progress surveying, material acquisition and negotiation of leased space during the 1st Quarter of 2012. This work will be in preparation of construction activities at Points-of-Presence Sites in the 2nd and 3rd Quarters of 2012.
2g.	Equipment Procurement	36	Projection is based on a negative variance of 27% versus baseline. Com Net continues to reassess its plans for MPLS Network Equipment as it becomes more familiar with the capabilities of the Cyan Z-Series equipment. The capabilities of the Cyan and its ability to meet the majority of our service requirements have caused Com Net to reconsider the need for MPLS Network Equipment given its higher on-going cost of ownership.
2h.	Network Build (all components - owned, leased, IRU, etc.)	24	Negative Variance of 14% versus baseline down 6% from prior quarter. Com Net views this as positive progress toward gap closure especially for winter quarter construction.
2i.	Equipment Deployment	15	Negative Variance of 68% versus baseline. Com Net plans to continue to aggressively deploy equipment ahead of the completion of fiber segments in order to be in a position to shorten the lead time from acceptance of passive facilities to active cut over in the network.
2j.	Network Testing	73	Positive Variance versus baseline of 53% using financial measurements. This is based on Com Net's decision to increase inspection and testing in order to accept portions of segments. This is being done such that Community Anchor Institutions can be cut into service prior to completion and acceptance of an entire segment. Com Net is projecting a budget overrun for Network Testing of ~\$150,000, which is less than 0.5% of the overall project budget.
2k.	Other (please specify): Pre-Award Acceptance and Application	100	Project Management and Administrative Reporting projected at 64% versus baseline of 53%. This gap is projected to narrow based on reduced time and expenses with legal counsel on contracts and right-of-way agreements. Contractual Sales Solutions are expected to increase as Com Net is optimistic about converting several bids submitted in December of 2011 into contracts in the 1st Quarter of 2012. This is why Com Net is projecting Contractual Sales Solution increase to 20% complete versus a baseline of 19%. Other Pre-Award Operation Support Systems are projected to show minimal progress at 12% versus baseline projections of 100%. A portion of this is based on Com Net continuing to hold on the purchase of the NISC plant and trouble management modules, as well as our planned delay in the purchasing of a mapping solutions until the end of the project when the CAD drawings will be transferred from the route design firm to Com Net. Com Net is also questioning the need for a Network Management System based on the capabilities of the Cyan Element Management System along with Com Net's suite of in-house network management utilities.

**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).**

Challenges will include working to narrow the time frame on approval of change orders resulting from ground conditions encountered by construction crews and from Authorities Having Jurisdiction requiring a change in design plans.

Another challenge will be managing construction around wet and frozen ground conditions, as well as planning for many Environmental Assessment Concerns during the Spring and early Summer months.

The last challenge we foresee for the quarter will be in reaching closure with Authorities Having Jurisdiction on the arrangements negotiated to allow for the use of the direct plow method of construction.

**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	\$186,863	\$75,013	\$111,850	\$331,771	\$92,835	\$238,936	\$441,374	\$125,716	\$315,658
b. Land, structures, right-of-ways, appraisals, etc.	\$1,497,801	\$542,165	\$955,636	\$195,454	\$49,162	\$146,292	\$253,405	\$66,547	\$186,858
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$1,536,325	\$368,718	\$1,167,607	\$694,040	\$166,570	\$527,470	\$988,133	\$254,797	\$733,336
e. Other architectural and engineering fees	\$282,530	\$84,759	\$197,771	\$215,001	\$58,363	\$156,638	\$241,136	\$66,204	\$174,932
f. Project inspection fees	\$130,000	\$31,200	\$98,800	\$93,185	\$22,364	\$70,821	\$131,455	\$33,846	\$97,609
g. Site work	\$205,600	\$61,680	\$143,920	\$4,040	\$1,212	\$2,828	\$25,272	\$7,582	\$17,690
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$30,306,281	\$7,831,123	\$22,475,158	\$3,651,645	\$1,110,336	\$2,541,309	\$7,072,918	\$1,931,441	\$5,141,477
j. Equipment	\$8,758,868	\$3,877,761	\$4,881,107	\$2,960,289	\$1,972,673	\$987,616	\$3,408,761	\$2,080,308	\$1,328,453
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>l. SUBTOTAL (add a through k)</b>	\$42,904,268	\$12,872,419	\$30,031,849	\$8,145,425	\$3,473,515	\$4,671,910	\$12,562,454	\$4,566,441	\$7,996,013
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$42,904,268	\$12,872,419	\$30,031,849	\$8,145,425	\$3,473,515	\$4,671,910	\$12,562,454	\$4,566,441	\$7,996,013

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