QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted	2. Award Identification Number	3. DUNS Number
Department of Commerce, National Telecommunications and Information Administration	NT10BIX5570085	878195239

4. Recipient Organization

Vermont Telephone Company, Inc. 354 River Street, Springfield, VT 05156-2242

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
12-31-2013	◯ **Yes** ⦿ **No**

7. Certification: I certify to the best of my knowledge and belief that this report is correct and complete for performance of activities for the purposes set forth in the award documents.

7a. Typed or Printed Name and Title of Certifying Official	7c. Telephone (area code, number and extension)
Catherine Euchre	X
	7d. Email Address ceuchre@vermontel.com

7b. Signature of Certifying Official	7e. Date Report Submitted (MM/DD/YYYY):
Submitted Electronically	03-06-2014

Project Indicators (This Quarter)

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

We built a total of 6 miles bringing us up to 90% of the total budget. Due to weather in the Northeast we halted construction during the last 6 weeks of the quarter and we focused on obtaining permits and ROW's to insure an on-time completion in August of 2014

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	77	Fiber construction continued in the 4th quarter. We continue to use an outside contractor to handle all permitting for our AAR and to follow up with the local utility/pole owners to overcome delays.
2b.	Environmental Assessment	100	Environmental Assessment has been completed, and the project received a finding of No Significant Impact in 2Q11. We will be addressing any additional environmental assessments for route changes as they occur.
2c.	Network Design	90	The mileage has been staked and routes are finalized. Our submitted AAR has been approved and we have re-engineered the route changes.
2d.	Rights of Way	85	100% of permits have been submitted, and make ready payments on the majority have been paid. We are monitoring make ready deadlines, and are aggressively addressing any problems or road blocks.
2e.	Construction Permits and Other Approvals	85	see 2d
2f.	Site Preparation	90	We continue to deploy our electronics. This methodical approach to deployment was not originally in our baseline, but progress is being made.
2g.	Equipment Procurement	84	Our contract with the equipment manufacturer contains a retainer clause. Until the deployment is fully completed and tested, final payments will not be made.
2h.	Network Build (all components - owned, leased, IRU, etc)	70	Network construction is progressing. We are behind our baseline projections, but are pushing all involved hard to reach completion.
2i.	Equipment Deployment	80	see 2d
2j.	Network Testing	70	see 2d
2k.	Other (please specify): testing equipment	95	Testing equipment has been purchased

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).

Our team continues to hold weekly meetings to discuss make ready delays, construction progress, electronic installation progress, community anchor connections, and any other topics that needs to be addressed. Due to the weather we have essentially halted construction in 4Q13. Partial segments needed to be addressed individually with the pole owners so that we could progress along toward completion. We have only 9 easements left to obtain to finalize a segment in the northern portion of the state

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	112	6 miles built bringing us to 90% - weather has slowed construction considerably on the final 10%

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles leased	0	n/a
Existing network miles upgraded	241	The DWDM equipment that is needed to upgrade existing network miles is not yet operational.
Existing network miles leased	0	The North Link IRU has not been purchased yet.
Number of miles of new fiber (aerial or underground)	112	6 miles built bringing us to 90% - weather has slowed construction considerably on the final 10%
Number of new wireless links	0	n/a
Number of new towers	0	n/a
Number of new and/or upgraded interconnection points	13	The DWDM equipment that is needed to upgrade existing network miles is not yet operational.

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	6
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0
Average term of signed agreements (in quarters)	20

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
Wholesale and last mile providers include: Earthlink, Topsham Telephone, Burlington Telecom, Wavecomm, Great Awk (formerly Finowen), and Light Tower (formerly Sidera).

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:
No new wholesale service have been provided by this project at this point in time.

