

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 NT10BIX5570003	3. DUNS Number 623894359
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4. Recipient Organization South Dakota Network, LLC 2900 W 10th Street, Sioux Falls, SD 57104-2543
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5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2011	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 Mark Shlanta Chief Executive Officer	7c. Telephone (area code, number and extension) 6053347185
	7d. Email Address mark.shlanta@sdncommunications.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02-27-2012
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Substantial completion of the project highlighted the last quarter of 2011. Two thirds of the project has been completed as measured by Grant Dollars received and Miles of Fiber deployed. This milestone was met by November 30th as we completed our second project year. Community Outreach efforts included a visit by South Dakota Senator Tim Johnson with a public media announcement of our progress thus far with the Broadband Technology Opportunities Program grant. Construction activity, although slowed, continued as the Midwest has experienced unseasonable warm weather this winter allowing for progress in fiber deployment.

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	76	An aggressive Baseline projection has left this metric short of forecast by seventeen percent. Some of this shortfall will be made up over the next two quarters as we originally only projected a five percent increase for the same time period. Additional crews were added to accommodate this lag.
2b.	Environmental Assessment	100	No Variance.
2c.	Network Design	100	No Variance.
2d.	Rights of Way	100	No Variance.
2e.	Construction Permits and Other Approvals	100	No Variance.
2f.	Site Preparation	90	No Variance.
2g.	Equipment Procurement	95	Equipment procurement should be completed by end of quarter one in 2012.
2h.	Network Build (all components - owned, leased, IRU, etc)	79	The Network Build milestone will continue to lag into the final year of the project. Components of this metric will continue to be incorporated into the project as construction activities take place.
2i.	Equipment Deployment	90	Exceeding Baseline. Deployment and addition of some equipment will take place in this and following quarters.
2j.	Network Testing	60	Testing of Network Equipment is currently meeting Baseline projections and will be completed by mid 2012.
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).
 None 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	282	An additional forty seven miles of fiber were placed this quarter bringing the total to 282. Our Baseline had only projected five miles for the quarter. Due to unseasonably mild weather,

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
		additional miles beyond projections were able to be built. This metric will be able to meet Baseline Projections early in 2012.
New network miles leased	0	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)	282	Same as "New Network miles deployed" above.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	

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).

Sub Recipients identified below will own and operate the portion of the Network they build for expansion to their footprint.
 City of Faith-Telephone Department, 204 N Main Street, Faith, South Dakota 57626
 Interstate Telecommunications Cooperative, Inc., 312 4th Street, West, Clear Lake, South Dakota 57226
 Northern Valley Communications, LLC, 235 East First Ave., Groton, South Dakota 57445
 Northern Hills Transport, LLC, 2900 West 10th Street, Sioux Falls, South Dakota 57104
 TrioTel Communications, Inc., 330 S Nebraska St., Salem, South Dakota 57058
 Venture Communications, Inc., 218 Commercial Ave. SE, Highmore, South Dakota 57345

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	This milestone originally included the Sub Recipients to calculate the Baseline projection. Based upon feedback from NTIA, we will not be counting Sub Recipients as Last Mile Providers. Agreements with Sub Recipients do not involve interconnection, peering or other related verbiage.

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 improved access	0	See narrative above under "Providers with signed agreements receiving new access"
	Providers with signed agreements receiving access to dark fiber	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Community Anchor Institutions (including Government institutions)	Total subscribers served	436	Exceeding Baseline.
	Subscribers receiving new access	219	Exceeding Baseline.
	Subscribers receiving improved access	217	Meeting Baseline projections.
	Please identify the speed tiers that are available and the number or subscribers for each	10	5-5 Mb/s 132 -10 Mb/s 4-15 Mb/s 5-20 Mb/s 1-25 Mb/s 2-40 Mb/s 2-45 Mb/s 1-80 Mb/s 38-100 Mb/s 4-1000 Mb/s Not all of the CAI's being served are subscribing to service at this time.
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).

None at this time in the project.

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	Type of Anchor	Are you also the	Narrative description of how anchor institutions are using BTOP-
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	Area (town or county)	Institution (as defined in your baseline)	broadband service provider for this institution? (Yes / No)	funded infrastructure
see attached	see attached	see attached	see attached	see attached

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 With winter weather at it's peak in South Dakota during this time frame, minimal construction activity will be taking place. Some work in the western part of the State will occur, but only minimally. Planning for upcoming quarters and requirements for closing out the award are being undertaken in the next quarter.
 Quarterly Projections:

 Network Miles Deployed- 10
 Projected CAI's- 19
 Wholesale Providers-N/A

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	85	An aggressive Baseline projection has left this metric short of forecast by twelve percent. Some of this shortfall will be made up over the next two quarters as we originally only projected a five percent increase for the same time period. Additional crews were added to accommodate this lag.
2b.	Environmental Assessment	100	Meeting Baseline.
2c.	Network Design	100	Meeting Baseline.
2d.	Rights of Way	100	Meeting Baseline.
2e.	Construction Permits and Other Approvals	100	Meeting Baseline.
2f.	Site Preparation	90	Minimal site preparation will remain going into 2012. This metric will be met during the second quarter of 2012.
2g.	Equipment Procurement	98	Final Equipment procurement will be taking place with substantial completion
2h.	Network Build (all components - owned, leased, IRU, etc.)	83	Network Build metric will be met during the second half of 2012. Additional miles will be minimal in Quarter 1 of 2012 pending warmer weather.
2i.	Equipment Deployment	95	Exceeding Baseline.
2j.	Network Testing	70	Exceeding Baseline. Projected completion of this metric will be the end of Quarter 2, 2012.
2k.	Other (please specify):	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).
 None 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	\$75,000	\$15,000	\$60,000	\$128,320	\$25,664	\$102,656	\$140,000	\$28,000	\$112,000
b. Land, structures, right-of-ways, appraisals, etc.	\$700,000	\$140,000	\$560,000	\$512,980	\$102,596	\$410,384	\$550,000	\$110,000	\$440,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$3,533,729	\$706,746	\$2,826,983	\$2,020,777	\$404,156	\$1,616,621	\$2,500,000	\$500,000	\$2,000,000
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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$16,511,000	\$3,302,200	\$13,208,800	\$12,218,619	\$2,443,724	\$9,774,895	\$14,000,000	\$2,800,000	\$11,200,000
j. Equipment	\$3,513,857	\$702,771	\$2,811,086	\$4,279,896	\$855,979	\$3,423,917	\$4,300,000	\$860,000	\$3,440,000
k. Miscellaneous	\$1,381,717	\$276,344	\$1,105,373	\$400,942	\$80,188	\$320,754	\$450,000	\$90,000	\$360,000
l. SUBTOTAL (add a through k)	\$25,715,303	\$5,143,061	\$20,572,242	\$19,561,534	\$3,912,307	\$15,649,227	\$21,940,000	\$4,388,000	\$17,552,000
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$25,715,303	\$5,143,061	\$20,572,242	\$19,561,534	\$3,912,307	\$15,649,227	\$21,940,000	\$4,388,000	\$17,552,000

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: \$216,025
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