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** NT10BIX5570090	**3. DUNS Number** 615928405

4. Recipient Organization

DCN, LLC 3901 Great Plains Dr South, Fargo, ND 58104-3916

5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2012	**6. Is this the last Report of the Award Period?** ◯ Yes ⦿ No

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 Kayla Shafer KLJ Engineering	**7c. Telephone (area code, number and extension)** 7013558701
	7d. Email Address kayla.shafer@kljeng.com
7b. Signature of Certifying Official Submitted Electronically	**7e. Date Report Submitted (MM/DD/YYYY):** 05-25-2012

Project Indicators (This Quarter)

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

100% of the design is complete for Bismarck, Fargo, and Mandan, ND sites. Construction is proceeding in Bismarck. SRT Communications sites have been awarded and construction is almost complete. Northwest Communications Cooperative sites designed and awarded, but waiting for construction to start in the spring. DCT sites were awarded and the construction is complete.

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	34	On schedule. (As revised) In PIP
2b.	Environmental Assessment	100	Complete.
2c.	Network Design	80	On Schedule.(As revised) In PIP
2d.	Rights of Way	80	On Schedule.
2e.	Construction Permits and Other Approvals	80	On Schedule.
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	90	On Schedule.(As revised) In PIP
2h.	Network Build (all components - owned, leased, IRU, etc)	26	On Schedule.(As revised) In PIP
2i.	Equipment Deployment	50	95% of equipment on order-waiting for delivery.
2j.	Network Testing	2	On Schedule.(As revised) In PIP
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).

The project is moving forward and is on schedule with outside plant (cable) work due to extra work. We are diligently working to make up lost time and continuing to lay fiber. Access to fiber may be an issue, but we have the majority on order for 2012. We believe there is enough time in our schedule to make up delays from 2011 in 2012 by providing more construction resources. We will also be constructing in Mandan, Bismarck and Fargo simultaneously rather than sequentially like we originally planned on cable construction. Grand Forks will overlap with Fargo also. These two factors will keep us on schedule this summer.

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	52	On Schedule.(As revised)
New network miles leased	0	N/A
Existing network miles upgraded	0	N/A
Existing network miles leased	1,388	N/A
Number of miles of new fiber (aerial or underground)	52	On Schedule.(As revised)
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	N/A

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	17
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	7

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

Last Mile Providers: BEK Communications, United Telephone Mutual Aide Corporation, Dakota Central Telecommunications Cooperative, Midstate Telephone Company, Moore & Liberty/Griggs County Telephone, North Dakota Telephone Company, Northwest Communications Cooperative, Polar Communications Mutual Aid, Inter-Community Telephone Company, Reservation Telephone Cooperative, SRT Communications, Consolidated Telecom Company, Red River Telephone, West River Telecommunications, Dickey Rural, Idea One, and Midstate Communications.

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:

Last Mile Providers: BEK Communications, United Telephone Mutual Aide Corporation, Dakota Central Telecommunications Cooperative, Midstate Telephone Company, Moore & Liberty/Griggs County Telephone, North Dakota Telephone Company, Northwest Communications Cooperative, Polar Communications Mutual Aid, Inter-Community Telephone Company, Reservation Telephone Cooperative, SRT Communications, Consolidated Telecom Company, Red River Telephone, West River Telecommunications, Dickey Rural, Idea One, and Midstate Communications.

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).

DCN does not have a designated third party to operate the network. Sub recipients will own and maintain the fiber within their network and charge DCN for the circuits. DCN will own, operate and manage the entire electronics network for all CAI's. Sub recipients maintaining the their fiber are: BEK Communications, Dakota Central Telecommunications, Midstate Telephone Company, Moore & Liberty/Griggs County Telephone, North Dakota Telephone Company, Northwest Communications Cooperative, Polar Communications Mutual Aid, Inter-Community Telephone Company, SRT Communications, Consolidated Telecom Company, and Red River Telephone.

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	N/A
	Providers with signed agreements receiving improved access	0	N/A
	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	5	Speeds are 5 mbps, 10 mbps, 20 mbps, 50 mbps and 100 mbps
Community Anchor Institutions (including Government institutions)	Total subscribers served	12	On schedule.
	Subscribers receiving new access	0	On schedule.
	Subscribers receiving improved access	12	On schedule.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Please identify the speed tiers that are available and the number or subscribers for each	5	Speeds are 5 mbps, 10 mbps, 20 mbps, 50 mbps and 100 mbps
Residential / Households	Entities passed	0	No variations.
	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).
At this time no special offerings will be made.

