

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 NT10BIX5570076	3. DUNS Number 829946784
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4. Recipient Organization

 Vermont Telecommunications Authority One National Life Drive, Montpelier, VT 05602-3377

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
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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 Jennine Poulin	7c. Telephone (area code, number and extension) 802 828 17
	7d. Email Address jpoulin@telecomvt.org

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-18-2011
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Project Indicators (This Quarter)

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

Electronics: SFC Fiber Corp (SFC) signed a Statement of Work for Electronics with the engineering firm previously engaged. SFC issued and received responses to an RFQ for packet optical equipment. Five vendors were asked to make proposals and attended technical sessions in September.

Cable: Based on RFQ responses, SFC selected two vendors to provide fiber optic cable. Contracts for delivery of fiber cables for the entire project are being negotiated.

Route Selection and Make-Ready: Route design and joint pole surveys continued. SFC has design surveyed 53% of poles on the network route, applied for attachments to 53%, and requested make-ready work on 42%. Pole owners continue to perform make-ready work. Additional pole attachment agreements were signed.

Historic Preservation: Selected a historic preservation and archaeological firm to survey and document cultural artifacts, consistent with the terms of the Programmatic Agreement.

Outside Plant Construction: SFC issued an RFQ for outside plant construction of 90+ miles of plant, and subsequently sent RFP's to qualified contractors. Six vendors bid. A contract for construction of this outside plant was entered shortly after close of the quarter.

CAI's: SFC has signed agreements with Community Anchor Institutions ("CAIs") for 92 locations on the planned network. SFC continues to work with CAI's to refine service needs and locations, and to negotiate service agreements.

Permitting: Sixty three towns have been contacted regarding need for construction permits. Rail crossings located within the 90 mile network segment were identified; permit applications were being prepared. SFC selected and engaged a service firm to research and procure easements, highway and railway crossing permits.

Conduit and Collocations: Design engineering of conduit locations continued. Additional collocation applications were submitted.

Program Audit: SFC engaged an auditing firm to complete the annual audit; fieldwork was finished, and a draft report was issued in September.

Other: Participated in bi-weekly calls with NTIA. Preparation and submission of reports.

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	6	Actual spending trails the baseline plan primarily due to uncertainty prior to NTIA lifting Special Award Condition 10 regarding the ultimate scope of the project due to potential modifications required to resolve overlap with other BTOP projects, as well as limitations on work that could be initiated prior to the lifting of the Special Award Condition 10 and issuance of the FONSI.
2b.	Environmental Assessment	46	50% completion (as measured by expenditures relative to project budget) was projected through Sept. 30 in the June PPR. The Environmental Assessment ("EA") work required to obtain a Finding of No Significant Impact ("FONSI") is complete. However, archeological surveys will continue on a site-specific basis as poles requiring relocation and conduit locations are identified, and EA work may be required in support of a potential Award Action Request for approval of route modifications.
2c.	Network Design	19	As measured by expenditures, completion increased by 12% over the quarter. Cumulative spending on Network Design through Sept 30 was short of the 25% projection in the June PPR primarily due to deferred start of design tasks while overlapping BTOP awards were resolved. Engineering firms retained for detailed route surveys, network design, overall project engineering support and management continue to assist SFC with all elements of the project.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2d.	Rights of Way	0	N/A
2e.	Construction Permits and Other Approvals	65	Activity included in this expense category are principally make-ready survey fees. Expenditures to date exceed the 57% baseline goal that was projected for Sept. 30 in the June PPR. SFC has applied for pole attachment licenses for approximately 53% of utility poles involved in the project.
2f.	Site Preparation	15	This category is comprised of pole make-ready work by pole owners and third party attachees. Cumulative expenditures in this category increased from 7% to 15% of budget during the quarter, as make-ready work was authorized on poles previously surveyed. Although spending is behind projection in this budget category, progress is running ahead of expenditures. Cumulative spending equal to 28% of budget was projected in the June PPR thru Sept. 30, while make-ready charges have been paid for approximately 42% of poles.
2g.	Equipment Procurement	1	Cumulative spending to date is in line with the 1% completion projected through Sept. 30 on the June PPR. Purchases to date have been for test equipment. Progress made in the quarter that will lead to substantial expenditures on equipment included SFC's execution of a Statement of Work with its engineering firm to develop equipment specifications, as well as issuance of an RFQ for Packet Optical Equipment, receipt and review of vendor proposals, and follow-up technical sessions with potential vendors.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Consistent with the projection in the June PPR, minimal expenses were incurred through Sept. 30 in this category, which includes outside plant construction and fiber cable. Activities during the quarter that will enable spending in the Network Build category in subsequent quarters include issuance of an RFQ for construction of 90+ route miles, review of the bids from outside plant contractors, issuance of a RFQ for fiber cable, and selection of two vendors to provide bulk fiber optic cable. SFC and a construction firm entered a contract for construction of the first 90 route miles shortly after the close of the quarter. Make-ready expenditures, which are in the Network Design category have totalled approximately \$1.2M to date.
2i.	Equipment Deployment	3	15% was projected through Sept. 30 on the June PPR Report. Submission of collocation applications to incumbent local exchange companies provides the foundation for expenditures in subsequent quarters on collocation installs and augments. Preparation of collocation space by SFC, which comprises the majority of the planned spending in this category, was deferred while the owner of the collo space prepares the space.
2j.	Network Testing	0	N/A
2k.	Other (please specify):	30	Expenses are roughly in-line with those budgeted for.

