

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 NT10BIX5570017	3. DUNS Number 188655898
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4. Recipient Organization

 Executive Office of the Commonwealth of Pennsylvania (Office of Administration) 225 Capitol Building, Harrisburg, PA 17120-0001

5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2010	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 Holly Caudill	7c. Telephone (area code, number and extension) 7174257650
	7d. Email Address hcaudill@state.pa.us

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 02-16-2011
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Project Indicators (This Quarter)

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

During the fourth quarter of 2010, the commonwealth of Pennsylvania focused on issuing any remaining purchase orders for equipment and services to allow the first pieces of equipment to be installed by the close of the year. We were able to initiate equipment installation by the end of December and saw three microwave connections become capable of passing broadband traffic. We have issued purchase orders for wireless equipment and installation as well as purchase orders for five self-supporting towers and eleven shelters on and in which the equipment will be mounted. The commonwealth also held an asset management workshop with our vendor to finalize details on an asset management system to track and manage the equipment purchased with the broadband project.

2. Please provide the percent complete for the following key milestones in your project. Write "0" in the Percent Complete column and "N/A" in the Narrative column if your project does not include this activity. If you provided additional milestones in your baseline plan, please insert them at the bottom of the table. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the percent complete is different from the target provided in your baseline plan (300 words or less).

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	6	By the end of the fourth quarter, we have reached 6 percent of overall project completion. We believe that we are at about six percent of completion due to the completion of three hops of microwave equipment upgrades as well as the issuance of a total of twenty purchase orders for equipment and services. The lower percent of progress as compared to our baseline report is the result of a longer than expected time frame for purchase orders to flow through the approval process. Now that we have initiated all of the purchase orders to cover the cost of equipment, shelters and towers as well as site work and construction, we expect to catch up during Q2 and Q3 of 2011.
2b.	Environmental Assessment	100	We received our Finding of No Significant Impact (FONSI) in August of 2010, but we also received a request from the Wyandotte tribe to do additional research on four of the five new tower sites. The additional study that was performed resulted in a satisfactory result from the requesting tribe. Only minor delays were experienced with the additional research and we fully expect to remain on schedule.
2c.	Network Design	90	We have completed the initial documentation phase of our network as well as both the high level and low level design documentation for the backbone portion of the network. Design documentation for the wireless connections remain and may be determined by the initial customers.
2d.	Rights of Way	68	We received additional permissions documents back fully executed during the quarter; however, there are still a few that remain to be received. While this item is taking longer than expected, we do not anticipate that it will delay our project.
2e.	Construction Permits and Other Approvals	0	Construction permits have taken longer than initially expected due to the time necessary in researching what permits were going to be necessary as well as receiving confirmation from the appropriate entities. Now that we are aware that we will only need permits for the new towers, we are preparing complete sets of drawings for each tower to start the process. The drawings will be submitted during Q1 and we expect to be able to get the permits back within the same quarter. We do not believe that this will cause any delays to the project.
2f.	Site Preparation	21	Geotech studies have been completed at three of the sites that will receive significant modifications as a part of this project.
2g.	Equipment Procurement	73	We have issued purchase orders for all of the equipment that we have deemed to be necessary other than what might be needed for the wireless connections and customer sign on as each customer's needs may be different. All new towers and shelters have been ordered.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2h.	Network Build (all components - owned, leased, IRU, etc)	1	We have installed equipment to upgrade three of the seventy-one hops in the backbone of our project to be capable of handling broadband. Additionally, modifications have been completed to eight of our existing towers to allow for new coax cabling to be routed into the shelters for connection to existing equipment. As noted above, we were delayed in Q3 of 2010 with our purchase orders moving more slowly than anticipated through the approval process which slowed the order of equipment and therefore pushed back the date at which we could begin the installation of the equipment.. During Q4 we did however begin to install equipment and have a plan in place to catch up to what was reported on the baseline report submitted at the start of our project. It is expected that we will catch up to the baseline by Q3 of 2011 for the category of network build.
2i.	Equipment Deployment	2	Three hops have received equipment upgrades by the close of Q4. With the completion of equipment purchase orders in Q3 and Q4 of 2010, we expect to see the deployment of those items within Q2 and Q3 of 2011.
2j.	Network Testing	4	All upgraded hops have been tested.
2k.	Customer Acquisition, Support and Billing	22	We are working toward the completion of the initial design documentation for the billing system but have finalized design documentation for the asset management portion of the project. Training and implementation of the system is expected to occur within Q2 of 2011. This is a downward adjustment to progress in this category due to a restructuring of our metrics. in this category.

