

RECIPIENT NAME:ION Newco Corp

AWARD NUMBER: NT10BIX5570133

DATE: 05/09/2012

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 NT10BIX5570133	3. DUNS Number 961747875
4. Recipient Organization ION Newco Corp 80 State Street Suite 700, Albany, NY 12207-2543		
5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2012	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 Michael Shuipis	7c. Telephone (area code, number and extension) 5186894559	
	7d. Email Address mshuipis@i-o-n.com	
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-09-2012	

Project Indicators (This Quarter)

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

ION has continued construction on projects 1, 2, 4b, and 9, including make ready work, and the placement of support strand and fiber cable for these projects.
 ION has ordered and has begun to receive fiber optic cable for all of the remaining projects.
 ION continues to work on each project according to its proposed timetable, initiating RFQ/RFP (Request for Qualifications/Request for Proposals) for the construction and equipment for each remaining project.
 Request for Proposals (RFP) for Ethernet electronics bids have been evaluated and a vendor was selected.
 ION has continued its aggressive marketing strategy, marketing the future network availability to prospective towns, anchor institutions, last mile providers, and government agencies.

The primary accomplishments for the Development Authority of the North Country for 1Q2012 were to secure additional equipment locations, finalize route engineering, continue the make ready process, and to install additional Community Anchor Institutions (CAI's). Accomplishments relative to segment 6 include:

- Upgraded the power at one central Office to allow for new equipment
- Installed and turned up a new CAI.

Accomplishments relative to segment 8 include:

- Make ready survey process has increased from 5% to now 95% complete
- Received 50% of the fiber cable
- Received signed Letter of Intent for collocation in Plattsburgh
- Project engineering is 95% complete

Accomplishments relative to segment 10 include:

- Bid submitted for the remaining construction
- Make ready surveys are complete
- Make ready work is 80% complete
- Received 50% of the fiber cable
- Installed conduit into the Tupper Lake and Lake Placid Central Office
- Finalized agreements for the Lake Placid, Tupper Lake and Elizabethtown Central Office
- Received all permits necessary for the aerial construction of segment 10.

Subrecipient Sovernet Fiber Cable has completed strand mapping for the build in Burlington, VT.
 Make Ready ride-outs have been started, and approximately 1,000 poles have been surveyed.
 Central Office applications have been completed and submitted. Central Office conduit surveys are underway.

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	39	Baseline = 37%; \$18,816,236 expended of \$18,146,910 budgeted through first quarter 2012. Total budget (Federal and matching funds) is \$48,673,735. Variance between actual percent complete for overall project compared to baseline is not significant. As shown below, for some categories we are under budget, for some over budget.
2b.	Environmental Assessment	0	The original grant for the project was awarded in December, 2009. As a result of the entity change process, a new grant was assigned in September 2010 which necessitated a revised budget for the remaining amount of the grant expenditures. As required by the original grant Special Award Conditions, the Environmental Assessment (EA) work was budgeted as part of the original grant expenditures. Since the milestones are measured against dollars expended vs. budgeted, and all EA budgeted dollars were expended under the original grant, zero percent is reported here.
2c.	Network Design	100	Baseline = 100%; \$938,274 expended of \$596,031 budgeted through first quarter 2012. Total budget (Federal and matching funds) is \$596,031. An under-budgeting of this item is indicated and an

