

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 NT10BIX5570085	3. DUNS Number 878195239
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4. Recipient Organization Vermont Telephone Company, Inc. 354 River Street, Springfield, VT 05156-2242
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5. Current Reporting Period End Date (MM/DD/YYYY) 09-30-2014	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 Catherine Euchre	7c. Telephone (area code, number and extension) X
	7d. Email Address ceuchre@vermontel.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 11-19-2014
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Project Indicators (This Quarter)

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

Route miles are projected at 165.22 and we have completed 161.24 route miles to date.
 All 410 of our existing network miles in our baseline have been upgraded.
 All of our 38 existing leased miles in our baseline are complete.
 A 91 mile dark fiber IRU was purchased.
 Our Total CAI's have been reduced (via AAR GOL #2482645) by four to a new projection of 132 - 110 currently connected and 22 planned but not yet connected.

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	99	Our approved AAR (AAR GOL #2482645) puts our total route miles at 165.22 of which we have built 161.24 route miles. Our baseline project budget remains at \$12,861,126
2b.	Environmental Assessment	99	Environmental Assessment has been completed, and the project received a Finding Of No Significant Impact (FONSI) in 2Q11. We will be addressing any additional environmental assessments for route changes should they occur.99
2c.	Network Design	99	The AAR (AAR GOL#2482645) called for a addition of of 23.08 route miles. Engineers planned these route changes and we expect some minor additional work in 4Q2014 to complete the project.
2d.	Rights of Way	98	We obtained all but three easements for our AAR GOL#2482645 and the final three will be obtained in October 2014.
2e.	Construction Permits and Other Approvals	98	All make ready licenses are in hand; however, we await final true up and invoicing from the utility companies. Final invoices may not be issued until the end of October or early November due to the Fairpoint strike.
2f.	Site Preparation	99	The majority of work is complete for this activity and we expect final billing for work in November 2014.
2g.	Equipment Procurement	99	Our contract with Alcatel has a retainage clause in it and we will not be billed for the entire equipment purchase until closeout. There are still some optics left to purchase in order for us to be fully operational.
2h.	Network Build (all components - owned, leased, IRU, etc)	98	There are only 3.98 miles in the AAR that was approved in late May of 2014 to construct. We have a contract in place with a SDB (small disadvantaged business) for the AAR build out. A 91 mile dark fiber IRU was completed in 3Q14.
2i.	Equipment Deployment	0	The cost of deployment is bundled with the purchase of equipment. We do not have a breakout from the vendor.
2j.	Network Testing	99	Equipment to test the network was purchased. The AAR calls for additional route miles so once those miles are built we will spend the rest of these funds.
2k.	Other (please specify):	99	Application consulting, NTIA workshops, surveys.

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).

The only real issue that we faced in 3Q14 was the receipt of fiber to complete construction. Lead time on the order was a bit longer than anticipated and as a result construction will be completed in the first week of November rather than by the end of October as previously forecast. We will be fully constructed in 4Q14.

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	161	We were able to build 25 miles to bring our total to 161 route miles against our new target of 165.22 route miles as approved in our AAR GOL #2482645.
New network miles leased	91	We finalized the acquisition of a 91-mile dark fiber IRU
Existing network miles upgraded	410	There was minor clean up work related to upgrading the optics on our existing miles. This work will be completed in 4Q14.
Existing network miles leased	38	Fully completed
Number of miles of new fiber (aerial or underground)	252	We have 3.98 miles left to construct to complete to finalize construction on our project.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	27	We have reached 27 interconnection points, which are receiving new or improved access as a results of the BTOP project. Our revised projection for the project-completion is a total of 40 interconnection points.

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	5
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:
 We have agreements with 5 wholesale and last mile providers and need 2 more to hit our baseline target of 7 improved. Our baseline for new agreements is 3 and to date we have no new agreements in place.

Wholesale and last mile providers include: Earthlink, Topsham Telephone, Burlington Telecom, Wavecomm, and Light Tower (formerly Sidera) and it is important to note that all of these agreements were in place prior to the BTOP project. Great Awk (formerly Finowen) was disconnected for non-payment

While we continue to negotiate we have been unable to sign any new agreements at this juncture. Our baseline for new agreements is 3 and we do not expect to bring on any new providers.

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:

Internet Bandwidth in 8 speed tiers ranging from 1 - 10,000+ Mbps
 Transport services including Ethernet transport with 8 speed tiers ranging from 1 - 10,000+ Mbps; TDM, SONET and Wavelength transport services with circuits including but not limited to DS3, OC3, OC12, OC48, 2.5 Gig, and 10 Gig.

