

RECIPIENT NAME:MCNC

AWARD NUMBER: NT10BIX5570120

DATE: 05/16/2013

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 NT10BIX5570120	3. DUNS Number 018946590
4. Recipient Organization MCNC 3021 Cornwallis Road, Research Triangle Park, NC 27709-2889		
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 Patricia Moody Chief Financial Officer	7c. Telephone (area code, number and extension) 9192481820	
	7d. Email Address pmoody@mcnc.org	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-16-2013	

Project Indicators (This Quarter)

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

During the quarter, we closed in on finishing all construction efforts. At the end of the quarter we have completed a total of 1596 miles of fiber within the project through a combination of new build, IRU acquisition, or existing upgraded miles, representing approximately 94% of the project miles. Of the 1596 miles, 1200 miles represent new construction, 336 miles represent newly executed IRU's, and 60 miles represent upgraded miles.

Deployment of backbone equipment continued between the Rocky Mount and Elizabeth City corridor, Raleigh and Henderson corridor, as well as the Henderson to Rockingham County corridor.

During this quarter we deployed fiber by an additional 43 CAI's bringing our total for the project to 175. An additional 190 miles of new fiber was placed during the quarter, bringing the total to 1200 miles during the project. There are approximately 100 miles of new fiber left to be deployed.

An additional IRU agreement was executed during the quarter for fibers on all newly constructed routes, bringing the total to three agreements executed on portions of the route. Conversations are ongoing with an additional seven companies regarding access to fibers.

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	92	This number reported for completeness is based on dollars spent, which is 92%, lower to the baseline of 98% forecasted. This is due to a number of factors, the most important being that the most difficult and expensive region for construction has been worked on last, meaning some of the more expensive billings have not yet occurred. We are a bit behind in our construction schedule due to weather during the winter months but are on pace to recover from this by June. Relative to the project miles when consideration is given to miles of conduit constructed and IRU's executed, we are at 98% complete, which is at baseline. At this point, we are not concerned with meeting expectations of the project and overall completion by July of 2013.
2b.	Environmental Assessment	100	This task is 100% complete for the project as approved in the application.
2c.	Network Design	100	This task is 100% complete for the project as approved in the application.
2d.	Rights of Way	100	This task is 100% complete for the project as approved in the application.
2e.	Construction Permits and Other Approvals	100	This task is 100% complete for the project as approved in the application.
2f.	Site Preparation	100	This task is 100% complete for the project as approved in the application.
2g.	Equipment Procurement	89	We are lower to baseline when measured against dollars spent on this line item due to lower costs of equipment procured at this point than expected. All equipment required to complete the project is either already in place, in house for deployment, or queued up for ordering in the next quarter. No concerns on completing this.
2h.	Network Build (all components - owned, leased, IRU, etc)	94	This number (94% completeness) is based on dollars spent, below our 100% forecasted in baseline for completion of fiber. The primary reason for this has been very wet and rainy weather in the winter months of this year that effectively caused us to lose an aggregate of approximately four weeks of work time. Relative to judging our build through actual completion in the field, by the end of the quarter our firm fiber total completed within the project was 1596 miles. Of this, 60 miles are existing MCNC fibers to be placed into the project; 336 from finalized

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			IRU's and 1200 from completed new builds. This is approximately 94% of the anticipated network. We do not have concern with completing the project on time.
	2i. Equipment Deployment	90	We are below the projected baseline of 95% at this time. This is primarily due to timing of deployment of CPE equipment at CAI's along the completed fiber route. Most backbone related equipment has been deployed and is waiting on final splicing of fiber routes to turn up. We anticipate all deployment work of equipment to be finalized in the June reporting quarter.
	2j. Network Testing	94	Below baseline of 99%. We are not complete with the fiber build as expected due to slower construction during the winter months with rainy weather. We anticipate this effort will complete by middle of the June quarter in full.
	2k. Other (please specify):	0	NA

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).

A winter that saw more rain than anticipated in the north central area of the state slowed construction an aggregate of approximately four weeks. With the wet rainy weather, time had to be given for areas to dry out to resume construction, and this caused delays that were beyond what we allowed for. As we have entered spring, this has given way to more ideal conditions and construction has picked up.

At this point, the only remaining miles of conduit to be constructed to allow fiber placement are in the Graham County area for which NTIA is currently considering a waiver request from MCNC to grant use of fibers in this area to the controlling entity of an easement required for construction. Quick approval of this from NTIA in April will allow us to close out construction efforts in that area by end of May.

