

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) 09-30-2011	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 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): 11-08-2011	

Project Indicators (This Quarter)

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

Obtained EA. Executed agreements with selected construction vendors. Purchased conduit and other materials. Executed agreement with Regional Commission and completed marketing outreach plan. Obtained various franchise agreements with cities. Continued permitting process with DOT and other parties. Obtained "Other Common Carrier" or OCC status for the State of Georgia and Alabama. Constructed 38 miles of conduit.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	39	Our baseline goal was to be 44%. Due to delays with our EA process, we have had a slight delay in meeting this goal and are at only 39%. Now that we are in the construction phase, and with two contractors deploying conduit on an aggressive schedule, we are confident we can recover and reach our overall project percent complete goal for next quarter (which is 55%). We have calculated that we need to average 4 miles per week during the next quarter in order to recover and reach our goal.
2b.	Environmental Assessment	78	Our baseline goal was to be 100%. We completed our environmental assessment under budget. We expect no more costs to be incurred in this category unless issues related to our SAC come up.
2c.	Network Design	64	Our baseline goal was to be 100%. At this point we are under budget in this category and this explains the reason for the variance.
2d.	Rights of Way	0	Our baseline goal was to be 100%. The \$878k for this category is a relatively small portion of our overall budget. \$548k of this was for joint use (pole attachment) fees. The constraints on setting new poles imposed in our EA SAC has discouraged the use of poles altogether.
2e.	Construction Permits and Other Approvals	9	Our baseline goal was to be 77%. The \$279k for this category is a relatively small portion of our overall budget. Costs have been lower than expected to date, however we expect these costs to increase as we move forward with more expensive permits like our railroad crossings.
2f.	Site Preparation	0	We had \$0 allocated to this category and therefore have no variance.
2g.	Equipment Procurement	48	Our baseline goal was to be 100%. This is a relatively small portion of our overall budget. These costs are occurring later than expected due to the delay in the start of our construction.
2h.	Network Build (all components - owned, leased, IRU, etc)	40	Our baseline goal was to be 38% and therefore we have no variance.
2i.	Equipment Deployment	0	Even though we had \$0 allocated to this category in our detailed budget, we still recorded projections for % complete for each quarter in our original baseline. In hindsight, it would have been more appropriate to record 0% or N/A in our baseline projections. At this point, we have spent \$0.00 on this category, and since our original projection was to spend \$0.00, we feel it is appropriate to record this as "no variance." Alternatively, we could record our % complete each quarter to be the same as our baseline projections, but this would be "X% complete of \$0.00."
2j.	Network Testing	0	Even though we had \$0 allocated to this category in our detailed budget, we still recorded projections for % complete for each quarter in our original baseline. In hindsight, it would have been more appropriate to record 0% or N/A in our baseline projections. At this point, we have spent \$0.00 on this category, and since our original projection was to spend \$0.00, we feel it is appropriate to record this as "no variance." Alternatively, we could record our % complete each quarter to be the

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			same as our baseline projections, but this would be "X% complete of \$0.00."
2k.	Other (please specify):	38	Our baseline goal was to be 43%. The small variance is due mainly to our general liability insurance costs being lower than expected due to the delay in starting construction.

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).
 Fiber availability continues to be constrained.

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	We estimated 40 miles in our baseline. We achieved 38 miles of CONDUIT construction (due to lack of fiber availability). Since we can only record miles deployed once fiber is deployed, we are required to record our progress as 0 miles.
New network miles leased	60	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	We estimated 100 miles in our baseline, however we interpreted this to mean the number of new miles deployed PLUS the number of new miles leased. We now understand that leased miles should not have been included in this category. We achieved 38 miles of new CONDUIT construction (due to lack of fiber availability), but were unable to count these miles since fiber has not been deployed. See above.
Number of new wireless links	0	Not applicable.
Number of new towers	0	Not applicable.
Number of new and/or upgraded interconnection points	280	Exceeds baseline. 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	
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	1
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:
 None at this time.

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. Until we have fiber cabling, it is not possible to wholesale services over the network.

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).

Not applicable.