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).

Special Award Condition 9 (Environmental Assessment) precluded expenditure of funds for purposes other than management, administration and limited procurement until a Finding of No Significant Impact ("FONSI") was obtained. In addition, NTIA did not fully resolve overlap between the Vermont FiberConnect project and another BTOP project during the application review phase, and applied Special Award Condition 10 to the VFC project, which required modification of one or both of the projects to resolve overlapping elements of the projects. Because of the uncertain resolution of the overlap, project activities that were not otherwise restricted by Special Award Condition 9 were slowed or suspended pending NTIA's decision about how to resolve the overlap, and in particular how the VFC project would be modified. The deferral of activities created variances relative to initial baseline spending projections in numerous categories, including: land, structures, rights-of-way, appraisals, project inspection fees, make-ready, construction and equipment procurement. The NTIA issued a FONSI and lifted Special Award Condition 10 in May 2011, five months later than assumed in the initial baseline plan. Detailed route surveys, make-ready applications, and permitting have been proceeding at an accelerated pace to bring the project back close to the initial schedule. Work during the quarter to secure permits, define

equipment and outside plant construction specifications, develop contract templates and negotiate contracts with vendors for work will comprise a significant share of the overall project budget providing a foundation for rapid progress. Foremost among the on-going challenges is that most vendors of high quality cable have declined to provide firm delivery dates. However, SFC has secured commitments from one vendor to deliver an initial quantity of cable in the next quarter, and is continuing dialogue with multiple vendors to obtain firm supply commitments sufficient for completion of the project, and believes it likely that cable supplies will be available to complement outside plant construction that will occur this quarter. We continue to believe it is feasible to meet the overall 67% "substantial completion" milestone by the end of eight quarters (June 30, 2012).

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	Baseline plan was to have 250 route miles deployed by end of the quarter. Tasks antecedent to construction were delayed until Special Award Condition 10 was lifted and FONSI issued. In addition, Tropical Storm Irene damage to basic infrastructure, in particular telecom and power company poles, caused those companies to redeploy personnel on repair and maintenance duty. The redeployment lasted several weeks post-storm and had a direct negative impact on this project's anticipated progress and performance.
New network miles leased	0	N/A
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	0	Baseline plan was to have 250 route miles deployed by end of the quarter. However, tasks antecedent to construction were delayed until Special Award Condition 10 was lifted and FONSI issued -- roughly 5 months later than the dates established by NTIA in the award. Construction will start in December. We anticipate having completed 250 miles by May 2012.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	Tasks antecedent to construction were delayed until Special Award Condition 10 was lifted and FONSI issued.

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	4
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

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:

The project is not yet providing services.

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).
 Sovernet Fiber Corp., 5 Canal Street, Bellows Falls, VT 05101
 Subrecipient
 Sovernet will operate the entire network when completed.

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	N/A
	Providers with signed agreements receiving improved access	0	N/A
	Providers with signed agreements receiving access to dark fiber	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
Community Anchor Institutions (including Government institutions)	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
Residential / Households	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
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).
N/A

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 at this time	N/A	N/A	N/A	N/A

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
1) An outside plant construction contract valued at \$1.7 million was entered early in this quarter for over 90 route miles. Construction under this contract will begin during the quarter. 2) Contracts with aggregate value of approximately \$5.1 million for purchase of the bulk fiber-optic necessary for completion of the project will be executed during the quarter. Initial purchase orders will be submitted during the quarter. 3) Detailed route design covering over 200 route miles will begin and be substantially completed during the quarter. 4) Make-ready surveys will be applied for and conducted for an additional 5500 poles. 5) License agreements for rail crossings will be negotiated. Applications for rail crossings for an additional 200 route miles will be submitted. 6) Select primary packet electronics vendor; release RFPs for routing and Operations Support System equipment. 7) The first batch of collocation sites will be released to SFC by the location owner this quarter, matching the outside plant build schedule. Most of the remaining collocations will be applied for early in this quarter, so that release dates line up with planned construction. 8) A lease for a secure material storage yard will be negotiated and entered. 9) Design will be completed and construction (costing approximately \$125,000) will begin on fiber service entry to a building utilized by an anchor institution as a main network hub.