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	We have not added any additional providers to the network during this quarter. Our baseline for arrangements receiving new access was 3 and we do not expect to reach this target - two of the three expected providers will not be taking our service.
	Providers with signed agreements receiving improved access	5	Our baseline for improved access is 7. We have reached agreements with 5 providers. A pre-existing provider is no longer under contract with us and we disconnected 1 for non-payment.
	Providers with signed agreements receiving access to dark fiber	0	At this point in the project we do not expect to offer dark fiber.
Community Anchor Institutions (including Government institutions)	Please identify the speed tiers that are available and the number of subscribers for each	8	Mbps #1 1 - 99 - 3 subscribers (2 internet & 1 TDM transport) #2 100 - 199 - 0 subscribers #3 200 - 299 - 0 subscriber (1 Internet) #4 500 - 999 - 1 subscriber (1 SONET Transport) #5 1,000 - 1,999 - 1 subscriber (1 Ethernet Transport) #6 2,000 - 4,999 - 2 subscribers (1 Internet & 1 Wavelength) #7 5,000 - 9,999 - 0 subscribers #8 10,000 + - 0 subscribers
	Total subscribers served	110	1 new CAI was added in the quarter
	Subscribers receiving new access	63	1 new CAI was added in the quarter
	Subscribers receiving improved access	47	no new CAI's were added in the quarter
Residential / Households	Please identify the speed tiers that are available and the number or subscribers for each	7	We have 7 pricing options available. We currently have the following number of CAI's served for each tier: #1 - 1 10 to 25 Mbps #2 - 9 25 to 50 Mbps #3 - 0 50 to 100 Mbps #4 - 3 100Mbps to GigE #5 - 0 300 Mbps to GigE #6 - 18 GigE Spoke to any 25+ Mbps Hub #7 - 3 100 Mbps to GigE dedicated access Spoke to 25+ Mbps Hub
	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
Businesses	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
	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

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 connections.

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
Dr. Rebecca J Collman	Chittenden	Medical and Healthcare Provider	No	This particular Community Anchor Institution has not elected to subscribe with VTel for services. Should they opt to subscribe the fiber infrastructure connecting Vermont medical and healthcare providers has the potential to improve the quality and delivery of patient care throughout Vermont. Fiber connectivity will enable more medical and healthcare providers to seamlessly integrate electronic medical records.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
Our project will be completed during 4Q14 and we will begin all closeout requirements.

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	99	We will complete construction of all 165.22 route miles.
2b.	Environmental Assessment	100	Our project will be completed in 4Q14
2c.	Network Design	100	All engineering and design will be completed as our project will be finished in 4Q14
2d.	Rights of Way	100	The final three easements will be obtained in 4Q14
2e.	Construction Permits and Other Approvals	100	All construction will be complete as our 165.22 routes miles will be fully constructed in 4Q14
2f.	Site Preparation	100	All work will be completed in 4Q14
2g.	Equipment Procurement	100	The equipment will all be deployed and fully operational in 4Q14.
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	The final 3.98 route miles will be built and the network will be completed in 4Q14
2i.	Equipment Deployment	100	Our project will be completed in 4Q14

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2j.	Network Testing	100	The network will be fully tested and operational in 4Q14
2k.	Other (please specify): admin	83	The final audit will be completed in 1Q15

3. Please describe any challenges or issues anticipated during the next quarter that may impact planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

We fully expect to complete construction of our network and close out our project. We may, although at this point we are not 100% certain, not be able to pass 4 CAI's that require underground construction and intricate conduit work that may be prohibitive due to weather. Other than this potential issue we will be complete. We will be forwarding a Rebudget AAR to the grants office during the 4th quarter as we have hit the ceiling on the 10% aggregate change threshold.

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	\$100,000	\$30,000	\$70,000	\$41,346	\$12,404	\$28,942	\$41,346	\$12,404	\$28,942
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	\$1,085,617	\$325,685	\$759,932	\$1,220,000	\$366,000	\$854,000
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	\$70,000	\$21,000	\$49,000
g. Site work	\$2,433,470	\$730,041	\$1,703,429	\$2,695,335	\$808,600	\$1,886,735	\$2,720,000	\$816,000	\$1,904,000
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$3,650,203	\$1,095,061	\$2,555,142	\$3,882,797	\$1,164,839	\$2,717,958	\$3,890,126	\$1,167,038	\$2,723,088
j. Equipment	\$6,400,083	\$1,920,025	\$4,480,058	\$4,858,331	\$1,457,499	\$3,400,832	\$4,858,000	\$1,457,400	\$3,400,600
k. Miscellaneous	\$92,000	\$27,600	\$64,400	\$52,793	\$15,839	\$36,954	\$53,000	\$15,900	\$37,100
l. SUBTOTAL (add a through k)	\$12,861,126	\$3,858,338	\$9,002,788	\$12,691,892	\$3,807,568	\$8,884,324	\$12,852,472	\$3,855,742	\$8,996,730
m. Contingencies									
n. TOTALS (sum of l and m)	\$12,861,126	\$3,858,338	\$9,002,788	\$12,691,892	\$3,807,568	\$8,884,324	\$12,852,472	\$3,855,742	\$8,996,730

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