

RECIPIENT NAME: Merit Network Inc.

AWARD NUMBER: NT10BIX5570114

DATE: 02/26/2015

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 6/30/2015

ANNUAL 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 NT10BIX5570114	3. DUNS Number 615121324
4. Recipient Organization Merit Network Inc. 1000 Oakbrook Drive Suite 200, Ann Arbor, MI 48104-6815		
5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2014	6. Is this the last Annual 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 Alysia Giatas	7c. Telephone (area code, number and extension) X	
	7d. Email Address	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02-26-2015	

OVERALL PROJECT PERFORMANCE INDICATORS

1. Please provide the following average cost figures for your project. Please review the instructions to determine how to calculate these figures. Write "0" in the second column and "N/A" in the third column if your project does not yet have this information. Depending on whether your project contains Middle Mile and/or Last Mile components, some metrics may not apply. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).

Cost Indicator	Average Cost / Speed	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Average cost per new mile (Middle Mile)	\$42,722	The cost per mile was significantly above the estimate in the baseline plan, primarily due to unanticipated costs associated with underground construction. Merit's construction crews encountered unforeseen stretches of solid rock in the Upper Peninsula; boring through rock is the most costly construction method, and, as a result, the overall cost per mile increased.
Average cost per household passed (Last Mile)	0	N/A
Average cost per subscriber (Last Mile)	0	N/A
Maximum broadband speed advertised (Middle Mile)	10 Mbps	No variance
Maximum broadband speed advertised (Last Mile)	0	N/A
Average broadband speed provided (Middle Mile)	10 Mbps	No variance
Average broadband speed provided (Last Mile)	0	N/A

2. Please provide each facility name and type, the county where the facility is located, and census tract information for any facilities funded by your project during this annual reporting period. Report only facilities for which construction has been completed.

Facility Identifier / Name	Facility Type	County	Census Tracts
N/A	N/A	N/A	N/A

Add Facility

Remove Facility

3. Please identify (1) the total number of interconnection, peering, and/or transit agreements entered into during this annual reporting period; (2) the total number of agreements of each type that you are currently negotiating; and (3) whether you have denied any request for interconnection and if so, why. If you have not entered into any agreements, please write "N/A."

Interconnection Agreements (600 words or less)

There were 5 interconnection agreements entered into during the annual reporting period and 2 agreements under negotiation. No requests were denied.

Peering and Transit Agreements (600 words or less)

There was 1 peering and no transit agreements entered into during the annual reporting period and 1 agreement under negotiation. No requests were denied.

CAPACITY, UTILIZATION, AND CAPABILITY INDICATORS

4. Community Anchor Institutions: In the chart below, please provide information on the types of community anchor institutions capable of receiving service (i.e., anchor institutions connected to your network plus those passed by your network) as a result of BTOP funds.

Type of Community Anchor Institution	Total Number Within Service Area	Type of Community Anchor Institution	Total Number Within Service Area
Schools (K-12)	90	Public Housing	0
Libraries	29	Other Institutions of Higher Education	17
Medical and Healthcare Providers	26	Other Community Support Organizations	11
Public Safety Entities	5	Other Government Facilities	22
Community Colleges	6	Total Community Anchor Institutions	206

5. Please indicate the average increase in broadband speed provided to the community anchor institution customers as a result of your project, including a description of how this increase was calculated (600 words or less).

The averaged increase in 10 Gbps. This was calculated by taking the average of the average speed connections to the community anchor institutions receiving new or improved service.

6. What retail services are being provided by this project? Please describe below. (600 words or less). As an attachment to this report, please provide pricing plans (in \$ per month) associated with each retail service. Retail services description:

Merit provides a managed fiber attachment service. Members pay a single annual fee based on the service level to which they subscribe. The fee comprises a local loop provisioned on fiber infrastructure and bandwidth from the backbone to the Member.

