


## Quarterly Performance Report Questions for Broadband Infrastructure Projects

General Information				
		Page 1	Of 18	Pages
1. Federal Agency and Organization Element to Which Report is Submitted  Department of Commerce, National Telecommunications and Information Administration	2. Award Identification Number  NT10BIX5570035	3a. DUNS Number 003428208		
		3b. EIN 55-0398418		
4. Recipient Organization (Name and complete address including county, congressional district, and zip code)  Hardy Telecommunications, 2255 Kimseys Run Road, Lost River WV 26810-8317 Congressional District: WV-002				
5. Current Reporting Period End Date (MM/DD/YYYY)  June 30, 2010		6. Is this the Last Report of the Award Period?		<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>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.</b>				
7a. Typed or Printed Name and Title of Certifying Official  David Scott Sherman, Jr.		7c. Telephone (area code, number and extension)  304-897-9911		
		7d. Email Address  <a href="mailto:ssherman@hardynet.com">ssherman@hardynet.com</a>		
7b. Signature of Certifying Official  		7e. Date Report Submitted (MM/DD/YYYY)  July 30, 2010		

<b>Project Indicators (This Quarter)</b>			
1. Please describe significant project accomplishments during this quarter (150 words or less).			
Verified Financial Management System appropriately tracks and records federal award receipts and expenditures. Submission of ARRA financial, performance and baseline reports. Applied for and received extension of time to comply with Environmental SAC. Discussions and review of documents by NTIA legal staff, Hardy's existing lenders, and Hardy legal counsel to resolve conflict with existing lender loan covenants and NTIA security language, delaying Hardy from unconditionally accepting BTOP award and drawing down federal funds to recover costs expended to date associated with the award. Hardy conditionally accepted the award to allow discussions and negotiations to move forward and has filed all required reports in the interim.			
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%	Awaiting final resolution of acceptance of co-first security interest by NTIA with Hardy's existing lenders. Award conditionally accepted by Hardy until issue could be resolved, but unconditional acceptance is required for Hardy to expend additional award-related funds from its own resources, to ensure funds can be recovered from award.
2b.	Environmental Assessment	30%	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%	
2g.	Equipment Procurement	0%	
2h.	Network Build (all components - owned, leased, IRU, etc.)	0%	
2i.	Equipment Deployment	0%	
2j.	Network Testing	0%	
2k.	Other (please specify):	0%	
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).			
Hardy, its legal counsel and existing lender held discussions with NTIA legal staff concerning security interest language of the CD-450 award contract, which was in conflict with existing loan covenants of existing lender, preventing Hardy from accepting the BTOP award unless mutually agreeable language could be approved by the parties. Hardy conditionally accepted the award in order to allow compliance reports to be filed timely. On 7/27/2010 NTIA notified Hardy that it is willing to accept a co-first priority,			

pari passu security interest with Hardy's current first priority secured lenders in all of Hardy's property and assets -- subject to successful negotiation of the terms and conditions among the interested parties. Until negotiations are successfully concluded, Hardy may not unconditionally accept and draw down federal funding. Hardy is performing the Environment Assessment ("EA") from its own funds in the interim.

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)
New network miles deployed	0	Resolution of co-first security interest by NTIA and existing lender, as detailed above. Hardy has deployed to some CAIs and has constructed a significant portion of one alternate Internet route from its own funds, but may not unconditionally accept the BTOP award and draw down the federal award funds to recover these costs until the issue has been fully resolved. No federally-funded deployment can proceed until the EA is completed. Hardy is proceeding with the EA from its own funds.
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, Network not deployed
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0, Network not deployed
Average term of signed agreements	

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements.  
 Providers: NA

5c. What wholesale services are being provided by this project? Please describe below. As an attachment to

