

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 NT10BIX5570100	3. DUNS Number 945065498
4. Recipient Organization Delta Communications, L.L.C. 2 N Vine St., 3rd FL, Harrisburg, IL 62946-1561		
5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2013	6. Is this the last Report of the Award Period? <input checked="" type="radio"/> Yes <input 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 Ray Cagle - COO	7c. Telephone (area code, number and extension) 618-294-8026	
	7d. Email Address rcagle@corp.clearwave.com	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02/21/2014	

Project Indicators (This Quarter)

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

Clearwave completed the project on July 31, 2013. We completed approximately one mile of fiber construction during July bringing our total fiber miles to 749. Our route modification request (AAR #2433865) was approved in July allowing us to add 34 Community Anchor Institutions (CAIs) bringing our project total to 230.

Clearwave was fortunate to have an existing sales team that had a strong presence in most of our proposed service area which enabled us to serve 230 CAIs by the end of our project. Among these 230 CAIs, we were able to greatly improve the bandwidth connectivity at 105 K-12 Schools and 62 Medical facilities. These institutions will be able to benefit from the BTOP initiative for years to come, and our company is proud to have been a part of that initiative.

One example is Benton Consolidated High School where Calculus became one of the first classes in southern Illinois to implement a "flipped classroom". In a flipped classroom environment, the teacher records lectures for the students to watch outside of the classroom as their homework. This allows the time in the classroom to be actively spent problem solving and receiving guided one-on-one instruction, making certain the students are doing their work correctly and understanding the material, in turn ensuring better grades on quizzes and exams.

"The students watch videos as homework and class time is spent solving problems with their teacher," the Curriculum/Technology Director said. "We are very grateful to be part of this amazing project and see much potential on how student learning can be transformed." The fiber optic implementation also encourages teachers and students to participate in a Bring Your Own Device (BYOD) program, and because instruction is increasingly digital, the introduction of digital devices in the classroom is essential.

A second example is Southeastern Illinois College (SIC), a local community college in Harrisburg where broadband enables its online learning curriculum. According to the Chief Information Officer, "The speed difference is incredible. We could not stream a simple YouTube instructional video prior to the upgrade that many users would just take for granted in their own home. Southeastern needed this additional capacity to remain an online leader for online programs in our area."

SIC is a recipient of a Title III Strengthening Institutions Grant. This grant is put in place to develop online programs and services for local students. SIC's CIO said achieving these initiatives would be difficult without the opportunity of higher bandwidth. In addition to the new programs brought by the Grant, SIC is also building on its current online Nursing, Business, Criminal Justice, Biotechnology and Biofuels programs.

Washington County Hospital in southern Illinois is a third example of the way BTOP impacted our community. Prior to BTOP, Washington County Hospital had been limited to a 75Mbps/5Mbps connection that was not capable of handling its needs any longer. "I had issues with the 5Mbps up in trying to push all of our diagnostic imaging studies" said their Chief Information Officer (CIO). "The file sizes were so big, and it was just taking forever to move the information".

"We do our back-ups here in the hospital," their CIO said. "The 20Mbps/20Mbps we have from Clearwave, however, is going to be enough for us to start pushing our back-up offsite."

What might be Washington County Hospital's biggest benefit of the fiber connection is the ability to now cut patient time in the emergency room. At prior 5Mbps up speeds, the images had to fully transmit to Springfield before the radiologists could begin reading them, which cost the hospital and the patient's precious time. "For patients, their images are getting where they need to go much more quickly, so their time spent in the ER is substantially decreased," the CIO said. "It's knocked 30-40 minutes out of ER time because we're able to send the images much quicker." Turnaround time on the imaging reports had been a huge issue, but the Clearwave fiber has really made a difference with Washington County Hospital patients.

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	Actual spend is 121% of original budget due to higher costs in engineering and permitting. We underestimated the amount of Professional Services we would need for engineering and underestimated the amount and cost of Railroad Permits.
2b.	Environmental Assessment	100	Actual spend is 143% due to much higher engineering costs required to complete EA. Needed to use additional Professional Services to get completed.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2c.	Network Design	100	Actual spend is 272% due to much higher engineering costs required to complete the network design. Underestimated the amount of time and Professional Services required to complete the network design.
2d.	Rights of Way	0	NA
2e.	Construction Permits and Other Approvals	100	Actual spend is 243% due to much higher costs of railroad and various permits than originally budgeted. Greatly underestimated the amount and cost of railroad permits. We ended up with over 80.
2f.	Site Preparation	0	NA
2g.	Equipment Procurement	100	Actual spend was 86% due to lower costs of equipment than originally budgeted
2h.	Network Build (all components - owned, leased, IRU, etc)	100	Actual spend is 129% due to higher construction costs than budgeted. All of our construction was buried and we underestimated the cost of construction in certain areas where we drilling costs were higher.
2i.	Equipment Deployment	0	NA. Costs were included in Network Build.
2j.	Network Testing	0	NA. Costs were included in Network Build.
2k.	Other (please specify): NA	0	NA

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 Environmental Group at NTIA did an excellent job in processing our AAR on a timely basis and because of that we were able to add additional CAIs to replace those that had to opt out for various reasons. The project is complete and ended up costing \$55,002,467 which is \$9,607,447 over the initial estimate. In order to complete the project Clearwave provided \$9,607,447 of additional matching funds, of which \$2,556,898 is program income.