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			adjustment to transfer funds between categories of the budget is pending.
2d.	Rights of Way	4	Baseline =100%; \$24,092 expended of \$542,768 budgeted through first quarter 2012. Total budget (Federal and matching funds) is \$542,768. According to the provisions of the Grant, we have been prohibited from beginning the physical construction of the fiber network until we completed our Environmental Assessment (EA) process and were issued a Finding of No Significant Impact (FONSI). Due to major complexities and unanticipated delays in the Environmental Assessment process, and our need to concentrate manpower resources in that process, some delays have been experienced in Rights of Way. We do not expect these delays to affect the overall timetable for our projects and we expect to catch up to our budget during the next quarter. Two additional contractors have been employed to accelerate the staking of fiber routes in order that we can begin actual fiber construction as early as possible in order to catch up to our planned time table. An over-budgeting of this item is indicated and an adjustment to transfer funds between categories of the budget is pending.
2e.	Construction Permits and Other Approvals	79	Baseline = 100%; \$143,630 expended of \$180,923 budgeted through first quarter 2012. Total budget (Federal and matching funds) is \$180,923. Due to unanticipated delays in Environmental Assessment process, and our need to concentrate manpower resources in that process, some delays have been experienced in actual construction. In order to avoid future delays we have accelerated some up front activities such as Permitting for upcoming projects.
2f.	Site Preparation	19	Baseline = 49%; \$387,756 expended of \$969,500 budgeted through first quarter 2012. Total budget (Federal and matching funds) is \$1,995,501. Due to unanticipated delays in Environmental Assessment process, and our need to concentrate manpower resources in that process, some delays have been experienced in Site Preparation. We do not expect these delays to affect the overall timetable for our projects and we expect to catch up to our budget during the next one or two quarters.
2g.	Equipment Procurement	50	Baseline = 35%; \$2,819,230 expended of \$1,979,960 budgeted through first quarter 2012. Total budget (Federal and matching funds) is \$5,598,140. Ahead of budget to date due to faster than anticipated delivery of equipment.
2h.	Network Build (all components - owned, leased, IRU, etc)	37	Baseline = 35%; \$13,950,246 expended of \$13,133,601 budgeted through first quarter 2012. Total budget (Federal and matching funds) is \$37,980,932. Variance between actual percent complete compared to baseline is not significant.
2i.	Equipment Deployment	18	Baseline = 28%; \$68,630 expended of \$106,500 budgeted through first quarter 2012. Total budget (Federal and matching funds) is \$374,500. Due to the unanticipated delays in the EA process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010 and early 2011. As a result, we have not been able to expend all of the funds as budgeted.
2j.	Network Testing	0	Baseline = 28%; \$0 expended of \$106,500 budgeted through first quarter 2012. Total budget (Federal and matching funds) is \$374,500. Due to the unanticipated delays in the EA process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010 and early 2011. As a result, we have not been able to expend all of the funds as budgeted.
2k.	Other (please specify):	47	Baseline = 52%; \$484,377 expended of \$531,127 budgeted through first quarter 2012. Total budget (Federal and matching funds) is \$1,030,440. Variance is not significant. We expect to catch up to budget during the next one or two quarters.

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 the first quarter ION faced the following challenges and issues:

1. ION was notified that it appeared part of DANC's project build overlapped with the proposed build of another federally funded project in the northern portion of New York State. A solution to the problem was submitted to our program officer and at the close of the first quarter is still being reviewed. It is anticipated that the issue is resolved and that an amicable agreement has been made that ensures there is no duplication of federal funds or duplication of services in the depicted area.

2. During the first quarter ION continued to experience delays by a specific pole owner in performing necessary make ready alterations needed on their poles. Unfortunately, in many instances the agreed upon date for work to be completed passed with little or no work being started. ION representatives continue to communicate with the pole owner's representatives to urge them to work within the agreed upon work timetables. During the first quarter the severity of this issue has decreased.

During the make ready process for a DANC project we found 77 transmission poles that require replacement. We are working closely with the pole owner on this issue. At the present time we do not anticipate this causing any significant delays.

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	262	Baseline = 385; According to the provisions of the Grant, we were prohibited from beginning the physical construction of the fiber network until we completed our Environmental Assessment (EA) process and were issued a Finding of No Significant Impact (FONSI). Due to major complexities and unanticipated delays in the Environmental Assessment process, and our need to concentrate manpower resources in that process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010. We do not expect these delays to affect the overall timetable for our projects and we expect to catch up to our budget during the next one or two quarters. Two additional contractors have been employed to accelerate the staking of fiber routes in order that we can begin actual fiber construction as early as possible in order to catch up to our planned time table.
New network miles leased	5	Baseline = 0; Variance is immaterial.
Existing network miles upgraded	0	Baseline = 0; No variance.
Existing network miles leased	50	Baseline = 69; According to the provisions of the Grant, we were prohibited from beginning the physical construction of the fiber network until we completed our Environmental Assessment (EA) process and were issued a Finding of No Significant Impact (FONSI). Due to major complexities and unanticipated delays in the Environmental Assessment process, and our need to concentrate manpower resources in that process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010. The normal sequence of activities for projects such as ours is to enter into lease arrangements near the completion of any newly constructed portions of a build. With new construction delayed, lease contracts have also been delayed. We do not expect these delays to affect the overall timetable for our projects and we expect to catch up to our budget during the next one or two quarters. Two additional contractors have been employed to accelerate the staking of fiber routes in order that we can begin actual fiber construction as early as possible in order to catch up to our planned time table.