<p>this report, please provide pricing plans (in \$ per month) associated with each wholesale service provided by your project. No wholesale services provided to date, network deployment not complete. When wholesale services can be offered, pricing plan will mirror the service and pricing plans detailed in Hardy's BTOP Application.          Wholesale services description: NA</p>			
<p>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 that this third party operates (150 words or less). No third party operator.</p>			
<p>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 or less).</p>			
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. Delaying issue is resolution of co-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
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	CAIs connected with Hardy's own funding, but federally funded network not yet deployed. Delaying issue is resolution of co-security interest, as detailed 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 of subscribers for each	0	Same as above.
Residential/ Households	Entities passed	0	Federally funded network not yet deployed. Same issue as above
	Total subscribers served	NA	
	Subscribers receiving new access	NA	
	Subscribers receiving improved access	NA	
	Please identify the speed tiers that are available and the number of subscribers	NA	

	for each		
Businesses	Entities passed	0	Federally funded network not yet deployed. Same issue as above.
	Total subscribers served	NA	
	Subscribers receiving new access	NA	
	Subscribers receiving improved access	NA	
	Please identify the speed tiers that are available and the number of subscribers for each	NA	

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

8. Have your network management practices changed over the last quarter? If so, please describe the changes (150 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. 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
None with BTOP Funds				
Same issue as above				

**Project Indicators (Next Quarter)**

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

**Environmental Assessment. When co-security interest negotiations are successfully concluded, outside plant network design will be completed and construction permits and other approvals and rights of way will be obtained.**

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).

RECIPIENT NAME: HARDY TELECOMMUNICATIONS INC.  
 AWARD NUMBER: NT10BIX5570035  
 DATE: JULY 30, 2010

OMB CONTROL NO. 0660-0037  
 EXPIRATION DATE: 12-31-2010

	Milestone	Planned Percent Complete	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
2a.	Overall Project	10%	Delay in resolution of co-first security interest issue
2b.	Environmental Assessment	60%	Same as above
2c.	Network Design	9%	Same as above
2d.	Rights of Way	15%	Same as above
2e.	Construction Permits and Other Approvals	15%	Same as above
2f.	Site Preparation	0%	
2g.	Equipment Procurement	0%	
2h.	Network Build (all components - owned, leased, IRU, etc.)	0%	
2i.	Equipment Deployment	0%	
2j.	Network Testing	0%	
2k.	Other (please specify):	0%	
<p>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).</p>			
<p><b>Successful negotiations of co-first security interest between NTIA and existing lenders, as previously discussed.</b></p>			

### 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 Costs	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	\$7,500	\$0	\$7,500	\$0	\$0	\$0	\$7,500	\$0	\$7,500
b. Land, structures, rights-of-way, 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	\$0
d. Architectural and engineering fees	\$579,642	\$0	\$579,642	\$0	\$0	\$0	\$74,080	\$0	\$74,080
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$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	\$58,362	\$58,362	\$0	\$58,362	\$58,362	\$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	\$326,581	\$326,581	\$0	\$326,581	\$326,581	\$0
j. Equipment	\$947,990	\$381,962	\$566,028	\$40,558	\$40,558	\$0	\$40,558	\$40,558	\$0
k. Miscellaneous	\$71,404	\$66,422	\$4,982	\$66,421	\$66,421	\$0	\$71,404	\$66,421	\$4,983
<b>l. SUBTOTAL (add a through k)</b>	<b>\$ 4,145,630</b>	<b>\$ 943,871</b>	<b>\$3,201,760</b>	<b>\$496,905</b>	<b>\$496,905</b>	<b>\$0</b>	<b>\$624,601</b>	<b>\$496,905</b>	<b>\$127,696</b>
<b>m. Contingencies</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>TOTALS (sum of l and m)</b>	<b>\$ 4,145,630</b>	<b>\$ 943,871</b>	<b>\$3,201,760</b>	<b>\$496,905</b>	<b>\$496,905</b>	<b>\$0</b>	<b>\$624,601</b>	<b>\$496,905</b>	<b>\$127,696</b>

RECIPIENT NAME: HARDY TELECOMMUNICATIONS INC.  
AWARD NUMBER: NT10B1X5570035  
DATE: JULY 30, 2010

OMB CONTROL NO. 0660-0037  
EXPIRATION DATE: 12-31-2010

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: \$0.00	b. Program Income to Date: \$0.00
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