

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 NT10BIX5570073 | 3. DUNS Number 830534082 |
| 4. Recipient Organization Bend Cable Communications, LLC 63090 Sherman Road, Bend, OR 97701-5750 | | |
| 5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2010 | 6. Is this the last Report of the Award Period? <input type="radio"/> Yes <input checked="" type="radio"/> 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 Melanie Grandjacques | 7c. Telephone (area code, number and extension) 5413126561 | |
| | 7d. Email Address mgrandjacques@bendbroadband.net | |
| 7b. Signature of Certifying Official Submitted Electronically | 7e. Date Report Submitted (MM/DD/YYYY): 02-10-2011 | |

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 * Submitted RFPs and awarded for the following high level areas: 1) Construction; 2) Technology; 3) Materials
 * Submitted Draft Environmental Assessment. Work performed by EA consultant.
 * Finalized our GePON design.
 *Received aerial photos of our build for the ODOT permits.
 *Received some additional permits. Some entities are taking more time and effort to obtain the permits.
 *Engaged legal to begin our franchise research / negotiations.
 *Kick-off with our marketing group to define our Community Outreach Plan.
 *Sales team has starting contacting the community anchor tenants to sign contracts.

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 | 1 | N/A |
| 2b. | Environmental Assessment | 95 | |
| 2c. | Network Design | 100 | N/A |
| 2d. | Rights of Way | 38 | 21 total required; 8 out of 17 permit entities complete; 0 out 3 Franchise/ agreements complete. All are in progress. |
| 2e. | Construction Permits and Other Approvals | 38 | 21 total required; 8 out of 17 permit entities complete; 0 out 3 Franchise/ agreements complete. All are in progress. |
| 2f. | Site Preparation | 0 | N/A |
| 2g. | Equipment Procurement | 0 | N/A |
| 2h. | Network Build (all components - owned, leased, IRU, etc) | 0 | N/A |
| 2i. | Equipment Deployment | 0 | N/A |
| 2j. | Network Testing | 0 | N/A |
| 2k. | Other (please specify): N/A | 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 only area where we experienced an issue was working with the US Forest Service to obtain permits. We involved the Department of Commerce and the issue seems to be mitigated at this time. It appears the field office was not aware that we had received a grant and the Environmental Assessment procedures specific to BTOP projects. If we do not receive the US Forest Service permits in a timely manner, we will escalate accordingly.

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 | 0 | Build not started yet. |
| New network miles leased | 0 | N/A |
| Existing network miles upgraded | 0 | Build not started yet. |

| Indicator | Total | Narrative (describe your reasons for any variance from the baseline plan or any other relevant information) |
|--|-------|---|
| Existing network miles leased | 0 | N/A |
| Number of miles of new fiber (aerial or underground) | 0 | Build not started yet. |
| Number of new wireless links | 0 | N/A |
| Number of new towers | 0 | N/A |
| Number of new and/or upgraded interconnection points | 0 | Build not started yet. |

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 of less). Providers: None at this time.

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 of less). Wholesale services description:
N/A

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 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 built yet. |
| | Providers with signed agreements receiving improved access | 0 | Network not built yet. |
| | 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 | 0 | Network not built yet. |

| 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 | Build not started. |
| | Subscribers receiving new access | 0 | Build not started. |
| | Subscribers receiving improved access | 0 | Build not started. |
| | Please identify the speed tiers that are available and the number or subscribers for each | 0 | Build not started. |
| Residential / Households | 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 |
| Businesses | Entities passed | 0 | Build not started yet. |
| | Total subscribers served | 0 | Build not started yet. |
| | Subscribers receiving new access | 0 | Build not started yet. |
| | Subscribers receiving improved access | 0 | Build not started yet. |
| | Please identify the speed tiers that are available and the number of subscribers for each | 0 | Build not started yet. |

7. Please describe any special offerings you may provide (600 words or less).
Community Anchor Institutions listed in the application receive 25% discount on their first five years only.

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

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 | 0 |

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 *Receive FONSI on our Environmental Assessment.
 * Submit and award GePON construction RFP.
 * Submit and award Davis Bacon Wage audit RFP.
 * Obtain most of our remaining permits and franchises/agreements.
 * Negotiate contracts with construction contractors.
 * Hold community events.

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 | 5 | N/A |
| 2b. | Environmental Assessment | 100 | FONSI is expected with no major changes to design. |
| 2c. | Network Design | 100 | N/A |
| 2d. | Rights of Way | 88 | Anticipate to obtain more permits / franchises by end of the quarter. |
| 2e. | Construction Permits and Other Approvals | 88 | Anticipate to obtain more permits / franchises by end of the quarter. |
| 2f. | Site Preparation | 0 | N/A |
| 2g. | Equipment Procurement | 0 | N/A |
| 2h. | Network Build (all components - owned, leased, IRU, etc.) | 0 | N/A |
| 2i. | Equipment Deployment | 0 | N/A |
| 2j. | Network Testing | 0 | N/A |
| 2k. | Other (please specify): Other | 100 | Award of contracts = 100%; |

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).

As long as we receive FONSI and additional permits in this quarter, we should be able to stay on track.

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 | \$329,125 | \$98,738 | \$230,387 | \$33,199 | \$9,960 | \$23,239 | \$77,949 | \$23,385 | \$54,564 |
| b. Land, structures, right-of-ways, appraisals, etc. | \$121,855 | \$36,557 | \$85,298 | \$7,500 | \$2,250 | \$5,250 | \$37,500 | \$11,250 | \$26,250 |
| c. Relocation expenses and payments | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| d. Architectural and engineering fees | \$25,375 | \$7,612 | \$17,763 | \$16,915 | \$5,075 | \$11,840 | \$25,375 | \$7,612 | \$17,763 |
| e. Other architectural and engineering fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| f. Project inspection fees | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 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 | \$4,788,511 | \$1,436,553 | \$3,351,958 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| j. Equipment | \$1,047,656 | \$314,297 | \$733,359 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| k. Miscellaneous | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| l. SUBTOTAL (add a through k) | \$6,312,522 | \$1,893,757 | \$4,418,765 | \$57,614 | \$17,285 | \$40,329 | \$140,824 | \$42,247 | \$98,577 |
| m. Contingencies | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| n. TOTALS (sum of l and m) | \$6,312,522 | \$1,893,757 | \$4,418,765 | \$57,614 | \$17,285 | \$40,329 | \$140,824 | \$42,247 | \$98,577 |

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