

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 NT10BIX5570035	3. DUNS Number 003428208
4. Recipient Organization Hardy Telecommunications, Inc. 2255 Kimseys Run RD, Lost River, WV 26810-8317		
5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2011	6. Is this the last Report of the Award Period? <div style="text-align: center;"> <input type="radio"/> Yes <input checked="" type="radio"/> No </div>	
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 Sherry McCuller Managing Director	7c. Telephone (area code, number and extension) 8286759290	7d. Email Address peregrine@hughes.net
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02-27-2012	

Project Indicators (This Quarter)			
<p>1. Please describe significant project accomplishments completed during this quarter (600 words or less). Project is substantially complete at 70.1%. As of 12-31-2011, 76.6 miles of cable had been placed, with splicing complete for three spans and nodes placed in service at 10 Gigabits/second. Other completion as of 12-31-2011: Backbone staking 100%, Backbone Rights of Way, 97%, approximately 75% of Backbone ring construction completed. 100% of fiber termination equipment installed in central offices by year-end. Rights of way and engineering for laterals to anchor institutions in progress. Some re-engineering of anchor institution laterals required due to closures, relocations, and new requests to be connected.</p>			
<p>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).</p>			
	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	68	(32%) Variance. Delays in Intercreditor Agreement and completion of Historic and Cultural Preservation Review prevented draw down of funds until April, 2011.
2b.	Environmental Assessment	100	779% Variance. Cost of environmental assessment and archaeological services ran significantly over budget due to the high number of prehistoric and historic sites in Hardy County, WV and the requirement for a Phase 1 archaeological survey and shovel testing.
2c.	Network Design	100	45% Variance. Resources reallocated to completion of environmental/archaeological assessments. Segments of network rerouted and redesigned from buried cable to aerial placement to avoid identified historic and cultural sites. Route modifications due to R/W acquisition issues.
2d.	Rights of Way	12	(88)% Variance. The baseline forecast included costs of land, structures, and appraisals in this category. Rights of Way acquisition costs have been included in the Construction Permits and Other Approvals Category. Delays in Environmental Assessment review and completion of Historical and Cultural Preservation Review delayed purchases of land for building placement sites and required easements. Phase 1 archaeological survey and shovel testing required to discover artifacts in 9.3 mile buried section and land for building placement.
2e.	Construction Permits and Other Approvals	100	(118)% Variance. Sections of line were rerouted and redesigned as aerial placement to avoid historic and cultural sites along the route. Rights of Way acquisition costs have been included in this category.
2f.	Site Preparation	0	(100)% Variance. Site prep to be covered by Recipient.
2g.	Equipment Procurement	24	(76)% Variance. This category included Equipment Deployment in the Baseline. Deployment expenditures have been included for consistency. Delivery dates were deferred until facilities sites could be connected over fiber. Equipment has been deployed in 20 central offices and remote sites.
2h.	Network Build (all components - owned, leased, IRU, etc)	59	(41)% Variance. Delays in approval of Intercreditor Agreement and Environmental Assessment prevented procurement of materials and commencement of construction prior to third quarter of 2011. Construction commenced 9-26-2011 with 76.6 miles deployed approximately 70% of the network backbone ring.
2i.	Equipment Deployment	0	(100)% Variance. Baseline forecast included equipment deployment in Equipment Procurement budget.
2j.	Network Testing	0	(100)% Variance. Same as above.
2k.	Other (please specify): Inspection	52	(48)% Variance. Inspection included in Network Build but broken out for clarity. Delays in approval of Intercreditor Agreement and Environmental Assessment prevented procurement of materials and commencement of construction prior to third quarter of 2011. Construction commenced

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			9-26-2011 with 76.6 miles deployed or approximately 70% of backbone ring.

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).

No challenges encountered in the quarter ended 12/31/2011 during construction of the core backbone ring.

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	76	(35)% Variance. Delays in materials procurement and construction commencement due to intercreditor agreement delays and requirement for Phase 1 Archaeological Shovel Testing.
New network miles leased	0	NA
Existing network miles upgraded	15	15 miles of connectivity to anchor institutions and a portion of an upstream Internet route were contributed by Hardy to the Project.
Existing network miles leased	0	NA
Number of miles of new fiber (aerial or underground)	76	(35)% Variance. Same as New network miles deployed.
Number of new wireless links	0	NA
Number of new towers	0	NA
Number of new and/or upgraded interconnection points	5	(76)% Variance. Delays in materials procurement and construction commencement due to intercreditor agreement delays and requirement for Phase 1 Archaeological Shovel Testing. The Backbone network ring is not complete, but spans between facilities on-net have been constructed and 10-Gigabit service turned up at 5 locations.

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:

No wholesale agreements have been requested.

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:

No wholesale providers have requested agreements.

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).

Hardy Telecommunications does not outsource network operation.