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of miles of new fiber (aerial or underground)	262	Baseline = 454; According to the provisions of the Grant, we were prohibited from beginning the physical construction of the fiber network until we completed our Environmental Assessment (EA) process and were issued a Finding of No Significant Impact (FONSI). Due to major complexities and unanticipated delays in the Environmental Assessment process, and our need to concentrate manpower resources in that process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010. We do not expect these delays to affect the overall timetable for our projects and we expect to catch up to our budget during the next one or two quarters. Two additional contractors have been employed to accelerate the staking of fiber routes in order that we can begin actual fiber construction as early as possible in order to catch up to our planned time table.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	3	Baseline = 17; According to the provisions of the Grant, we were prohibited from beginning the physical construction of the fiber network until we completed our Environmental Assessment (EA) process and were issued a Finding of No Significant Impact (FONSI). Due to major complexities and unanticipated delays in the Environmental Assessment process, and our need to concentrate manpower resources in that process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010. We do not expect these delays to affect the overall timetable for our projects and we expect to catch up to our budget during the next one or two quarters. Two additional contractors have been employed to accelerate the staking of fiber routes in order that we can begin actual fiber construction as early as possible in order to catch up to our planned time table.

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	2
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	3
Average term of signed agreements (in quarters)	12

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: Paetec, ION Holdco LLC

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 circuits

5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (600 words or less).

ION's partner, in the application and a sub recipient in the grant, is the Development Authority for the North Country (DANC) based in Watertown, NY which operates a solid waste management facility, water and wastewater facilities, an open access telecom network, and administers several business and housing loan programs. Contact person for this organization is Dave Wolf, General Manager, Telecommunications (315)-785-2593. DANC is responsible to construct and operate approximately 40% of the total Grant project. Sovernet Fiber Corp has been approved as a sub recipient to build and operate the portion of the network in the Burlington VT area.

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	1	Baseline = 0; Variance is immaterial.
	Providers with signed agreements receiving improved access	1	Baseline = 20; Due to major complexities and unanticipated delays in the Environmental Assessment process, and our need to concentrate manpower resources in that process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010. We do not expect these delays to affect the overall timetable for our projects and we expect to catch up to our baseline during the next one or two quarters. Two additional contractors have been employed to accelerate the staking of fiber routes in order that we can begin actual fiber construction as early as possible in order to catch up to our planned time table.
	Providers with signed agreements receiving access to dark fiber	0	Baseline = 0
	Please identify the speed tiers that are available and the number of subscribers for each	1	150 Mbps circuit
Community Anchor Institutions (including Government institutions)	Total subscribers served	5	Baseline = 65; Due to major complexities and unanticipated delays in the Environmental Assessment process, and our need to concentrate manpower resources in that process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010. We do not expect these delays to affect the overall timetable for our projects and we expect to catch up to our baseline during the next one or two quarters. Two additional contractors have been employed to accelerate the staking of fiber routes in order that we can begin actual fiber construction as early as possible in order to catch up to our planned time table.
	Subscribers receiving new access	0	Baseline = 0
	Subscribers receiving improved access	5	Baseline = 65; Due to major complexities and unanticipated delays in the Environmental Assessment process, and our need to concentrate manpower resources in that process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010. We do not expect these delays to affect the overall timetable for our projects and we expect to catch up to our baseline during the next one or two quarters. Two additional contractors have been employed to accelerate the staking of fiber routes in order that we can begin actual fiber construction as early as possible in order to catch up to our planned time table.
	Please identify the speed tiers that are available and the number or subscribers for each	5	100 Mbps available to all subscribers
Residential / Households	Entities passed	0	N/A
	Total subscribers served	0	N/A

