QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information	

1. Federal Agency and Organizational Element to Which Report is Submitted GOL	2. Award Identification Number NT10BIX5570035	3a. DUNS Number 003428208
		3b. EIN XXXXXXXXXX

4. Recipient Organization (Name and complete address including country, congressional district, and zip code)

Hardy Telecommunications, Inc. 2255 Kimseys Run RD, Lost River, WV 26810-8317

5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2010	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 David Scott Sherman General Manager	7c. Telephone (area code, number and extension) 3048979911
	7d. Email Address ssherman@hardynet.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-24-2010

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (150 words or less).

Submission of Recovery Act Report. Submission of Financial and Performance Progress Reports. Preparation and Submission of draft Environmental Assessment. Contacts with WV State Historic Preservation Office ("SHPO") to conduct Section 106 consultation. Review of WV SHPO archives by qualified archaeologist. Site visits by archaeologist and environmental consultant to view network route. Development of detailed maps of historical and cultural resources sites along network route and archaeologist report of potential impacts of deployment. Contact with US Fish & Wildlife Service Ecological Services Offices to conduct Section 7 consultation, and submission of detailed route maps and project description.   Discussions and review of documents by NTIA legal staff and Hardy's existing lenders to develop mutually agreeable terms and conditions of co-first security interest.   Request for reclassification of line item budget items in connection with deployment of aerial fiber on existing poles in previously disturbed Rights of Way to connect education institutions and provide for needed network geo-diversity.   Deployment required by education institutions to meet eRate timeline for service initiation, and to prevent communications outages in the area.

2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second 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 (100 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	1	On 7/27/2010 NTIA notified Hardy that it would accept a co-first priority, pari-passu security interest subject to successful negotiations of terms and conditions between NTIA and Hardy's existing first priority secured lenders. Hardy is awaiting written confirmation from NTIA.
2b.	Environmental Assessment	80	Same as above, funded by Hardy to date
2c.	Network Design	0	Same as above
2d.	Rights of Way	0	Same as above
2e.	Construction Permits and Other Approvals	0	Same as above
2f.	Site Preparation	0	Same as above
2g.	Equipment Procurement	0	Same as above
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Same as above
2i.	Equipment Deployment	0	Same as above
2j.	Network Testing	0	Same as above
2k.	Other (please specify): NA	0	Same as above

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 (150 words or less).

1) Resolution of co-first priority, pari passu security interest with Hardy's current first priority secured lenders.
2) Ongoing review by NTIA of request for reclassification of line item budget items for network deployment to meet critical need of education CAIs to comply with eRate deadline for service initiation and to prevent network outages. Deployment was performed from Hardy's own funds due to delay in resolution of co-first security interest requirement and NTIA requirement for environmental assessment (see #3).
3) NTIA restriction on award-funded aerial deployment on existing poles in previously disturbed Rights of Way as required by education institutions due to NTIA Environmental Assessment requirement and grant of only limited categorical exclusions to NEPA, which are not required by USDA-RUS for the same work.

4. Please report the following information regarding network build progress. Write "N/A" in the second 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 (100 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	0	Awaiting written confirmation of acceptance by NTIA of co-first priority, pari passu security interest by NTIA and Hardy's existing first priority secured lenders.
New network miles leased	0	Same as above
Existing network miles upgraded	0	Same as above
Existing network miles leased	0	Same as above
Number of miles of new fiber (aerial or underground)	0	Same as above
Number of new wireless links	0	Same as above
Number of new towers	0	Same as above
Number of interconnection points	0	Same as above

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your subrecipient, 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	0

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements. Providers:
Not applicable. Network not yet 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. Wholesale services description:
Not applicable. Network not yet deployed.

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 subrecipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this this third party operates (150 words or less).
No third party operator.

