

RECIPIENT NAME:ONWAV INC.

AWARD NUMBER: NT10BIX5570080

DATE: 05/08/2012

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>  NT10BIX5570080	<b>3. DUNS Number</b>  800782943
<b>4. Recipient Organization</b>  ONWAV INC. 201 W. Gore Ave., Gainesboro, TN 38562-9601		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  03-31-2012	<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>  Michael Powell  BTOP Project Implementation Manager	<b>7c. Telephone (area code, number and extension)</b>  9315447224	
	<b>7d. Email Address</b>  Mpowell@onwav.com	
<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  05-08-2012	

**Project Indicators (This Quarter)**

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

- Environmental - OnWav's environmental firm began the process to amend OnWav's Environmental Assessment to cover the change from Microwave backhaul to a Fiber system. The initial surveys have been completed and notices sent to the State Historical Preservation Officer (SHPO) and Fish and Wildlife Services (FWS). OnWav hopes to get Concurrence responses early in Q2 2012
- OnWav awarded the Tower contract to an initial winning bidder. However, due to complications during the negotiation process, OnWav has re-awarded the contract to another bidder to the RFP and is currently finalizing contract negotiations.
- OnWav awarded the RF Equipment contract to two vendors for this project: One for the Radio Access Network and the other for the Core and backhaul network. Contract Negotiations are underway.
- OnWav received the final approval for all three of the existing installation sites. Final contracts are underway.
- Twin Lakes began the necessary installation to connect and activate the fiber secured by OnWav.
- OnWav completed land acquisition of the third and final plot of land for the construction of OnWav's 3 new towers.

**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	42	OnWav was somewhat delayed this quarter attempting to finalize contracts with major vendors. However, OnWav still anticipates that it will be back on schedule in early 3rd Quarter 2012
2b.	Environmental Assessment	100	OnWav's Environmental assessment is complete, however OnWav is conducting additional environmental work to create an EA amendment covering the additional work related to the planned fiber network. Because of the combination of OnWav's original Environmental Assessment efforts came in under-budget and the limited scope of the changes, OnWav will be able to complete these adjustments without going over-budget for Environmental services.
2c.	Network Design	0	OnWav has finalized the Fiber route portion of the network design and is planning on placing an order for networking equipment in early 2012. This was completed entirely with internal resources, and so was done at no cost to the grant. However, finalization of the last mile portion of the network was not completed because it is dependent on equipment vendor selection which is still under contract negotiation. OnWav believes that it will be caught up in the second quarter of 2012. OnWav has hired an RF Engineering firm which will be able to complete work finalizing OnWav's network design based on chosen equipment vendor's offering.
2d.	Rights of Way	100	OnWav has completed all land acquisition and Rights of way associated with the construction of the three new towers. OnWav is still working to finalize the lease agreements for the collocation sites, but has received approval from the owners and does not expect any issues or additional expenses.
2e.	Construction Permits and Other Approvals	0	OnWav has been delayed in this category as a result of the pending Equipment Request for Proposal and Tower Construction Request for Proposal which are in the final phase of award and contract signature. However, both RFPs will be fully executed in Q2 2012 and the process of acquiring permits will begin.
2f.	Site Preparation	0	OnWav has purchased the land associated with the construction of the three new towers, but due to the delay in awarding the Tower Construction RFP, OnWav has not begun new tower construction. However, OnWav expects to begin work on this category in Q2 2012.
2g.	Equipment Procurement	0	OnWav is in the process of finalizing the Equipment vendor decision and anticipates making an award and signing a contract, placing an order and receiving an initial batch of equipment in Q2 2012.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2h.	Network Build (all components - owned, leased, IRU, etc)	99	OnWav has acquired over 190 miles of an expected approximately 210 miles of IRUs planned for in the network. The remaining miles are expected to be completed and acquired in Q2 2012 contingent upon timing of the Environmental Amendment
2i.	Equipment Deployment	0	OnWav has been delayed in this category as a result of the pending Equipment Request for Proposal which is still in the review phase. However, the contract will be signed in Q2 2012 and the order placed for equipment placed. The initial equipment arrival and the initial site should be deployed in late Q2 2012. The majority of the equipment may not be available for deployment until Q2 2012, and not fully deployed until Q3 2012.
2j.	Network Testing	0	No Deviation from the Baseline
2k.	Other (please specify): BSS-OSS	0	

**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 major challenge OnWav faced was in RFP review and decisions. OnWav faced two primary impediments for RFP review.