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Businesses	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

7. Please describe any special offerings you may provide (600 words or less).
 The priority for ION with this funding will be to seek out and work with governmental, educational, and healthcare entities that need service or that can offer services to support the vision of the American Reinvestment and Recovery Act. ION is working in close collaboration with Southern Tier West, Southern Tier Central, Southern Tier East, and other development agencies where job creation is central to their mission. ION will address the needs of public safety agencies and has met with agencies to address the need for reliable, affordable and secure capacity to meet the needs of these entities. ION may provide collocation and cross connection services to 3rd party providers requiring such services. ION may provide direct Internet backbone access to anchor institutions or 3rd party service providers to resell to their 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).
 Network policies statements can be found on both the ION and DANC websites.

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
South Lewis Health Center	Lyons Falls, NY	Medical and Healthcare Provider	Yes	Internet service and transit for this clinic that is part of Lewis County General Hospital

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 ION will concentrate on getting the remaining projects ready for the physical construction phase of the project. RFP's and RFQ's will continue to be reviewed and awarded to vendors and contractors. ION will continue to work on completing the network design and the final plans for the remaining projects. This will include permitting, staking, and obtaining fiber. Pole attachment agreements and permits will continue to be focused on so construction can proceed according to ION's proposed timeline.
 ION will continue to work with all the federal and multi-state agencies on monitoring the Environmental Assessment requirements as necessary. ION continues to have an open dialogue with these entities to ensure compliance at all junctures of the project. There have been no significant impacts and all SAC's have been complied with.
 ION and DANC will continue to pursue the execution of service agreements now under negotiation, and to seek communication with the remaining Anchor institutions. We expect many of the agreements under negotiation to be executed next quarter.
 Sovernet will continue the preliminary steps necessary to actually physically construct the network, including soliciting bids for fiber,

construction and equipment.
 By the end of the quarter we project the number of new network miles deployed will reach 345 miles, and we expect as many as nine CAI's will be receiving service on the networks constructed by ION and the two sub-recipients.
 For DANC, significant accomplishments planned for 2Q2012 includes completing 50% of the segment 10 construction, completing the build-out of 4 new Central Offices, and adding 7 CAI's. In addition, DANC plans to bid, award, and begin construction for segment 8 and complete 10% of that project.
 Sub-recipient Sovernet Fiber Cable plans to initiate Make Ready, and complete staking and right of way work on the Burlington VT project.
 For all ION and sub-recipient projects we expect during Q2 to deploy an additional 145 miles of fiber, serve an additional 5 CAI's and 2 last mile providers.

