

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

**General Information**

<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570076	<b>3. DUNS Number</b>  829946784
--	---	--

**4. Recipient Organization**  
  
 Vermont Telecommunications Authority One National Life Drive, Montpelier, VT 05602-3377

<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  09-30-2012	<b>6. Is this the last Report of the Award Period?</b>  <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.

<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Erik Amalixsen  Project Manager	<b>7c. Telephone (area code, number and extension)</b>  8028281795
	<b>7d. Email Address</b>  eamalixsen@telecomvt.org

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  11-29-2012
---	--

**Project Indicators (This Quarter)**

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

1. During the quarter, Sovernet Fiber Corp (SFC) purchased 1.0 million feet of fiber-optic cable, with 4.6 million feet purchased to date.
2. Of the estimated number of poles on our route, SFC has now design surveyed and applied for attachments to 95%; requested make-ready work on 89%. Pole owners continued make-ready work. As of September 30, SFC had obtained licenses for 63% of the estimated number of poles – up from 52% as of June 30. By September 30, the proportion of poles for which either the electric utility or incumbent telephone company has issued make-ready licenses exceeding 70% of project total.
3. SFC’s right-of-way contractor continued to research easements, obtain landowner consents, secure rail crossing and municipal highway work permits.
4. During the quarter, all remaining bid packages were released to construction contractors. While outside plant construction has been constrained by the quantity and locations of make-ready work completed by pole owners, and to a lesser extent by need to secure permits, contractors have placed approximately 173 route miles this quarter, bringing the totals as of September 30th to 291 miles of fiber and 316 miles of strand.
5. SFC concluded negotiations, signed a contract and placed an initial purchase order with a provider of IP router equipment. The first phase of packet optical equipment was ordered and installed at major network nodes during the quarter.
6. SFC has signed agreements with CAI’s for several additional locations on the planned network, and continued to work with CAI’s to refine service needs, and to enter service agreements with them.
7. VTA and SFC staff participated in bi-weekly calls with NTIA, and prepared and submitted status reports.
8. Completed placement of fiber optic cable at five Federal Interstate highway crossing locations via aerial and underground constructi

**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	41	Most of the variance between actual spending to date and the baseline spending has been due to delays in electronic equipment purchases and outside plant construction. However, initial purchase orders and receipts of packet optical network equipment as well as the release of all construction packages and an increased rate of construction resulted in a significant pick-up in spending during the quarter. Overall spending during the quarter totaled \$5.9 million, and \$19.2 million cumulatively. Roughly 173 miles of strand and fiber-optic cable were placed during the quarter, bringing the cumulative strand and fiber in place to 316 and 291 miles, respectively. In addition, DWDM gear was received, installed and tested at major network nodes. A contract was awarded and orders placed for IP router equipment, laying the foundation for substantial expenditures and installations during subsequent quarters. Design and fit-up of collocation facilities continued, with all but one facility complete by end of quarter. SFC continued to design and install entrance facilities at customer locations and obtain additional CAI service commitments.
2b.	Environmental Assessment	49	No expenses were incurred during the quarter for environmental assessment work. Environmental Assessment activities for the project are complete, except to the extent necessary for review and approval of route revisions, and as necessary for archeological site assessments required under the Programmatic Agreement. Archeological staff have been contracted and a process implemented for review of proposed construction in non-exempt areas.
2c.	Network Design	79	As measured by expenditures, network design increased from 65% to 79% during the quarter as engineering firms continued to assist SFC with network design, route surveys and overall project management. Cumulative spending on Network Design through the quarter exceeded the 78% that was projected in the preceding PPR.