OnWav spent a great deal of time ensuring that the multiple equipment vendors selected during the Equipment RFP would be interoperable with each other. This required ensuring that the potential winners communicated with each other and coordinated a test plan. In the end an acceptable Interoperability Testing Plan could not be created and OnWav selected a different vendor who could meet the RFP required interoperability needs of OnWav.

The tower construction contractor which OnWav initially selected was unable to finalize and sign a contract with OnWav in a timely manner. As a result OnWav was forced to choose another bidder and expects to complete the contract with the new winner early in Q2 2012.

**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	No Variance from Baseline
New network miles leased	0	N/A
Existing network miles upgraded	0	N/A
Existing network miles leased	190	OnWav has an initial IRU for access to 190 miles of existing dark fiber to use as part of the planned 210 mile network providing Middle Mile backhaul between OnWav's Last Mile towers. OnWav already has more fiber miles deployed than originally foreseen wireless miles for the project in the baseline.
Number of miles of new fiber (aerial or underground)	0	No Variance from Baseline
Number of new wireless links	0	With the addition of the Fiber Backhaul, the fiber will no longer include any wireless links.
Number of new towers	0	With the delays of the Tower Construction RFP, OnWav is behind schedule in deploying new towers. OnWav expects to be completely caught up on this milestone by Q3 2012.
Number of new and/or upgraded interconnection points	0	Due to the delay in the project shift from a Microwave system to a fiber network, in addition to the equipment delays in the Equipment Request For Proposal, OnWav's network has not been constructed yet. OnWav expects to deploy the first interconnection point in Q2 2012.

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	2
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: OnWav is still in negotiation with wholesalers as well as last mile providers for interconnection. OnWav expects to sign the first wholesaler agreement Q2 2012

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:

OnWav is still in the process of deploying the network, as a result, OnWav does not yet have any products available.

5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (600 words or less).

OnWav has not designated a third party to operate any of its network. OnWav will operate and manage the entire network internally.

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	OnWav is still in the negotiation stage for contracts relating to Broadband Wholesalers or Last Mile Providers. The first agreement is expected in Q2 2012
	Providers with signed agreements receiving improved access	0	OnWav is still in the negotiation stage for contracts relating to Broadband Wholesalers or Last Mile Providers
	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	0	OnWav is still in the negotiation stage for contracts relating to Broadband Wholesalers or Last Mile Providers
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	OnWav's network is not yet complete with construction, as a result subscribers will not be added until future quarters
	Subscribers receiving new access	0	OnWav's network is not yet complete with construction, as a result subscribers will not be added until future quarters
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number or subscribers for each	0	OnWav's network is not yet complete with construction, as a result subscribers will not be added until future quarters

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
<b>Residential / Households</b>	<b>Entities passed</b>	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters
	<b>Total subscribers served</b>	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters
	<b>Subscribers receiving new access</b>	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters
	<b>Subscribers receiving improved access</b>	0	N/A
	<b>Please identify the speed tiers that are available and the number of subscribers for each</b>	0	OnWav's network is not yet complete with construction, as a result no households have yet been passed, but this will increase in future quarters
<b>Businesses</b>	<b>Entities passed</b>	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters
	<b>Total subscribers served</b>	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters
	<b>Subscribers receiving new access</b>	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters
	<b>Subscribers receiving improved access</b>	0	N/A
	<b>Please identify the speed tiers that are available and the number of subscribers for each</b>	0	OnWav's network is not yet complete with construction, as a result no businesses have yet been passed, but this will increase in future quarters

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

OnWav is still in the process of deploying the network, as a result, OnWav does not yet have any products available.

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

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

OnWav has not made any changes to its network management practices over the last quarter. OnWav's network policies for the grant network are still under development, but will be posted prior to network launch.

**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).**

- Environmental - OnWav expects to receive SHPO and FWS Concurrences for the changes to it's project as a result of the new fiber. It will then submit the Environmental amendment to NTIA for review.
- OnWav expects to complete a contract for Tower Construction
- OnWav expects to complete two contracts for Equipment. One will cover equipment related to the wireless Radio Access Network (RAN) and the second will cover the necessary Core Network equipment (Switches, servers, etc.). Each contract will also cover all necessary deployment and installation services to make the equipment and network operational. The RAN contract will also include RF Engineering services to design the final specifications of the network.

