

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 NT10BIX5570101	3. DUNS Number 961720575
4. Recipient Organization Appalachian Valley Fiber Network 1170 PARKER LN, Lyerly, GA 30730-5017		
5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2011	6. Is this the last Report of the Award Period? <div style="text-align: center;"> <input type="radio"/> Yes <input checked="" type="radio"/> No </div>	
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 Deana Perry CFO	7c. Telephone (area code, number and extension) 7068574646	7d. Email Address deanaperry@parkersystems.net
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 08-30-2011	

Project Indicators (This Quarter)			
<p>1. Please describe significant project accomplishments completed during this quarter (600 words or less). Completed consultations with all EA parties. Submitted final EA. Completed RFQ process for fiber cabling and selected vendor. Issued RFQ for conduit and other materials. Prepared RFQs for construction labor and materials. Negotiated IRU lease with railroad for route to Chattanooga. Launched AVFN.net website. Completed all base mapping and walk/drive-out work to support engineering efforts. Obtained various franchise agreements with cities. Developed the initial package of engineering materials and began the permitting process with DOT and other parties.</p>			
<p>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).</p>			
	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	9	Our original baseline goal was to be 21% complete with the overall project by end of Q2 (June 2011). We are at 9% and the reasons are cumulative per the below breakdown.
2b.	Environmental Assessment	62	Our original baseline goal was to be 100% complete with this milestone by the end of Q2 (June 2011). Our percent complete for this quarter is at 62%. We have had delays with our Environmental Assessment, but since our EA is currently under review with NTIA, we expect to complete our EA in the next quarter. Based on the remaining costs we expect to incur to obtain our FONSI, we expect to only spend/achieve 76% of our forecasted spend for this baseline category.
2c.	Network Design	54	Our original baseline goal was to be 100% complete with this milestone by the end of Q2 (June 2011). Our percent complete for this quarter is at 54%. This is based on the timing and payment terms of our agreement with our consultants/engineers and the pace of our spend with the NW Georgia Regional Commission.
2d.	Rights of Way	0	Our original baseline goal was to be 100% complete with this milestone by the end of Q2 (June 2011). Our percent complete for this quarter is at 0%. This is due to the fact that we did not receive approval (as originally planned) for our ~\$1.1M in-kind contribution in this quarter. It is also because we have not started construction yet, and therefore, we have not incurred joint use (pole attachment) fees as expected. And finally, it is because we have not incurred the estimate \$300k in right of way perfection costs at this time. We expect to catch up in this category over the next two quarters as we commence with construction activity.
2e.	Construction Permits and Other Approvals	7	Our original baseline goal was to be 48% complete with this milestone by the end of Q2 (June 2011). Our percent complete for this quarter is at 7%. We have been seeking a certificate authority called Other Common Carrier (OCC) from the state of Georgia, and until that certificate is granted, we are unable to process our full permit applications. We expect to have this accomplished in August 2011. At this point, our pace of permitting will increase to catch up with our original projections.
2f.	Site Preparation	0	AVFN has no \$ allocated in its budget to this baseline category, so the % complete is irrelevant.
2g.	Equipment Procurement	39	Our original baseline goal was to be 100% complete with this milestone by the end of Q2 (June 2011). Our percent complete for this quarter is at 39%. Once our construction commences next quarter, we expect to be able to catch up on this milestone.
2h.	Network Build (all components - owned, leased, IRU, etc)	4	Our original baseline goal was to be 28% complete with the overall project by end of Q2 (June 2011). This is due to the fact that we were not able to recognize our ~\$3.5M in-kind contribution for this quarter (request under review by NTIA).
2i.	Equipment Deployment	0	AVFN has no \$ allocated in its budget to this baseline category, so the % complete is irrelevant.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2j.	Network Testing	0	Given that Network Testing relates directly to Network Build we did not meet our original baseline goal of 28% complete with the overall project by end of Q2 (June 2011). This is due to the fact that we were not able to recognize our ~\$3.5M in-kind contribution for this quarter (request under review by NTIA) nor begin construction due to Environmental Assessment delays. However, it is our expectations that both the in kind match and the Environmental Assessment will approved in next quarter and we will be back on schedule by the end of that quarter.
2k.	Other (please specify): Admin & Legal	27	Our original baseline goal was to be 32% complete with this milestone by the end of Q2 (June 2011). We are at 27% as of this quarter.

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).

We struggled this quarter to complete our EA and obtain our FONSI. This is now being resolved and we are awaiting our FONSI. Another issue that impacted us was not being able to obtain approval for our match/in-kind contribution. Both issues are on-track to be resolved next quarter.

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	0	The baseline report indicated that 19.82 new network miles would be deployed. Due to delays in the Environmental Assessment this was not accomplished as construction was delayed. It is AVFN's expectation that the environmental assessment will be complete in the next quarter and we will be back on schedule.
New network miles leased	0	No variance
Existing network miles upgraded	0	No variance
Existing network miles leased	0	No variance
Number of miles of new fiber (aerial or underground)	0	The baseline report projected this number at 79.82. this total is the total number miles contributed and newly constructed. Due to delay in the in kind match approval and environmental assesement, this was not acheived. However, it is AVFN's expectation that both will be approved in the next quarter. As result of the approval, we will back on schedule.
Number of new wireless links	0	The baseline report projected this number at 181. this total is the total number contributed and newly constructed. Due to delay in the in kind match approval and environmental assesement, this was not acheived. However, it is AVFN's expectation that both will be approved in the next quarter. As result of the approval, we will back on schedule.
Number of new towers	0	No variance
Number of new and/or upgraded interconnection points	0	No variance

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	

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	0
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:
N/A

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 time. Construction has not commenced, pending issuance of FONSI.

