

RECIPIENT NAME:DeltaCom, Inc.

AWARD NUMBER: NT10BIX5570034

DATE: 11/10/2011

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

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 NT10BIX5570034	3. DUNS Number 141946322
4. Recipient Organization DeltaCom, Inc. 7037 Old Madison Pike NW, Huntsville, AL 35806-2107		
5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2011	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 Traci Jennifer Tidmore Regulatory	7c. Telephone (area code, number and extension) 2563827090	
	7d. Email Address traci.tidmore@deltacom.com	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-10-2011	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 As of September 30, 2011, the East Tennessee Middle Mile Fiber Broadband Project (the "Project") is approximately 82.4% complete with 77.4% of the awarded grant funds reimbursed to DeltaCom, Inc.

During the third quarter of 2011, DeltaCom commenced Phase Three of the Project. Phase Three includes five construction fiber builds from the DeltaCom Point of Presence ("POP") sites to Incumbent Local Exchange Carrier ("ILEC") collocation sites. During the third quarter, DeltaCom began four of the lateral builds to the ILEC collocation site. The ILEC collocation sites are located in the underserved Tennessee markets of Morristown, Oak Ridge, Cleveland and Sweetwater. At the end of the third quarter, Phase Three construction is 100% complete in Morristown, 95% complete in Oak Ridge, less than 50% complete in Cleveland, and less than 25% complete in Sweetwater.

Collocation Access Equipment was procured and installed in four new ILEC sites including: Morristown, Oak Ridge, Cleveland, and Sweetwater, Tennessee. A new Interconnection Agreement was established with Frontier for the Cookeville, Tennessee ILEC interconnection site.

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	82	Project expenditures are below the baseline plan due to the delayed start associated with Environmental Assessment approval date and a marginal under run in the overall project budget. No action is being taken to off-set the two month delay; however, DeltaCom's project is currently projected to complete in the first quarter of 2012, well in advance of the BTOP deadline of January 31, 2013.
2b.	Environmental Assessment	100	DeltaCom's Environmental Assessment was issued a Finding of No Significant Impacts ("FONSI") on 09/30/2010. Professional Services fees incurred for the Environmental Assessment were deemed a sole-source procurement and were not approved for grant funding.
2c.	Network Design	67	Network design was completed in the first quarter of 2011. Additional invoices are being processed and scheduled to be paid. This milestone currently has an under run variance against the baseline plan.
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	16	To date, costs associated with this milestone have under run projected budget expenditures.
2f.	Site Preparation	100	Complete
2g.	Equipment Procurement	74	Expenditures for equipment are behind schedule due to delayed start. No significant variance to the overall baseline budget is anticipated since this milestone will be in line with the baseline plan in first quarter 2012.
2h.	Network Build (all components - owned, leased, IRU, etc)	95	DeltaCom anticipates a marginal under run variance against the baseline plan for this milestone. DeltaCom will complete work associated with this milestone category in first quarter 2012.
2i.	Equipment Deployment	43	Milestone is forecast to be 80% complete in the fourth quarter of 2011 and to be 100% complete in first quarter 2012.
2j.	Network Testing	0	DeltaCom currently has an under run variance against the baseline plan for this milestone. Funds were budgeted for test equipment that have not been required to date. Funds will be required prior to completion of the project.
2k.	Other (please specify):	100	In-kind assets comprised of dark fiber and land were dedicated to the project on March 15, 2011 and April 15, 2011.

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 issues at this time.

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	20	During the third quarter of 2011, DeltaCom completed the construction fiber build from DeltaCom's Point of Presence ("POP") site in Morristown, Tennessee, to the Incumbent Local Exchange Carrier ("ILEC") collocation site. Three additional fiber builds are scheduled to complete in the third quarter of 2011. The final fiber build is scheduled to complete in the first quarter of 2012. Additional variance from the baseline is detailed in the approved Route Change Request dated 12/13/2010.
New network miles leased	8	No variance from the baseline
Existing network miles upgraded	467	Variance from the baseline is detailed in the approved Route Change Request dated 12/13/2010.
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	20	During the third quarter of 2011, DeltaCom completed the construction fiber build from DeltaCom's Point of Presence ("POP") site in Morristown, Tennessee, to the Incumbent Local Exchange Carrier ("ILEC") collocation site. Three additional fiber builds are scheduled to complete in the third quarter of 2011. The final fiber build is scheduled to complete in the first quarter of 2012. Additional variance from the baseline is detailed in the approved Route Change Request dated 12/13/2010.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	Due to the delayed start associated with Environmental Assessment approval date and additional make-ready delays, three of the planned interconnection points will be operational in the fourth quarter of 2011 and the remaining two interconnection points will be operational in the first quarter of 2012. DeltaCom's project is currently projected to complete in the first quarter of 2012, well in advance of the BTOP deadline of January 31, 2013.

