

**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
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<b>4. Recipient Organization</b>  Vermont Telecommunications Authority One National Life Drive, Montpelier, VT 05602-3377
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<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  12-31-2012	<b>6. Is this the last Report of the Award Period?</b>  <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.

<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>  02-14-2013
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**Project Indicators (This Quarter)**

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

1. Other than network segments in New Hampshire, all make-ready work has been authorized. SFC has design surveyed and applied for attachments to 97% of the estimated number of poles encompassed by the project, received make-ready cost estimates for 97%, and authorized make-ready work on 94%. Pole owners continued make-ready work. As of December 31, SFC had obtained licenses for 77% of the total pole count. At end of quarter, the proportion of poles for which either the electric utility or incumbent telephone company has issued make-ready licenses exceeded 80% of project total.

2. SFC's right-of-way contractor continued to research easements, obtain landowner consents, secure rail crossing and municipal highway work permits.

3. During the quarter, contractors placed approximately 61 route miles of cable and 110 miles of messenger strand, bringing the totals as of December 31 to 377 miles of fiber and 401 miles of strand out of 773 total.

4. Packet optical equipment has been installed at seven major network nodes.

5. SFC 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. As of end of the quarter, service was being provided to two CAI's and one last-mile provider.

6. VTA and SFC staff continued to brief and consult NTIA staff each two weeks, and to prepare and submit status reports.

7. AAR's for community anchor institutions, minor route changes and designation of an additional sub-recipient were submitted during the quarter.

**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	55	Overall spending during the quarter totaled \$6.85 million, as compared to \$7.8 million projected in the previous PPR. A total of \$26.0 million has been spent to date. Most of the variance between actual spending to date and the baseline spending projection has been due to delays in outside plant construction in previous quarters. Roughly 377 miles of fiber cable and an additional 24 miles of strand were in place as of end of quarter. Packet optical electronic equipment has been placed at seven network nodes.
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	91	SFC has design surveyed and applied for attachments to 97% of the estimated number of poles encompassed by the project. As measured by expenditures, network design increased from 79% to 91% during the quarter as engineering firms continued to assist SFC with network design, route surveys and overall project management. Site design drawings were completed for approximately 120 CAI's. Cumulative spending on Network Design through the quarter exceeded the 79% that was projected in the preceding PPR.
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. As remaining design work winds down, approximately 450 poles were surveyed during the quarter. Through the quarter, surveys have been requested for approximately 22,900 utility poles involved in the project; any remaining surveys are likely to be associated with minor route or

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
			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	61	Expenses in this category are principally for make-ready work by pole owners and third party attachees. Cumulative expenditures in this category increased from 54% to 61% of budget during the quarter, as compared to 62% projected in the previous PPR. Make-ready work has been authorized on roughly 94% of the poles encompassed by the project. Pole attachment licenses were issued during the quarter for 3,400 poles -- approximately 14% of the poles encompassed by the project, bringing total obtained to 18,250 or roughly 78% 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	74	In addition to packet optical equipment previously installed, SFC ordered additional equipment for two network nodes that will be installed during 1Q2013. Customer premise equipment was received by SFC. IP routers were delivered to a staging area during the quarter for configuration and testing.
2h.	Network Build (all components - owned, leased, IRU, etc)	42	During the quarter, contractors placed approximately 61 route miles of cable and 110 miles of messenger strand, bringing the totals as of December 31 to 377 miles of fiber and 401 miles of strand. Progress fell short of the 190 mile goal set for the quarter. Outside plant construction was constrained by the quantity and locations of make-ready work completed by pole owners, and to a lesser extent by need to secure permits. Dispatch of Vermont utility crews to Hurricane Sandy restoration along the Eastern seaboard decreased the pace of make-ready completion by pole owners and release of route segments to SFC to begin construction.
2i.	Equipment Deployment	41	The primary activity in this category is preparation of conditioned collocation space to house network equipment. As of the end of quarter, all collocation space has been fully prepared. Spending is likely to be under budget in this category.
2j.	Network Testing	30	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):	95	Cumulative expenses in this category increased during the quarter from 86% to 95% of budget, reflecting on-going administrative and legal expenses.
<p><b>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).</b></p> <p>While progress was made during the quarter in obtaining pole attachment licenses, rights of way, permits and easements, outside plant construction remains constrained by incomplete make-ready that creates gaps in network segments that can be constructed. Dispatch of Vermont utility crews to Hurricane Sandy restoration along the Eastern seaboard decreased the pace of make-ready completion by pole owners and release of route segments to SFC to begin construction. In addition, construction work was held back from contractors for revised network routes pending NTIA's approval of an AAR for route changes.</p>			
<p><b>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).</b></p>			

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	377	The baseline plan was to have 700 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. Vermont utility crews were again mobilized out of region for several weeks to restore service and reconstruct utility plant damaged or destroyed by Hurricane Sandy. In spite of the challenges, 61 miles of fiber and 110 miles of strand were deployed during the quarter.
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
Number of miles of new fiber (aerial or underground)	377	The baseline plan was to have 717 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. Vermont utility crews were again mobilized out of region for several weeks to restore service and reconstruct utility plant damaged or destroyed by Hurricane Sandy. In spite of the challenges, 61 miles of fiber and 110 miles were deployed during the quarter.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	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	3
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	4
Average term of signed agreements (in quarters)	16

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.  
Duncan Cable  
Southern Vermont Broadband Cooperative

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:

GigE WAN Transport, and Direct Internet Access.