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	1,200	This represents the number of miles of fiber actually placed, which is below the baseline of 1340 miles forecasted. We have constructed 1337 miles of conduit which is right at baseline and which takes much more time than installation of the fiber. Because of this we are not concerned about being behind at this point on this metric and will finish fiber deployment no later than June. A slower start to construction by both MCNC and ERC and a rainy winter season is the primary driver for lower number to baseline.
New network miles leased	336	We are ahead of baseline on this metric, and always will be, due to IRU executions approved during the project instead of builds. Formal agreements with Zayo (26.5 miles), BREMCO (136 miles), Skyline (16 miles), Pangea (9 miles), ERC (42.5 miles), Country Cable (11 miles), French Broad Electric Membership Corporation (13 miles), Balsamwest (65 miles), Morris Broadband (9 miles) and Greenlight (8 miles) have been completed to account for these totals and represent all IRU's that will be completed.
Existing network miles upgraded	60	60 miles of existing fiber are secured and ready to be lit when complementary fiber adjacent to them is completed in the project. This fiber will be used to tie the BTOP2 construction together to the existing North Carolina Research and Education network in operation today.
Existing network miles leased	0	NA

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of miles of new fiber (aerial or underground)	1,200	We are below baseline of 1503. Baseline contained acquired indefeasible right to use miles as well, in error, and thus we will be below baseline for this and all future reports.
Number of new wireless links	0	NA
Number of new towers	0	NA
Number of new and/or upgraded interconnection points	1,964	Slightly lower to baseline of 1990 as the baseline was set against the whole project being done at this time.

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	4
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	7
Average term of signed agreements (in quarters)	63

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: During the quarter we signed an agreement with RST Communications out of Shelby,NC for an Indefeasible Right to Use for fibers along the entire footprint of the project. ERC signed a lit service agreement with Lightleap, a wireless residential provider, during the quarter for 15M of service. Negotiations continued with 7 other carriers and enterprises for dark fiber as well as interest in the route remains high. We're slightly behind to base line due to the timing of the completion of the routes, potential carriers availability to have capital funds for purchases, and negotiations taking longer than anticipated.

Additional signed agreements with Broadplex Communications and Dukenet Communications are in place as communicated in prior reports.

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:

None available at this time from the newly signed contracts. We anticipate the carriers to offer a full array of telecom services. To our CAI constituents, we will be offering IP service up to 10Gbps, lambda (point to point circuit) services, as well as dark fiber under lease and or IRU as requested.

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).

Dukenet Communications out of Charlotte, NC is providing locate and maintenance services on the fiber as it is completed by the contractors. They are not a sub recipient, but as reported in the last quarter have acquired fibers in a portion of the route and discussions for them to acquire in other areas continues.

Contacts:

Dukenet Communications
 Tony Cockerham, COO
 704-382-5247
 400 S. Tryon Street, Charlotte, NC 28202

MCNC
 Tommy Jacobson, COO
 919-248-1178
 3021 E. Cornwallis Road, Research Triangle Park, NC 27709

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	1	In addition to the dark fiber agreements noted above, our subrecipient ERC signed a lit service agreement with Lightleap, who is a residential wireless provider, for service in the northwestern part of the state.
	Providers with signed agreements receiving improved access	0	No variance to baseline
	Providers with signed agreements receiving access to dark fiber	3	We are ahead of baseline of 2 on this metric.
	Please identify the speed tiers that are available and the number of subscribers for each	1	The existing lit service ERC has provided noted above is for 15M of access. We anticipate RST beginning to provide 50M service to residential regions within the next 6-9 months as they start developing their business plan along certain portions of the route where they have obtained fibers. All carriers, based on the equipment they intend to deploy that they've revealed to us, will be in a position to provide service levels from 10M up to 10G.
Community Anchor Institutions (including Government institutions)	Total subscribers served	175	We are slightly below baseline on this based on number of CAI's we have now built fiber to due to full completion of the construction efforts.
	Subscribers receiving new access	175	We are ahead of baseline on this based on number of CAI's we have now built fiber to. At this point we have not turned service on to all of them due to timing of deployment in the core or their ability to sign a contract at this time but fiber construction is complete.
	Subscribers receiving improved access	0	In error we forecasted in our baseline for improved service to CAI's. Given that the CAI's outlined in our proposal included all new builds for new services, these estimates in the baseline were wrong. This metric will be 0 for all future reports, and due to the continued forecasting error, a variance to baseline in all future reports.
	Please identify the speed tiers that are available and the number or subscribers for each	7	Service will be provisioned to the CAI's at 1Gbps with varying contracted speeds up to 1Gbps. Currently the quantity at each tier based on deployment is: 10M:1 20M:1 50M:2 100M:14 250M:10 500M:8 1G:6
Residential / Households	Entities passed	0	NA
	Total subscribers served	0	NA
	Subscribers receiving new access	0	NA
	Subscribers receiving improved access	0	NA
	Please identify the speed tiers that are available and the number of subscribers for each	0	NA
Businesses	Entities passed	0	NA
	Total subscribers served	0	NA
	Subscribers receiving new access	0	NA
	Subscribers receiving improved access	0	NA
	Please identify the speed tiers that are available and the number of subscribers for each	0	NA