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	NA
	Providers with signed agreements receiving improved access	0	NA
	Providers with signed agreements receiving access to dark fiber	0	NA
	Please identify the speed tiers that are available and the number of subscribers for each	0	NA
Community Anchor Institutions (including Government institutions)	Total subscribers served	10	(89)% Variance. Delays in construction commencement due to Intercreditor Agreement, archaeological Phase 1 shovel testing. Transport service is available up to 1 Gbps to seven school sites and 3 cellular towers.
	Subscribers receiving new access	0	NA
	Subscribers receiving improved access	10	(89)% Variance. Same as above.
	Please identify the speed tiers that are available and the number or subscribers for each	5	Transmission speed tiers: 10-Mbps, 5 subscribers. 20-Mbps, 2 subscribers sharing service for a total of 10-Mbps each. 50-Mbps, 0 subscribers. 100-Mbps, 0 subscribers; 1-Gbps, 0 Subscribers. 3 Cellular sites connected at up to 1-Gbps per site, but no carriers have subscribed to date.
Residential / Households	Entities passed	0	Middle Mile Only
	Total subscribers served	0	Middle Mile Only
	Subscribers receiving new access	0	Middle Mile Only
	Subscribers receiving improved access	0	Middle Mile Only
	Please identify the speed tiers that are available and the number of subscribers for each	0	Middle Mile Only
Businesses	Entities passed	0	Middle Mile only
	Total subscribers served	0	Middle Mile only
	Subscribers receiving new access	0	Middle Mile only

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving improved access	0	Middle Mile only
	Please identify the speed tiers that are available and the number of subscribers for each	0	Middle Mile only

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

No special offerings are provided at this time.

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

8b. If so, please describe the changes (300 words or less).

Network management practices are posted on Hardy's website at:
http://www.hardynet.com/images/stories/PDFs/HardyNet_Network_Management_Policies_Disclosure_11-11_Ver._2.pdf

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 BTOF 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 BTOF-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 BTOF-funded infrastructure
Moorefield Intermediate School	Moorefield	School	No	Moorefield Intermediate School shares a 20-Mbps connection with Moorefield High School

Project Indicators (Next Quarter)

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

28 miles of backbone ring construction, splicing and testing will be completed, which will complete the core ring. A modification request for community anchor institutions will be provided to NTIA for approval. Modifications are due to facility closures, relocations, and new requests for connectivity. For all approved modifications and additions, engineering will be completed by 2-20-2012, rights of way acquired, and clearances obtained from West Virginia State Historic Preservation office for ground-disturbing construction. Pending approvals from NTIA and WV-SHPO, construction of community anchor institution laterals will commence. Orders for network access equipment, facilities equipment, and customer premises equipment to be placed in first quarter. Community anchor institutions requesting service will be turned up as laterals and drops are placed. Requests for service by broadband wholesalers or last mile providers are not expected in Q1-2012.

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	77	(23)% Variance. Delays in Intercreditor Agreement, Environmental Assessment review, and completion of Historic and Cultural Preservation Review prevented draw down of funds until April, 2011. Archaeological shovel testing and Phase 1 Survey report delayed construction until September, 2011.
2b.	Environmental Assessment	100	779% Variance. Cost of environmental assessment and archaeological services ran significantly over budget due to the high number of prehistoric and historic sites in Hardy County, WV and requirement for a Phase 1 archaeological survey and shovel testing.
2c.	Network Design	100	44% Variance. Resources reallocated to completion of environmental/archaeological assessments. Segments of network rerouted and redesigned from buried cable to aerial placement, to avoid identified historic and cultural sites. Route modifications due to R/W acquisition issues. Laterals to anchor

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
			institutions will require a Phase 1 survey and shovel testing for buried sections, new poles or replacements, ground anchors and pedestals.
2d.	Rights of Way	12	(88)% variance. The baseline forecast included purchases of land, structures and appraisals, and purchases of land or easements for Rights of Way in this category. Costs associated with obtaining no-cost private Rights of Way were included in Permitting & Other Approvals.
2e.	Construction Permits and Other Approvals	100	141% variance. The baseline forecast included costs of land, structures, appraisals and purchases of land or easements for Rights of Way in the Rights of Way budget category. Costs associated with construction permitting and obtaining no-cost private Rights of Way were included in this category. Network rerouted in some locations due to number of archaeological prehistoric and historic sites in Hardy County. Route modifications required for locations where a private easement could not be obtained.
2f.	Site Preparation	0	(100%) Site prep covered by recipient.
2g.	Equipment Procurement	26	(74)% variance. Savings obtained through competitive vendor procurements, and purchase of operating equipment from non-award funds.
2h.	Network Build (all components - owned, leased, IRU, etc.)	70	(30)% variance. Construction delayed due to delays in intercreditor agreement and archaeological surveys and shovel testing.
2i.	Equipment Deployment	0	N/A. Baseline forecast included equipment deployment in Equipment Procurement budget.
2j.	Network Testing	0	NA. Same as above.
2k.	Other (please specify): Inspection	100	66% Variance. Inspection in Network Build but broken out for clarity. Delays in construction expected due to requirement for shovel testing and section 106 review of replacement poles and ground anchors.

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).

Construction delays in deployment of anchor institution laterals may occur if approval of modifications and route changes are delayed by NTIA, or if extensive environmental studies are required by NTIA or phase 1 archaeological surveying is required by WV State Historic Preservation Office. Anchor institution lateral deployment is primarily aerial.

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	\$1,118,532	\$9,542	\$1,108,990	\$1,126,934	\$9,542	\$1,117,392
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$83,980	\$0	\$83,980	\$43,884	\$0	\$43,884	\$139,720	\$0	\$139,720
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	\$1,293,553	\$644,695	\$648,857	\$1,537,982	\$644,695	\$893,286
j. Equipment	\$947,990	\$381,962	\$566,028	\$226,005	\$159,867	\$66,138	\$249,555	\$159,867	\$89,688
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$2,716	\$0	\$2,716
l. SUBTOTAL (add a through k)	\$4,015,864	\$814,104	\$3,201,760	\$2,731,406	\$814,104	\$1,917,301	\$3,106,339	\$814,104	\$2,292,234
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$4,015,864	\$814,104	\$3,201,760	\$2,731,406	\$814,104	\$1,917,301	\$3,106,339	\$814,104	\$2,292,234

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
---	--------------------------------