U.S. DEPARTMENT OF COMMERCE

Performance Progress Report

2. Award Or Grant Number 26-50-M09035	
4. Report Date (MM/DD/YYYY) 04-11-2011	

1. Recipient Name Connected Nation, Inc. - Michigan	6. Designated Entity On Behalf Of: Michigan

3. Street Address 1020 College Street,	8. Final Report? ◯ Yes ◉ No	9. Report Frequency ◉ Quarterly ◯ Semi Annual ◯ Annual ◯ Final

5. City, State, Zip Code Bowling Green, KY 42101-2137		

7. Project / Grant Period Start Date: (MM/DD/YYYY) 12-20-2009	7a. End Date: (MM/DD/YYYY) 12-19-2014	7b. Reporting Period End Date: 03-31-2011	9a. If Other, please describe: N/A

10. Broadband Mapping   10a. Provider Table

Number of Providers Identified	Number of Providers Contacted	Number of Agreements Reached for Data Sharing	Number of Partial Data Sets Received	Number of Complete Data Sets	Number of Data Sets Verified
0	0	0	0	0	0

10b. Are you submitting the required PROVIDER DATA by using the Excel spreadsheet provided by the SBDD grants office? ◯ Yes ◉ No

10c. Have you encountered challenges with any providers that indicate they may refuse to participate in this project? ◉ Yes ◯ No

10d. If so, describe the discussions to date with each of these providers and the current status

M3 Wireless: Spoke with company representative who advised that they do not want to participate in the mapping program – Refused to Participate

Reliable Internet, LLC: Multiple voice-mail and e-mail messages over the past year remain unanswered – Non-Responsive to Multiple Attempts

Rural Communications, Inc.:   Multiple contact attempts made between January 26, 2010 and September 8, 2010; 7 additional attempts made during this submission period - Non-Responsive to Multiple Attempts

WideOpenWest Michigan, LLC: Received voice message from company executive - "I spoke with my counterparts and we will not share information as requested by Connected Nation, so you will not be receiving information from WOW." Subsequent attempts to contact this provider have resulted in no response – Refused to Participate

Wireless Technology Solutions: Multiple contact attempts made between December 30, 2009 and July 28, 2010; 7 additional attempts made during this submission period - Non-Responsive to Multiple Attempts

10e. If you are collecting data through other means (e.g. data extraction, extrapolation, etc), please describe your progress to date and the relevant activities to be undertaken in the future

N/A

10f. Please describe the verification activities you plan to implement

ESRI is deploying and hosting Connected Nation's BroadbandStat (BBStat) web application. ESRI will house the customized BBStat application in their highly available, monitored, and managed environment. The scope of services includes setting up a staging environment for data verification and compatibility as well as a production environment for client access.

Connected Nation also collects consumer feedback in the form of broadband inquiries. These inquiries represent any type of communications received from the public regarding broadband service. Once broadband inquiries are received across the state, this information is overlaid with the broadband availability information collected through the SBDD program. This allows for a real-world comparison of the broadband landscape to the information received from broadband inquiries. Broadband inquiries are able to provide three types of information: 1) residents who do not have broadband but want it; 2) residents who have broadband but want a different provider; and 3) residents who do not have broadband, but the broadband inventory maps indicate that they do. If residents within a

region state that they are without broadband, but the broadband inventory maps show otherwise, this allows Connected Nation to approach the providers within that area in an effort to trim down their coverage to more accurately represent real-world availability on the ground.

Before June 30, 2011 Connected Nation will target 5 additional companies in order to achieve a total field validation rate equal to or exceeding 38.70% (currently 34.68%).

10g. Have you initiated verification activities? (●)Yes   (○)No

10h. If yes, please describe the status of your activities

BroadbandStat is publicly available on the Connect Michigan website and received a total of 1,001 visits between January 1, 2011 and March 31, 2011.

During this quarter, the Connect Michigan project received a total of 136 broadband inquiries. Additional information received through e-mail from consumers that can also be used for verification purposes totaled 20 for this quarter.