7. Please describe any special offerings you may provide (600 words or less).
 Our network, once fully deployed, will enable service offerings of 1Gbps to 100Gbps as required. The optronics we will deploy will have tremendous growth capability based on the road maps presented to us by the vendor of the equipment. Our willingness and ability to lease dark fiber to CAI's between their respective institutions in a confined geography we are hearing will be received well.

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

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

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
See Addendum	See Addendum	See Addendum	See Addendum	See Addendum

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 We anticipate completing the project within the next quarter. While there could be some installations that carry over in to July for equipment of CPE at some locations, we expect those to be very few. We anticipate deploying the final 100 miles of fiber in the new construction, having fiber deployed by a total of 175 CAI's, and having signed a total of 6 new provider agreements for access (lit services or dark fiber).

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	99	Dollar percent complete is 99%, but overall project is 100% complete
2b. Environmental Assessment	100	This activity is 100% complete
2c. Network Design	100	This activity is 100% complete
2d. Rights of Way	100	This activity is 100% complete
2e. Construction Permits and Other Approvals	100	This activity is 100% complete
2f. Site Preparation	100	This activity is 100% complete
2g. Equipment Procurement	100	This activity is 100% complete
2h. Network Build (all components - owned, leased, IRU, etc.)	100	This activity is 100% complete
2i. Equipment Deployment	100	This activity is 100% complete
2j. Network Testing	100	This activity is 100% complete
2k. Other (please specify):	0	NA

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).
 The biggest pending item is approval by NTIA to execute an agreement with Brookfield Hydroelectric that will allow us to grant them use of fibers over a short stretch in our Graham County build in exchange for an easement. We have provided all required information

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that we're aware of at this point to NTIA for consideration.

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	\$757,080	\$183,865	\$573,215	\$998,780	\$242,565	\$756,215	\$1,000,000	\$242,861	\$757,139
b. Land, structures, right-of-ways, appraisals, etc.	\$5,692,533	\$1,920,062	\$3,772,471	\$4,931,473	\$1,815,514	\$3,115,959	\$5,000,000	\$1,832,157	\$3,167,843
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$7,425,748	\$1,803,424	\$5,622,324	\$5,590,114	\$1,357,620	\$4,232,494	\$5,700,000	\$1,384,307	\$4,315,693
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$7,205	\$1,750	\$5,455	\$0	\$0	\$0	\$7,205	\$1,750	\$5,455
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	\$85,037,468	\$24,683,797	\$60,353,671	\$79,721,744	\$23,312,532	\$56,409,212	\$86,500,000	\$24,958,705	\$61,541,295
j. Equipment	\$6,971,935	\$1,693,210	\$5,278,725	\$6,184,646	\$1,502,008	\$4,682,638	\$6,971,935	\$1,693,210	\$5,278,725
k. Miscellaneous	\$200,000	\$48,572	\$151,428	\$302,736	\$73,523	\$229,213	\$370,000	\$89,859	\$280,141
l. SUBTOTAL (add a through k)	\$106,091,969	\$30,334,680	\$75,757,289	\$97,729,493	\$28,303,762	\$69,425,731	\$105,549,140	\$30,202,849	\$75,346,291
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$106,091,969	\$30,334,680	\$75,757,289	\$97,729,493	\$28,303,762	\$69,425,731	\$105,549,140	\$30,202,849	\$75,346,291

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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