

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

**General Information**

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570035	<b>3. DUNS Number</b>  003428208
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<b>4. Recipient Organization</b>  Hardy Telecommunications, Inc. 2255 Kimseys Run RD, Lost River, WV 26810-8317
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<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  12-31-2012	<b>6. Is this the last Report of the Award Period?</b>  <input checked="" type="radio"/> Yes <input type="radio"/> No
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**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</b>  Sherry McCuller  Managing Director	<b>7c. Telephone (area code, number and extension)</b>  8286759290
	<b>7d. Email Address</b>  peregrine@hughes.net

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  02-14-2013
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**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**  
 Construction of approximately 4 miles of new network, completing network construction. Final completion of Community Anchor Institution connections, for a total of 63 connected with BTOP funding. All contracts closed out, invoices obtained, unit inventories verified, and payments issued. HardyTel submitted a request for an early award close-out on 12/31/2012 which was approved by the Federal Program Office and Grants Management Office.

**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	100	17% Variance. See sections below.
2b.	Environmental Assessment	100	1105% Variance. Historic preservation studies, shovel testing, and surveys of planned buried routes and route modifications in the field significantly delayed buried construction and materially increased project costs.
2c.	Network Design	100	65% Variance. Network reroutes or changes in deployment method to avoid permitting, ROW, and potential effects on historic sites, and to ensure compliance with standards. Network redesign to leverage deployment of the Hardy AnchorRing Middle Mile backbone network to provide fiber facilities for the Hardy OneNet Last Mile Fiber-to-the-Home network funded by the Rural Utilities Service of the U. S. Department of Agriculture under the Broadband Initiatives Program.
2d.	Rights of Way	100	(88)% Variance. Baseline included costs of land, structures and appraisals in this category. Private rights of way acquisition costs were included in the Construction Permits and Other Approvals category. The number of facilities required to transmit services decreased due to the use of long-range optics and availability of fiber-to-the-home in the Hardy OneNet network funded under the Broadband Initiatives Program.
2e.	Construction Permits and Other Approvals	100	157% Variance. No change from prior quarter. Sections of the network were rerouted and/or redesigned as aerial placement to avoid potential effects to historic and cultural sites along the route, or permitting/ROW issues. Private rights of way acquisition costs are included in this category.
2f.	Site Preparation	100	151% Variance. Site preparation costs include grading and concrete equipment pad at Hardy's Southfork Central Office for HVAC equipment. Funds for these expenditures were drawn from the federal award.
2g.	Equipment Procurement	100	(49)% Variance. Baseline included Equipment Deployment costs in this budget category. Significant savings were produced through negotiations with vendors, as well as due to the use of long-range optics and availability of fiber-to-the-home in the Hardy OneNet network funded by the Broadband Initiatives Program, which reduced the requirement for electronics at all facilities.
2h.	Network Build (all components - owned, leased, IRU, etc)	100	14% Variance. Increased costs of rock trenching, rock sawing, boring, and duct placement, and design changes previously discussed.
2i.	Equipment Deployment	100	(100)% Variance. The baseline included Equipment Deployment costs in the Equipment Procurement budget category.
2j.	Network Testing	100	0% Variance. Baseline = 0. Network Testing costs were included in the category "Other - Inspection",
2k.	Other (please specify): Inspection	100	289% Variance. This category includes Network Testing, Inspection and Construction Supervision. Utilization of multiple contractors increased inspection and supervision costs.

**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 faced in Q4-2012.

**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	107	(8,6)% Variance. Sixteen miles of upgraded fiber network contributed by Hardy in lieu of new construction.
New network miles leased	0	N/A
Existing network miles upgraded	16	Baseline = 0%. 16 miles of connectivity to community anchor institutions and a segment of an upstream Internet route were contributed to the project by Hardy.
Existing network miles leased	0	N /A
Number of miles of new fiber (aerial or underground)	107	(8.6)% Variance. Sixteen miles of upgraded fiber network contributed by Hardy in lieu of new construction.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	20	(4.9)% Variance. No change from prior quarter. Savings due to Hardy OneNet USDA-Rural Utilities Service Fiber-to-the-Home loan/grant awrd, which increases the reach of optics and reduces the need for additional equipment.