6. Please provide the data according to the type of subscriber. Write "N/A" 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 (100 words of 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	Network not yet deployed, awaiting confirmation of co-first priority security interest, as detailed above.
	Providers with signed agreements receiving improved access	0	Same as above
	Providers with signed agreements receiving access to dark fiber	0	Same as above
	Please identify the speed tiers that are available and the number of subscribers for each	0	Same as above

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Community Anchor Institutions (including Government institutions)	**Total subscribers served**	0	Same as above
	Subscribers receiving new access	0	Same as above
	Subscribers receiving improved access	0	Same as above
	Please identify the speed tiers that are available and the number or subscribers for each	0	Same as above
Residential / Households	**Entities passed**	0	Award funded deployment not yet started
	Total subscribers served	0	NA
	Subscribers receiving new access	0	NA
	Subscribers receiving improved access	0	NA
	Please identify the speed tiers that are available and the number of subscribers for each	0	NA
Businesses	**Entities passed**	0	Award funded deployment not yet started
	Total subscribers served	0	NA
	Subscribers receiving new access	0	NA
	Subscribers receiving improved access	0	NA
	Please identify the speed tiers that are available and the number of subscribers for each	0	Award funded deployment not yet started

7. Please describe any special offerings you may provide (150 words or less).
Network deployment not completed.

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

8b. If so, please describe the changes (150 words or less).
Not applicable.

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. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent calendar year. 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 (100 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
No CAIs with award funds	NA	NA	NA	NA
No CAIs with award funds	NA	NA	NA	NA
No CAIs with award funds	NA	NA	NA	NA

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (150 words or less).

Completion of Section 106 and Section 7 consultations, final update of environmental assessment, and finding of no significant impact. Completion of outside plant network design. Outside plant staking completed. Permits approved. Preparation of pre-bid contract documents. Requests for Quotations issued to contractors and distributors, and responses received. Equipment and materials purchases to begin when written notification received from NTIA of co-first priority security interest with Hardy existing first priority secured lenders.

2. Please provide the percent complete for the following key milestones in your project. Write "N/A" in the second 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 (100 words or less).

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2a.	Overall Project	10	Co-first priority security interest confirmed by NTIA as detailed previously. In addition, for site preparation and construction, NTIA grant of limited exclusions to NEPA.
2b.	Environmental Assessment	100	-
2c.	Network Design	100	-
2d.	Rights of Way	100	-
2e.	Construction Permits and Other Approvals	100	-
2f.	Site Preparation	0	Same as 2a
2g.	Equipment Procurement	0	Same as 2a
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	Same as 2a
2i.	Equipment Deployment	0	Same as 2a
2j.	Network Testing	0	Same as 2a
2k.	Other (please specify): NA	0	Same as 2a

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 (150 words or less).

NTIA confirmation of co-first priority security interest between NTIA and existing lenders, as previously discussed. Reclassification of Line Item Budget items, as previously discussed. Hardy Telecommunications has also received a BIP award from RUS, performance of which is dependent in part upon performance of the BTOP award. RUS has granted categorical exclusions to NEPA and does not require an EA. RUS will allow non-ground disturbing or land clearing activities to begin immediately upon release of BIP funds. BTOP has not granted categorical exclusions to NEPA and does require an EA, preventing construction before obtaining a FONSI. If NTIA and RUS could coordinate on NEPA categorical exclusions, Hardy could begin aerial deployment on existing poles in previously disturbed ROWs.

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	$7,500		$7,500	$0	$0	$0	$7,500	$0	$7,500
b. Land, structures, right-of-ways, appraisals, etc.	$205,133	$4,983	$200,150	$4,983	$4,983	$0	$46,116	$4,983	$41,133
c. Relocation expenses and payments	$0	$0		$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$579,642	$0	$579,642	$0	$0	$0	$241,136	$0	$241,136
e. Other architectural and engineering fees	$0	$0	$0	$0	$0	$0	$41,152	$41,152	$0
f. Project inspection fees	$83,980	$0	$83,980	$0	$0	$0	$0	$0	$0
g. Site work	$60,357	$58,362	$1,995	$69,453	$69,453	$0	$97,019	$95,024	$1,995
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	$355,284	$355,284	$0	$355,284	$355,284	$0
j. Equipment	$947,990	$381,962	$566,028	$75,481	$75,481	$0	$75,481	$75,481	$0
k. Miscellaneous	$71,404	$66,422	$4,983	$71,404	$66,421	$0	$71,404	$66,421	$4,983
l. SUBTOTAL (add a through k)	$4,145,630	$943,871	$3,201,760	$576,605	$571,622	$0	$935,092	$638,345	$296,747
m. Contingencies	$0	$0	$0	$0	$0	$0	$0	$0	$0
n. TOTALS (sum of l and m)	$4,145,630	$943,871	$3,201,760	$576,605	$571,622	$0	$935,092	$638,345	$296,747

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