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).
We have not designated a third party to operate any or all of 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	The electronic equipment is not yet operational
	Providers with signed agreements receiving improved access	6	We are in continual talks with others to obtain more contracts but nothing has come of our negotiations.
	Providers with signed agreements receiving access to dark fiber	0	n/a

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 of subscribers for each	0	The electronic equipment is not yet operational
Community Anchor Institutions (including Government institutions)	Total subscribers served	44	n/a
	Subscribers receiving new access	44	n/a
	Subscribers receiving improved access	0	n/a
	Please identify the speed tiers that are available and the number or subscribers for each	0	Community Anchor institutions may also buy capacity on a per-Megabit/second basis; however we expect most of them will take advantage of one of our two tier pricing models. The first is 25Megabit/second of Internet capacity, burstable to 1000Megabit/second, including off site data storage. The second is 100Megabit/second of Internet capacity, burstable to 1000Megabit/second. Both packages include off-site data storage
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).

With all $1,400 and $2,500 packages we include off site data storage, transport to Internet2 and access to state wide WAN connection.

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	Narrative description of how anchor institutions are using BTOP-funded infrastructure

			institution? (Yes / No)	
n/a	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).

Next quarter we plan to turn-up of all the major DWDM network segments, and make significant progress on the remaining fiber miles to be constructed in the project. All acceptances have been signed.

Mileage in Q1 will be slight due to weather. We expect to "connect" another 15 CAI's during the quarter which brings us to 73% of the total and we do not expect to sign any broadband wholesaler/last mile provider agreements before March 31, 2014

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	85	see AAR & Extension Request
2b.	Environmental Assessment	100	see AAR & Extension Request
2c.	Network Design	90	see AAR & Extension Request
2d.	Rights of Way	95	see AAR & Extension Request
2e.	Construction Permits and Other Approvals	95	see AAR & Extension Request
2f.	Site Preparation	90	see AAR & Extension Request
2g.	Equipment Procurement	85	see AAR & Extension Request
2h.	Network Build (all components - owned, leased, IRU, etc.)	75	see AAR & Extension Request
2i.	Equipment Deployment	80	see AAR & Extension Request
2j.	Network Testing	80	see AAR & Extension Request
2k.	Other (please specify): testing equip	95	see AAR & Extension Request

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 granting of our AAR will enable us to complete our project in the most meaningful manner for all previously underserved Vermonters.

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.

Cost Classification	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		
	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	$100,000	$30,000	$70,000	$41,346	$12,404	$28,942	$50,000	$15,050	$34,950
b. Land, structures, right-of-ways, appraisals, etc.	$0	$0	$0	$0	$0	$0	$0	$0	$0
c. Relocation expenses and payments	$0	$0	$0	$0	$0	$0	$0	$0	$0
d. Architectural and engineering fees	$105,370	$31,611	$73,759	$958,230	$287,469	$670,761	$1,000,000	$300,000	$700,000
e. Other architectural and engineering fees	$0	$0	$0	$0	$0	$0	$0	$0	$0
f. Project inspection fees	$80,000	$24,000	$56,000	$75,673	$22,702	$52,971	$77,500	$23,327	$54,173
g. Site work	$2,433,470	$730,041	$1,703,429	$2,315,869	$694,761	$1,621,108	$2,400,000	$720,000	$1,680,000
h. Demolition and removal	$0	$0	$0	$0	$0	$0	$0	$0	$0
i. Construction	$3,650,203	$1,095,061	$2,555,142	$2,080,021	$624,006	$1,456,015	$2,400,000	$720,000	$1,680,000
j. Equipment	$6,400,083	$1,920,025	$4,480,058	$4,424,989	$1,327,496	$3,097,493	$4,893,612	$1,468,084	$3,425,528
k. Miscellaneous	$92,000	$27,600	$64,400	$52,793	$15,838	$36,954	$77,500	$23,327	$54,173
l. SUBTOTAL (add a through k)	$12,861,126	$3,858,338	$9,002,788	$9,948,921	$2,984,676	$6,964,244	$10,898,612	$3,269,788	$7,628,824
m. Contingencies									
n. TOTALS (sum of l and m)	$12,861,126	$3,858,338	$9,002,788	$9,948,921	$2,984,676	$6,964,244	$10,898,612	$3,269,788	$7,628,824

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: $938,470	b. Program Income to Date: $0