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).

During Q4 of 2010 the Commonwealth of Pennsylvania was able to issue the remaining purchase orders for equipment and services deemed critical to our ability to complete the project on time. With that accomplishment, we were able to have all of the equipment, towers and shelters ordered and also were able to install the first pieces of equipment prior to the close of the quarter. We feel confident that our progress during the 4th quarter has put us into an excellent position to catapult into continued progress in 2011.

4. Please report the following information regarding network build progress. Write "0" in the Total column and "N/A" in the Narrative column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	0	At this point in the project, we have not deployed any new network miles.
New network miles leased	0	n/a, our project does not include leased network
Existing network miles upgraded	0	While we have installed and tested equipment at three sites in the network, until the MPLS is installed at those sites, we will not consider them to be fully upgraded
Existing network miles leased	0	n/a, our project does not include leased network
Number of miles of new fiber (aerial or underground)	0	n/a, our project does not include fiber
Number of new wireless links	0	At this point we have not created any new wireless links but plan to during the third quarter of 2011.
Number of new towers	0	We will be building five new towers as part of our project. Those towers are expected to reach completion in the second and third quarters of 2011.
Number of new and/or upgraded interconnection points	0	We have not added any interconnection points into the backbone at this point in the project.

For questions 5 and 6 please include information relating to agreements that you are negotiating or have entered into, or that your sub recipient, contractor or subcontractor is negotiating or entered into.

5a. If applicable, please provide the following information with regard to agreements with broadband wholesalers and/or last mile providers as a result of your project.

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

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
At this point we do not have any agreements currently being negotiated with wholesale/last-mile providers. While our baseline indicated that we would potentially have five, we have not begun negotiations at this point. We do expect; however, to open our doors to sell broadband services as of Q3, 2011. As we get closer to that time, we would anticipate negotiations to begin.

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:

Our current plan continues to be to offer Ethernet virtual circuits at 3, 6, 10, 20, and 50 Mb/s. Our pricing will be based upon Network Interface Access and number of microwave hops between ports. Standard features will include Layer 2 MPLS Ethernet ports, best effort routing with route protection in backbone hops, and base price includes basic capability of up to 25% of contracted bandwidth at no cost if access capacity is available. Agreement includes tower site compound access but not tower space.

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).

n/a

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 at this point in the project
	Providers with signed agreements receiving improved access	0	n/a at this point in the project
	Providers with signed agreements receiving access to dark fiber	0	n/a, not a part of this project
	Please identify the speed tiers that are available and the number of subscribers for each	0	No providers have signed agreements at this point
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	No subscribers served at this point in the project
	Subscribers receiving new access	0	No subscribers served at this point in the project
	Subscribers receiving improved access	0	No subscribers served at this point in the project
	Please identify the speed tiers that are available and the number or subscribers for each	0	No subscribers served at this point in the project
Residential / Households	Entities passed	0	Not addressed in this project
	Total subscribers served	0	Not addressed in this project

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Subscribers receiving new access	0	Not addressed in this project
	Subscribers receiving improved access	0	Not addressed in this project
	Please identify the speed tiers that are available and the number of subscribers for each	0	Not addressed in this project
Businesses	Entities passed	0	Not addressed in this project
	Total subscribers served	0	Not addressed in this project
	Subscribers receiving new access	0	Not addressed in this project
	Subscribers receiving improved access	0	Not addressed in this project
	Please identify the speed tiers that are available and the number of subscribers for each	0	Not addressed in this project

7. Please describe any special offerings you may provide (600 words or less).
 Because the BTOP grant is being implemented by a Public Safety communications agency, we will be considering discounting services to local public safety entities by approximately 30% such as local fire, police and emergency response.

