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) 09-30-2011	**6. Is this the last Report of the Award Period?** ◯ Yes ⦿ 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	**7c. Telephone (area code, number and extension)** X
	7d. Email Address rcagle@clearwave.com
7b. Signature of Certifying Official Submitted Electronically	**7e. Date Report Submitted (MM/DD/YYYY):** 11-14-2011

Project Indicators (This Quarter)

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

Clearwave continued to take advantage of the favorable weather and made significant progress in our construction. With as many as 15 crews working at different times during the quarter we ended up with 215 miles of conduit buried and 170 miles of fiber installed, including fiber into 8 of our interconnection points.

Our sales and marketing teams continue to work with our anchor institutions and 183 (over 78%) of them have signed contracts with us. Clearwave continues to participate in local and regional economic development meetings to help promote the benefits of the project. Our social media efforts continue as well, with over 830 likes on Facebook, 468 followers on Twitter, and our website www. clearwavebroadband.com bringing in an average of 90 visitors per week.

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	61	Baseline was 41%
2b.	Environmental Assessment	100	On Baseline
2c.	Network Design	100	On Baseline
2d.	Rights of Way	68	Baseline was 47% In order to keep ahead of construction we have gotten ahead of schedule on obtaining Rights of Way.
2e.	Construction Permits and Other Approvals	59	Baseline was 34%. In order to keep ahead of construction we have gotten ahead of schedule on obtaining construction permits.
2f.	Site Preparation	0	NA
2g.	Equipment Procurement	68	Baseline was 80% We have experienced some cost savings in the equipment purchases we have made to date.
2h.	Network Build (all components - owned, leased, IRU, etc)	45	Baseline was 30% Continue to be ahead of schedule regarding conduit installed. Also ahead of schedule on laterals going to anchors.
2i.	Equipment Deployment	39	Baseline was 23%. Equipment deployed in 13 collocations as well as our Network Operations Center.
2j.	Network Testing	0	Baseline was 20%. Network testing has not yet been started. All efforts have been concentrating on construction while the weather has been unseasonably warm and dry. We will begin network testing in the months of October and November and be back on track by the end of next quarter. We do not anticipating this change in schedule to adversely impact the progress of the project.
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).

During this quarter there were no challenges or issues that kept us from achieving our project milestones. Because of this we are on or ahead of our project milestones.

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	170	Baseline was 168 - slightly ahead of baseline
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)	170	Baseline was 168 - slightly ahead of baseline
Number of new wireless links	0	NA
Number of new towers	0	NA
Number of new and/or upgraded interconnection points	8	On baseline

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	3
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:
No wholesale or last mile providers have signed agreements to date. It is difficult to get signed agreements until the network is live, which we should have by the end of the year. We are in negotiations and hope to have some signed agreements before the end of the year.

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:
None at this point.

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.

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	Baseline was 2. This process is going slower than expected. Most carriers want at least part of the network to be lit before they sign an agreement.
	Providers with signed agreements receiving improved access	0	NA
	Providers with signed agreements receiving access to dark fiber	0	NA

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	NA
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	On baseline
	Subscribers receiving new access	0	On baseline
	Subscribers receiving improved access	0	On baseline
	Please identify the speed tiers that are available and the number or subscribers for each	0	NA
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).

NA

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

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

NA

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

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
NA	0	0	0	NA

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
Clearwave expects to have a portion of the network lit by the end of next quarter and expect to meet or exceed exceed the following milestones:
Network miles - 254
New interconnect points - 13
Community Anchor Institutions Served: 30

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	74	Baseline is 52. Weather permitting we will stay ahead of schedule.
2b.	Environmental Assessment	100	On Baseline
2c.	Network Design	100	On Baseline
2d.	Rights of Way	78	Baseline 62. Staying ahead of schedule
2e.	Construction Permits and Other Approvals	70	Baseline 47. Staying ahead of schedule
2f.	Site Preparation	0	NA
2g.	Equipment Procurement	74	Baseline 100. Continue to stay under budget on equipment
2h.	Network Build (all components - owned, leased, IRU, etc.)	60	Baseline 40. Staying ahead of schedule
2i.	Equipment Deployment	50	Baseline 42. Staying ahead of schedule
2j.	Network Testing	33	On Baseline
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).
The biggest issue that we could face next quarter would be weather related. We have been fortunate over the last several months with weather that is very conducive for construction. We are entering a time of year that weather can become problematic.

Infrastructure Budget Execution Details

Activity Based Expenditures (Infrastructure)

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

Cost Classification	Budget for Entire Project			Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total 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	$442,265	$136,622	$305,642	$442,265	$135,225	$307,040
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	$4,510,849	$1,393,469	$3,117,380	$5,510,849	$1,684,971	$3,825,878
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	$12,247,296	$3,783,375	$8,463,922	$16,247,296	$4,967,697	$11,279,600
j. Equipment	$15,318,520	$4,683,718	$10,634,802	$10,408,677	$3,215,397	$7,193,280	$11,408,677	$3,488,263	$7,920,414
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	$27,609,087	$8,528,863	$19,080,224	$33,609,087	$10,276,156	$23,332,932
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	$27,609,087	$8,528,863	$19,080,224	$33,609,087	$10,276,156	$23,332,932

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: $981