	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. Expenditures for rights of way are budgeted under Network Design, consistent with NTIA project accounting guidance. However, SFC's right of way contractor continued during the quarter to identify parcels for which rights of way must be obtained, and where necessary contacted property owners to obtain easements or other consents.
2e.	Construction Permits and Other Approvals	100	Expenses in this category are principally make-ready survey application fees. Expenditures are exceeding the amount originally estimated. Over 700 poles were surveyed during the quarter. Through the quarter, surveys have been requested for approximately 22,500 utility poles involved in the project; any remaining surveys are likely to be associated with minor route or design changes. In addition, numerous permits were obtained during the quarter for railroad crossings, interstate highway crossings, and for work along municipal and state roadways. Additional permit applications were also submitted during the quarter for the same.
2f.	Site Preparation	54	Expenses in this category are principally for make-ready work by pole owners and third party attachees. Cumulative expenditures in this category increased from 40% to 54% of budget during the quarter, as compared to 53% projected in the previous PPR. Make-ready work has been authorized on roughly 89% of the poles encompassed by the project. Pole attachment licenses were issued during the quarter for 2,800 poles -- approximately 12% of the poles encompassed by the project, bringing total obtained to 14,850 or roughly 63% of those needed. Lower-than-budgeted unit costs for make-ready are the primary reasons for the variance between indicators of spending and activity completion.
2g.	Equipment Procurement	32	DWDM and IP router electronic equipment purchased comprise most of this budget category. Cumulative expenditures through end of the quarter increased from 2% to 32% of budget during the quarter, slightly below the 36% spending estimated in the previous PPR. Phase 1, consisting of ten nodes was installed, tested and lit during this quarter. A contract was entered and purchase orders submitted for IP routers during the quarter. With contracts in place for all major equipment, and purchase orders placed for much of the stock required for project completion, procurement of equipment is not expected to delay project completion.
2h.	Network Build (all components - owned, leased, IRU, etc)	31	The original baseline plan estimated 85% of the network route would be complete by the end of 3Q2012. The variance between actual route miles placed and the initial forecast is principally due to delays associated with Special Award Condition 10 (resolution of overlap with other BTOP projects) and a prolonged issuance of a FONSI following completion of the environmental assessment. In the previous PPR, construction of 200 route miles was forecast for the third quarter. While outside plant construction has been constrained by the quantity and locations of make-ready work completed by pole owners, and to a lesser extent by the need to secure permits, contractors nonetheless placed approximately 173 route miles of fiber and strand, during the quarter, bringing the totals as of September 30th to 291 and 316 miles, respectively. Roughly two-thirds of the make-ready licenses necessary for project completion have been obtained, and all remaining bid packages were released to construction contractors during the quarter, setting the stage for substantial additional network construction during for the coming quarter, barring a loss of productivity due to harsh winter weather.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	2i. Equipment Deployment	40	The primary activity in this category is preparation of conditioned collocation space to house network equipment. As of the end of quarter, all but one collocation space has been fully prepared. Spending is likely to be under budget in this category.
	2j. Network Testing	25	Although no budgeted expenses fall within this reporting category, a baseline projection for Network Testing has been made to reflect anticipated fiber testing and network verification. Fiber delivered to vendors has been tested before being released to construction contractors. Network testing will follow completion of network segments.
	2k. Other (please specify): Admin & Legal Expenses	86	Cumulative expenses in this category increased during the quarter from 78% to 86% of budget, reflecting on-going administrative and legal expenses.

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).

SFC finished a productive quarter of outside plant construction and made significant additional progress in securing needed pole attachment licenses, rail and highway crossing permits, and network final design.

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	291	The baseline plan was to have 600 route miles deployed by the end of the quarter. Tasks prerequisite to construction were postponed until Special Award Condition 10 was lifted and the EA FONSI issued. In addition, starting in 2Q2011 and continuing through 2Q2012, redeployment of utility crews to areas of Vermont and southern New England to repair storm damage delayed make-ready for the project. Significant progress was made during the quarter to close the gap between baseline and actual deployment, as the 173 network miles deployed during the quarter exceeded the 100 mile deployment projected initially in the baseline plan.
New network miles leased	0	SFC is in negotiations for procurement of the fiber rights it intends to use along this network segment.
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Number of miles of new fiber (aerial or underground)	291	The baseline plan was to have 600 route miles deployed by the end of the quarter. Tasks prerequisite to construction were postponed until Special Award Condition 10 was lifted and the EA FONSI issued. In addition, starting in 2Q2011 and continuing through 2Q2012, redeployment of utility crews to areas of Vermont and southern New England to repair storm damage delayed make-ready for the project. Significant progress was made during the quarter to close the gap between baseline and actual deployment, as the 173 network miles deployed during the quarter exceeded the 100 mile deployment projected initially in the baseline plan.
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 prerequisite to construction were postponed until Special Award Condition 10 was lifted and the EA FONSI issued. Interconnection points will be activated as construction is completed along related network segments.

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	1
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	4
Average term of signed agreements (in quarters)	12

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: Educational Networks of America, Inc.

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)

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	Project is not presently providing service.
	Providers with signed agreements receiving improved access	0	Project is not presently providing service.
	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	Project is not presently providing service.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Project is not presently providing service.
	Subscribers receiving new access	0	Project is not presently providing service.
	Subscribers receiving improved access	0	Project is not presently providing service.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Project is not presently providing service.
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).**  
All services planned are described in the Application Service Deck. No Special offerings

**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) Sovernet Fiber Corp (SFC) will finish design survey for the remainder of the network, including most anchor institutions.
- 2) By end of quarter, make-ready work will have been authorized for approximately 98% of poles required for the project, make-ready work will be complete and licenses issued for roughly 19,500 poles (83% of the project's route miles), though not entirely in contiguous segments.
- 3) SFC's right of way contractor will continue to research easements, obtain landowner consents, secure rail crossing, interstate highway crossing and municipal highway work permits.
- 4) Approximately 190 route miles of aerial plant will be placed. By end of quarter, roughly 480 miles of cable will be attached to poles or in conduit.
- 5) Additional packet optical equipment will be installed, tuned, tested and placed in service.
- 6) An AAR for community anchor institution and minor route changes will be submitted during the quarter.
- 7) Service over the VFC network to several CAI locations will be initiated during the quarter.

