

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
--	---	--

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) 09-30-2012	6. Is this the last Report of the Award Period? <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.

7a. Typed or Printed Name and Title of Certifying Official Holly Caudill Administrative Officer	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): 11-09-2012
---	--

Project Indicators (This Quarter)

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

During the third quarter of 2012 our team completed upgrades to an additional eight microwave radio links for a total of 65 of 71 complete, resulting in 984 miles upgraded to date. Of the remaining six connections, four of the links recently received approval through the NTIA's Award Action Request review process to change the original paths to more effectively reach potential customers and community anchor institutions. Due to the timing in receiving the approval, the completion of these links will occur early within the fourth quarter. The final two links, are also affected by a requested route change; however, they are still undergoing their environmental and historic preservation assessments. We anticipate receiving the results of the reviews within the fourth quarter for these final links and finishing the microwave upgrades in January of 2013, provided the NTIA approves these changes as well. These final two links will allow us to connect portions of Sullivan County into the network.

During the third quarter, we proceeded with our switching equipment upgrades as scheduled. As of the end of the quarter, we continued to work through acceptance testing on the upgrades and anticipate completion of this task within the fourth quarter. With the completion of this portion of the project, we will be able to receive and make payment on multiple invoices for the installation of equipment allowing our project to show significant progress.

We continue to work with three last mile service providers and anticipate finalizing agreements with them upon completion of the switching equipment upgrades.

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	53	When measured by expenditures alone, our overall project percent complete is only 53%; however, the project remains on schedule. Due to the structure of our purchasing documents with the main vendor on our project, microwave radio upgrades as well as switching equipment installations were quoted together on a site by site basis. As a result, the vendor is not able to invoice for services rendered until both the microwave radio and switching equipment have been installed at each site. According to the current project schedule, which takes into account the longer than anticipated review process for our requested route change as well as the extended acceptance testing on the switching equipment deployment, we anticipate that we will be able so show significant progress with the fourth quarter report.
2b.	Environmental Assessment	100	This milestone is complete.
2c.	Network Design	90	This milestone is on schedule.
2d.	Rights of Way	0	N/A This milestone does not apply to our project.
2e.	Construction Permits and Other Approvals	0	N/A This milestone does not apply to our project.
2f.	Site Preparation	96	This milestone remains on schedule.
2g.	Equipment Procurement	56	Our equipment procurement milestone continues to trail that of the baseline submitted at the start of the project. With the completion of the acceptance testing of the deployment of our switching equipment, we will be able to receive and pay invoices for this equipment. By the close of the fourth quarter, we believe that we will be in agreement with the baseline report.
2h.	Network Build (all components - owned, leased, IRU, etc)	100	This milestone is complete.
2i.	Equipment Deployment	13	Our equipment deployment milestone continues to trail the progress predicted in the baseline report. Due to the lack of final acceptance testing and completion of the switching equipment upgrades, we were not able to receive and pay the invoices for that equipment as well as for the services to install all of the microwave and switching equipment deployed to date. At this point, we believe that much of this invoicing will now occur within the fourth quarter allowing us to catch up to the baseline in January of 2013.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2j.	Network Testing	67	Due to the switching equipment acceptance testing not being completed as well as the longer than anticipated response on the requested route changes, there was little network testing completed within the third quarter. We anticipate that we will be able to catch up to the baseline within the fourth quarter on this milestone.
2k.	Other (please specify): Customer Acquisition, Support and Billing	81	Our customer acquisition, support and billing milestone trails the progress that was predicted on our baseline. As of the close of the third quarter, the acceptance testing remains to be completed. Once complete, this milestone will also be complete.

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 acceptance testing for the switching equipment has taken longer than originally anticipated; however, we still believe that the work will be completed prior to the close of the fourth quarter. Additionally, the time involved in acquiring approval for our route changes took significantly longer than we had anticipated creating a multiple month period of time where our crews were unable to work on microwave equipment installations.

