

RECIPIENT NAME:DCN, LLC

AWARD NUMBER: NT10BIX5570090

DATE: 11/27/2012

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>  NT10BIX5570090	<b>3. DUNS Number</b>  615928405
<b>4. Recipient Organization</b>  DCN, LLC 3901 Great Plains Dr South, Fargo, ND 58104-3916		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  09-30-2012	<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>  Kayla Shafer  KLJ Engineering	<b>7c. Telephone (area code, number and extension)</b>  7013558701	
	<b>7d. Email Address</b>  kayla.shafer@kljeng.com	
<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  11-27-2012	

**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**  
 100% of the design is complete for Bismarck, Fargo, and Mandan, ND sites. Construction is proceeding in Bismarck. SRT Communications sites have been awarded and construction is almost complete. Northwest Communications Cooperative sites designed and awarded, but waiting for construction to start in the spring. DCT sites were awarded and the construction is complete.

**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	73	9% behind on expenditures. Sub-recipient's request came after third quarter.
2b.	Environmental Assessment	100	Complete
2c.	Network Design	95	On schedule. (As revised) In PIP
2d.	Rights of Way	95	On schedule.
2e.	Construction Permits and Other Approvals	95	On schedule.
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	95	On schedule. (As revised) In PIP
2h.	Network Build (all components - owned, leased, IRU, etc)	65	On schedule. (As revised) In PIP
2i.	Equipment Deployment	95	95% of equipment installed.
2j.	Network Testing	62	On schedule. (As revised) In PIP
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 project is moving forward and is close to being on schedule with outside plant (cable) work. We are diligently working to make up lost time and continuing to lay fiber. We believe there is enough time in our schedule to make up the small delays from 2012 in 2013 by providing more construction resources. We will also be constructing in Mandan and Grand Forks simultaneously rather than sequentially like we originally planned on cable construction. These factors will keep us close to the schedule to the end of the year. Progress is close to schedule but bills from sub-recipients are lagging behind.

**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	149	Ahead of schedule by 9 miles.
New network miles leased	0	N/A
Existing network miles upgraded	0	N/A
Existing network miles leased	1,388	N/A
Number of miles of new fiber (aerial or underground)	149	Ahead of schedule by 9 miles.
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	0	N/A

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	17
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	7

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: BEK Communications, United Telephone Mutual Aide Corporation, Dakota Central Telecommunications Cooperative, Midstate Telephone Company, Moore & Liberty/Griggs County Telephone, North Dakota Telephone Company, Northwest Communications Cooperative, Polar Communications Mutual Aid, Inter-Community Telephone Company, Reservation Telephone Cooperative, SRT Communications, Consolidated Telecom Company, Red River Telephone, West River Telecommunications, Dickey Rural, Idea One, and Midstate Communications.

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:

Next level internet interconnection from 5 MBPS to 10 GBPS.

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).

DCN does not have a designated third party to operate the network. Sub recipients will own and maintain the fiber within their network and charge DCN for the circuits. DCN will own, operate and manage the entire electronics network for all CAI's. Sub recipients maintaining the their fiber are: BEK Communications, Dakota Central Telecommunications, Midstate Telephone Company, Moore & Liberty/Griggs County Telephone, North Dakota Telephone Company, Northwest Communications Cooperative, Polar Communications Mutual Aid, Inter-Community Telephone Company, SRT Communications, Consolidated Telecom Company, and Red River Telephone.

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	N/A
	Providers with signed agreements receiving improved access	0	N/A
	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	5	Speeds are 10 mbps-0 subscribers, 20 mbps-0 subscribers, 50 mbps-0 subscribers,100 mbps-0 subscribers, and 1 gbps-8,450 subscribers. Remaining subscribers have not hooked-up yet.
Community Anchor Institutions (including Government institutions)	Total subscribers served	55	Behind schedule by 4 sites since we cannot count 6 towers
	Subscribers receiving new access	24	On schedule.

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	31	Behind schedule by 4 sites since we cannot count 6 towers
	Please identify the speed tiers that are available and the number or subscribers for each	5	5 mbps-20 subscribers, 10 mbps-1 subscriber, 20 mbps-3 subscribers, 50 mbps-0 subscribers, and 100 mbps-0 subscribers. Remaining anchor institutions have not hooked-up yet.
Residential / Households	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Businesses	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

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

At this time no special offerings will be made.

