

RECIPIENT NAME:COM Net, Inc.

AWARD NUMBER: NT10BIX5570072

DATE: 05/28/2013

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 NT10BIX5570072	3. DUNS Number 957284334
4. Recipient Organization COM Net, Inc. 13888 County Road 25 A, Wapakoneta, OH 45895-8316		
5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2013	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 Timothy Berelsman	7c. Telephone (area code, number and extension) X	
	7d. Email Address tberelsman@cniteam.com	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-28-2013	

Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).

Community Outreach:

Com Net (CNI), as Independents Fiber Network, participated at the Ohio Medical Group Management Association and Ohio E-Tech trade shows. CNI continued to meet with city, state and county officials to secure necessary permits, pursued township road agreements, met with health care representatives to provide transport solutions between hospitals, medical clinics and practitioner offices. CNI met with the city of Dayton to demonstrate available services. CNI continued to meet with higher education and K-12 institutions.

CAI Connections:

CNI, working with interconnect partners Independents Fiber Network and Bascom Mutual Telephone Company, caused new fiber to be installed to the new Hopewell Loudon school building; Independents Fiber Network worked with Northwest Net Incorporated and RTEC Express to connect healthcare system participants in Van Wert, OH and Bryan, OH; and CNI placed fiber to the Municipality of West Milton's former water treatment plant. CNI continued to place access points with service loops in road R-O-W adjacent to CAI properties, reducing lead time and expense once the CAI is ready to commit.

Broadband Wholesalers and Last Mile Providers:

CNI entered into a revised agreement with one Broadband Service Provider to upgrade an interconnection made possible through BTOP funds, activated a mid-span meet-point with another Broadband Service Provider that it had entered into an agreement with in the 4th quarter of 2012, and upgraded connectivity with two Broadband Service Providers during the quarter.

Equipment Procurement and Deployment:

CNI installed three (3) Cyan Chassis in preparation for turn-up. CNI turned-up 15 city-pairs during the quarter between Cyan equipped PoP sites. The majority of the turn-ups involved upgrading links established over existing network miles leased, dramatically improving the connectivity to the Broadband Service Providers connected through these mid-span meet-point network-to-network interconnects. CNI sub-recipient ZAYO completed deployment of 12.2 miles of the 12.7 mile route through Toledo that it was responsible for based on upgrading a legacy aerial route with portion underground in existing conduit.

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	66	A negative variance versus prior quarter projection of 8% and negative variance versus baseline of 29%. The completion of the project may no longer be viable based on the amount of work that still has to be completed once disposition of the outstanding route modification is received. CNI is therefore basing its projections on final disposition of the outstanding route modification on or before May 10, 2013.
2b.	Environmental Assessment	100	A negative variance versus prior quarter projection of 0% and negative variance versus baseline of 0%.
2c.	Network Design	85	A negative variance versus prior quarter projection of 14% and negative variance versus baseline of 12%. Network design activities are drawing to a close, with the majority of activities associated with change orders due to field conditions or changes required by authorities having jurisdiction on outstanding permits and rights-of-way. The most significant activities remaining for completion of the Network Design milestone are dependent on approval of the route modification.
2d.	Rights of Way	78	A negative variance versus prior quarter projection of 0% and negative variance versus baseline of 20%. The Rights-of-Way milestone is primarily associated with securing the conduit pathway in the city of Dayton, permits with the city of Columbus, city of West Alexandria, city of Springfield and Clark County.
2e.	Construction Permits and Other Approvals	63	A negative variance versus prior quarter projection of 10% and negative variance versus baseline of 37%. The liquidated expenditures for achieving this milestone are expected to come in under budget. There are, however, outstanding expenditures with railroad companies, pole