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
Bethel Home	Jamestown	Medical or Healthcare Provider	No	Connecting to internet and state network.
Rock of Ages	Jamestown	Medical or Healthcare Provider	No	Connecting to internet and state network.
Innovis Health Jamestown	Jamestown	Medical or Healthcare Provider	No	Connecting to internet and state network.
Meritcare Clinic	Jamestown	Medical or Healthcare Provider	No	Connecting to internet and state network.

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
Roseadele	Jamestown	Medical or Healthcare provider	No	Connecting to internet and state network.
Chase Lake Wildlife Refuge HQ	Woodworth	Other Government Facility	No	Connecting to internet and state network.
Arrowwood Wildlife Refuge HQ	Pingree	Other Government Facility	No	Connecting to internet and state network.
FAA Tower Site	Woodworth	Public Safety Entity	No	Connecting to internet and state network.
National Guard HQ B 141 Bn	Jamestown	Public Safety Entity	No	Connecting to internet and state network.
National Guard Maintenance Shop	Jamestown	Public Safety Entity	No	Connecting to internet and state network.
Pingree-Buchanan HS	Pingree	School (K-12)	No	Connecting to internet and state network.

Project Indicators (Next Quarter)

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

Bid projects and start construction with Dakota Carrier Network (DCN) (Bismarck, Mandan and Fargo), BEK Communications, Red River Telephone, Northwest Communications Cooperative, and SRT Communications.

The total CAI subscribers constructed is 22 and DCN will continue to connect CAIs. Sixteen projects will in construction.

New network miles deployed: 80

New network miles leased: 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	62	On Schedule.
2b.	Environmental Assessment	100	On Schedule.
2c.	Network Design	90	On Schedule.
2d.	Rights of Way	90	On Schedule.
2e.	Construction Permits and Other Approvals	80	On Schedule.
2f.	Site Preparation	0	N/A
2g.	Equipment Procurement	100	On Schedule.
2h.	Network Build (all components - owned, leased, IRU, etc.)	45	On Schedule.
2i.	Equipment Deployment	95	On Schedule.
2j.	Network Testing	40	On schedule based on fiber miles deployed
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).

DCN is confident we will finish well ahead of the third year deadline, however reaching 67% completion will be a challenge for 2012. We are lining up resources and should have spent approximately 70% of funds by July 31, 2012. Miles deployed is estimated to be

44% of miles by July 31, 2012. This is due to the fact that the majority of construction dollars and work is in city limits and you cannot achieve 67% of mile with 70% of the dollars. Equipment, engineering and right-of-way will be at least 67% complete by July 31, 2012. By end of 2012 we expect to be 87% overall and 82% of miles deployed.

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.

Cost Classification	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		
	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	$0	$0	$0	$0	$0	$0	$0	$0	$0
b. Land, structures, right-of-ways, appraisals, etc.	$355,687	$106,706	$248,981	$28,165	$8,449	$19,716	$35,000	$10,500	$24,500
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$627,682	$188,305	$439,377	$344,626	$103,388	$241,238	$546,140	$163,842	$382,298
e. Other architectural and engineering fees	$167,377	$50,213	$117,164	$109,188	$32,756	$76,432	$140,000	$42,000	$98,000
f. Project inspection fees	$941,506	$282,452	$659,054	$194,797	$58,439	$136,358	$419,438	$125,831	$293,607
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	$9,860,644	$2,958,193	$6,902,451	$2,206,575	$661,973	$1,544,602	$5,097,000	$1,529,100	$3,567,900
j. Equipment	$3,448,757	$1,034,627	$2,414,130	$2,397,623	$719,287	$1,678,336	$3,448,757	$1,034,627	$2,414,130
k. Miscellaneous	$0	$0	$0	$0	$0	$0	$0	$0	$0
l. SUBTOTAL (add a through k)	$15,401,653	$4,620,496	$10,781,157	$5,280,974	$1,584,292	$3,696,682	$9,686,335	$2,905,900	$6,780,435
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$15,401,653	$4,620,496	$10,781,157	$5,280,974	$1,584,292	$3,696,682	$9,686,335	$2,905,900	$6,780,435

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