QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Award Identification Number	3. DUNS Number
Department of Commerce, National Telecommunications and Information Administration	NT10BIX5570035	003428208

4. Recipient Organization

Hardy Telecommunications, Inc. 2255 Kimseys Run RD, Lost River, WV 26810-8317

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
12-31-2010	◯ Yes ⊙ 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	7c. Telephone (area code, number and extension)
David Scott Sherman General Manager	3048979911
	7d. Email Address ssherman@hardynet.com
7b. Signature of Certifying Official Submitted Electronically	**7e. Date Report Submitted (MM/DD/YYYY):** 02-21-2011

Project Indicators (This Quarter)

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

Historic Preservation package submitted. Environmental approval. Field engineering 106 miles.   Obtained private right of way. In process Highway Dept. permitting. State conservation engineering. Rural Development Assn. permitting. Water permit at Baker WV. Construction safety procedures & review by Highway Dept. Planning for entrances into Hardy remotes. Commercial discussions with inside plant equipment vendor, inside plant installation/cut-over vendor, materials vendors and contractors.   Inside plant fiber termination plan. Facility requirements analysis.

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**	22	Intercreditor Agreement and Historic Preservation Review pending.
2b.	**Environmental Assessment**	85	Historic Preservation Review pending.
2c.	**Network Design**	72	In process
2d.	**Rights of Way**	40	In process
2e.	**Construction Permits and Other Approvals**	62	Historic Preservation Review pending. Highway Dept. permitting in progress. No other state or federal permits required.
2f.	**Site Preparation**	12	Historic Preservation Review pending.
2g.	**Equipment Procurement**	8	Equipment procurement in process, pending Intercreditor Agreement.
2h.	**Network Build (all components - owned, leased, IRU, etc)**	12	Intercreditor Agreement and Historic Preservation Review pending.
2i.	**Equipment Deployment**	8	Equipment procurement in process, pending Intercreditor Agreement.
2j.	**Network Testing**	0	Network deployment not yet completed.
2k.	**Other (please specify): N/A**	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).

1) Timeframe for Historic Preservation review; 2) Timeframe for Intercreditor Agreement approval. 3) Issues with Post-Award Management System log-in during reporting window It would be helpful for BTOP Help Desk staff to remain available by phone during the reporting window.

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	Pending Intercreditor Agreement and Historic Preservation Review.
New network miles leased	0	N/A
Existing network miles upgraded	0	Pending Intercreditor Agreement and Historic Preservation Review.
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	0	Pending Intercreditor Agreement and Historic Preservation Review.

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	Pending Intercreditor Agreement and Historic Preservation Review.

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:
N/A

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:
N/A

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).
No third party operator planned.

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	Pending Intercreditor Agreement and Historic Preservation Review.
	Providers with signed agreements receiving improved access	0	Pending Intercreditor Agreement and Historic Preservation Review.
	Providers with signed agreements receiving access to dark fiber	0	Pending Intercreditor Agreement and Historic Preservation Review.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Pending Intercreditor Agreement and Historic Preservation Review.
Community Anchor Institutions (including Government institutions)	**Total subscribers served**	0	Pending Intercreditor Agreement and Historic Preservation Review.
	Subscribers receiving new access	0	Same as above

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving improved access	0	Same as above
	Please identify the speed tiers that are available and the number or subscribers for each	0	Same as above
Residential / Households	Entities passed	0	Pending Intercreditor Agreement and Historic Preservation Review.
	Total subscribers served	0	Middle Mile only
	Subscribers receiving new access	0	Middle Mile only
	Subscribers receiving improved access	0	Middle Mile only
	Please identify the speed tiers that are available and the number of subscribers for each	0	Middle Mile only
Businesses	Entities passed	0	Pending Intercreditor Agreement and Historic Preservation Review.
	Total subscribers served	0	Middle Mile only
	Subscribers receiving new access	0	Middle Mile only
	Subscribers receiving improved access	0	Middle Mile only
	Please identify the speed tiers that are available and the number of subscribers for each	0	Middle Mile only

7. Please describe any special offerings you may provide (600 words or less).
N/A

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
Schools	N/A	N/A	N/A	**Pending Intercreditor Agreement and Historic Preservation Review.**

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
Conclude Historic Preservation Review. Intercreditor Agreement approvals by NTIA and existing lender. Signed permits from Highway Dept. Construction Drawings finalized. Sign private easements needed for construction. Issue construction contracts. Begin issuing equipment contracts. Issue contract for electronics and installation services. Purchase and installation of equipment at one central office. Benchmark cutover and provisioning for replication to twenty other central offices. Port voice traffic to newly installed electronics.

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	42	Network Deployment will commence in Q2 pending Intercreditor Agreement and Historic Preservation Review.
2b.	Environmental Assessment	100	N/A
2c.	Network Design	100	N/A
2d.	Rights of Way	100	N/A
2e.	Construction Permits and Other Approvals	100	N/A
2f.	Site Preparation	12	Network Deployment will commence in Q2 pending Intercreditor Agreement and Historic Preservation Review.
2g.	Equipment Procurement	16	Equipment procurement in process. Pending Intercreditor Agreement and Historic Preservation Review.
2h.	Network Build (all components - owned, leased, IRU, etc.)	20	Network Deployment and other equipment procurement and installation will commence in Q2 pending Intercreditor Agreement and Historic Preservation Review.
2i.	Equipment Deployment	16	Equipment procurement in process. Pending Intercreditor Agreement and Historic Preservation Review.
2j.	Network Testing	0	Network not yet deployed, pending Intercreditor Agreement and Historic Preservation Review.
2k.	Other (please specify): N/A	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).

No challenges anticipated if Intercreditor Agreement and Historic Preservation Review are concluded.

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.

Cost Classification	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		
	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	$7,500	$0	$7,500	$0	$0	$0	$7,500	$0	$7,500
b. Land, structures, right-of-ways, appraisals, etc.	$205,133	$4,983	$200,150	$4,983	$4,983	$0	$28,383	$4,983	$23,400
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$579,642	$0	$579,642	$324,102	$324,102	$0	$454,901	$0	$454,901
e. Other architectural and engineering fees	$0	$0	$0	$0	$0	$0	$0	$0	$0
f. Project inspection fees	$83,980	$0	$83,980	$0	$0	$0	$0	$0	$0
g. Site work	$60,357	$58,362	$1,995	$69,453	$69,453	$0	$69,453	$69,453	$0
h. Demolition and removal	$3,372	$0	$3,372	$0	$0	$0	$0	$0	$0
i. Construction	$2,186,252	$432,142	$1,754,110	$355,284	$355,284	$0	$355,284	$355,284	$0
j. Equipment	$947,990	$381,962	$566,028	$75,481	$75,481	$0	$150,962	$75,481	$75,481
k. Miscellaneous	$71,404	$66,421	$4,983	$25,082	$25,082	$0	$71,404	$66,421	$4,983
l. SUBTOTAL (add a through k)	$4,145,630	$943,870	$3,201,760	$854,385	$854,385	$0	$1,137,887	$571,622	$566,265
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$4,145,630	$943,870	$3,201,760	$854,385	$854,385	$0	$1,137,887	$571,622	$566,265

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