

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 NT10BIX5570017	3. DUNS Number 188655898
4. Recipient Organization Executive Office of the Commonwealth of Pennsylvania (Office of Administration) 225 Capitol Building, Harrisburg, PA 17120-0001		
5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2011	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 Holly Caudill	7c. Telephone (area code, number and extension) 7174257650	7d. Email Address hcaudill@state.pa.us
7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-16-2011	

Project Indicators (This Quarter)			
<p>1. Please describe significant project accomplishments completed during this quarter (600 words or less).</p> <p>Our project continues to progress on schedule with the completion of the construction of nine shelters and four of five new self supporting towers by the close of the quarter. The remaining tower's construction was slowed due to substantial rains that drenched the area in the month of September. Progress is expected to continue as soon as the resulting collection of water dissipates. We have continued to progress on our installation of upgraded microwave radio equipment and have completed a total of 32 of the total 71 microwave radio connections by the close of the quarter. We consider ourselves on schedule.</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	21	<p>Our percent complete, based upon expenditures, as required by the project leadership, trails that of our baseline due to the safeguards built into our payment system. Invoices are only paid after the goods are received, installed, quality assurance tested, approved and an invoice submitted by the vendor. Despite the percentage complete being at only 21 percent, our project remains on schedule and expects to make significant progress as payment for invoices of completed shelters, towers and equipment are made.</p> <p>We expect our progress to catch that of our baseline report in early 2012 as we receive and pay invoices for multiple towers and shelter structures that were built in the third quarter of 2011.</p>
2b.	Environmental Assessment	100	Our environmental assessment is complete.
2c.	Network Design	69	<p>We have completed the network design for all areas of our network with the exception of the connection to our Community Anchor Institutions and last mile service providers. This portion of our project will become the focus of our attention early in 2012.</p> <p>We expect to move closer to our baseline in the fourth quarter but do not expect to catch up completely until 2012 when we are able to finalize the plans of our interconnection with Community Anchor Institutions and Last mile service providers.</p>
2d.	Rights of Way	0	The rights of way milestone has no cost associated with it as part of our project; therefore, it is not being tracked within the quarterly PPR.
2e.	Construction Permits and Other Approvals	0	The construction permits and other approvals milestone has no cost associated with it as part of our project; therefore, it is not being tracked within the quarterly PPR.
2f.	Site Preparation	21	<p>The site preparation milestone tracks our project's progress on the work completed to prepare sites for the new equipment, shelter and/or tower that is planned for that radio tower site. Because of our internal requirements that installation, quality assurance testing and approval are necessary prior to invoicing, this milestone does not show the true progress of the project.</p> <p>We expect to catch the progress predicted in our baseline report within the fourth quarter of 2011.</p>
2g.	Equipment Procurement	21	Our equipment procurement milestone currently shows the percentage of equipment that we have paid for so far in the project and is not an accurate reflection of the true progress in this area. As of the close of the third quarter, we had completed a total of 32 of the 71 microwave radio connections. We expect to catch our baseline report by the middle of 2012.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2h.	Network Build (all components - owned, leased, IRU, etc)	32	<p>Our network build milestone includes expenditures for our towers and shelters, most of which were completed within the third quarter. The percentage of progress shown is reflective of expenditures which are delayed by the requirement that the commonwealth has put upon our vendors that the construction has to be completed, the work quality assurance tested, approved and invoiced.</p> <p>As of the close of the third quarter, we had completed four of the five towers with the final tower expected to be completed early in the fourth quarter. We have also completed construction on nine equipment shelters.</p> <p>We expect to catch the baseline for this milestone within the next quarter (Q4, 2011.)</p>
2i.	Equipment Deployment	5	<p>While we have deployed equipment at 32 of our 71 microwave radio connections, our vendor has not billed us for any of the work associated with that deployment to date due to those services being connected to the installation of the switching equipment as well. Since we expect the switching equipment to be installed in early 2012, we expect to receive invoices for this work in the first and second quarters of 2012.</p> <p>We expect to catch our baseline report in the first half of 2012 with the roll out of switching equipment and the expenditures that they will create.</p>
2j.	Network Testing	25	<p>As sections of our microwave network are completed, we have them tested for quality assurance. As of the end of the third quarter, we are only showing 25 percent complete due to not receiving the invoices for July and August until late in September. Due to the time necessary to process, payment of these invoices will not happen until early in the fourth quarter.</p> <p>We will continue to work with this vendor to get invoices in a timely manner and expect to begin catching up early in 2012.</p>
2k.	Other (please specify): Customer Acquisition, Support and Billing	16	<p>Due to the realization of a potential weakness in the network, we were forced to put the development of our billing and provisioning software on hold to allow us to time to determine the correct course of action. Now that we have made the decision of which equipment we will deploy to harden the network, we are able to once again move forward with the billing and customer support portion of the project.</p> <p>Additionally, we have decided that it is in our best interest and in the best interest of our future customers that we gain experience in the sale of broadband services. In order to do so, we will begin a pilot project in the fourth quarter that will allow us to gain the valuable experience that will enable us to make intelligent decisions regarding the sales of our new broadband capacity.</p> <p>We expect our progress to catch that reported in our baseline early in 2012.</p>