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	Until we have fiber cabling to install in the ducts that have been deployed, it is not possible to provide services over the network.
	Providers with signed agreements receiving improved access	0	Until we have fiber cabling to install in the ducts that have been deployed, it is not possible to provide services over the network.
	Providers with signed agreements receiving access to dark fiber	0	Until we have fiber cabling to install in the ducts that have been deployed, it is not possible to provide services over the network.
Community Anchor Institutions (including Government institutions)	Please identify the speed tiers that are available and the number of subscribers for each	0	Until we have fiber cabling to install in the ducts that have been deployed, it is not possible to provide services over the network.
	Total subscribers served	0	Until we have fiber cabling to install in the ducts that have been deployed, it is not possible to provide services over the network.
	Subscribers receiving new access	0	Until we have fiber cabling to install in the ducts that have been deployed, it is not possible to provide services over the network.
	Subscribers receiving improved access	0	Until we have fiber cabling to install in the ducts that have been deployed, it is not possible to provide services over the network.
Residential / Households	Please identify the speed tiers that are available and the number of subscribers for each	0	Until we have fiber cabling to install in the ducts that have been deployed, it is not possible to provide services over the network.
	Entities passed	0	Not applicable.
	Total subscribers served	0	Not applicable.
	Subscribers receiving new access	0	Not applicable.
	Subscribers receiving improved access	0	Not applicable.
Businesses	Please identify the speed tiers that are available and the number of subscribers for each	0	Not applicable.
	Entities passed	0	Not applicable.
	Total subscribers served	0	Not applicable.
	Subscribers receiving new access	0	Not applicable.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving improved access	0	Not applicable.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Not applicable.

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

None at this time.

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	Until we have fiber cabling to install in the ducts that have been deployed, it is not possible to provide services over the network.

Project Indicators (Next Quarter)

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

Continue to aggressively construct conduit. We expect to have 80 total/cumulative miles deployed at the end of the next quarter. Complete our IRU for fiber to Chattanooga with the railroad. Purchase additional electronics and other equipment. Continue executing on community outreach plan and engaging CAIs. Complete our engineering efforts. Continue permitting process for areas to be constructed. Negotiate wholesale service provider agreements.

We project a cumulative 0 new network miles deployed by the end of Q4, which is due to the lack of fiber availability. We project a cumulative 250 new network miles leased, which results from the 60 miles already leased from Parker FiberNet and the 190 miles being leased from the Railroad (Atlanta - Chattanooga). We project a cumulative 0 total CAI subscribers served, which is due to the lack of fiber availability. We project a cumulative 1 signed agreements with broadband wholesalers or 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	49	Our baseline goal was to be 55%. Our overall project was delayed due to our EA.
2b.	Environmental Assessment	78	Our baseline goal was to be 100%. We completed our environmental assessment under budget. We expect no more costs to be incurred in this category unless issues related to our SAC come up.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2c.	Network Design	69	Our baseline goal was to be 100%. Our costs to date have been lower than expected, however we expect additional costs to be incurred as our engineering is completed.
2d.	Rights of Way	21	Our baseline goal was to be 100%. Costs for this category have been lower than expected to date. \$548k of the \$878k in this category was for joint use (pole attachment) fees. The constraints on setting new poles imposed in our EA SAC has discouraged the use of poles altogether.
2e.	Construction Permits and Other Approvals	54	Our baseline goal was to be 100%. Costs have been lower than expected to date, however we expect these costs to increase as we move forward with more expensive permits like our railroad crossings.
2f.	Site Preparation	0	N/A. No costs were allocated for this category.
2g.	Equipment Procurement	71	Our baseline goal was to be 100%. This is a relatively small portion of our overall budget. These costs are occurring later than expected due to the delay in the start of our construction.
2h.	Network Build (all components - owned, leased, IRU, etc.)	48	Our baseline goal was to be 47%. No variance is expected.
2i.	Equipment Deployment	0	Even though we had \$0 allocated to this category in our detailed budget, we still recorded projections for % complete for each quarter in our original baseline. In hindsight, it would have been more appropriate to record 0% or N/A in our baseline projections. At this point, we project \$0.00 spend on this category for next quarter, and since our original projection was to spend \$0.00, we feel it is appropriate to record that we expect to have "no variance." Alternatively, we could record our % complete each quarter to be the same as our baseline projections, but this would be "X% complete of \$0.00."
2j.	Network Testing	0	Even though we had \$0 allocated to this category in our detailed budget, we still recorded projections for % complete for each quarter in our original baseline. In hindsight, it would have been more appropriate to record 0% or N/A in our baseline projections. At this point, we project \$0.00 spend on this category for next quarter, and since our original projection was to spend \$0.00, we feel it is appropriate to record that we expect to have "no variance." Alternatively, we could record our % complete each quarter to be the same as our baseline projections, but this would be "X% complete of \$0.00."
2k.	Other (please specify):	48	Our baseline goal was to be 55%. The small variance is due mainly to our general liability insurance costs being lower than expected due to the delay in starting construction.

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).

Fiber availability. We continue to explore other avenues to minimize impact to the project. While cold weather doesn't impact our construction schedule much, we tend to get more rain in the winter months, and this does cause delays with underground construction.