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			owners, private property owners and municipalities that will be liquidated between now and completion of the project.
2f.	Site Preparation	95	A positive variance versus prior quarter projection of 19% and negative variance versus baseline of 5%. There are two major activities that still need to be addressed to realize completion of this milestone. The construction of a point-of-presence on a property in Greenville, Ohio that a favorable Area of Potential Effects study was completed on; and the finalization of Agreement and payment for leased sites. It is projected that a slight overrun will be experienced with respect to the liquidated expenditures associated with this mileston.
2g.	Equipment Procurement	73	A positive variance versus prior quarter projection of 1% and negative variance versus baseline of 27%. CNI continued to hold on the procurement of MPLS network equipment until after the Cyan equipped city-pairs were cut into service. Furthermore, minimal progress has been observed with respect to sub-recipients procurement and deployment of equipment on facilities they will be managing and operating.
2h.	Network Build (all components - owned, leased, IRU, etc)	62	A negative variance versus prior quarter projection of 9% and negative variance versus baseline of 28%. The network build milestone continues to influence the overall project progress. CNI did not execute its IRU for facilities in the Columbus metropolitan area as the route modification request remained outstanding for the entire quarter. CNI construction crews' progress was not impacted by the outstanding route modification during the quarter, but this is expected to change by mid-May of the 2nd quarter if disposition of the route modification is not received. At this time CNI is projecting the liquidated expenditures for realizing completion of this milestone will come in under budget, however CNI remains cautious in its planning as several risks still exist for cost overruns.
2i.	Equipment Deployment	33	A negative variance versus prior quarter projection of 40% and negative variance versus baseline of 67%. The progress on completing this milestone continues to run behind schedule as CNI only recognizes the deployment of Cyan chassis upon successful turn-up of the city-pairs. Furthermore, CNI continues to hold on procurement and deployment of the MPLS Network equipment until after turn-up of the related Cyan city-pairs. Finally there has been little to no progress on the procurement and deployment of the balance of equipment by sub-recipients in associations with facilities they will be operating and managing as part of the project.
2j.	Network Testing	100	The difference from projection is 0% and there is a positive variance versus baseline of 5%. The liquidated expenditures in association with this milestone ran 55% over budget. The reason for the overrun is related to the up front delay in the project before ground disturbing activities could commence. As a result of this CNI modified its plans to test and accept partial segments rather than full segments, which drove costs up. CNI also deviated from its original plan to internalize the network testing and inspection function. This plan was abandoned due to the expertise and training requirements not being conducive to the reduced time frame for construction after receipt of the project FONSI.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2k.	Other (please specify): Applications and Award Acceptance Period, Project Management and Project Administrative Reporting, Contract Sales and Operation Support Systems	100	A negative variance versus prior quarter projection of 0% and negative variance versus baseline of 0%. No variance in the Application and Award Acceptance Period milestone as it continues to be complete at 100%. Project Management and Administrative Reporting milestone expenditures continue to run ahead of projections due to administrative costs incurred prior to ground disturbing activities commencing. Contractual Sales milestones continue to lag behind in direct relationship to construction progress as community anchor institutions continue to withhold firm order commitments. Progress on the Operational Support System milestone was closed to within seven percent of baseline during the quarter with CNI executing on the purchase of the plant records module for its NISC iVUE customer care system. The liquidated expenditures for this milestone are expected to hold at this level unless software or programming expenditures are required to convert CAD drawings into KML files for as-built mapping records.

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 major challenge CNI continues to face is in dealing with multiple authorities having jurisdiction especially at boundary areas, as well as, the expedited handling of change orders due to field conditions and permit changes by the authority having jurisdiction as we approach the end of the project. CNI needs to increase monitoring of construction activities to capture any such change orders that will require NTIA approval at the earliest possible moment in order to allow for adequate time for review and approval as a route modification.

The major area where technical assistance from the BTOP program may be useful is in the expedited handling of the outstanding route modifications CNI submitted during the 4th quarter of 2012; as well as any subsequent route modifications required due to ground conditions, change requirements by authorities having jurisdiction over locate right-of-ways and/or other unforeseen circumstances outside of our control.

