

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 NT10BIX5570050	3. DUNS Number 831414755
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4. Recipient Organization Zito Media Communications II, LLC 106 Steerbrook Road, Coudersport, PA 16915-8440

5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2011	6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> No
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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 Colin Higgin Vice President	7c. Telephone (area code, number and extension) 8142609588
	7d. Email Address colin.higgin@zitomedia.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-20-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 In this quarter Zito continued the planning and engineering phase that includes strand mapping, pole profiling and physical ride out of the proposed fiber path. Zito has also applied to utilities for pole attachments and applied to railroads for crossing permits. Construction has yet to commence due to certain utility companies not delivering make ready invoices in a timely manner. Expenditure difference due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.

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	24	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
2b.	Environmental Assessment	100	No Variance from Baseline Report
2c.	Network Design	95	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.
2d.	Rights of Way	36	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010 and make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
2e.	Construction Permits and Other Approvals	0	No Variance from Baseline Report
2f.	Site Preparation	30	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.
2g.	Equipment Procurement	5	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. The percentage decrease is due to updated guidance on calculating percent complete based off of expenditures. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
2h.	Network Build (all components - owned, leased, IRU, etc)	4	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Conneaut Telephone fiber purchase is 70% complete. Zito expects to be back on schedule by the end of the September 2011 quarter.
2i.	Equipment Deployment	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
2j.	Network Testing	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.
2k.	Other (please specify):	0	No Variance from Baseline Report

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 challenge in the quarter was receiving invoices from utility companies for make ready costs and objecting to those invoices if they are unreasonable. Certain utility companies are not sending us make ready invoices in a timely manner and construction cannot begin until utilities issue permits for fiber placement and have their contractors move other attachments to allow fiber placement on the utility poles.

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	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
New network miles leased	0	No Variance from Baseline Report
Existing network miles upgraded	0	No Variance from Baseline Report
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.

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:

None

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:

See Services Offerings Attachment

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).

None

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	No Variance from Baseline Report
	Providers with signed agreements receiving improved access	0	No Variance from Baseline Report
	Providers with signed agreements receiving access to dark fiber	0	No Variance from Baseline Report
	Please identify the speed tiers that are available and the number of subscribers for each	0	See Service Offerings Attachment
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.
	Subscribers receiving new access	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.
	Subscribers receiving improved access	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.
	Please identify the speed tiers that are available and the number or subscribers for each	0	See Services Offerings Attachment
Residential / Households	Entities passed	0	Negative variance due to delay in receiving make ready quotes from utility companies. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
	Total subscribers served	0	Negative variance due to delay in receiving make ready quotes from utility companies. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
	Subscribers receiving new access	0	Negative variance due to delay in receiving make ready quotes from utility companies. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
	Subscribers receiving improved access	0	Negative variance due to delay in receiving make ready quotes from utility companies. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
	Please identify the speed tiers that are available and the number of subscribers for each	0	See Service Offerings Attachment
Businesses	Entities passed	0	Negative variance due to delay in receiving make ready quotes from utility companies. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
	Total subscribers served	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.
	Subscribers receiving new access	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.
	Subscribers receiving improved access	0	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010.
	Please identify the speed tiers that are available and the number of subscribers for each	0	See Service Offerings Attachment

7. Please describe any special offerings you may provide (600 words or less).
See Service Offerings Attachment

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
None	None	None	None	None

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

In the next quarter Zito plans on beginning construction on the project as well as continuing make ready applications, ride outs and site preparation. In addition Zito plans on receiving initial shipments of electronic equipment, fiber and hardware. Zito expects to be back on schedule by the end of the September 2011 quarter.

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	43	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
2b.	Environmental Assessment	100	No Variance from Baseline Report
2c.	Network Design	100	No Variance from Baseline Report
2d.	Rights of Way	50	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
2e.	Construction Permits and Other Approvals	0	No Variance from Baseline Report
2f.	Site Preparation	70	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
2g.	Equipment Procurement	29	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
2h.	Network Build (all components - owned, leased, IRU, etc.)	30	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.
2i.	Equipment Deployment	40	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Construction has yet to commence due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2j.	Network Testing	20	Negative variance due to fact that we received the grant at the end of quarter one on March 26, 2010. Zito expects to be back on schedule by the end of the September 2011 quarter.
2k.	Other (please specify):	0	No Variance from Baseline Report

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).

A possible challenge in the next quarter could be receiving invoices from utility companies for make ready costs and objecting to those invoices if they are unreasonable. The expenditure difference is due to make ready delays. Zito expects to be back on schedule by the end of the September 2011 quarter. A potential timing issue in the next quarter is the lead time for delivery of hardware and fiber shifting from 5 to 12 weeks due to increased demand.