- OnWav expects to get approval for installation on the existing sites at the beginning of Q2, 2012, with final leases to come after.
- OnWav expects to deploy the remaining 20 miles of the fiber miles in the upcoming quarter if the Environmental Assessment Amendment is approved by NTIA for a total of approximately 210 miles of total fiber.
- OnWav expects to serve 5-10 new CAIs in the next quarter.
- OnWav expects to sign agreement with 2 broadband last mile providers in the next quarter.

**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	62	OnWav's progress in Q2 2012 will revolve predominantly around completion of contracts and beginning of work related to Equipment and Tower construction contracts, including the installation of the first site and initial customers. OnWav anticipates that it will be back on schedule in early 3rd Quarter 2012
2b.	Environmental Assessment	100	OnWav's Environmental assessment is complete, however OnWav will be conducting additional environmental work to create an EA amendment covering the additional work related to the planned fiber network. OnWav expects to receive the SHPO and FWS concurrences, and submit the EA-Amendment to NTIA in Q2 2012.
2c.	Network Design	100	OnWav has hired an RF Engineering firm which will be able to complete work finalizing OnWav's network design based on chosen equipment vendor's offering.
2d.	Rights of Way	100	No Variance from baseline
2e.	Construction Permits and Other Approvals	50	OnWav anticipates making progress in this category. However, this is dependent on the timing of the signing of the tower construction contract and the completion of the necessary engineering work.
2f.	Site Preparation	50	OnWav anticipates signing the tower construction Contract as well as completing the engineering work for the new towers. As a result, OnWav should be able to begin work related to site preparation for the new towers.
2g.	Equipment Procurement	25	OnWav anticipates signing an Equipment contract and making an initial order. OnWav has already arranged with the vendor for the initial equipment and initial site installation to be entirely completed in the next quarter.
2h.	Network Build (all components - owned, leased, IRU, etc.)	99	The final portions of the fiber network build will not be finalized until environmental clearance is received.
2i.	Equipment Deployment	15	OnWav anticipates having the first RAN site up and running with customers active.
2j.	Network Testing	0	No Deviation from the Baseline
2k.	Other (please specify): BSS-OSS	100	OnWav's plans for BSS and OSS systems are pending finalization based on the Equipment Contract award. However, once this is complete, OnWav expects it will not only bring progress on this category back to schedule, but complete it entirely.

**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).**

A potential challenge OnWav expects to face is delivery time frames for equipment and material. While OnWav may be ready to place orders for equipment and tower materials this quarter, and has arranged to have equipment and materials delivered in a favorable time, these planned schedules are extremely tight, and there is no slack time available.

Much of OnWav's time lines after the next quarter (Q3 2012 and after) are extremely dependent on getting environmental clearance in a timely manner. Assistance from BTOP in quick approval from the NTIA environmental review team will be very valuable in assisting these stages do not suffer ripple effects of an environmental delay.

**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	\$1,145,000	\$0	\$1,145,000	\$460,796	\$0	\$460,796	\$525,796	\$0	\$525,796
b. Land, structures, right-of-ways, appraisals, etc.	\$1,054,911	\$0	\$1,054,911	\$103,751	\$0	\$103,751	\$411,920	\$0	\$411,920
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$124,440	\$0	\$124,440	\$18,558	\$0	\$18,558	\$89,150	\$0	\$89,150
e. Other architectural and engineering fees	\$30,417	\$0	\$30,417	\$17,575	\$0	\$17,575	\$30,417	\$0	\$30,417
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$7,500	\$0	\$7,500	\$0	\$0	\$0	\$7,500	\$0	\$7,500
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$150,000	\$0	\$150,000	\$0	\$0	\$0	\$12,500	\$0	\$12,500
j. Equipment	\$3,406,069	\$1,317,548	\$2,088,521	\$2,104,746	\$1,317,548	\$787,198	\$2,671,476	\$1,317,548	\$1,353,928
k. Miscellaneous	\$583,658	\$0	\$583,658	\$0	\$0	\$0	\$256,026	\$0	\$256,026
<b>l. SUBTOTAL (add a through k)</b>	\$6,501,995	\$1,317,548	\$5,184,447	\$2,705,426	\$1,317,548	\$1,387,878	\$4,004,785	\$1,317,548	\$2,687,237
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$6,501,995	\$1,317,548	\$5,184,447	\$2,705,426	\$1,317,548	\$1,387,878	\$4,004,785	\$1,317,548	\$2,687,237

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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