**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	57	Overall spending should reach 56% of the award by the end of the quarter. Construction should be complete on roughly 480 miles (cumulative) of outside plant. Additional packet optical and router equipment will be installed, tuned, tested and placed in service. SFC anticipates obtaining additional CAI service commitments. Service over the VFC network to several CAI locations will be initiated during the quarter.
2b.	Environmental Assessment	49	Additional expenses may be incurred as necessary if required for NTIA review of possible route modifications, or for archeological site assessments. The extent of such work is not known at this time.
2c.	Network Design	92	Engineering firms will continue to assist SFC with network design, route surveys and overall project management. Other than for any future route changes that may be proposed to NTIA, SFC expects that route surveys for the entire project are substantially complete.
2d.	Rights of Way	0	N/A. Expenditures for rights of way are budgeted under Network Design, consistent with NTIA project accounting guidance. However, SFC's right of way contractor will continue during the quarter to identify parcels for which rights of way must be obtained, and where necessary contacted property owners to obtain easements or other consents.
2e.	Construction Permits and Other Approvals	100	Through the preceding quarter, surveys have been requested for approximately 95% of the utility poles involved in the project. Any remaining surveys are likely to be associated with minor route or design changes. In addition, permit applications will continue to be submitted for railroad crossings, interstate highway crossings, and for work along municipal and state roadways.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2f.	Site Preparation	62	Given the substantial volume of pending make-ready requests pending with pole owners, SFC anticipates pole owners will complete make-ready and issue pole attachment licenses for an additional 3,000 poles during the quarter, bringing the total to 19,500 poles (roughly 83% of those required for the project). SFC anticipates authorizing, during the quarter, make-ready work an additional 2,500 utility poles – slightly over 10% of those required for the project.
2g.	Equipment Procurement	66	During the quarter, additional DWDM nodes will be ordered and installed. Additional network segments will be lit as fiber construction is completed. IP routers are expected to be delivered, and preliminary installs started, during the quarter, with the majority of testing and turn-up occurring in 1Q2013.
2h.	Network Build (all components - owned, leased, IRU, etc.)	46	Overall, SFC estimates outside plant construction will be completed during the quarter on approximately 190 route miles, depending primarily on the extent to which make-ready is completed on contiguous runs and on degree to which winter weather conditions restrict roadside construction. Construction of several core network routes should be completed during the quarter.
2i.	Equipment Deployment	47	All but one collocation site has been licensed and fitted-up. SFC anticipates obtaining a license for the one additional collocation site during 1Q2013.
2j.	Network Testing	25	Network testing will follow completion of OSP construction. One or more network segments will likely be tested during this quarter.
2k.	Other (please specify): Admin & Legal Expenses	100	

**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).**

The overall volume and locations of pole attachment licenses issued by pole owners will continue to constrain outside plant construction, although with 63% of poles licenses at the start of the quarter and 83% anticipated by end of quarter, the quantity of contiguous segments of fully licensed poles will increase significantly. As mentioned in previous PPR's, there exists some risk that construction will be delayed on short network segments while easements are obtained or alternate routes designed, permitted and constructed. However, SFC expects all such situations can be resolved through negotiations or work-arounds. As always, the rate of progress on make-ready and outside plant construction is affected by winter weather conditions, which cannot be predicted with certainty. Timely review and approval of any Award Action Requests submitted to NTIA for scope changes will be necessary for project completion by the end of the award period.



**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	\$1,098,322	\$398,137	\$914,466	\$1,455,103	\$440,887	\$1,014,216
b. Land, structures, right-of-ways, appraisals, etc.	\$1,151,500	\$345,450	\$806,050	\$542,010	\$162,603	\$379,407	\$642,010	\$192,603	\$449,407
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	\$725,801	\$217,740	\$508,061	\$725,801	\$217,740	\$508,061
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	\$2,717,854	\$815,356	\$1,902,498	\$3,142,854	\$942,856	\$2,199,998
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	\$11,467,994	\$3,540,398	\$8,027,596	\$16,365,194	\$5,119,558	\$11,245,636
j. Equipment	\$7,522,996	\$2,584,499	\$4,938,497	\$2,269,023	\$680,707	\$1,588,316	\$4,669,023	\$1,400,707	\$3,268,316
k. Miscellaneous	\$410,000	\$123,000	\$287,000	\$365,069	\$109,521	\$255,548	\$485,069	\$145,521	\$339,548
<b>l. SUBTOTAL (add a through k)</b>	<b>\$48,177,760</b>	<b>\$14,784,358</b>	<b>\$33,393,402</b>	<b>\$19,186,073</b>	<b>\$5,924,462</b>	<b>\$13,575,892</b>	<b>\$27,485,054</b>	<b>\$8,459,872</b>	<b>\$19,025,182</b>
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	<b>\$48,177,760</b>	<b>\$14,784,358</b>	<b>\$33,393,402</b>	<b>\$19,186,073</b>	<b>\$5,924,462</b>	<b>\$13,575,892</b>	<b>\$27,485,054</b>	<b>\$8,459,872</b>	<b>\$19,025,182</b>

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
---	--------------------------------