**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).**

Sovernet Fiber Corp., 5 Canal Street, Bellows Falls, VT 05101  
 Subrecipient  
 Sovernet will operate the Vermont FiberConnect 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	1	The number of broadband wholesalers and last mile providers served is lower than baseline due to overall make-ready and outside plant completion being less than projected in the original baseline plan. As network is completed, additional CAI's will be served.
	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	1	Speed tiers are customized to to need of individual need of broadband wholesaler or last mile provider, and can be as much as 100 Gbps.
Community Anchor Institutions (including Government institutions)	Total subscribers served	2	The level of CAI's served is lower than baseline due to overall make-ready and outside plant completion being less than projected in the original baseline plan. As network is completed, additional CAI's will be served.
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	2	N/A
	Please identify the speed tiers that are available and the number or subscribers for each	0	Speed tiers are customized to individual customer need, and can be as much as 10 Gbps. CAI's currently using VFC services are utilizing GigE WAN and Direct Internet Access services.
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).**  
na

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

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

**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
Hartford High School	Hartford VT	K12	Yes	Much-increased internet connectivity speed to support education curriculum and administration.
Green Mountain College	Poultney VT	Other Higher Ed	Yes	Much-increased Internet connectivity to support needs of school administration, faculty, students and summer conferences.

**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 an additional 2,900 poles, for a cumulative total of roughly 21,000 poles (89% 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 231 route miles of aerial plant will be placed. By end of quarter, roughly 610 miles of cable will be attached to poles or placed in conduit.

5) During the quarter, two additional DWDM nodes will be installed. Additional network segments will be lit as fiber construction is completed. IP routers are expected to be configured and tested, and preliminary installs started during the quarter, with the majority of turn-up occurring in 2Q2013.

6) An additional ten to twenty CAI locations will be lit during the quarter. Wholesale service agreements will likely be entered with at least two additional 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	78	Overall spending should reach 78% of budget by the end of the quarter. Construction should be complete on roughly 610 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 additional CAI locations will be initiated during the quarter.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
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	97	Engineering firms will continue to assist SFC with network design, route surveys and overall project management. Route surveys for the entire project are substantially complete, other than for route changes that require NTIA approval. Most design work during the quarter will focus on CAI and POI entrance facilities.
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	Most remaining permits, including for railroad crossings, interstate highway crossings, work along municipal and state roadways and land-use permits will be applied for during the quarter.
2f.	Site Preparation	73	SFC anticipates pole owners will complete make-ready and issue pole attachment licenses for an additional 2,900 poles during the quarter, bringing the total to 21,000 poles (roughly 89% of those required for the project). SFC will submit the majority of remaining pole applications, primarily in New Hampshire, during the quarter.
2g.	Equipment Procurement	100	Packet optical equipment will be installed and tested at two additional network nodes. IP routers will be tested and turned-up during the quarter.
2h.	Network Build (all components - owned, leased, IRU, etc.)	59	Overall, SFC estimates outside plant construction will be completed during the quarter on approximately 230 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 additional core network routes should be completed during the quarter.
2i.	Equipment Deployment	70	The one remaining collocation site is likely to be released to SFC and fit-up during 2Q2013.
2j.	Network Testing	35	Network testing will continue to follow completion of OSP construction.
2k.	Other (please specify): na	100	na

**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 the proportion of poles licenses obtained is expected to increase during the quarter from 78% to 89%, 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. As always, the rate of progress on make-ready and outside plant construction is affected by winter weather conditions, the severity of which cannot be predicted, as well as additional major storm events within the project area or the region. 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	\$1,487,929	\$450,734	\$1,037,195	\$1,594,677	\$482,758	\$1,111,919
b. Land, structures, right-of-ways, appraisals, etc.	\$1,151,500	\$345,450	\$806,050	\$539,336	\$161,801	\$377,535	\$808,116	\$242,435	\$565,681
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	\$803,199	\$240,960	\$562,239	\$1,304,698	\$391,409	\$913,289
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	\$3,100,827	\$930,248	\$2,170,579	\$3,310,828	\$993,248	\$2,317,580
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	\$14,849,542	\$4,524,862	\$10,324,680	\$20,052,542	\$6,225,763	\$13,826,779
j. Equipment	\$7,522,996	\$2,584,499	\$4,938,497	\$5,227,803	\$1,568,341	\$3,659,462	\$10,073,580	\$3,022,074	\$7,051,506
k. Miscellaneous	\$410,000	\$123,000	\$287,000	\$365,069	\$109,521	\$255,548	\$827,569	\$248,271	\$579,298
<b>l. SUBTOTAL (add a through k)</b>	<b>\$48,177,760</b>	<b>\$14,784,358</b>	<b>\$33,393,402</b>	<b>\$26,373,705</b>	<b>\$7,986,467</b>	<b>\$18,387,238</b>	<b>\$37,972,010</b>	<b>\$11,605,958</b>	<b>\$26,366,052</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>\$26,373,705</b>	<b>\$7,986,467</b>	<b>\$18,387,238</b>	<b>\$37,972,010</b>	<b>\$11,605,958</b>	<b>\$26,366,052</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