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	54	Baseline = 61%; Variance between actual percent complete for overall project compared to baseline is not significant. As shown below, for some categories we are under budget, for some over budget. Non-Federal matching funds will be fully available during the next quarter.
2b.	Environmental Assessment	0	Zero variance; Due to the unanticipated delays in the EA process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010 and early 2011. As a result, we have not been able to expend all of the funds as budgeted. Now that we have our FONSI, we have begun construction and expect to be able to catch up to our budgeted level of expenditures during the second quarter of 2012. Non-Federal matching funds will be fully available during the next quarter.
2c.	Network Design	100	Zero variance; Due to the unanticipated delays in the EA process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010 and early 2011. As a result, we have not been able to expend all of the funds as budgeted. An under-budgeting of this item is indicated, and a revision to our budget is pending. Non-Federal matching funds will be fully available during the next quarter.
2d.	Rights of Way	100	Zero variance; Due to the unanticipated delays in the EA process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010 and early 2011. As a result, we have not been able to expend all of the funds as budgeted. An over-budgeting of this item is indicated, and a revision to our budget is pending. Non-Federal matching funds will be fully available during the next quarter.
2e.	Construction Permits and Other Approvals	100	Zero variance; Due to the unanticipated delays in the EA process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010 and early 2011. As a result, we have not been able to expend all of the funds as budgeted. Now that we have our FONSI, we have begun construction and expect to be able to catch up to our budgeted level of expenditures during the second quarter of 2012. Non-Federal matching funds will be fully available during the next quarter.
2f.	Site Preparation	64	Zero variance; Due to the unanticipated delays in the EA process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010 and early 2011. As a result, we have not been able to expend all of the funds as budgeted. Now that we have our FONSI, we have begun construction and expect to be able to catch up to our budgeted level of expenditures during the second quarter of 2012. Non-Federal matching funds will be fully available during the next quarter.
2g.	Equipment Procurement	83	Baseline = 47%; Ahead of budget anticipated due to faster than anticipated delivery of equipment. Non-Federal matching funds will be fully available during the next quarter.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2h.	Network Build (all components - owned, leased, IRU, etc.)	50	Baseline = 62%; Due to the unanticipated delays in the EA process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010 and early 2011. As a result, we have not been able to expend all of the funds as budgeted. Now that we have our FONSI, we have begun construction and expect to be able to catch up to our budgeted level of expenditures during the second quarter of 2012. Non-Federal matching funds will be fully available during the next quarter.
2i.	Equipment Deployment	36	Zero variance; Due to the unanticipated delays in the EA process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010 and early 2011. As a result, we have not been able to expend all of the funds as budgeted. Now that we have our FONSI, we have begun construction and expect to be able to catch up to our budgeted level of expenditures during the second quarter of 2012. Non-Federal matching funds will be fully available during the next quarter.
2j.	Network Testing	36	Zero variance; Due to the unanticipated delays in the EA process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010 and early 2011. As a result, we have not been able to expend all of the funds as budgeted. Now that we have our FONSI, we have begun construction and expect to be able to catch up to our budgeted level of expenditures during the second quarter of 2012. Non-Federal matching funds will be fully available during the next quarter.
2k.	Grant Other (please specify): Administration	60	Zero variance; Due to the unanticipated delays in the EA process we were not able to begin actual construction as we had originally planned in the summer and fall months of 2010 and early 2011. As a result, we have not been able to expend all of the funds as budgeted. Now that we have our FONSI, we have begun construction and expect to be able to catch up to our budgeted level of expenditures during the second quarter of 2012. Non-Federal matching funds will be fully available during the next quarter.

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).

As stated above, we continue with physical construction of the network on a timetable agreeable to our overall goal of completing the overall project within three years. Prior to performing actual construction, we must complete Make Ready work. We rely heavily on a specific pole owner as they are the owner of record on many of the poles to which the ION network needs to attach. We anticipate that the specific pole owner may continue to miss the deadlines for completing Make Ready work. At this time we are unable to determine the effect this issue will have on our progress, but we continue to monitor this issue and work on it with the necessary representatives.

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	\$1,030,440	\$206,088	\$824,352	\$484,377	\$96,875	\$387,502	\$614,345	\$122,869	\$491,476
b. Land, structures, right-of-ways, appraisals, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$3,116,122	\$623,224	\$2,492,897	\$1,915,710	\$383,142	\$1,532,568	\$2,147,342	\$429,468	\$1,717,874
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	\$1,157,001	\$231,400	\$925,601	\$456,386	\$91,277	\$365,109	\$530,425	\$106,085	\$424,340
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$37,772,032	\$7,554,407	\$30,217,626	\$13,140,533	\$2,628,107	\$10,512,426	\$18,573,659	\$3,714,732	\$14,858,927
j. Equipment	\$5,598,140	\$1,119,628	\$4,478,512	\$2,819,230	\$563,846	\$2,255,384	\$4,620,620	\$924,124	\$3,696,496
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$48,673,735	\$9,734,747	\$38,938,988	\$18,816,236	\$3,763,247	\$15,052,989	\$26,486,391	\$5,297,278	\$21,189,113
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$48,673,735	\$9,734,747	\$38,938,988	\$18,816,236	\$3,763,247	\$15,052,989	\$26,486,391	\$5,297,278	\$21,189,113

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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