Connected Nation's staff has conducted extensive field validation tests in Michigan on the following providers: 2125 Cable Company LLC, ACD Net, Ace Telephone Company of Michigan Inc., Agri-Valley Communications Inc., Allendale Telephone Company, AT&T, Azulstar Inc., Bloomingdale Communications Inc., Boardman River Communications LLC., CenturyLink, Charter Communications, Cherry Capital Connection LLC, Clearwire Corporation, COLI Inc., Comcast Cable Communications LLC, Custom Software Inc., D&P Communications Inc., Frontier Communications Corporation, Hidden Lake Wireless Inc., I-2000 Inc., KEPS Technologies Inc., Leap Wireless International Inc., Merit Network, MetaLINK Technologies Inc., Michwave Technologies Inc., Microtech Services Inc., Mutual Data Services, Ogden Communications Inc., Parish Communications, Pasty.Net Inc., Peninsula Telephone Company, Pigeon Telephone, Sister Lakes Cable TV, SpeedNet LLC, Sprint, Talk America Inc., TDS Telecommunications Corporation, T-Mobile, Town & Country CATV, Verizon North Inc., Waldron Telephone Company, Winn Telephone Company, and Wyandotte Municipal Services. To date, Connected Nation has completed field validation testing against 43 companies (out of a universe of 124 viable providers) totaling 34.68% within the state.

10i. If verification activities have not been initiated please provide a projected time line for beginning and completing such activities

N/A

Staffing

10j. How many jobs have been created or retained as a result of this project?

4.07

Connected Nation has numerous staff working on the Connect Michigan project, some at only a small percentage of their time. This approach is beneficial to the project in various ways: some staff provide necessary project support, many staff work together utilizing a team approach, and others are subject matter experts in their respective areas and by leveraging their expertise the project benefits by their knowledge and skills without the necessity of supporting a more expensive full-time resource.

10k. Is the project currently fully staffed?   (○)Yes (●)No

10l. If no, please explain how any lack of staffing may impact the project's time line and when the project will be fully staffed

The positions not currently staffed are related to Connect Michigan's new broadband capacity and local regional technology planning team activities that are only just beginning and as such have no impact on the project's time line. The positions are expected to be filled during the second and third quarters of 2011.

10m. When fully staffed, how many full-time equivalent (FTE) jobs do you expect to create or retain as a result of this project?

8.07

10n. Staffing Table

Job Title	FTE %	Date of Hire
Associate Counsel	2	09/14/2009
Business Programmer Analyst	2	04/02/2007
CAI Coordinator	4	12/13/2004
CAI Data Analyst	11	03/24/2009

CAI Data Manager	5	08/09/2010
ETS Analyst	84	07/13/2009
ETS Analyst	2	11/01/2007
ETS Analyst	1	08/03/2009
ETS Manager	6	07/01/2007
General Counsel	7	01/01/2007
GIS Analyst	32	11/16/2009
GIS Services Manager	5	05/15/2007
Outreach & Awareness Manager	9	03/24/2009
Outreach & Awareness Specialist	29	01/03/2010
Outreach & Awareness Specialist	7	01/04/2010
Outreach & Awareness Specialist	5	10/01/2007
Outreach & Awareness Specialist	5	02/02/2009
Outreach & Awareness Specialist	3	01/04/2010
Project Coordinator	7	04/01/2005
Project Management Director	2	12/20/2004
Project Manager	62	01/01/2007
Project Manager	8	09/04/2007
Project Manager	5	01/14/2008
Project Manager	3	08/20/2007
Project Manager	3	12/16/2009
Project Manager	2	09/01/2006
Project Manager	2	01/14/2008
Project Manager	2	03/16/2010
Provider Relations Manager	8	02/17/2005
Research & GIS Analyst	3	05/14/2007
Research Analyst	10	02/01/2010
Research Analyst	2	06/01/2009
Research Manager	5	05/14/2007
State Services Manager	2	07/01/2007
State Services Specialist	62	03/24/2009

Add Row	Remove Row

Sub Contracts

10o. Subcontracts Table

Name of Subcontractor	Purpose of Subcontract	RFP Issued (Y/N)	Contract Executed (Y/N)	Start Date	End Date	Federal Funds	In-Kind Funds
Throughbred Research Group	Research Surveys	Y	Y	02/09/2010	02/08/2012	87,350	0
Contract Labor	Contract Labor	N	Y	12/20/2009	12/19/2014	850,664	244,462

Add Row	Remove Row

Funding

10p. How much Federal funding has been expended as of the end of the last quarter? $911,198   10q. How much Remains? $3,844,486

10r. How much matching funds have been expended as of the end of last quarter? $277,201   10s. How much Remains? $1,006,149