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 third quarter of 2011, we discovered that we had some potential weaknesses in the network and worked to determine ways to reinforce the components of the network that would be susceptible to failure. We accomplished our goal but were forced to put the deployment of our switching equipment and service portal on hold until we were able to finalize the plans. The end result will be a stronger network.

Additionally, we have been challenged with finding the right business partners for the capacity that our network will produce especially since this is a new business for our office to operate. In order to gain the experience that we are currently lacking, we have moved

forward with the planning of a pilot project that will enable us to test the system as well as prove the ability of the network to deliver bandwidth to an end user.

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	No new network miles have been deployed.
New network miles leased	0	Our project does not include leased network.
Existing network miles upgraded	473	Our project has upgraded the microwave radios on a significant portion of the network providing an additional 150 Mbps but have not upgraded the switching equipment on these miles to date. We will continue to progress on the roll out of microwave upgrades and expect to begin the installation of switching equipment by the close of the fourth quarter of 2011. While we trail the number of upgraded miles reported on our baseline report, we expect to begin closing that gap over the next two quarters.
Existing network miles leased	0	Our project does not include leased network.
Number of miles of new fiber (aerial or underground)	0	Our project does not include fiber.
Number of new wireless links	32	As of the close of the third quarter, our project has installed a total of 32 new microwave links capable of handling an additional 150 Mbps of traffic.
Number of new towers	4	Our project includes the construction of a total of five new self supporting radio towers. As of the close of the third quarter of 2011, we had finished the construction of four of those towers and completed a substantial amount of progress on the remaining tower which we expect to finish early in the fourth quarter. The remaining tower was scheduled to have been completed by the close of the third quarter; however, the substantial rains that hit Pennsylvania in September required us to delay completion of the final tower until the grounds surrounding the tower have a chance to dry a bit. We expect the last tower to be completed in early October.
Number of new and/or upgraded interconnection points	0	Interconnection points will be added to the network as the new customers and their needs are determined. We expect to begin offering broadband services as the initial segments of switching enabled bandwidth are completed to interested last mile providers and/or anchor institutions.

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: While we have not signed any agreements to date with wholesale or last mile providers, we have had discussions with various middle mile and last mile providers and are working toward determining exactly how the relationship will be structured between the Commonwealth of Pennsylvania and the last mile provider as well as logical points of interconnection between networks.

We anticipate signing the first contract(s) within the first quarter of 2012 but will be commencing a "pilot" project during the fourth quarter of 2011 which will give us a great deal of experience in building the connections and in our opinion, assist us in entering into agreements intelligently.

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:

Our plan continues to be to offer Ethernet virtual circuits at 3,6,10,20, and 50 Mbps. Our pricing will be based upon Network Interface Access and number of microwave connections between ports. Standard features will include Layer 2 MPLS Ethernet ports, best effort routing with route protection in backbone connections, and base price includes basic capability of up to 25% of contracted bandwidth at no cost if excess capacity is available. Agreement includes tower site compound access but not tower space.

As a result of the pilot project that we will be undertaking during the fourth quarter of 2011, we may alter the current plan.

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).

At this point in the project, the Commonwealth has not designated a third party to manage the available broadband services offered by our network.