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
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).
 Looking forward to Q1 of 2011, the Commonwealth of Pennsylvania, hopes to see significant progress on our project such as increased equipment deployment and the beginning stages of tower construction. By the close of Q1, 2011 we hope to be closer to the goal of 100% of our permissions documents in place. We also hope to begin receiving invoices for equipment that was installed the previous 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	20	We expect to have the foundations of three of the new towers poured by the close of Q1. We also anticipate the completion of a total of 11 hops of microwave equipment installed. As noted previously, the slight delay that exists in our progress was due to a longer period of time than expected to get all purchase orders through the approval process of the commonwealth. Now that

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
			we have issued all of the major procurements, allowing equipment, towers and shelters to be ordered, we expect to catch up to the baseline by Q2 of 2011.
2b.	Environmental Assessment	100	We have completed this portion of the project.
2c.	Network Design	90	Design Documentation for the wireless connections is all that remains at this point.
2d.	Rights of Way	76	The commonwealth is using the Rights of Way milestone indicator to track our completion of "permissions" documents as we currently have "rights-of-way" documents in place for all of our sites as they are pre-existing sites within our network. The permissions that we are seeking vary from site to site but can be anything from a notice that we will be offering broadband services through our equipment already located at that site or a request for permission to add additional equipment/minor modifications to that site. A majority of the permissions that remain outstanding are the type meant to notify the tower owner of our broadband services addition. We expect to complete this milestone within the next few quarters and catch up to the baseline report by Q2 or Q3 of 2011.
2e.	Construction Permits and Other Approvals	100	Based upon past experience, we expect to move through the process to obtain all necessary building permits rather quickly and anticipate completing the process within Q1. We are scheduled to begin construction on the towers in late Q1, so this should not cause any delay to the project.
2f.	Site Preparation	36	We expect to have an additional two sites prepared for construction by the close of Q1, 2011.
2g.	Equipment Procurement	75	While we have ordered all of the equipment deemed necessary for our project prior to the close of Q4 2010, there remains the delivery and invoicing of that equipment for this category to reach 100%.
2h.	Network Build (all components - owned, leased, IRU, etc.)	8	We are gaging our network build percentage on the number of sites and hops where equipment is installed as well as the number of towers completed. By close of Q1, we believe that equipment will be deployed to 11 hops (microwave equipment) as well as to 10 sites (MPLS equipment). While no tower builds will be complete within Q1, we expect to have the first towers completed within Q2 of 2011.
2i.	Equipment Deployment	15	Equipment deployment will begin to ramp up within Q1 of 2011. Within the quarter, we expect to deploy microwave equipment to 11 hops as well as MPLS equipment to 10 sites.
2j.	Network Testing	4	Network testing is occurring as equipment is deployed and installed. We expect all network testing to be completed within the quarter after each piece is installed, if not sooner.
2k.	Other (please specify): Customer Acquisition, Support and Billing	37	By the close of Q1, 2011 we expect to be well on our way to completion of the design of the customer support portion of the system. The asset management final design has already been completed. Training and implementation will follow shortly thereafter and is expected to occur within the 2nd quarter of 2011.

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 greatest challenge with equipment installation during the late winter months is rain and snow along with the slippery conditions they create for any tower climbs. Additionally there is the potential for softened ground should there be any thawing which would create an increased risk of trucks getting stuck, causing damage to the compounds and roadways.

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	\$2,881,250	\$0	\$2,881,250	\$102,708	\$0	\$102,708	\$154,007	\$0	\$154,007
b. Land, structures, right-of-ways, appraisals, etc.	\$5,497,900	\$5,303,410	\$194,490	\$750,077	\$750,077	\$0	\$666,873	\$666,873	\$0
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$2,997,474	\$0	\$2,997,474	\$208,954	\$208,954	\$0	\$398,344	\$0	\$398,344
e. Other architectural and engineering fees	\$495,125	\$0	\$495,125	\$0	\$0	\$0	\$347,710	\$0	\$347,710
f. Project inspection fees	\$1,763,200	\$0	\$1,763,200	\$0	\$0	\$0	\$250,000	\$0	\$250,000
g. Site work	\$7,603,025	\$0	\$7,603,025	\$0	\$0	\$0	\$210,000	\$0	\$210,000
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,736,593	\$560,077	\$2,176,516	\$0	\$0	\$0	\$0	\$0	\$0
j. Equipment	\$12,005,450	\$1,332,516	\$10,672,934	\$0	\$0	\$0	\$0	\$393,743	\$506,778
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
l. SUBTOTAL (add a through k)	\$35,980,017	\$7,196,003	\$28,784,014	\$1,061,739	\$959,031	\$102,708	\$2,026,934	\$1,060,616	\$1,866,839
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$35,980,017	\$7,196,003	\$28,784,014	\$1,061,739	\$959,031	\$102,708	\$2,026,934	\$1,060,616	\$1,866,839

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: \$1,567,257 b. Program Income to Date: \$0