10t. Budget Worksheet

Mapping Budget Element	Federal Funds Granted	Proposed In-Kind	Total Budget	Federal Funds Expended	Matching Funds Expended	Total Funds Expended
Personal Salaries	$1,310,106	$294,728	$1,604,834	$245,632	$83,020	$328,652
Personnel Fringe Benefits	$281,015	$155,208	$436,223	$49,346	$44,469	$93,815
Travel	$239,258	$0	$239,258	$40,073	$93	$40,166
Equipment	$135,284	$0	$135,284	$71,119	$0	$71,119
Materials / Supplies	$25,363	$0	$25,363	$17,593	$0	$17,593
Subcontracts Total	$1,237,122	$244,462	$1,481,584	$192,164	$90,488	$282,652
Subcontract #1	$328,871	$0	$328,871	$43,675	$0	$43,675
Subcontract #2	$850,664	$244,462	$1,095,126	$136,541	$90,488	$227,029
Subcontract #3	$18,904	$0	$18,904	$3,490	$0	$3,490
Subcontract #4	$38,683	$0	$38,683	$8,458	$0	$8,458
Subcontract #5	$0	$0	$0	$0	$0	$0
Construction	$0	$0	$0	$0	$0	$0
Other	$147,242	$433,967	$581,209	$6,564	$8,262	$14,826
Total Direct Costs	$3,375,390	$1,128,365	$4,503,755	$622,491	$226,332	$848,823
Total Indirect Costs	$1,380,294	$154,985	$1,535,279	$288,707	$50,869	$339,576
Total Costs	$4,755,684	$1,283,350	$6,039,034	$911,198	$277,201	$1,188,399
% Of Total	79	21	100	77	23	100

Hardware / Software

10u. Has the project team purchased the software / hardware described in the application?   ⦿Yes ◯No

10v. If yes, please list

Hardware/software purchases for the project to date include the following:

BroadbandStat-$60,000
ArchInfo/ArcGIS Software-$5,152
Computers & Software-$2,359
Speed Test Software-$2,686
Spectrum Analyzer-$4,477
Google Earth Pro-$266

10w. Please note any software / hardware that has yet to be purchased and explain why it has not been purchased

Remaining purchases may include SQL server for mapping geodatabase, SQL server software, multiple dedicated storage servers, security application, additional backup replication solution, computers, GPS units BroadbandStat maintenance, ArchInfo/ArcGIS maintenance, and speed test updates as well as computers and software maintenance.

10x. Has the project team purchased or used any data sets?   ◯Yes   ⦿No

10y. If yes, please list

N/A

10z. Are there any additional project milestones or information that has not been included?   ⦿Yes ◯No

10aa. If yes, please list
* Maintained the budget/finance cost model for Connect Michigan
* Updated the work breakdown structure and tracked project deliverables
* Maintained the Connect Michigan website to explain the program, process speed tests, and gather information from consumers and community anchor institutions
* Maintained a broadband data collection activity and a broadband update database
* Requested and processed broadband coverage coordinate data sets (updates) from provider community and successfully submitted National Telecommunications and Information Administration (NTIA) data refresh on March 28. Of the 106 participating providers, 49 supplied an update to their network or coverage area(s), while 47 have reported no change. The remaining 10 are providers who previously supplied data but were non-responsive in the April 2011 update effort or could not verify coverage areas at the time of this submission
* Conducted field validations in Ann Arbor, Grand Rapids, and Traverse City resulting in validation activities for 47 companies representing a validation rate of 37.90% of the providers within the state
* Presented at Michigan Stakeholder meetings including Native American Institute, Telecommunications Association of Michigan (TAM) Open House, Merit Network, Michigan State University, Michigan Townships Association, Michigan Internet and Telecommunications Alliance, and Wireless Internet Service Provider Association
* Responded to various consumer inquiries received through the GIS e-mail addresses
* Developed and submitted the amended project plan to the NTIA
* Created and uploaded speed maps to the Connect Michigan website and additional broadband inventory maps
* Worked with human resources and the Michigan Public Service Commission to create the Program Coordinator job description for Connect Michigan
* Continued to work on developing the Michigan Planning Report that will be submitted to the Michigan Public Service Commission

10bb. Please describe any challenge or obstacle that you have encountered and detail the mitigation strategies the project team is employing

No additional information to report at this time.

10cc. Please provide any other information that you think would be useful to NTIA as it assesses your Broadband Mapping Project

No additional information to report at this time.

11. Broadband Planning

11a. Please describe progress made against all goals, objectives, and milestones detailed in the approved Project Plan. Be sure to include a description of each major activity / milestone that you plan to complete and your current status
On behalf of the state of Michigan, Connected Nation (CN) worked with its subcontractors to analyze demand-side data collected through statistical telephone surveys of 801 businesses statewide. Initial data analysis was completed in Q4 2010, and a report containing in-depth survey analysis was provided to the state in Q1 2011. CN designed these surveys to measure technology adoption, barriers to adoption, and awareness of available broadband service among Michigan businesses, and those results were compared to statewide availability figures provided by participating Internet service providers.