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	We are still negotiating with our first wholesale/last mile provider and hope to have a signed agreement by the close of the first quarter, 2012 as we will be embarking on a pilot project with that entity during the fourth quarter of 2011 and beyond. While our baseline report predicted that we would have a total of seven providers receiving new access by this point in the project, we remain at zero.
	Providers with signed agreements receiving improved access	0	No subscribers served with improved access at this point in the project. While our baseline report predicted that we would have one wholesaler or last mile provider receiving improved access at this point in the project, we remain at zero. We anticipate making our first connection to a last mile service provider during the fourth quarter of 2011.
	Providers with signed agreements receiving access to dark fiber	0	Dark fiber is not included in this project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	The actual speed tiers available and the number of subscribers for each will be determined at the time of our first subscriber's connection to the network.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	No subscribers served at this point in the project although we anticipate the opportunity to sign our first subscribers onto the network by the end of the calendar year. Our baseline report predicted that we would have a total of eleven community anchor institutions connected to the network by this point in the project. We anticipate catching up to the baseline's predictions by finalizing an agreement involving multiple CAI's that we are pursuing at this time.
	Subscribers receiving new access	0	No subscribers served at this point in the project although we anticipate the opportunity to sign our first subscribers onto the network by the end of the calendar year. Our baseline report predicted that we would have eight subscribers receiving new access at this point in the project. We anticipate closing the current gap with the baseline report within the fourth quarter.
	Subscribers receiving improved access	0	No subscribers served with improved access at this point in the project. Our baseline report predicted that we would have three subscribers receiving improved access at this point in the project. We anticipate closing the current gap with the baseline report within the fourth quarter.

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 or subscribers for each	0	The actual speed tiers available and the number of subscribers for each will be determined at the time of our first subscriber's connection to the network.
Residential / Households	Entities passed	0	Not addressed in this middle mile project.
	Total subscribers served	0	Not addressed in this middle mile project.
	Subscribers receiving new access	0	Not addressed in this middle mile project.
	Subscribers receiving improved access	0	Not addressed in this middle mile project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Not addressed in this middle mile project.
Businesses	Entities passed	0	Not addressed in this middle mile project.
	Total subscribers served	0	Not addressed in this middle mile project.
	Subscribers receiving new access	0	Not addressed in this middle mile project.
	Subscribers receiving improved access	0	Not addressed in this middle mile project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Not addressed in this middle mile project.

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

Due to the fact that our project is implemented by a public safety communications agency, we are considering offering discounted services to local public safety entities such as local fire, police and emergency response.

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

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

Our network management practices have not changed.

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
to be determined	to be determined	to be determined	to be determined	n/a, at this point in the project

Project Indicators (Next Quarter)

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

We anticipate the start of a WiMAX pilot project with a last mile provider to commence during the fourth quarter. This pilot project will enable our office the experience necessary to further our business with future customers as well as provide a "proof of concept" to potential subscribers. We anticipate that this project will allow us to sign the first last mile provider onto our network. We are also finalizing negotiations to bring multiple community anchor institutions onto the network as well. Until the negotiations are complete, we will not know how exactly many CAI's will be connected within the fourth quarter.

Additionally we expect to complete construction on the last of five towers in the early part of the quarter allowing us to QC inspect the

structures, approve and receive invoices for these items. This will close out one significant portion of our project that other portions were contingent upon.

Our microwave installation will continue through the Thanksgiving holiday allowing us to complete an estimated total of 41 of the 71 microwave connections included in this project as well as closing a few rings in the design of the network. The closure of those upgraded rings allows us a re-rerouting capability within the network as well as an additional level of redundancy. We anticipate that the total number of miles completed as of the end of the fourth quarter will be 661.5 miles.