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	749	Slightly higher than baseline of 740
New network miles leased	0	NA
Existing network miles upgraded	0	NA
Existing network miles leased	0	NA
Number of miles of new fiber (aerial or underground)	749	Slightly higher than baseline of 740
Number of new wireless links	0	NA
Number of new towers	0	NA
Number of new and/or upgraded interconnection points	30	In line with baseline as adjusted through AARs

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	6
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0

Indicators			
Average term of signed agreements (in quarters)		20	
<p>5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: REDACTED* REDACTED* REDACTED* REDACTED* REDACTED* REDACTED*</p>			
<p>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: Clearwave currently offers the following wholesale services: Direct Internet Access (DIA) and Ethernet Transport. These are priced on an individual basis, based on variables including interconnection ability, cost of construction, Service Level Expectations, and length of term.</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 sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this this third party operates (600 words or less). NA</p>			
<p>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).</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	In line with baseline
	Providers with signed agreements receiving improved access	6	Ahead of baseline of 5.
	Providers with signed agreements receiving access to dark fiber	0	NA. Dark fiber is not a part of the project plan.
	Please identify the speed tiers that are available and the number of subscribers for each	5	Speeds ranging from 50 Mbps to 1 Gbps 50-99 Mbps: 1 100-199: 4 200-499 Mbps: 0 500-1Gbps: 1 1Gbps+: 0
Community Anchor Institutions (including Government institutions)	Total subscribers served	230	Baseline was 232.
	Subscribers receiving new access	0	NA
	Subscribers receiving improved access	230	Baseline was 232
	Please identify the speed tiers that are available and the number or subscribers for each	5	Speeds ranging from 10 Mbps to 1 Gbps 10-49 Mbps: 144 50-99 Mbps: 58 100-499 Mbps: 48 500-999 Mbps: 0 1 Gbps+: 2 This count represents the total circuits or services subscribed to. This count of 258 is higher than the number of subscribers because some subscribers have more than one circuit or service.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
			An example would be a school that has a circuit for Internet connectivity through us and a point to point circuit for connectivity to the Illinois Century Network.
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
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).

None

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

8b. If so, please describe the changes (300 words or less).

None

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
See Attachment	See Attachment	See Attachment	See Attachment	See Attachment

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).

Although the BTOP project is complete there is still much work to be done in southern Illinois. Clearwave plans to add new last mile customers to the network, including more schools, hospitals, and libraries, and we plan to work with third party service providers to expand the impact of the middle mile network.

Clearwave also intends to pursue other funding opportunities to expand the BTOP network into more rural communities that need broadband capability but where construction is cost prohibitive without government subsidies. One such opportunity is the rural trials

proposed in the FCC IP Technology Transitions Report and Order and Further Notice of Proposed Rulemaking. Clearwave plans on submitting an Expression of Interest (EOI) to the FCC by the March 7th deadline. Clearwave is also following developments regarding ConnectEd and other such programs that will allow us to extend the benefits of broadband to areas in southern Illinois that remain underserved

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	Actual spend is 121% of original budget due to higher costs in engineering and permitting.
2b.	Environmental Assessment	100	Actual spend is 143% due to much higher engineering costs required to complete EA.
2c.	Network Design	100	Actual spend is 272% due to much higher engineering costs required to complete the network design.
2d.	Rights of Way	0	NA
2e.	Construction Permits and Other Approvals	100	Actual spend is 243% due to much higher costs of railroad and various permits than originally budgeted.
2f.	Site Preparation	0	NA
2g.	Equipment Procurement	100	Actual spend was 86% due to lower costs of equipment than originally budgeted
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	Actual spend is 129% due to higher construction costs than budgeted.
2i.	Equipment Deployment	0	NA. Costs were included in Network Build.
2j.	Network Testing	0	NA. Costs were included in Network Build.
2k.	Other (please specify): NA	0	NA

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).

There is no next reporting quarter since our project is complete and this is our final PPR Report.

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	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
b. Land, structures, right-of-ways, appraisals, etc.	\$525,000	\$160,522	\$364,478	\$1,315,263	\$561,645	\$753,618	\$1,315,263	\$561,645	\$753,618
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,500,000	\$764,388	\$1,735,612	\$6,177,720	\$2,638,017	\$3,539,703	\$6,177,720	\$2,638,017	\$3,539,703
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$27,051,500	\$8,271,139	\$18,780,361	\$34,387,889	\$14,684,354	\$19,703,535	\$34,387,889	\$14,684,354	\$19,703,535
j. Equipment	\$15,318,520	\$4,683,718	\$10,634,802	\$13,121,595	\$5,603,198	\$7,518,397	\$13,121,595	\$5,603,198	\$7,518,397
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$45,395,020	\$13,879,767	\$31,515,253	\$55,002,467	\$23,487,214	\$31,515,253	\$55,002,467	\$23,487,214	\$31,515,253
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$45,395,020	\$13,879,767	\$31,515,253	\$55,002,467	\$23,487,214	\$31,515,253	\$55,002,467	\$23,487,214	\$31,515,253

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: \$2,556,898
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