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	515	A positive variance against 2012 Q4 projections of 6 miles and a negative variance versus baseline of 74 miles. In addition to the 515 cable miles placed an additional 18 miles of inner duct was installed and ready for cable placement. At the end of the quarter the outstanding route modification was becoming an inhibiting factor on construction progress. CNI plans to begin reducing field crews starting in mid-May 2013 if a positive determination is not reached on the route modification request. Assuming the route modification is received on or before May 10, 2013 CNI is projecting new network miles deployed of 610
New network miles leased	1	A negative variance versus projections of 33 miles and a negative variance versus baseline of 66.6 miles. The lease of new network miles is contingent upon completion of the route modification submitted in the 4th quarter of 2012. Assuming the route modification is approved by May 10, 2013, CNI is projecting the lease of 43 new network miles in the 2nd Quarter of 2013.
Existing network miles upgraded	550	This represents a positive variance of 37 miles versus prior quarter projections and a negative variance of 533 miles versus baseline. CNI made significant progress in the 1st quarter of 2013 and expects to continue to make such progress with 350 miles projected to be upgraded in the 2nd quarter of 2013. This is highly dependent on OARnet accepting the dark fiber facilities

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
		it will be operating and managing between Lima, Ohio and Hillsdale, Michigan; and Lima and Findlay Ohio
Existing network miles leased	903	This represents a negative variance of 14 miles versus prior quarter projections and a negative variance of 191 miles versus baseline. CNI made significant progress in the 1st quarter of 2013, which is expected to continue into the 2nd quarter of 2013 with an additional 200 of existing network miles leased for upgrade purposes.
Number of miles of new fiber (aerial or underground)	515	The same comments for new network miles deployed apply. It should be noted that existing network miles upgraded and existing network miles leased were established using fiber-pair route miles between city-pairs. A portion of these route miles between city-pairs are contained within the same physical cable route.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	41	Negative Variance of 14, which is based on the fact that sub-recipient interconnection points have not been recognized to date. In addition several of OARnet's interconnection points will only be classified as regeneration sites rather than interconnection points resulting in shortfall versus baseline for the project.

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	38
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	4
Average term of signed agreements (in quarters)	44

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: During the quarter, CNI finalized agreements with TDS, Mediacom and Avetec, which of the 3 only TDS is currently wholesaling service from the federally funded project. In addition CNI upgraded its legacy agreement with XO Communications and Indatel Services, companies which CNI purchases wholesale service from to meet the needs of customers in its service area. For a historical listing of interconnect agreements executed with broadband wholesalers and last mile providers see the separate attachment due to 100 word limitation.

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: CNI's offering of Ethernet Transport Services is focused on ELINE, ELAN, ETREE and dual-homed satellite to primary and disaster recovery hub site connectivity. CNI offers wholesale last mile connectivity with Internet Access Port and Bandwidth for the service providers' resale use. CNI also offers managed fiber-tail service, which is the management of a fiber-tail to a customer location or a mid-span meet-point interconnect or customer provided access facility through CNI's network operation center to deliver jointly provided lit services. The availability of GigE PLUS fiber facilities managed and operated by CNI is limited on two major segments at the present time. This is on the segment from Toledo-to-Lima and Lima-to-Dayton where CNI manages 48 of the 96 fiber and ZAYO Group manages the remaining 48 fiber. In the 48 fiber CNI is managing over these major metro segments, it has committed a majority of the fiber for serving Community Anchor Institutions, establishing Ethernet Network-to-Network mid-span meet-point interconnects and reserved additional fiber for quotes to wireless carrier sites that are in various states of award. On these two major segments, the use of the remaining dark fiber is reserved for satisfying the primary purpose of the grant, which is to serve Community Anchor Institutions and to bring broadband to unserved and underserved rural areas. The monthly lease of fiber facilities has not been offered to date.

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).

Sub-recipients, ZAYO (400 Centennial Parkway, Suite 200, Louisville, CO 80027; 1.303.381.4683) and the Ohio Academic Resources Network (OARnet) (1224 Kinnear Road; Columbus, OH 43212; 614.292.9191), will be designated to operate a portion of the network on activation of designated spans for which the providers will be responsible for operating certain fibers. The specific portion of the network will be detailed on activation. To date, no such portions of the network are available for release to the sub-recipients' operations; and therefore, no service schedule or pricing information is included related to the sub-recipients' service offerings.

