

RECIPIENT NAME:DCN, LLC

AWARD NUMBER: NT10BIX5570090

DATE: 05/13/2013

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

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 NT10BIX5570090	3. DUNS Number 615928405
4. Recipient Organization DCN, LLC 3901 Great Plains Dr South, Fargo, ND 58104-3916		
5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2013	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No	
7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.		
7a. Typed or Printed Name and Title of Certifying Official Kayla Shafer KLJ Engineering	7c. Telephone (area code, number and extension) 7013558701	
	7d. Email Address kayla.shafer@kljeng.com	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-13-2013	

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 almost all of projects. Construction continued in Bismarck, Fargo, and Mandan, ND sites. Construction is proceeding in Bismarck. NDTC, Polar, and Consolidated Telcom projects have started and almost finished Polar projects.

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	88	4% behind on expenditures.
2b.	Environmental Assessment	100	Complete
2c.	Network Design	97	On schedule. (As revised) In PIP
2d.	Rights of Way	97	On schedule.
2e.	Construction Permits and Other Approvals	97	On schedule.
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	100	On schedule. (As revised) In PIP
2h.	Network Build (all components - owned, leased, IRU, etc)	80	On schedule. (As revised) In PIP
2i.	Equipment Deployment	97	97% of equipment installed.
2j.	Network Testing	80	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 made up lost time on the backbone and are 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, Bismarck, Fargo, Grand Forks NDTC, and Consolidated Telecom simultaneously rather than sequentially like we originally planned on mostly drop construction. These factors will keep us close to the schedule. 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	167	On schedule.
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)	167	On schedule.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
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 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	17	Increased bandwidth capability beyond 1 Gbps.
	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-17 subscribers. Remaining subscribers have not hooked-up yet.
Community Anchor Institutions (including Government institutions)	Total subscribers served	68	Behind schedule by 36 sites, 6 of which are towers. Results of marketing are not as high as we expected to this point.
	Subscribers receiving new access	29	Behind schedule by 36 sites, 6 of which are towers. Results of marketing are not as high as we expected to this point.
	Subscribers receiving improved access	39	Behind schedule by 36 sites, 6 of which are towers. Results of marketing are not as high as we expected to this point.
	Please identify the speed tiers that are available and the number or	5	5 mbps-20 subscribers, 10 mbps-1 subscriber, 20 mbps-3 subscribers, 50 mbps-0 subscribers, and 100 mbps-0 subscribers.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	subscribers for each		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	1	One business is connected.
	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	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.

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 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).

Finished bidding projects and continue construction with Dakota Carrier Network (DCN) (Mandan, Bismarck, Grand Forks and Fargo mostly drops), Polar Communications Mutual Aid, Consolidated Telecom and North Dakota Telephone Company. The total CAI subscribers constructed is 69 and DCN will continue to connect CAIs. Seven projects will be under construction, but with slow progress due to winter freeze.
 New network miles deployed: 170
 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	96	On Schedule.
2b.	Environmental Assessment	100	On Schedule.
2c.	Network Design	100	On Schedule.
2d.	Rights of Way	100	On Schedule.
2e.	Construction Permits and Other Approvals	100	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	99	On Schedule.
2j.	Network Testing	95	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 somewhat confident we will finish well ahead of the third year deadline, however, the late spring has delayed construction. We have resources working and should have built 96% of the system. Miles deployed is estimated to be 81%. We will finish the majority of the project in the next quarter.

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	\$87,155	\$26,146	\$61,009	\$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	\$638,973	\$191,692	\$447,281	\$650,000	\$195,000	\$455,000
e. Other architectural and engineering fees	\$167,377	\$50,213	\$117,164	\$173,860	\$52,158	\$121,702	\$180,000	\$54,000	\$126,000
f. Project inspection fees	\$941,506	\$282,452	\$659,054	\$697,642	\$209,293	\$488,349	\$850,000	\$255,000	\$595,000
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	\$7,391,164	\$2,217,349	\$5,173,815	\$8,500,000	\$2,550,000	\$5,950,000
j. Equipment	\$3,448,757	\$1,034,627	\$2,414,130	\$4,570,876	\$1,371,263	\$3,199,613	\$4,570,876	\$1,371,263	\$3,199,613
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$15,401,653	\$4,620,496	\$10,781,157	\$13,559,670	\$4,067,901	\$9,491,769	\$14,840,876	\$4,452,263	\$10,388,613
m. Contingencies									
n. TOTALS (sum of l and m)	\$15,401,653	\$4,620,496	\$10,781,157	\$13,559,670	\$4,067,901	\$9,491,769	\$14,840,876	\$4,452,263	\$10,388,613

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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