

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

**General Information**

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570025	<b>3. DUNS Number</b>  807871632
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**4. Recipient Organization**

Zayo Bandwidth, LLC 901 Front Street Suite 200, Louisville, CO 80027-1839

<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  09-30-2011	<b>6. Is this the last Report of the Award Period?</b>  <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.

<b>7a. Typed or Printed Name and Title of Certifying Official</b>  David Lundy	<b>7c. Telephone (area code, number and extension)</b>  3039477052
	<b>7d. Email Address</b>  dlundy@zayo.com

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  11-21-2011
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**Project Indicators (This Quarter)**

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

Zayo awarded the last of our segments for construction. Zayo also had our government site visit this 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	26	This is 42% under from our baseline. This is because of delays Zayo had encountered in our permitting phase. Zayo has run into excessive pole change out costs and is looking at dipping underground in areas where there is a large quantity of poles to avoid these costs. Zayo is also currently under budget compared to our baseline. While we are financially at 26% of our baseline budget, in actual completion of our project, we are at about 45% completion.
2b.	Environmental Assessment	100	This is on target with our baseline.
2c.	Network Design	100	This is on target with our baseline.
2d.	Rights of Way	60	This is on target with our baseline.
2e.	Construction Permits and Other Approvals	80	This is 29% above our baseline. This is because we have made headway with our network design.
2f.	Site Preparation	26	This is 74% behind our baseline. This is because of delays in finding the appropriate hut sites. Zayo has hired a consultant to help with this.
2g.	Equipment Procurement	0	Zayo is 100% behind on this because of our delays in getting our huts. We should be caught up in 2 quarters. We need to procure our huts, set them up and put the electronics in them.
2h.	Network Build (all components - owned, leased, IRU, etc)	21	Zayo is 49% behind our baseline on this because of our permitting delays as discussed above in 2a.
2i.	Equipment Deployment	0	Zayo is behind on this because of the delays in getting our huts and in securing our equipment. We will be caught up in 2 quarters as discussed in 2g.
2j.	Network Testing	0	This is in line with our baseline.
2k.	Other (please specify):	0	This is in line with our baseline.

**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).**

Zayo's biggest challenge has been in make ready and permitting. Zayo has run into excessive pole change out cost in certain areas. In areas where there is a large number of poles, Zayo has come up with a plan to dip underground and avoid these excessive costs. Zayo is working to submit a plan for this action and is working with our environmental team to take the appropriate action to get our EA amended and plan approved.

**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)

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	140	This is on 311 behind our baseline. This has to do with the issues in 3 above. Zayo should be caught up on 2 quarters.
New network miles leased	0	This is on target with our baseline.
Existing network miles upgraded	0	This is on target with our baseline.
Existing network miles leased	0	This is on target with our baseline.
Number of miles of new fiber (aerial or underground)	140	This is on 311 behind our baseline. This has to do with the issues in 3 above. Zayo should be caught up on 2 quarters.
Number of new wireless links	0	This is on target with our baseline.
Number of new towers	0	This is on target with our baseline.
Number of new and/or upgraded interconnection points	0	This is 41 behind our baseline. We should be caught up by next 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	30
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: Zayo is behind on signed agreements because we are behind on our network miles deployed. We plan to be caught up in 2 quarters when we get caught up on our network miles deployed.

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:  
None

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).  
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	This is on target with our baseline.
	Providers with signed agreements receiving improved access	0	This is two less than identified in our baseline. Zayo is working to secure these agreements.