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	10	The mid-span meet-point network-to-network interconnection was activated during the quarter with Mediacom allowing them to receive new access to the area covered through the GigE PLUS network.
	Providers with signed agreements receiving improved access	28	The legacy connection with XO was upgraded during the quarter to allow for the exchange of point-to-point Ethernet Transport Services between the parties; and an agreement was executed with TDS allowing them to receive improved access as a result of the expanded BTOP network.
	Providers with signed agreements receiving access to dark fiber	5	No changes from prior reporting period.
	Please identify the speed tiers that are available and the number of subscribers for each	4	Rate limited 10 Gbps and 1 Gbps port connectivity for network-to-network interfaces and 10 and 100 Mbps User Network Interface Port and Ethernet Transport Service as purchased by wholesalers. Enhanced Ethernet Transport Service Ports are now available where an enhanced port includes Internet Access connectivity and bandwidth.
Community Anchor Institutions (including Government institutions)	Total subscribers served	64	This represents an increase of three from the prior quarter as committed Community Anchor Institutions were limited for the quarter. Several Community Anchor Institutions elected to maintain service with their legacy provider based on receiving cost reductions for upgraded service from the incumbent provider. The number of CAIs connected for the quarter was also impacted by our inability to construct in certain areas while the route modification remained outstanding.
	Subscribers receiving new access	7	CNI investment in fiber directly to the former Water Treatment Plant of the Municipality of West Milton on a public-private partnership to equip the site as a node on the BTOP network.
	Subscribers receiving improved access	57	Interconnected partner connectivity extended to one new K-12 school building enabled directly as a result of BTOP funded investment allowing for connectivity to the Information Technology Center (ITC) serving the school and another Interconnected, facility-based Broadband Service Provider extending fiber to a medical center to connect the office to the healthcare system, which was enabled directly as a result of the BTOP investment.
	Please identify the speed tiers that are available and the number or subscribers for each	10	4 at 5 Mbps; 10 at 10 Mbps; 13 at 20 Mbps; 8 at 50 Mbps; 15 at 100 Mbps; 1 at 200 Mbps; 1 at 300 Mbps; 1 at 800 Mbps; 5 at 1000 Mbps and 6 uncommitted to a data rate on their port connectivity.
Residential / Households	Entities passed	0	NA
	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

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Businesses	Entities passed	0	NA
	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

7. Please describe any special offerings you may provide (600 words or less).
 CNI, after receipt of a customer request, began offering Enhanced Ethernet Transport Service Ports. An Enhanced Ethernet Transport Service Port includes Internet Access Connectivity and Bandwidth for customer resale use. CNI has expanded its network reach through connectivity to 350 E. Cermak Street in Chicago, Illinois through dense wave division multiplexing with lit service termination to the INDATEL Services' Ethernet Exchange. This Ethernet Exchange allows for direct peering with Content Delivery Network (CDN) providers that has resulted in a marked improvement in CNI's Dedicated Internet Access service as noted by several wholesale service provider customers.

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

8b. If so, please describe the changes (300 words or less).
 CNI's management practices have not changed from the prior quarter.

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
Hopewell Loudon K-12 New School Building	Bascom, OH	Schools (K-12)	No	School district will be using the BTOP funded infrastructure to connect the newly constructed school building to its Information Technology Center (ITC) located in Sandusky, OH through the BTOP funded network and two interconnected Broadband Service Providers
Van Wert Medical Services	Van Wert, OH	Medical and Healthcare Providers	No	Practitioner will be using the connection to connect into the Parkview Health System by way of established multi-site network in Williams and Henry Counties in Ohio. The practitioners office in Van Wert will be connected to the established network by way of the BTOP funded network and two interconnected Broadband Service Providers
West Milton Water Treatment Plant	West Milton, OH	Other Government	No	The Municipality of West Milton and Com Net through a public-private partnership have equipped the former West Milton Water treatment plant as a node on the BTOP network. The parties will be working in cooperation with one another to position the network presence in West Milton as an enabler for economic growth

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 Community Outreach: In the upcoming quarter CNI plans to attend the BTOP seminar being held in the Washington DC area with scheduled meetings with elected officials from our network service area. CNI, in cooperation with CYAN and JDSU, also plans on demonstrating the BTOP funded networks' ability to provide 100 Gigabit per second service in northwest Ohio with connectivity to Columbus, Ohio.

CAI Connections:

CNI plans to aggressively pursue new and improved connections to community anchor institutions immediately upon receipt of a determination with respect to its route modification award action request. CNI will be pursuing improved and new connectivity with K-12 Educational institutions, public safety entities, healthcare entities and other government entities for a total of 72 new and/or improved CAI connections

Broadband Service Providers and Wholesale Agreement Connectivity:

CNI plans to execute a minimum of one new agreement and activate a mid-span meet-point interconnection during the upcoming quarter. CNI plans to leverage these interconnections to provide improved service to additional community anchor institutions within its project service area.