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

Indicators	
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:
 Nothing to report 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 or less). Wholesale services description:
 Nothing to report at this time

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 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 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	To be served in subsequent quarters
	Providers with signed agreements receiving improved access	0	To be served in subsequent quarters
	Providers with signed agreements receiving access to dark fiber	0	To be served in subsequent quarters
	Please identify the speed tiers that are available and the number of subscribers for each	0	To be served in subsequent quarters
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	To be served in subsequent quarters
	Subscribers receiving new access	0	To be served in subsequent quarters
	Subscribers receiving improved access	0	To be served in subsequent quarters
	Please identify the speed tiers that are available and the number or subscribers for each	0	To be served in subsequent quarters
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

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 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).
DeltaCom is developing competitive pricing plans for middle mile connectivity and Community Anchor Institutions. Special offers for Community Anchor Institutions will include discounts of at least 20% below list pricing.

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
N/A	N/A	N/A	N/A	N/A

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
In fourth quarter of 2011, DeltaCom is scheduled to complete the fiber builds from the DeltaCom Point of Presence ("POP") sites to Incumbent Local Exchange Carrier ("ILEC") collocation sites located in Oak Ridge, Cleveland and Sweetwater, Tennessee. DeltaCom will complete equipment testing and activation of the collocation sites in Oak Ridge and Cleveland, Tennessee. Additionally, DeltaCom will commence fiber construction in Cookeville, Tennessee. By the end of fourth quarter 2011, 467 network miles will be upgraded, 32.3 new network miles will be deployed, 8 new network miles will be leased and 3 new interconnection points will be operational. DeltaCom does not forecast any CAls connected or any signed agreements with broadband wholesales or last mile providers by the end of the fourth quarter 2011.

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	85	Project expenditures are below the baseline plan due to the delayed start associated with Environmental Assessment approval date and a marginal under run in the overall project budget. No action is being taken to off-set the two month delay; however, DeltaCom's project is currently projected to complete in

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
			the first quarter of 2012, well in advance of the BTOP deadline of January 31, 2013.
2b.	Environmental Assessment	100	DeltaCom's Environmental Assessment was issued a Finding of No Significant Impacts ("FONSI") on 09/30/2010. Professional Services fees incurred for the Environmental Assessment were deemed a sole-source procurement and were not approved for grant funding.
2c.	Network Design	68	Network design was completed in the first quarter of 2011. Additional invoices are being processed and scheduled to be paid. This milestone currently has an under run variance against the baseline plan.
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	16	To date, costs associated with this milestone have under run projected budget expenditures.
2f.	Site Preparation	100	Complete
2g.	Equipment Procurement	74	Expenditures for equipment are behind schedule due to delayed start. No significant variance to the overall baseline budget is anticipated since this milestone will be in line with the baseline plan in first quarter 2012.
2h.	Network Build (all components - owned, leased, IRU, etc.)	96	DeltaCom anticipates a marginal under run variance against the baseline plan for this milestone. DeltaCom will complete work associated with this milestone category in first quarter 2012.
2i.	Equipment Deployment	80	Milestone is forecast to be 100% complete in first quarter 2012.
2j.	Network Testing	81	DeltaCom currently has an under run variance against the baseline plan for this milestone.
2k.	Other (please specify):	100	In-kind assets comprised of dark fiber and land were dedicated to the project on March 15, 2011 and April 15, 2011.
<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 (600 words or less).</p> <p>No issues anticipated at this time.</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.

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	\$15,000	\$0	\$15,000	\$13,561	\$0	\$13,561	\$13,561	\$0	\$13,561
b. Land, structures, right-of-ways, appraisals, etc.	\$1,993,207	\$96,134	\$1,897,073	\$1,247,604	\$96,134	\$1,151,470	\$1,273,925	\$96,134	\$1,177,791
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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	\$186,000	\$13,074	\$172,926	\$175,838	\$13,074	\$162,764	\$175,838	\$13,074	\$162,764
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,446,157	\$99,675	\$2,346,482	\$1,560,576	\$99,675	\$1,460,901	\$1,728,408	\$99,675	\$1,628,733
j. Equipment	\$5,462,091	\$562,086	\$4,900,005	\$5,037,138	\$562,086	\$4,475,052	\$5,088,138	\$562,086	\$4,526,052
k. Miscellaneous	\$1,629,360	\$1,629,360	\$0	\$1,629,360	\$1,629,360	\$0	\$1,629,360	\$1,629,360	\$0
l. SUBTOTAL (add a through k)	\$11,731,815	\$2,400,329	\$9,331,486	\$9,664,077	\$2,400,329	\$7,263,748	\$9,909,230	\$2,400,329	\$7,508,901
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$11,731,815	\$2,400,329	\$9,331,486	\$9,664,077	\$2,400,329	\$7,263,748	\$9,909,230	\$2,400,329	\$7,508,901

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
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