

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 NT10BIX5570100	3. DUNS Number 945065498
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4. Recipient Organization

Delta Communications, L.L.C. 2 N Vine St., 3rd FL, Harrisburg, IL 62946-1561

5. Current Reporting Period End Date (MM/DD/YYYY) 06-30-2011	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No
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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 Ray Cagle	7c. Telephone (area code, number and extension) X
	7d. Email Address rcagle@clearwave.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-12-2011
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Empty space for additional information or comments
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Construction began to ramp up this quarter as Clearwave ended up with 9 crews working by the end of the quarter. 115 miles of conduit has been buried and 30 miles of fiber has been installed. Our goal is to deploy 8-10 miles per week. Our sales and marketing teams continue to work with our anchor institutions and 141 (over 60%) of them have signed contracts with us. Clearwave participated in several local and regional economic development meetings to help promote the benefits of the project. We continue to build up our social media efforts as well, with over 450 likes on Facebook, close to 400 followers on Twitter, and our website www.clearwavebroadband.com bringing in an average of 70 visitors per week.

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	48	Baseline was 35%. We have pre-ordered and warehoused a significant amount of our equipment and we have over 100 miles of conduit in the ground.
2b.	Environmental Assessment	100	In line with baseline
2c.	Network Design	100	In line with baseline
2d.	Rights of Way	56	Baseline was 34%
2e.	Construction Permits and Other Approvals	34	Baseline was 22%
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	66	Baseline was 65% Slightly ahead of baseline.
2h.	Network Build (all components - owned, leased, IRU, etc)	32	Baseline was 19%. 115 miles of conduit deployed. Construction has been in the more difficult and more expensive routes to construct.
2i.	Equipment Deployment	0	Baseline was 10%. Taken longer to get through the collocation application phase with Frontier and AT&T than we expected. Should be on track by next quarter.
2j.	Network Testing	0	In line with baseline
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 only area above that we were behind on our baseline was Equipment Deployment and it was discussed in the narrative above. We anticipate meeting our baseline projections on equipment deployment for next quarter by August 31.

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	30	Baseline was 75. We have 115 miles of conduit and 30 miles of fiber deployed. In order to be more cost effective with our construction we are delaying the deployment of fiber until we have more continuous miles of conduit deployed.
New network miles leased	0	N/A

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	0	N/A
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	Baseline was 3. Taken longer to get through the collocation application phase with Frontier and AT&T than we expected. Should be on track by next quarter.

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	0
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: None at this time. We are in discussions with 10 third party service providers, but formal negotiations have not begun. Expect to begin some formal negotiations, including responding to some RFPs by next quarter.

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:

No agreements at this time.

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).

Not applicable.

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	Baseline is 1. We are in discussions with 10 third party service providers, but formal negotiations have not begun. Expect to begin some formal negotiations, including responding to some RFPs by next quarter.
	Providers with signed agreements receiving improved access	0	In line with baseline
	Providers with signed agreements receiving access to dark fiber	0	n line with baseline

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	In line with baseline
	Subscribers receiving new access	0	In line with baseline
	Subscribers receiving improved access	0	In line with baseline
	Please identify the speed tiers that are available and the number of subscribers for each	0	In line with baseline
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).

None at this time.

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

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

None made.

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

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
0	0	0	0	0

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 Clearwave expects to deploy 100-120 miles of conduit in the next quarter, giving us a total of 215-235 miles of conduit deployed. We should be close to 170 miles of fiber deployed and expect to have 8 new interconnection points.

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	60	Baseline is 41%
2b.	Environmental Assessment	100	In line with Baseline
2c.	Network Design	100	In line with Baseline
2d.	Rights of Way	63	Baseline is 47% Staying ahead of what is needed for construction
2e.	Construction Permits and Other Approvals	46	Baseline is 34% Staying ahead of what is needed for construction
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	80	In line with Baseline
2h.	Network Build (all components - owned, leased, IRU, etc.)	43	Baseline is 30%. Continue to be ahead of schedule on network construction.
2i.	Equipment Deployment	23	In line with Baseline
2j.	Network Testing	20	In line with Baseline
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).
 Continued construction progress is dependent on our continued ability to obtain rights of ways and permits from Illinois Department of Transportation, Core of Engineers, railroads and local municipalities. We don't anticipate the delays in obtaining any of these permits to cause us to fall behind our baseline.

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.	\$525,000	\$160,522	\$364,478	\$436,389	\$112,872	\$323,517	\$436,390	\$133,428	\$302,961
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,500,000	\$764,388	\$1,735,612	\$2,784,049	\$720,094	\$2,063,956	\$2,784,049	\$851,238	\$1,932,811
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$27,051,500	\$8,271,139	\$18,780,361	\$8,721,362	\$2,255,778	\$6,465,583	\$11,721,362	\$3,583,868	\$8,137,493
j. Equipment	\$15,318,520	\$4,683,718	\$10,634,802	\$10,049,486	\$2,599,297	\$7,450,189	\$12,254,816	\$3,746,975	\$8,507,841
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$45,395,020	\$13,879,767	\$31,515,253	\$21,991,286	\$5,688,041	\$16,303,245	\$27,196,617	\$8,315,509	\$18,881,106
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$45,395,020	\$13,879,767	\$31,515,253	\$21,991,286	\$5,688,041	\$16,303,245	\$27,196,617	\$8,315,509	\$18,881,106

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: \$910