

RECIPIENT NAME:DeltaCom, Inc.

AWARD NUMBER: NT10BIX5570034

DATE: 02/17/2011

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 NT10BIX5570034	3. DUNS Number 141946322
4. Recipient Organization DeltaCom, Inc. 7037 Old Madison Pike NW, Huntsville, AL 35806-2107		
5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2010	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 Traci Jennifer Tidmore Regulatory	7c. Telephone (area code, number and extension) 2563827090	
	7d. Email Address traci.tidmore@deltacom.com	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02-17-2011	

Project Indicators (This Quarter)

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

Primary activities completed in the quarter included:

- Procurement activity for the construction of facilities and outside plant fiber installation for the fiber backbone portion of the network from Nashville to Knoxville to Chattanooga, Tennessee.
- Procurement of Infinera and Alcatel Lucent fiber optic transport equipment
- Procurement of prefabricated concrete shelter buildings
- Procurement of integration related material
- Procurement of outside plant subcontractor to perform fiber installation from the backbone fiber network splice point to the DeltaCom Point of Presence (POP)
- Procurement of installation subcontractors to perform construction and installation of prefabricated shelter buildings, power plant and generator power installation, and fiber optic equipment installation
- Installation of fiber optic equipment at all pre-existing DeltaCom locations on the route from Nashville to Knoxville to Chattanooga, Tennessee.
- Installation of prefabricated concrete shelters at Oak Ridge, Cleveland, and Philadelphia, Tennessee.

The backbone fiber from Nashville to Knoxville to Chattanooga, is projected to be operational in January 2011.

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	37	Marginally behind baseline plan of 43% complete, due to late start as a result of delay in obtaining approval of Environmental Assessment. Anticipate milestone to be on scheduled by the end of first quarter 2011.
2b.	Environmental Assessment	100	FONSI issued on 09/30/2010. Professional Services fees incurred related to the Environmental Assessment were deemed a sole-source procurement and were not approved for funding under the grant.
2c.	Network Design	48	On schedule
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	11	On schedule
2f.	Site Preparation	94	On schedule
2g.	Equipment Procurement	44	On schedule
2h.	Network Build (all components - owned, leased, IRU, etc)	38	Behind schedule as a result of late start associated with delay in Environmental Assessment approval. Anticipate milestone to be on scheduled by the end of first quarter 2011.
2i.	Equipment Deployment	30	On schedule
2j.	Network Testing	0	Behind schedule as a result of late start associated with delay in Environmental Assessment approval. Anticipate milestone to be on scheduled by the end of first quarter 2011.
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).

No issues at this time

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	0	N/A
New network miles leased	8	N/A
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	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	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: Not applicable at this time

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: Not applicable 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 this third party operates (600 words or less). N/A

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	To be served in a subsequent quarters
	Providers with signed agreements receiving improved access	0	To be served in a subsequent quarters

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Providers with signed agreements receiving access to dark fiber	0	To be served in a subsequent quarters
	Please identify the speed tiers that are available and the number of subscribers for each	0	To be served in a subsequent quarters
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	To be served in a subsequent quarters
	Subscribers receiving new access	0	To be served in a subsequent quarters
	Subscribers receiving improved access	0	To be served in a subsequent quarters
	Please identify the speed tiers that are available and the number of subscribers for each	0	To be served in a subsequent quarters
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).

DeltaCom is creating competitive middle mile pricing that enables connectivity for last mile provider networks. We are also utilizing last mile providers to enable direct DeltaCom services to public anchor institutions in select markets at a 20% discount below our list pricing for qualifying broadband services.

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).
 The backbone fiber from Nashville to Knoxville to Chattanooga, is projected to be operational by the end of January 2011. The scope for completing the backbone fiber network route from Knoxville, Tennessee to Blountville, Tennessee includes the following:
 - Procurement of Infinera and Alcatel Lucent fiber optic transport equipment
 - Procurement of prefabricated concrete shelter buildings
 - Procurement of integration related material
 - Procurement of outside plant subcontractor to perform fiber installation from the backbone fiber network splice point to the DeltaCom Point of Presence (POP)
 - Procurement of installation subcontractors to perform construction and installation of prefabricated shelter buildings, power plant and generator power installation, and fiber optic equipment installation.
 - Commence design and construction of the lateral fiber builds from the Deltacom POP locations to the ILEC Central Offices in Cookeville, Oak Ridge, Cleveland, Sweetwater, and Morristown, Tennessee.

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	67	On Schedule
2b.	Environmental Assessment	100	FONSI issued on 09/30/2010. Professional Services fees incurred related to the Environmental Assessment were deemed a sole-source procurement and were not approved for funding under the grant.
2c.	Network Design	100	On Schedule
2d.	Rights of Way	0	NA
2e.	Construction Permits and Other Approvals	75	On Schedule
2f.	Site Preparation	100	On Schedule
2g.	Equipment Procurement	77	On Schedule
2h.	Network Build (all components - owned, leased, IRU, etc.)	82	On Schedule
2i.	Equipment Deployment	35	On Schedule
2j.	Network Testing	51	On Schedule
2k.	Other (please specify):	35	Partial contribution of in kind match assets.

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).

No issues at this time.

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	\$15,000	\$1,472	\$13,528	\$0	\$0	\$0	\$14,500	\$2,900	\$11,600
b. Land, structures, right-of-ways, appraisals, etc.	\$1,993,207	\$195,531	\$1,797,676	\$593,302	\$42,789	\$550,513	\$962,558	\$116,640	\$845,918
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$90,000	\$8,829	\$81,171	\$0	\$0	\$0	\$0	\$0	\$0
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	\$186,000	\$18,246	\$167,754	\$146,574	\$0	\$146,574	\$146,574	\$0	\$146,574
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,660,000	\$260,943	\$2,399,057	\$501,861	\$96,086	\$405,775	\$1,197,861	\$235,286	\$962,575
j. Equipment	\$5,462,091	\$535,825	\$4,926,266	\$2,919,671	\$487,062	\$2,432,609	\$4,613,671	\$666,020	\$3,947,651
k. Miscellaneous	\$1,325,517	\$1,325,517	\$0	\$0	\$0	\$0	\$937,608	\$937,608	\$0
l. SUBTOTAL (add a through k)	\$11,731,815	\$2,346,363	\$9,385,452	\$4,161,408	\$625,937	\$3,535,471	\$7,872,772	\$1,958,454	\$5,914,318
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$11,731,815	\$2,346,363	\$9,385,452	\$4,161,408	\$625,937	\$3,535,471	\$7,872,772	\$1,958,454	\$5,914,318

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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