

**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>  NT10BIX5570035	<b>3. DUNS Number</b>  003428208
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<b>4. Recipient Organization</b>  Hardy Telecommunications, Inc. 2255 Kimseys Run RD, Lost River, WV 26810-8317
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<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  09-30-2012	<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>  Sherry McCuller  Managing Director	<b>7c. Telephone (area code, number and extension)</b>  8286759290
	<b>7d. Email Address</b>  peregrine@hughes.net

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  11-14-2012
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<b>Project Indicators (This Quarter)</b>			
<p><b>1. Please describe significant project accomplishments completed during this quarter (600 words or less).</b>                      As of the end of third quarter 2012, Hardy Telecommunications had completed construction and splicing of the Hardy AnchorRing backbone ring and upstream connections, upfitting of facilities, installation of electronics and equipment, and construction and splicing of 38 community anchor institution connections. All environmental and historic preservation clearances had been obtained, and construction and splicing of connections for all remaining community anchor institutions was in progress.</p>			
<p><b>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).</b></p>			
	<b>Milestone</b>	<b>Percent Complete</b>	<b>Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)</b>
2a.	<b>Overall Project</b>	100	(0.2)% Variance.
2b.	<b>Environmental Assessment</b>	100	875% Variance. Historic preservation studies and surveys significantly delayed buried construction and materially increased project costs.
2c.	<b>Network Design</b>	100	78% Variance. Network reroutes or changes in deployment method to avoid potential effects on historic sites. Network redesign to leverage deployment of the Hardy AnchorRing Middle Mile backbone network to provide fiber facilities for the Hardy OneNet Last Mile Fiber-to-the-Home network funded by the Rural Utilities Service of the U. S. Department of Agriculture under the Broadband Initiatives Program. Delays by NTIA historic preservation staff in review and approval of required route additions and modifications.
2d.	<b>Rights of Way</b>	12	(88)% Variance. No change from prior quarter. The baseline included costs of land, structures and appraisals in this category. Private rights of way acquisition costs were included in the Construction Permits and Other Approvals category. The number of facilities required to transmit services decreased due to the use of long-range optics and availability of fiber-to-the-home in the Hardy OneNet network funded under the Broadband Initiatives Program.
2e.	<b>Construction Permits and Other Approvals</b>	100	157% Variance. No change from prior quarter. Sections of the network were rerouted and/or redesigned as aerial placement to avoid potential effects to historic and cultural sites along the route. Private rights of way acquisition costs are included in this category.
2f.	<b>Site Preparation</b>	0	(100)% Variance. Site preparation costs were covered by Recipient.
2g.	<b>Equipment Procurement</b>	34	(66)% Variance. The baseline included Equipment Deployment costs in this budget category. Deployment expenditures have been included for consistency. Significant savings were produced through negotiations with vendors, as well as due to the use of long-range optics and availability of fiber-to-the-home in the Hardy OneNet network funded by the Broadband Initiatives Program, which reduced the requirement for electronics at all facilities.
2h.	<b>Network Build (all components - owned, leased, IRU, etc)</b>	100	1% Variance.
2i.	<b>Equipment Deployment</b>	0	(100)% Variance. The baseline included Equipment Deployment costs in the Equipment Procurement budget category.
2j.	<b>Network Testing</b>	0	(100)% Variance. Baseline = 0. Network Testing costs were included in the Professional Services budget category.
2k.	<b>Other (please specify): Inspection</b>	100	232% Variance. Utilization of multiple contractors and crews to overcome environmental and historic preservation delays to construction commencement. Delays prevented construction prior to third quarter 2011.
<p><b>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).</b>                      Buried construction of laterals to community anchor institutions was delayed awaiting review and approval of route modifications by</p>			

NTIA. Reroute was required due to right of way issues.