**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 BTOF 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 BTOF-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 BTOF-funded infrastructure
Dickinson Country House	Dickinson	Medical or Healthcare Provider	No	Using it to connect to hospitals and other clinics
Evergreen Dickinson	Dickinson	Medical or Healthcare Provider	No	Using it to connect to hospitals and other clinics
Great Plains Clinic	Dickinson	Medical or Healthcare Provider	No	Using it to connect to hospitals and other clinics

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
HQ Co C 164 BN	Dickinson	Public Safety Entity	Yes	Using it to connect to state IDT network and internet
Education Standards and Practices Board	Bismarck	Other Government Facility	Yes	Using it to connect to state IDT network and internet
Forest Service	Bismarck	Other Government Facility	Yes	Using it to connect to state IDT network and internet
Army Aviation Support Facility	Bismarck	Public Safety Entity	Yes	Using it to connect to state IDT network and internet
Dakota Pointe	Mandan	Medical or Healthcare Provider	No	Using it to connect to Hospitals and other clinics
Custer Health Unit & PSAP	Mandan	Medical or Healthcare Provider	Yes	Using it to connect to Hospitals and other clinics
Mercy Hospital	Valley City	Medical or Healthcare Provider	Yes	Using it to connect to Hospitals and other clinics
Valley City Drivers License	Valley City	Other Government Facility	Yes	Using it to connect to state IDT network and internet
HQ 141 Engr BN	Valley City	Public Safety Entity	Yes	Using it to connect to state IDT network and internet
Tioga Medical Center (3 sites)	Tioga	Medical or Healthcare Provider	Yes	Using it to connect to Hospitals and other clinics
Tioga High School	Tioga	School (K-12)	Yes	Using it to connect to state IDT network for interactive video and internet
Dakota Estates	Lidgewood	Medical or Healthcare Provider	No	Using it to connect to Hospitals and other clinics
Innovis Health LLC	Hankinson	Medical or Healthcare Provider	No	Using it to connect to Hospitals and other clinics
St. Gerard's Community Nursing Home	Hankinson	Medical or Healthcare Provider	No	Using it to connect to Hospitals and other clinics
Richland County Public Health Department	Wahpeton	Medical or Healthcare Provider	Yes	Using it to connect to Hospitals and other clinics
Wahpeton Job Service	Wahpeton	Other Government Facility	Yes	Using it to connect to state IDT network and internet
HQ Co B 142 N	Wahpeton	Public Safety Entity	Yes	Using it to connect to state IDT network and internet
Wahpeton High School	Wahpeton	School (K-12)	Yes	Using it to connect to state IDT network for interactive video and internet

**Project Indicators (Next Quarter)**

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).  
 Finished bidding projects and continue construction with Dakota Carrier Network (DCN) (Mandan, Grand Forks and Fargo), Red River Telephone, Polar Communications Mutual Aid, Consolidated Telecom and North Dakota Telephone Company.  
 The total CAI subscribers constructed is 104 and DCN will continue to connect CAIs. Seven projects will be under construction.  
 New network miles deployed: 167

New network miles leased: N/A

**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	87	On Schedule.
2b.	Environmental Assessment	100	On Schedule.
2c.	Network Design	100	On Schedule.
2d.	Rights of Way	95	On Schedule.
2e.	Construction Permits and Other Approvals	95	On Schedule.
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	100	On Schedule.
2h.	Network Build (all components - owned, leased, IRU, etc.)	80	On Schedule.
2i.	Equipment Deployment	95	On Schedule.
2j.	Network Testing	80	On Schedule based on fiber miles deployed.
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).**

DCN is confident we will finish well ahead of the third year deadline. We have resources working and should have built 89% of the system. Miles deployed is estimated to be 82%. We will finish right-of-way and work on marketing.

**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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Land, structures, right-of-ways, appraisals, etc.	\$355,687	\$106,706	\$248,981	\$86,605	\$25,982	\$60,623	\$90,000	\$27,000	\$63,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$627,682	\$188,305	\$439,377	\$494,074	\$148,222	\$345,852	\$596,140	\$178,842	\$417,298
e. Other architectural and engineering fees	\$167,377	\$50,213	\$117,164	\$151,409	\$45,423	\$105,986	\$160,000	\$48,000	\$112,000
f. Project inspection fees	\$941,506	\$282,452	\$659,054	\$514,737	\$154,421	\$360,316	\$650,000	\$195,000	\$455,000
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$9,860,644	\$2,958,193	\$6,902,451	\$5,662,808	\$1,698,842	\$3,963,966	\$7,533,000	\$2,259,900	\$5,273,100
j. Equipment	\$3,448,757	\$1,034,627	\$2,414,130	\$4,339,105	\$1,301,731	\$3,037,374	\$4,339,105	\$1,301,731	\$3,037,374
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>l. SUBTOTAL (add a through k)</b>	\$15,401,653	\$4,620,496	\$10,781,157	\$11,248,738	\$3,374,621	\$7,874,117	\$13,368,245	\$4,010,473	\$9,357,772
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$15,401,653	\$4,620,496	\$10,781,157	\$11,248,738	\$3,374,621	\$7,874,117	\$13,368,245	\$4,010,473	\$9,357,772

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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