

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 NT10BIX5570086	3. DUNS Number 079792722
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4. Recipient Organization Enventis Telecom, Inc. 2950 Xenium N Ste 138, Minneapolis, MN 55441-2623
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5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2011	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 Joann Jennings	7c. Telephone (area code, number and extension) X
	7d. Email Address joann.jennings@hickorytech.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-17-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 Quarterly Activities: Enventis began construction and has completed 116 miles to date. This includes completing a bore under the St. Louis Bay between Superior, Wisconsin and Duluth, Minnesota and completing bores under the Nemadji and Black Rivers. Began blowing fiber into the ducts and have completed 175,000 feet to date. Awarded bids for audit work, optical equipment and site preparation work. Completed concrete work and building installation for two Point of Presence locations. Held a groundbreaking ceremony which was attended by local, State and Federal officials. Conducted first program audit. Initiated analysis for Environmental Assessment addendum. Prepared filings documenting federal interest in land in two counties. Collaborated with UW-Extension on joint build segment in Superior, WI; submitted sole source filing for joint build. Continued to work with project partners to narrow down Community Anchor Institutions (CAIs) of interest. Collaborated with Merit Network on joint build segment in Duluth, Minnesota and Superior, Wisconsin; working to finalize related contractual agreements.

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	Due to delays in beginning construction and lack of signed CAIs, we remain slightly behind our baseline. We continue to work diligently to catch up to the baseline.
2b.	Environmental Assessment	100	No variance
2c.	Network Design	95	Last quarter was started slightly behind and expected to be at this percentage of completion by now. We were able to achieve that goal.
2d.	Rights of Way	90	Last quarter was slightly behind and we were able achieve our goal of 90% completion by this quarter. This is just slightly behind our baseline.
2e.	Construction Permits and Other Approvals	75	We remain behind on this milestone due to permit difficulties which consumed resources. Delays and infrequent meetings for some locations have delayed the permits. In addition one city required us to permit under 2 governing bodies. The city of St. Paul required us to segment our build into 3 distinct projects which were reviewed separately. Each of those permits required attendance at the utility board meetings and were denied during the first round. This exercise took 1 person 10 weeks, which was not planned in our timeline. Since the end of the reporting period, all required permits have been received for this segment.
2f.	Site Preparation	30	We remain slightly behind on this milestone. Based on previous delays, we anticipated a 30% completion by this quarter and were able to achieve that.
2g.	Equipment Procurement	0	This line only references CO and electronics equipment. We ordered equipment but will not receive it until next reporting quarter. This line will continue to show a variance from baseline because other materials were included in that report.
2h.	Network Build (all components - owned, leased, IRU, etc)	27	We were able to exceed our expected build goal.
2i.	Equipment Deployment	0	We do not have any equipment deployed yet. This milestone will continue to lag due to difficulty with getting CAI contracts signed.
2j.	Network Testing	0	No variance
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).
 Due to the State of Minnesota shutdown there were delays in permits which resulted in a trickle down effect for delays. During this time all State agencies were unresponsive. While the official shutdown occurred on July 1, most agencies quit responding on June 18th. Our ability to exceed our build target was due to the number of segment miles impacted. We were fortunate that areas already permitted included many miles of the project, allowing us to move construction crews and work where we could. Once permit

approvals were received we were able to go back and fill in the "gaps". We continue working to catch up to planned milestones.

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	116	N/A-ahead of projection
New network miles leased	0	No variance
Existing network miles upgraded	0	No variance
Existing network miles leased	0	No variance
Number of miles of new fiber (aerial or underground)	116	N/A-ahead of projection
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	No CAIs connected this 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	4
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:
Upon completion, this project will provide 100Mg to 10G lit capacity as well as leased dark fiber. We continue to reassess the broader retail market to determine competitive rates and standard pricing for potential retail customers.

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).
N/A

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)

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	N/A
	Providers with signed agreements receiving improved access	0	N/A
	Providers with signed agreements receiving access to dark fiber	0	Enventis had been in active negotiations with several providers on dark fiber agreements. Updated NTIA guidance on the use of IRUs required a modification to the templates we had been using which extended the internal and customer review processes. We continue to work through the negotiation process with these entities using the updated contract templates.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Current design intends to provide from 100Mg to 10Gig of service to all service providers at all sites.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Enventis continues to work with our project partners, the State of Minnesota and Mayo Clinic, to identify CAIs that are still of interest to them. These partners had identified a number of sites for inclusion in the original application that Enventis verified before including in the baseline plan. Since the baseline was submitted, the State of MN has experienced severe budget cuts and Mayo Clinic has been reassessing their procurement policies, network priorities and site requirements. Enventis is working with each partner to revalidate the CAI detail in light of these changes and continues to seek out and qualify additional CAIs along the route. We have also reached out to a number of additional firms in the medical community to determine their needs and to assess if they match within the program requirements and could be used as alternative CAIs.
	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 or subscribers for each	0	Current design intends to provide from 100Mg to 10Gig of service to all service providers at all sites.
Residential / Households	Entities passed	0	We will not be offering last mile service to homes and businesses.
	Total subscribers served	0	We will not be offering last mile service to homes and businesses.
	Subscribers receiving new access	0	We will not be offering last mile service to homes and businesses.
	Subscribers receiving improved access	0	We will not be offering last mile service to homes and businesses.
	Please identify the speed tiers that are available and the number of subscribers for each	0	We will not be offering last mile service to homes and businesses.
Businesses	Entities passed	0	We will not be offering last mile service to homes and businesses.
	Total subscribers served	0	We will not be offering last mile service to homes and businesses.
	Subscribers receiving new access	0	We will not be offering last mile service to homes and businesses.
	Subscribers receiving improved access	0	We will not be offering last mile service to homes and businesses.
	Please identify the speed tiers that are available and the number of subscribers for each	0	We will not be offering last mile service to homes and businesses.
7. Please describe any special offerings you may provide (600 words or less).			
N/A			

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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).