Site Preparation:

CNI plans to finalize acquisition of the property for its Greenville point-of-presence (PoP) based on positive findings in its Area of Potential Effects for the site. CNI also plans to finalize agreements for all leased sites that will serve as PoPs.

Equipment Procurement and Deployment:

CNI plans to finalize deployment of all outstanding Cyan terminals, purchase and install its MPLS network equipment and work with its sub-recipients on the purchase and installation of equipment in association with project facilities they will be responsible for operating and managing. CNI is projecting that OARnet will complete the purchase and deployment of MPLS equipment on the Lima-to-Hillsdale and Lima-to-Findlay routes it will be responsible for managing. CNI is also projecting ZAYO will completed its procurement of electronics and collocation equipment as it assumes possession of fiber in the joint-build route segments.

Network Build-Out:

CNI plans to aggressively pursue build-out of the network as soon as a determination is reached with respect to its outstanding route modification request. This build-out plan will be based on the assumption the route modification is approved in early May of 2013. CNI is projecting OARnet to finalize all of its construction responsibilities upon completion of the outstanding 0.5 mile in its 12.7 mile build through Toledo, Ohio. CNI is projecting to progress its new construction miles to 610 and new leased miles to 43. CNI is projecting to lease 1103 existing miles to the project and of those 1103 existing miles leased complete the upgrade of 900 of the existing miles leased.

Administration:

CNI will provide follow-up information as required to reach a determination on its existing route modification. CNI will also closely monitor construction activities in the field such that any change orders requiring NTIA approval are immediately documented and submitted for approval to ensure timely completion of the project. CNI also plans to pursue approval to purchase 4 additional Cyan chassis in order to allow it to interconnect with 3-4 additional Broadband Service Providers/Wholesalers in Logan and Union counties, to establish backhaul facilities for a point-of-interconnect with Broadband Service Providers/Datacenters in Delaware and Franklin counties, and to potentially establish a point-of-interconnect with a fellow BTOP/BIP recipient in Marion county.

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	84	Negative variance of 16 percent versus baseline. This variance is driven by CNI's election not to procure and deploy MPLS network equipment until the Cyan equipped city-pairs were activated, delays in sub-recipients purchasing and deploying equipment on the facilities they will be managing and operating as part of the project, and delays associated with the outstanding route modifications.
2b.	Environmental Assessment	100	No variance versus baseline for planned completion. Actual expenditures against this milestone are closed with all additional environmental assessment work associated with change orders being reported under the Construction Permits and Other Approvals milestone. Actual expenditures for this milestone ran 4 percent over budget.
2c.	Network Design	88	Negative variance of 12 percent versus baseline. Network Design expenditures are projected to close out on this milestone slightly under budget. The route design and permitting firm continues to be engaged in establishing a design that the authority having jurisdiction will issue a permit on within the city of Columbus, city of Springfield, city of West Alexandria and Clark county. The route design and permitting firm will also have time and expense involved in