7a. What network management policies (e.g., bandwidth limitations, traffic prioritization) are in place for the services provided by your project? 7b. Have you ever limited or blocked consumers from accessing any lawful content, service, service provider, or application, or prevented any consumers from attaching any legal device to the network? If so, please explain why (300 words or less)?

Merit Network employs standard best effort Internet delivery policy to ensure that any organization, institution or entity connected, directly or indirectly, to Merit's fiber backbone may exercise choice in lawful Internet content, web-based application and use of Merit or competitor service, including any device which is not harmful to the network. All of the preceding is subject to the needs of law enforcement. Merit Network does not favor any lawful Internet applications or content over others, and is committed to enabling competition among network providers, application and service providers, and content providers.

8. If applicable, please provide the total number and the percentage of subscribers who have dropped the broadband service provided through this project (total number of households and/or businesses and the "churn rate") and the subscribers' reasons for discontinuing their service (600 words or less).

N/A

9. Please provide the following information regarding the number of fiber strand-miles:

Total Number of Strand-miles	Total Number of Active Fiber Strand-miles Used by Recipient	Total Number of Leased Fiber Strand-miles	Total Number of Dark Fiber Strand-miles	Total Number of Strand-miles Being Built		
				Active	Leased	Dark
155,731	39,234	0	116,497	0	0	0

10. If you wholesale dark fiber, please list your wholesale customers and the number of fiber miles you currently are leasing to those customers:

N/A

11. Please provide the following information regarding the facility collocation capacity:

Total Facility (total square feet for all facilities)	Number of Square Feet Used by Recipient	Number of Square Feet Leased	Number of Square Feet Available

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0	0	0	0
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12. If you do not own collocation space, please describe how and where other network providers and/or customers interconnect with your network (600 words or less).

Other network providers and customers have opportunities to connect to the recipient and sub-recipient networks along the route at telecommunications huts, central offices, community anchor institutions, and other facilities.

13. To the extent that you have made any subcontracts or sub grants, please provide the number of subcontracts or sub grants that have been made to socially and economically disadvantaged small business (SDB) concerns as defined by section 8(a) of the Small Business Act, 15 U.S.C. 647, as modified by NTIA's adoption of an alternative small business size standard for use in BTOP. Please also provide the names of these SDB entities (150 words or less).

N/A

14. Please describe any best practices/lessons learned that can be shared with other similar BTOP projects (900 words or less).

Project success depends on collaboration and communication with the NTIA and the Grants Office vis the Project's Federal Program Officer, Grants Officer, and their consulting teams. It is important to become intimately familiar with the Grant terms and condition, and implement financial and administrative systems that allow for the monitoring of grant activities and documentation of the use of funds. Starting processes early makes a huge difference in the project time line. Initiating procurement processes, completing the Environmental Assessment, requesting Davis-Bacon Act wage rates for your project area, having agreements in place with sub-recipients and vendors, and working with permitting agencies as early as possible maximizes construction time.

Planning is an essential component of a successful project, and BTOP recipients should have clearly defined baseline project plans, communication plans for sub-recipients, contractors, vendors, and the community, plans for collecting progress data, risk mitigation and contingency plans, and plans for monitoring sub-recipients.

Community outreach helps get communities involved in the project, creates an open dialogue, and demonstrates that our organization and the NTIA are using Federal funds responsibly. Helping key stakeholders and organization see the positive socioeconomic impact that broadband has will result in higher adoption rates and stronger, more vibrant communities.

15. Using the Excel spreadsheet template titled "Annual PPR CCI Addendum", please provide an updated list of Community Anchor Institutions (CAIs) that you have connected and plan to connect to your network.

16. Using the Excel spreadsheet template titled "Annual PPR CCI Addendum", please provide a list of community pairs that are receiving new or improved broadband service as a result of BTOP grant funds.

17. Please provide up-to-date network route maps in a single file, in a Google Earth compatible format (e.g., KMZ file).