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	36	By the close of the fourth quarter of 2011, our project will have completed the tower and shelter construction portion of the project and will have installed a total of 41 of the 71 total microwave radio connections included within the project, if not more. Due to the location of our sites and hunting season starting just after Thanksgiving, our teams will take a break from field work and focus their efforts on other activities to keep the project on schedule. Due to our percent of progress being based upon expenditures and our internal requirements prior to payment of invoices, our numbers are not in agreement with the baseline report. As invoices are received for the completed tower and shelter construction as well as the continued equipment installations, our percent of progress should climb significantly at the close of the 2011 4th quarter as well as the 2012 1st quarter.
2b.	Environmental Assessment	100	This milestone is complete.
2c.	Network Design	76	The main item remaining under our network design is that of the wireless links to connect the last mile providers and/or community anchor institutions to our network. With the planned launch of a pilot project with a last mile service provider in the fourth quarter, and the valuable knowledge we will gain from that project, we anticipated launching this milestone forward in the first quarter of 2012.
2d.	Rights of Way	0	N/A. The rights of way milestone has no cost associated with it as part of our project; therefore, it's progress will not be tracked within the quarterly PPR.
2e.	Construction Permits and Other Approvals	0	n/a The construction permits and other approvals milestone has no cost associated with it as part of our project; therefore, it will not be tracked within the quarterly PPR.
2f.	Site Preparation	38	By the close of the fourth quarter, we expect to have completed all of the tower and shelter work as part of this project with the only remaining element in site preparation to be the compound expenses to finish the grading, seeding, fencing etc. at the site compounds. With a majority of this work coming to a close, we expect to be in the early stages of receiving the remainder of the invoices for site preparation by the close of the fourth quarter which should be paid by the close of the first quarter of 2012.
2g.	Equipment Procurement	23	As our equipment is installed and tested, our vendor(s) are submitting invoices for payment. Unfortunately, the invoices trail the actual installation by multiple months due to the internal procedures that we have in place. Nonetheless, we will have reached 23 percent of this milestone by the close of the fourth quarter and expect to make significant progress as invoices (for work completed in the fourth quarter) are paid by the close of the first quarter in 2012.
2h.	Network Build (all components - owned, leased, IRU, etc.)	79	The network build milestone includes the construction of our towers and shelters of which many other elements were dependant upon. A majority of those structures are complete as of the end of the third quarter with the remainder of them expected to be completed early within the fourth quarter. These expenditures, likely realized in the first quarter of 2012, along with expenditures for the radio and switching equipment will help to boost this milestone in early 2012.
2i.	Equipment Deployment	15	The progress in this milestone is slow due to a network hardware configuration change that effects our entire network. As a result, a few elements of our project schedule were adjusted to allow for that work to be configured. Now that we have made our adjustments, we expect to roll out switching equipment as well as the provisioning portal which will allow our expenditures in this milestone to increase early in 2012.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2j.	Network Testing	40	We will continue to test all equipment installations as they occur, as we have from the start of the project. By the close of the fourth quarter of 2011, we expect to have paid all invoices related to the quality control inspections that have occurred prior to the fourth quarter but are being conservative in our estimated expenditures. While this percentage of progress slightly trails that of our baseline report, we expect to catch up in the first quarters of 2012.
2k.	Other (please specify): Customer Acquisition, Support and Billing	16	<p>We are nearing completion of the billing and provisioning portion of our project. This portion was temporarily held up by a slight change in hardware configuration in another aspect of the network. Now that we have moved forward with the hardware changes, our vendor can finalize the work on this portion of the project.</p> <p>Our ability to bring customers onto the network and provide an appropriate bill is not contingent upon this portion of the project to be functional; however, billing and provisioning will be facilitated by this item.</p> <p>We now expect that this part of the project will be completed around the close of the first quarter of 2012.</p>

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).

We will be forced to halt microwave radio installations at our tower sites in the project after the Thanksgiving Day holiday due to the start of hunting season. This break in activity is built into the schedule so it shouldn't effect the progress of our project in a significant manner.

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	\$2,881,250	\$0	\$2,881,250	\$623,900	\$0	\$623,900	\$744,989	\$0	\$744,988
b. Land, structures, right-of-ways, appraisals, etc.	\$5,497,900	\$5,303,410	\$194,490	\$2,377,435	\$2,377,435	\$0	\$4,419,350	\$4,419,350	\$0
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,997,474	\$0	\$2,997,474	\$814,600	\$0	\$814,600	\$1,837,287	\$0	\$1,837,287
e. Other architectural and engineering fees	\$495,125	\$0	\$495,125	\$347,710	\$0	\$347,710	\$347,710	\$0	\$347,710
f. Project inspection fees	\$1,763,200	\$0	\$1,763,200	\$365,393	\$0	\$365,393	\$1,489,406	\$0	\$1,489,406
g. Site work	\$7,603,022	\$0	\$7,603,022	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,414,984	\$560,077	\$1,854,907	\$475,767	\$34,960	\$440,807	\$1,038,413	\$198,678	\$839,735
j. Equipment	\$12,327,062	\$1,332,516	\$10,994,546	\$2,559,751	\$393,741	\$2,166,010	\$2,899,455	\$475,186	\$2,424,269
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$35,980,017	\$7,196,003	\$28,784,014	\$7,564,556	\$2,806,136	\$4,758,420	\$12,776,610	\$5,093,214	\$7,683,395
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$35,980,017	\$7,196,003	\$28,784,014	\$7,564,556	\$2,806,136	\$4,758,420	\$12,776,610	\$5,093,214	\$7,683,395

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: \$1,567,257 b. Program Income to Date: \$0