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
			finalizing the permits and construction package for two route segments included in the route modification award action request.
2d.	Rights of Way	90	Negative variance of 10 percent versus baseline. The route design and permitting firm is still working to secure permits with the authority having jurisdiction of the city of Columbus, city of Springfield, city of West Alexandria and Clark county.
2e.	Construction Permits and Other Approvals	73	Negative variance of 27 percent versus baseline. The expenditures for Construction permits and other approvals are still outstanding with the environmental assessment firm, several railroad companies, pole owners and one private property owner.
2f.	Site Preparation	100	No variance versus baseline. CNI is projecting aggressive progress against this milestone for the quarter. It is anticipated that although the physical work may be completed by the end of the quarter, outstanding expenditures will cause a shortfall versus planned progress for performance progress reporting purposes.
2g.	Equipment Procurement	94	Negative variance of 6 percent versus baseline. CNI plans to procure and deploy MPLS network equipment during the 2nd quarter of 2013. Furthermore, CNI plans to increase sub-recipient monitoring activities to ensure sub-recipients are progressing with the purchase of equipment and deployment on facilities the sub-recipient will be responsible for operating and managing as part of the project.
2h.	Network Build (all components - owned, leased, IRU, etc.)	81	Negative variance of 19 percent versus baseline. CNI projects to come in under budget on this milestone, however several risk areas for potential cost overruns continue to exist. The major area of concern is in association with the cost to construct the route in the city of Dayton if conduit space is not available and/or can not be secured. Progress toward this milestone is dependent on approval of the route modification by May 10, 2013 to allow adequate time to complete the route segments included in the modification.
2i.	Equipment Deployment	45	Negative variance of 55 percent versus baseline. This is primarily driven by CNI's decision not to procure and deploy MPLS network equipment until after the Cyan DWDM equipped city-pairs are fully deployed. The other reason for the lack of progress versus the milestone is related to the procurement and deployment of equipment by the sub-recipients on facilities they will be operating and managing as part of the project.
2j.	Network Testing	100	An overrun of 82 percent is projected on liquidated expenditures with respect to this milestone. The reason for the overrun is related to the up front delay in the project before ground disturbing activities could commence. As a result of this CNI modified its plans to test and accept partial segments rather than fully completed segments, which drove-up the cost. CNI also deviated from its original plan to internalize the network testing and inspection function. This plan was abandoned due to the expertise and training requirements not being conducive to the reduced time frame for construction after receipt of the project FONSI.
2k.	Other (please specify): Application and Award Acceptance Period, Project Management and Project Administrative Reporting, Contractual Sales and Operation Support Systems	100	No variance in the Application and Award Acceptance Period milestone as it continues to be complete at 100%. Project Management and Administrative Reporting milestone expenditures continue to run ahead of projections due to administrative costs incurred prior to ground disturbing activities commencing. Contractual Sales milestones continue to lag behind in direct relationship to construction progress as community anchor institutions continue to withhold firm order commitments. Progress on the Operational Support System milestone was closed to within seven percent of baseline in the first quarter of 2013 and is expected to hold at this level unless software or programming expenditures are required to convert CAD drawings into KML files for as-built mapping records.

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).

The largest challenge CNI faces in the upcoming quarter that could impact planned progress against the project milestones is approval of the existing route modification. The other areas that pose a challenge to the planned progress against the project milestones involve CNI's ability to secure conduit inside the city of Dayton, changes to issued permits by authorities having jurisdiction, and any unexpected delays associated with permits for the two routes to be designed and constructed pursuant to the route modification.

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	\$186,863	\$75,013	\$111,850	\$648,616	\$177,552	\$471,064	\$687,453	\$192,487	\$494,966
b. Land, structures, right-of-ways, appraisals, etc.	\$1,497,801	\$542,165	\$955,636	\$728,763	\$193,323	\$535,440	\$764,763	\$198,838	\$565,925
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$1,536,325	\$368,718	\$1,167,607	\$1,316,702	\$316,008	\$1,000,694	\$1,366,072	\$327,857	\$1,038,215
e. Other architectural and engineering fees	\$282,530	\$84,759	\$197,771	\$255,180	\$68,006	\$187,174	\$269,180	\$69,987	\$199,193
f. Project inspection fees	\$130,000	\$31,200	\$98,800	\$294,971	\$70,793	\$224,178	\$344,593	\$79,256	\$265,337
g. Site work	\$205,600	\$61,680	\$143,920	\$74,709	\$22,329	\$52,380	\$196,262	\$56,916	\$139,346
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$30,306,281	\$7,831,123	\$22,475,158	\$18,447,936	\$4,729,767	\$13,718,169	\$23,834,356	\$5,958,589	\$17,875,767
j. Equipment	\$8,758,868	\$3,877,761	\$4,881,107	\$6,757,333	\$3,366,838	\$3,390,495	\$8,752,578	\$4,376,289	\$4,376,289
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$42,904,268	\$12,872,419	\$30,031,849	\$28,524,210	\$8,944,616	\$19,579,594	\$36,215,257	\$11,260,219	\$24,955,038
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$42,904,268	\$12,872,419	\$30,031,849	\$28,524,210	\$8,944,616	\$19,579,594	\$36,215,257	\$11,260,219	\$24,955,038

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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