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	103	(12)% Variance. Sixteen miles of upgraded fiber network contributed by Hardy in lieu of new construction. Delays in construction commencement and NTIA approvals of route modifications as previously noted.
New network miles leased	0	NA
Existing network miles upgraded	16	16 miles of connectivity to community anchor institutions and a segment of an upstream Internet route were contributed to the project by Hardy.
Existing network miles leased	0	NA
Number of miles of new fiber (aerial or underground)	103	(12)% Variance. Sixteen miles of upgraded fiber network contributed by Hardy in lieu of new construction. Delays in construction commencement and NTIA approvals of route modifications as previously noted.
Number of new wireless links	0	NA
Number of new towers	0	NA
Number of new and/or upgraded interconnection points	20	(4.9)% Variance. Delays in construction commencedment as previously noted.

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	1
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	8

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:  
Lumos Networks.

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:  
155 Mbps Transport.

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 operation.

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**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	1	Baseline = "N/A"
	Providers with signed agreements receiving improved access	0	Baseline = "N/A"
	Providers with signed agreements receiving access to dark fiber	0	Baseline = "N/A"
	Please identify the speed tiers that are available and the number of subscribers for each	0	10 Mbps to 1 Gbps. 1 Subscriber for 155 Mbps Service.
Community Anchor Institutions (including Government institutions)	Total subscribers served	38	(62)% Variance. Delays in commencement of construction as previously noted. Fifteen CAIs approved by NTIA for removal due to business closing, relocation, or no longer an eligible CAI. Broadband Internet and Transport services available up to 1-GigE to eight school sites, three cellular towers and twenty-seven other CAIs.
	Subscribers receiving new access	3	Baseline = 0
	Subscribers receiving improved access	35	(65)% Variance. Same as Total subscribers served above.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Transport or Internet Service speed tiers available up to 1 Gbps. Internet Service Customers: (1) 25 Mbps upstream / 10 Mbps downstream; (2) 15 Mbps upstream / 7 Mbps downstream; (4) 5 Mbps Upstream / 2 Mbps downstream. Transmission Service Customers: (7) 20 Mbps bidirectional (2 Subscribers sharing 1-20 Mbps circuit).
Residential / Households	Entities passed	0	Middle Mile
	Total subscribers served	0	Middle Mile
	Subscribers receiving new access	0	Middle Mile
	Subscribers receiving improved access	0	Middle Mile
	Please identify the speed tiers that are available and the number of subscribers for each	0	Middle Mile
Businesses	Entities passed	0	Middle Mile
	Total subscribers served	0	Middle Mile
	Subscribers receiving new access	0	Middle Mile
	Subscribers receiving improved access	0	Middle Mile
	Please identify the speed tiers that are available and the number of subscribers for each	0	Middle Mile

**7. Please describe any special offerings you may provide (600 words or less).**  
No special offerings requested at this time.

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8a. Have your network management practices changed over the last quarter?  Yes  No

8b. If so, please describe the changes (300 words or less).  
No changes to network management practices.

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
Charles Knob Cellular Tower	Hardy County WV	Cellular Tower	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
E. A. Hawse Health Center - Moorefield	Hardy County WV	Healthcare	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order.
E. A. Hawse Health Center #2 - Baker	Hardy County WV	Healthcare	Yes	E.A. Hawse Health Center operates three facilities in Hardy Co. WV. The Baker facility subscribed to Broadband Internet service at 25-Mbps downstream and 10-Mbps upstream over the Hardy AnchorRing for faster service and high reliability. Connectivity to the two other E. A. Hawse facilities is planned.
E. A. Hawse Health Center #1 - Mathias	Hardy County WV	Healthcare	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Hardy County Commission on Aging - Admin. Office	Hardy County WV	Healthcare	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Hardy County Commission on Aging - Senior Center	Hardy County WV	Healthcare	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Love Memorial Clinic	Hardy County WV	Healthcare	Yes	Love Memorial subscribed to Broadband Internet service at 5 Mbps downstream and 2-Mbps upstream over the Hardy AnchorRing for faster service and high reliability.
Moorefield Examiner	Hardy County WV	Community Newspaper	Yes	The Moorefield Examiner subscribed to Broadband Internet service at 5 Mbps downstream and 2-Mbps upstream over the Hardy AnchorRing for faster service and high reliability. The Examiner website is an online resource for area residents and businesses seeking information and local jobs.
Moorefield Mayor's Office	Hardy County WV	Local Government	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Moorefield Sewer Plant	Hardy County WV	Local Government	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Mathias-Baker Volunteer Fire Dept. #1	Hardy County WV	Public Safety	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Mathias-Baker Volunteer Fire Dept. #3	Hardy County WV	Public Safety	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Mathias-Baker Volunteer Fire Dept. #4	Hardy County WV	Public Safety	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Natural Resources Conservation Service	Hardy County WV	Federal Government	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Renal Center	Hardy County WV	Healthcare	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Sage Rehabilitation	Hardy County WV	Healthcare	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order