In addition, CN wrote the survey instrument for the 2011 Residential Technology Assessment telephone survey, incorporating recommendations received from state stakeholders where appropriate. These surveys are designed to measure trends in technology adoption, barriers to adoption, and awareness of available broadband service among Michigan residents.

Connect Michigan, in coordination with the Michigan Public Service Commission, researched and drafted an initial planning report for the state during Q4 2010 and Q1 2011. This report will serve as a preliminary assessment of broadband infrastructure and adoption in Michigan. The purpose of its development and release is to provide a detailed review of the current state of broadband in Michigan and spark discussion across multiple broadband stakeholders in the state on key policy and strategies to expand and enhance broadband services. The report will be formally presented and released publically within the state during Q2 2011. It will also be available for public review and comment on the Connect Michigan website.

11b. Please describe any challenge or obstacle that you have encountered and detail the mitigation strategies the project team is employing

Connected Nation has been working closely with the Michigan Public Service Commission to ensure that our work exceeds expectations. During Q1 2011, there were no significant obstacles during the planning process.

11c. Does the Project Team anticipate any changes to the project plan for Broadband Planning?   ⊙Yes ○ No

11d. If yes, please describe these anticipated changes. Please note that NTIA will need to approve changes to the Project Plan before they can be implemented

We are currently transitioning the current Connect Michigan mapping and planning projects to the amended SBDD projects that were awarded to Connect Michigan. Based upon the new SBDD Detailed Project Plan, Timeline, and Budget filed with NTIA, the planning activities will be incorporated into the Technical Assistance project. Please see 11j for details. The residential survey update that was scheduled for Q1 2011 has been moved to Q2 2011, to coincide with the proposed non-adopter oversample survey (detailed under section 11j).

Funding

11e. How much Federal funding has been expended as of the end of the last quarter? $0   11f. How much Remains? $0

11g. How much matching funds have been expended as of the end of last quarter? $0   11h. How much Remains? $0

11i. Planning Worksheet						
Personal Salaries	$0	$0	$0	$0	$0	$0
Personnel Fringe Benefits	$0	$0	$0	$0	$0	$0
Travel	$0	$0	$0	$0	$0	$0
Equipment	$0	$0	$0	$0	$0	$0
Materials / Supplies	$0	$0	$0	$0	$0	$0
Subcontracts Total	$0	$0	$0	$0	$0	$0
Subcontract #1	$0	$0	$0	$0	$0	$0
Subcontract #2	$0	$0	$0	$0	$0	$0
Subcontract #3	$0	$0	$0	$0	$0	$0
Subcontract #4	$0	$0	$0	$0	$0	$0
Subcontract #5	$0	$0	$0	$0	$0	$0
Construction	$0	$0	$0	$0	$0	$0
Other	$0	$0	$0	$0	$0	$0
Total Direct Costs	$0	$0	$0	$0	$0	$0
Total Indirect Costs	$0	$0	$0	$0	$0	$0
Total Costs	$0	$0	$0	$0	$0	$0
% Of Total	0	0	0	0	0	0

Additional Planning Information

11j. Are there any additional project milestones or information that has not been included?
Upon approval of the project plan and budget, Connected Nation will conduct a survey that oversamples households that do not subscribe to broadband. This second survey will be in addition to the previously scheduled residential survey. This updated and

improved methodology will provide a greater level of analysis regarding barriers to technology adoption among different socio-economic and demographic groups by surveying non-adopters in Michigan in a way similar to that conducted by the FCC as part of the National Broadband Planning effort. This approach will help create a demographic and socio-economic profile of the population of non-adopters in Michigan, which can then be applied at the local level of detail by area planning teams, to assist in developing local adoption initiatives that will target the barriers that are unique to that area. In Q1 2011, CN developed the analysis methodology and began developing this survey instrument.

Also, Connect Michigan composed and submitted the first SBDD Detailed Project Plan, Timeline, and Budget (Project Plan). As of the close of the quarter, the Project Plan has been accepted and recommendations for changes have been received, processed, and resubmitted for consideration

11k. Please describe any challenge or obstacle that you have encountered and detail the mitigation strategies the Project Team is employing

No additional information to report at this time.

11l. Please provide any other information that you think would be useful to NTIA as it assesses your Broadband Mapping Project

N/A

12. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purpose set forth in the award documents.	
12a. Typed or Printed Name and Title of Authorized Certifying Official Bernie Bogle	12c. Telephone (area code, number, and extension)
	12d. Email Address bbogle@connectednation.org
12b. Signature of Authorized Certifying Official Submitted Electronically	12e. Date Report Submitted (Month, Day, Year) 06-16-2011