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	This is on target with our baseline.
	Please identify the speed tiers that are available and the number of subscribers for each	0	This is on target with our baseline.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	This is on target with our baseline.
	Subscribers receiving new access	0	This is on target with our baseline.
	Subscribers receiving improved access	0	This is on target with our baseline.
	Please identify the speed tiers that are available and the number or subscribers for each	0	This is on target with our baseline.
Residential / Households	Entities passed	0	This is on target with our baseline.
	Total subscribers served	0	This is on target with our baseline.
	Subscribers receiving new access	0	This is on target with our baseline.
	Subscribers receiving improved access	0	This is on target with our baseline.
	Please identify the speed tiers that are available and the number of subscribers for each	0	This is on target with our baseline.
Businesses	Entities passed	0	This is on target with our baseline.
	Total subscribers served	0	This is on target with our baseline.
	Subscribers receiving new access	0	This is on target with our baseline.
	Subscribers receiving improved access	0	This is on target with our baseline.
	Please identify the speed tiers that are available and the number of subscribers for each	0	This is on target with our baseline.

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

None

**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	Narrative description of how anchor institutions are using BTOP-funded infrastructure

			institution? (Yes / No)	
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).  
 Zayo should have another 260 miles of construction completed for a total of 400 Miles.

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	41	This is 57 percent under our baseline plan. Zayo is projecting coming in under budget. Based on our projections, even though we are only going to be at 41% of our baseline budget, we should be close to 85% actual miles complete.
2b.	Environmental Assessment	100	This is on target with our baseline.
2c.	Network Design	100	This is on target with our baseline.
2d.	Rights of Way	100	This is on target with our baseline.
2e.	Construction Permits and Other Approvals	100	This is on target with our baseline.
2f.	Site Preparation	54	This is 56% behind our baseline because of delays in site procurement.
2g.	Equipment Procurement	100	This is on target with our baseline.
2h.	Network Build (all components - owned, leased, IRU, etc.)	60	This is 40% behind our baseline. In actuality, Zayo is projecting coming in under budget, so an accurate reflection of actual miles built would be 90% built.
2i.	Equipment Deployment	60	This is 40% behind our baseline because of delays in site procurement and hut placement.
2j.	Network Testing	0	This is 70% under our baseline. This is because of permitting and build delays.
2k.	Other (please specify):	0	This is on target with our baseline.

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).

Even though we are behind based on the financial numbers presented in our baseline, based on miles completed in our build we should be about 85% completed with the project based on actual work done. Zayo needs to file a Waiver for our match based on our in-kind contribution. 10% of our match is in-kind contribution which cannot be recognized until it is tied into the route and turned over to the government. This should be complete by the end of Q2 of Year 3.

**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	\$120,000	\$24,000	\$96,000	\$120,000	\$24,000	\$96,000	\$120,000	\$24,000	\$96,000
b. Land, structures, right-of-ways, appraisals, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$1,741,602	\$348,320	\$1,393,282	\$1,450,329	\$290,066	\$1,160,263	\$1,632,507	\$326,502	\$1,306,005
e. Other architectural and engineering fees	\$2,114,434	\$422,887	\$1,691,547	\$1,290,281	\$258,056	\$1,032,225	\$1,646,281	\$329,256	\$1,317,025
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$400,000	\$80,000	\$320,000	\$106,372	\$21,154	\$84,618	\$218,015	\$43,603	\$174,412
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$30,336,358	\$9,587,272	\$20,749,086	\$6,468,227	\$1,293,645	\$5,174,582	\$10,168,227	\$2,033,645	\$8,134,582
j. Equipment	\$1,113,000	\$222,600	\$890,400	\$0	\$0	\$0	\$1,113,000	\$222,600	\$890,400
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>l. SUBTOTAL (add a through k)</b>	<b>\$35,825,394</b>	<b>\$10,685,079</b>	<b>\$25,140,315</b>	<b>\$9,435,209</b>	<b>\$1,886,921</b>	<b>\$7,547,688</b>	<b>\$14,898,030</b>	<b>\$2,979,606</b>	<b>\$11,918,424</b>
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	<b>\$35,825,394</b>	<b>\$10,685,079</b>	<b>\$25,140,315</b>	<b>\$9,435,209</b>	<b>\$1,886,921</b>	<b>\$7,547,688</b>	<b>\$14,898,030</b>	<b>\$2,979,606</b>	<b>\$11,918,424</b>

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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