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
Town of Moorefield Police Department	Hardy County WV	Public Safety	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Town of Wardensville	Hardy County WV	Local Government	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Wardensville Pharmacy	Hardy County WV	Healthcare	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
Wardensville Mayor's Office	Hardy County WV	Local Government	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order
WELD Radio	Hardy County WV	Public Safety	Yes	WELD Radio subscribed to Broadband Internet service at 15-Mbps downstream and 7-Mbps upstream for faster service and high reliability.
West Virginia University - Eastern Division	Hardy County WV	Education	No	Connection available: Broadband or Transport Service may be provided up to 1-GigE upon service order

**Project Indicators (Next Quarter)**

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).  
Hardy expects to complete connectivity to twenty-four additional community anchor institutions in fourth quarter 2012 for a total of sixty-two. Hardy will request an early award close-out in fourth 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	100	No Variance.
2b.	Environmental Assessment	100	875% Variance as previously noted. No change from Q3-2012.
2c.	Network Design	100	78% Variance as previously noted. No change from Q3-2012.
2d.	Rights of Way	12	(88)% Variance as previously noted. No change from Q3-2012.
2e.	Construction Permits and Other Approvals	100	157% Variance as previously noted. No change from Q3-2012.
2f.	Site Preparation	0	(100)% Variance as previously noted. No change from Q3-2012
2g.	Equipment Procurement	34	(66)% Variance as previously noted. No change from Q3-2012
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	2% Variance.
2i.	Equipment Deployment	0	Baseline = 0
2j.	Network Testing	0	Baseline = 0
2k.	Other (please specify): Inspection	100	232% Variance as previously noted. No change from Q3-2012

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 or issues anticipated in Q4-2012

**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	\$7,500	\$0	\$7,500	\$24,232	\$0	\$24,232	\$24,232	\$0	\$24,232
b. Land, structures, right-of-ways, appraisals, etc.	\$205,133	\$0	\$205,133	\$25,200	\$0	\$25,200	\$25,200	\$0	\$25,200
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$579,642	\$0	\$579,642	\$1,148,482	\$0	\$1,148,482	\$1,148,482	\$0	\$1,148,482
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$83,980	\$0	\$83,980	\$278,687	\$0	\$278,687	\$278,687	\$0	\$278,687
g. Site work	\$1,995	\$0	\$1,995	\$0	\$0	\$0	\$0	\$0	\$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	\$2,219,065	\$660,842	\$1,558,223	\$2,227,465	\$660,842	\$1,566,623
j. Equipment	\$947,990	\$381,962	\$566,028	\$311,798	\$153,262	\$158,536	\$311,798	\$153,262	\$158,536
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>l. SUBTOTAL (add a through k)</b>	\$4,015,864	\$814,104	\$3,201,760	\$4,007,464	\$814,104	\$3,193,360	\$4,015,864	\$814,104	\$3,201,760
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$4,015,864	\$814,104	\$3,201,760	\$4,007,464	\$814,104	\$3,193,360	\$4,015,864	\$814,104	\$3,201,760

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: \$377