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
0	0	0	0	N/A

Project Indicators (Next Quarter)

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

Complete installation/make ready the Point of Presence (POP) sites on our Twin Cities-Duluth route. Prepare Environmental Assessment addendum for submission. Receive and stage transport equipment for Twin Cities-Duluth corridor. Continue construction as long as weather permits (frost, ground freeze and snow will halt construction). We expect to have over 150 miles constructed by the end of next quarter. Complete bill of materials and order outside plant materials for the Brainerd route. Begin customer premise equipment installation for laterals. Attend Mid-course conference in Cleveland, Ohio. Submit first year audit. Complete Federal Program Officer (FPO) site review. Continue working with project partners to revalidate and contract CAI sites. Launch marketing campaign to seek out new CAIs near the long haul routes and build relationships with broadband wholesalers and last mile providers in the project area.

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	32	We expect that we will remain behind our planned baseline. We are working on an EA addendum and working diligently to get signed contracts for CAI sites. It has proven difficult to sign contracts for service to CAIs when we do not have an anticipated completion date due to weather and unforeseen hindrances such as the delays in receiving the FONSI and a number of permits. We are hopeful that these efforts will help us get closer to our baseline report estimates. In addition, there is always a timing lag between work completion and the invoicing. Most invoices are being processed now and will increase spending in the next quarter, allowing us to catch up.
2b.	Environmental Assessment	100	No variance
2c.	Network Design	95	We are working through an EA addendum which will push this milestone out slightly.
2d.	Rights of Way	90	We are working through an EA addendum and need to wait for approval before we can finalize the remaining Rights of Way.
2e.	Construction Permits and Other Approvals	75	An EA addendum is being prepared for the remaining route. Permits cannot be applied for until we are cleared for a construction path so we can submit our applications to the various permitting entities. We expect approval of the EA addendum in Year 2, Q3 with permits to follow shortly after that.
2f.	Site Preparation	50	No variance
2g.	Equipment Procurement	40	This milestone will continue to show a variance from the baseline because this line only references CO and electronics equipment and other materials had been included in the original baseline. We are also experiencing difficulty with getting CAI contracts signed.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2h.	Network Build (all components - owned, leased, IRU, etc.)	38	N/A-ahead of baseline
2i.	Equipment Deployment	40	No variance
2j.	Network Testing	0	No variance
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).

We started construction later than originally planned and experienced a number of delays in the permitting process, in part due to the State of Minnesota shut down. We plan to continue construction and work to meet milestones, but we may be hindered due to winter weather and frost. We do not expect these delays to affect the route build planned for next year's construction. An EA addendum is being prepared for the remaining route. Permits cannot be applied for until we are cleared for a construction path so we can submit our applications to the various permitting entities. We expect approval of the EA addendum in Year 2, Q3 with permits to follow shortly after that. All year 1 activity will have subsided as the winter sets in. In the mean time all electronics will start arriving and be invoiced which will increase spending during times of no construction spending. We expect to be at or exceed the 67% threshold by the end of 8 quarters.

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	\$652,967	\$195,890	\$457,077	\$145,377	\$43,613	\$101,764	\$200,000	\$60,000	\$140,000
b. Land, structures, right-of-ways, appraisals, etc.	\$551,506	\$165,452	\$386,054	\$451,238	\$135,371	\$315,867	\$550,000	\$165,000	\$385,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,384,746	\$715,424	\$1,669,322	\$485,585	\$145,676	\$339,909	\$961,023	\$288,307	\$672,716
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$3,072,060	\$921,618	\$2,150,442	\$51,719	\$15,516	\$36,203	\$111,719	\$33,516	\$78,203
g. Site work	\$1,018,443	\$305,533	\$712,910	\$41,491	\$12,447	\$29,044	\$51,053	\$15,316	\$35,737
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$13,382,331	\$4,014,699	\$9,367,632	\$4,593,994	\$1,378,198	\$3,215,796	\$5,246,380	\$1,573,914	\$3,672,466
j. Equipment	\$2,751,000	\$825,300	\$1,925,700	\$19,950	\$5,985	\$13,965	\$471,000	\$141,300	\$329,700
k. Miscellaneous	\$219,000	\$65,700	\$153,300	\$82,347	\$24,704	\$57,643	\$82,347	\$24,704	\$57,643
l. SUBTOTAL (add a through k)	\$24,032,053	\$7,209,616	\$16,822,437	\$5,871,701	\$1,761,510	\$4,110,191	\$7,673,522	\$2,302,057	\$5,371,465
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$24,032,053	\$7,209,616	\$16,822,437	\$5,871,701	\$1,761,510	\$4,110,191	\$7,673,522	\$2,302,057	\$5,371,465

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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