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	1
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	8

**5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:**  
Lumos Network

**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:**

150 Mbps Transport

**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).**

No third party operator

**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)
<b>Broadband Wholesalers or Last Mile Providers</b>	Providers with signed agreements receiving new access	1	Baseline = "N/A"
	Providers with signed agreements receiving improved access	0	Baseline = "N/A"
	Providers with signed agreements receiving access to dark fiber	0	Baseline = "N/A"
	Please identify the speed tiers that are available and the number of subscribers for each	0	10 Mbps to 1 Gbps. 1 Subscriber for 155 Mbps Transport Service
<b>Community Anchor Institutions (including Government institutions)</b>	Total subscribers served	63	Baseline = 98. Variance (35.7%). Continued downturn in economy disproportionately affected rural nonprofit and public institutions. Removals due to office closings and relocations out of rural area, budget cuts, and existing contract terms..
	Subscribers receiving new access	3	Baseline = 0.
	Subscribers receiving improved access	60	Baseline = 98. Variance (35.7%). Continued downturn in economy disproportionately affected rural nonprofit and public institutions. Removals due to office closings and relocations out of rural area, budget cuts, and existing contract terms..
	Please identify the speed tiers that are available and the number or subscribers for each	0	Ttransport and Internet Service speed tiers available from 5 Mbps to 1 Gbps
<b>Residential / Households</b>	Entities passed	0	Middle Mile
	Total subscribers served	0	Middle Mile
	Subscribers receiving new access	0	Middle Mile
	Subscribers receiving improved access	0	Middle Mile
	Please identify the speed tiers that are available and the number of subscribers for each	0	Middle Mile
<b>Businesses</b>	Entities passed	0	Middle Mile
	Total subscribers served	0	Middle Mile
	Subscribers receiving new access	0	Middle Mile
	Subscribers receiving improved access	0	Middle Mile
	Please identify the speed tiers that are available and the number of subscribers for each	0	Middle Mile

**7. Please describe any special offerings you may provide (600 words or less).**  
No special offerings requested.

**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 changes

**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
Eastern WV Community Action WIB-7	Hardy County	Community Support Organization	Yes	Access to the Internet
Hardy County Planning Commission	Hardy County	Other Government Facility	Yes	Access to the Internet
Hardy County Assessor Office	Hardy County	Other Government Facility	Yes	Access to the Internet
Hardy County Clerk Office	Hardy County	Other Government Facility	Yes	Access to the Internet
Hardy County Commission	Hardy County	Other Government Facility	Yes	Access to the Internet
Hardy County Coordinator	Hardy County	Other Government Facility	Yes	Access to the Internet
Hardy County Courthouse	Hardy County	Other Government Facility	Yes	Access to the Internet
Hardy County Extension Office	Hardy County	Other Government Facility	Yes	Access to the Internet
Hardy County Family Law Judge	Hardy County	Other Government Facility	Yes	Access to the Internet
Hardy County Finance Office	Hardy County	Other Government Facility	Yes	Access to the Internet
Hardy County Judge	Hardy County	Other Government Facility	Yes	Access to the Internet
Hardy County Magistrate Office	Hardy County	Other Government Facility	Yes	Access to the Internet
Hardy County Sheriff Office	Hardy County	Other Government Facility	Yes	Access to the Internet

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
Hardy County Tours & Crafts	Hardy County	Community Support Organization	Yes	Access to the Internet
Hardy County Circuit Clerk	Hardy County	Other Government Facilities	Yes	Access to the Internet
Hardy County Probation Office	Hardy County	Other Government Facilities	Yes	Access to the Internet
Hardy County Prosecuting	Hardy County	Other Government Facilities	Yes	Access to the Internet
Homeland Security Moorefield Training Center	Hardy County	Public Safety	Yes	Access to the Internet
Williams Chiropractic	Hardy County	Medical and Healthcare Providers	Yes	Access to the Internet
Workforce of West Virginia	Hardy County	Other Government Facilities	Yes	Access to the Internet
WV Department of Highways #1	Hardy County	Other Government Facilities	Yes	Access to the Internet
WV Department of Highways #2	Hardy County	Other Government Facilities	Yes	Access to the Internet
WV Employment Office	Hardy County	Other Government Facilities	Yes	Access to the Internet
WV Rehabilitation	Hardy County	Other Government Facilities	Yes	Access to the Internet
American Woodmark	Hardy County	Community Support Organization	Yes	Access to the Internet

**Project Indicators (Next Quarter)**

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).  
 Final reports submitted. Filing and attorney certification of recording federal security interest in BTOP-funded real and personal property. A-133 audit commences.

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	100	Award completed in 2012

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2b.	Environmental Assessment	100	Award completed in 2012
2c.	Network Design	100	Award completed in 2012
2d.	Rights of Way	100	Award completed in 2012
2e.	Construction Permits and Other Approvals	100	Award completed in 2012
2f.	Site Preparation	100	Award completed in 2012
2g.	Equipment Procurement	100	Award completed in 2012
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	Award completed in 2012
2i.	Equipment Deployment	100	Award completed in 2012
2j.	Network Testing	100	Award completed in 2012
2k.	Other (please specify):	100	Awarded completed in 2012

**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).**

Award completed in 2012.