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).
None at this time. Construction has not commenced, pending issuance of FONSI.

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	No variance
	Providers with signed agreements receiving improved access	0	No variance
	Providers with signed agreements receiving access to dark fiber	0	No variance
	Please identify the speed tiers that are available and the number of subscribers for each	0	No variance
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	No variance
	Subscribers receiving new access	0	No variance
	Subscribers receiving improved access	0	No variance
	Please identify the speed tiers that are available and the number or subscribers for each	0	No variance
Residential / Households	Entities passed	0	No variance
	Total subscribers served	0	No variance

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	No variance
	Subscribers receiving improved access	0	No variance
	Please identify the speed tiers that are available and the number of subscribers for each	0	No variance
Businesses	Entities passed	0	No variance
	Total subscribers served	0	No variance
	Subscribers receiving new access	0	No variance
	Subscribers receiving improved access	0	No variance
	Please identify the speed tiers that are available and the number of subscribers for each	0	No variance

7. Please describe any special offerings you may provide (600 words or less).

None at this time. Construction has not commenced, pending issuance of FONSI.

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

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

N/A

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
None	N/A	N/A	N/A	Construction has not commenced, pending completion of EA and issuance of FONSI

Project Indicators (Next Quarter)

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

Key activities for next quarter are to obtain our FONSI (EA has been submitted), complete our network design and engineering, contract for all fiber cabling, materials and labor, obtain all necessary rights of way and permits, and commence with our initial construction phases.

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	40	Our baseline % complete for this quarter was 44%. Reasons for this variance are cumulative per the below.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2b.	Environmental Assessment	76	Our baseline % complete for this quarter was 100%. We have struggled to completed our EA, but it has now been submitted and is under review by NTIA.
2c.	Network Design	72	Our baseline % complete for this quarter was 100%. We went through extensive route refinement and had all route changes approved this quarter. This caused some delays with our engineering efforts, but we expect to fully recover in the next quarter.
2d.	Rights of Way	62	Our baseline % complete for this quarter was 100%. This is a relatively small portion of our overall budget. While we have not completed 100% of our right of way attainment, our franchise and other processes are proceeding well and we expect to fully recover in the next quarter. We have also been under budget on this item so far, and this does/will affect our attainment percentage (which is based on % of spend).
2e.	Construction Permits and Other Approvals	18	Our baseline % complete for this quarter was 77%. This is a relatively small portion of our overall budget. While we have not completed 77% of our right of way attainment, our permitting process is proceeding well and we expect to fully recover in the next quarter. We have also been under budget on this item so far, and this does/will affect our attainment percentage (which is based on % of spend).
2f.	Site Preparation	0	Our baseline % complete for this quarter was 0%.
2g.	Equipment Procurement	45	Our baseline % complete for this quarter was 100%. This is a relatively small portion of our overall budget. The baseline report was prepared contemplating all equipment would be paid in full once procured, however, certain equipment will not be paid in full until construction commences.
2h.	Network Build (all components - owned, leased, IRU, etc.)	35	Our baseline % complete for this quarter was 38%. This category dominates our overall budget (\$20M of the total budget). We have only a small variance in this category, and we expect to be able to fully recover next quarter as we receive our FONSI and construction begins.
2i.	Equipment Deployment	0	Our baseline % complete for this quarter was 87%. We have \$0 allocated to this category and therefore we have no variance.
2j.	Network Testing	0	Our baseline % complete for this quarter was 38%. We have \$0 allocated to this category and therefore we have no variance.
2k.	Other (please specify): Admin & Legal	39	Our baseline % complete for this quarter was 43%. We have been slightly under budget for far for costs in this category, which accounts for the small variance.

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).

Overcoming delays resulting from the EA. Getting to a point where we have recognized our in-kind contributions appropriately. Fiber availability in the marker is also constrained. Beginning to work with our new material and labor suppliers will require close monitoring and management.

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	\$2,885,803	\$152,882	\$2,732,921	\$837,778	\$22,882	\$814,896	\$1,062,405	\$22,882	\$1,039,523
b. Land, structures, right-of-ways, appraisals, etc.	\$4,513,019	\$1,346,000	\$3,167,019	\$735,000	\$0	\$735,000	\$3,303,000	\$1,166,000	\$2,137,000
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$800,939	\$0	\$800,939	\$673,026	\$0	\$673,026	\$800,939	\$0	\$813,026
e. Other architectural and engineering fees	\$586,469	\$0	\$586,469	\$93,000	\$0	\$93,000	\$204,087	\$0	\$192,000
f. Project inspection fees	\$279,877	\$0	\$279,877	\$20,000	\$0	\$20,000	\$50,000	\$0	\$50,000
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	\$13,276,889	\$0	\$13,276,889	\$0	\$0	\$0	\$1,062,856	\$0	\$1,062,856
j. Equipment	\$4,116,961	\$3,844,461	\$272,500	\$105,337	\$0	\$105,337	\$3,916,819	\$3,794,461	\$122,358
k. Miscellaneous	\$270,300	\$100,000	\$170,300	\$31,460	\$0	\$31,460	\$38,460	\$0	\$38,460
l. SUBTOTAL (add a through k)	\$26,730,257	\$5,443,343	\$21,286,914	\$2,495,601	\$22,882	\$2,472,719	\$10,438,566	\$4,983,343	\$5,455,223
m. Contingencies									
n. TOTALS (sum of l and m)	\$26,730,257	\$5,443,343	\$21,286,914	\$2,495,601	\$22,882	\$2,472,719	\$10,438,566	\$4,983,343	\$5,455,223

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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