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	13	Make-ready surveys and work will continue during the quarter. Construction of 90 route miles of outside plant will begin during the quarter. Compilation of a bid package for over 200 miles of additional outside plant construction will be started this quarter. In addition, design, permitting, and make-ready that is prerequisite to further construction will continue. No CAI's will be connected during the quarter. Discussion of service arrangements between SFC and broadband wholesalers and last-mile providers will continue. In most cases, service agreements will not be entered until shortly before service can be turned up. Accordingly, no agreements are anticipated during the next quarter.
2b. Environmental Assessment	46	Additional expenses will be incurred if route modifications are proposed.
2c. Network Design	30	Engineering firms will continue to assist SFC with network design, route surveys and overall project management.
2d. Rights of Way	0	Expenditures for rights of way are budgeted under Network Design, consistent with NTIA project accounting guidance. SFC will continue to identify parcels for which rights-of-way must be obtained, and where necessary will contact property owners to obtain easements or other consents.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2e.	Construction Permits and Other Approvals	80	SFC will continue to request make-ready surveys and apply for pole attachments. Rail permits covering approximately one quarter of the project's total route miles will be submitted during the quarter.
2f.	Site Preparation	22	SFC anticipates applying for attachments to roughly 5,500 utility poles -- slightly over 20% of those required for the project -- in the next quarter. The total applied for by end of quarter will be approximately 77% of those required for the project.
2g.	Equipment Procurement	2	A primary vendor will be selected and engaged during the quarter to provide the packet optical electronic equipment for the network. RFP's will be released for routing and Operations Support Systems.
2h.	Network Build (all components - owned, leased, IRU, etc.)	9	Outside plant construction activity and associated contracts is proceeding in waves, as network design is completed, permits obtained and make-ready completed. Construction of approx. 90 route miles will begin this quarter as well as the fiber service entry to a building that serves as a major network hub for an community anchor institution. We anticipate strand will be attached to poles on approximately 50 route miles by the end of the quarter. A bid package for Outside Plant Construction for over 200 miles should be approximately 80% complete by the end of the quarter. No new network miles will be leased.
2i.	Equipment Deployment	15	SFC anticipates applying for collocations at most remaining sites during the quarter. Owners of collo sites are expected to take the full 91 days allowed under tariffs to review the applications and perform the build out of the space. Several collo projects already initiated are expected to complete. SFC will begin to install equipment in collo sites when site owners provide notices of completion.
2j.	Network Testing	5	Although no budgeted expenses fall within this reporting category, a baseline projection for Network Testing was made to reflect anticipated fiber testing and network verification. Other than pre-deployment testing of fiber delivered by vendors, network testing will follow completion of network segments, construction of which was delayed pending resolution of grant overlap issues and issuance of the Finding of No Significant Impact.
2k.	Other (please specify): Admin & Legal Expenses	48	

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).

1) Cable vendors have stated the first deliveries of fiber will not arrive until April, 2012. To make progress in the interim, outside plant construction will focus initially on install of conduit and 90 miles of aerial construction with attachment of fiber cable to follow when available. 2) Execution of railroad crossing license agreements and subsequent acquisition of permits for railroad crossings is in progress. Railroads have advised licensees that lead times for negotiation of Master License Agreements are typically five to seven months. Efforts to accelerate the usual completion time of these items is currently underway and will continue until such time as these items are successfully completed or until technical assistance from BTOP staff may prove useful.

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	\$1,956,141	\$590,272	\$1,365,869	\$704,768	\$216,591	\$488,177	\$821,537	\$251,621	\$569,916
b. Land, structures, right-of-ways, appraisals, etc.	\$1,151,500	\$345,450	\$806,050	\$45,530	\$13,659	\$31,871	\$190,276	\$57,083	\$133,193
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$3,017,040	\$905,112	\$2,111,928	\$100,451	\$30,135	\$70,316	\$361,730	\$108,519	\$253,211
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$3,400,000	\$1,020,000	\$2,380,000	\$642,140	\$192,642	\$449,498	\$1,033,740	\$310,122	\$723,618
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	\$30,720,083	\$9,216,025	\$21,504,058	\$1,303,311	\$460,993	\$842,318	\$3,856,711	\$1,227,013	\$2,629,698
j. Equipment	\$7,522,996	\$2,584,499	\$4,938,497	\$63,714	\$19,114	\$44,600	\$113,714	\$34,114	\$79,600
k. Miscellaneous	\$410,000	\$123,000	\$287,000	\$0	\$0	\$0	\$190,000	\$57,000	\$133,000
l. SUBTOTAL (add a through k)	\$48,177,760	\$14,784,358	\$33,393,402	\$2,859,914	\$933,134	\$1,926,780	\$6,567,708	\$2,045,472	\$4,522,236
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$48,177,760	\$14,784,358	\$33,393,402	\$2,859,914	\$933,134	\$1,926,780	\$6,567,708	\$2,045,472	\$4,522,236

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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