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	N/A for this project. There are no NEW network miles included in this project.
New network miles leased	0	N/A for this project.
Existing network miles upgraded	984	We have completed 65 of 71 microwave radio connection upgrades on the network by the close of the third quarter. The project remains on schedule.
Existing network miles leased	0	N/A for this project.
Number of miles of new fiber (aerial or underground)	0	N/A for this project.
Number of new wireless links	65	The project is on schedule with the deployment of upgraded microwave radio links. We have completed 65 of the 71 links and have started to work on the links recently approved through the award action request.
Number of new towers	5	This key program indicator is complete.
Number of new and/or upgraded interconnection points	0	Interconnection points will be added to the network as new customers and last mile connection locations are determined. Negotiations are ongoing with community anchor institutions and last mile service providers. We anticipate the first connections will take place shortly after the switching equipment is upgraded and last mile interconnection locations are finalized. Due to a longer than expected time to deploy the switching equipment, we believe that our interconnection points will be added to the network during the fourth quarter.

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

Indicators	
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	3
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:
As of the close of the third quarter, we have not signed any agreements with wholesale or last mile service providers; however, we are working with multiple entities and anticipate that as soon as we are able to complete our switching equipment upgrades, those providers will finalize the agreements and connect to our network. Due to the longer than anticipated switching equipment deployment, we now believe that these agreements will be finalized in the fourth quarter.

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:
While services and pricing models are still being developed, we intend to offer Layer 2 MPLS Ethernet back haul that is not distance dependent.
We intend to charge \$45 per month for each physical port or router connection plus additional fees as noted below.
The MPLS Ethernet back haul will be offered in many different data rate increments (0.25Mbps, 0.5Mbps, 1.5Mbps, etc.) but all of them average approximately \$50/Mbps. A burstable data rate is available for circuits greater than 2Mbps. The monthly charges for these circuits would adjust as follows. A 5Mbps service at \$250/month without burst, would increase to \$350/month for 10% burst, and \$450/month for 20% burst, and so on.
We intend to charge the following non-recurring charges: administrative setup fee of \$100; network setup fee of \$200; and physical setup fee at the remote site of \$450.
Customers will be allowed to adjust data rates within the term of the contract provided that there is a minimum of 1 month between changes. Each change requires a 2-week advance notice.
We will offer our customers access to the compound and space on an elevated, external platform for the placement of their own weather-proof equipment cabinet.
We will offer customers a 10% discount off of the total price when committing to a 2-year term, or 25% off of the total price for a 3-year term.

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).
At this point, the Commonwealth has not designated a third party to manage all or a portion of the 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	Network infrastructure continues to be built. No services have been offered to providers to date; however, we have been finalizing plans on a pilot project. We anticipate agreements to be signed upon completion of the switching equipment deployment.
	Providers with signed agreements receiving improved access	0	Network infrastructure continues to be built. No services have been offered to providers to date; however, we have been finalizing plans on a pilot project. We anticipate agreements to be signed upon completion of the switching equipment deployment.
	Providers with signed agreements receiving access to dark fiber	0	N/A. Dark fiber is not a part of the Commonwealth of Pennsylvania project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	The actual speed tiers available as well as the number of subscribers will be determined at the time of the first connections to the network; however, our baseline indentified that we would offer our customers Ethernet virtual circuits at 10, 20, and 50 Mbps. We anticipate the first connections to be made once the MPLS switching upgrades have been completed.
Community Anchor Institutions (including Government)	Total subscribers served	0	Network infrastructure continues to be built. No services have been provided to date. It is anticipated that most, if not all, community anchor institutions that connect will be reached through a last mile service provider. We anticipate that the first

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
institutions)			community anchor institutions will be connected as soon as our switching equipment upgrades are completed.
	Subscribers receiving new access	0	Network infrastructure continues to be built. No services have been provided to date. It is anticipated that most, if not all, community anchor institutions that connect will be reached through a last mile service provider. We anticipate that the first community anchor institutions will be connected as soon as our switching equipment upgrades are completed.
	Subscribers receiving improved access	0	Network infrastructure continues to be built. No services have been provided to date. It is anticipated that most, if not all, community anchor institutions that connect will be reached through a last mile service provider. We anticipate that the first community anchor institutions will be connected as soon as our switching equipment upgrades are completed.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Network infrastructure continues to be built. No services have been offered to providers to date; however, our baseline identified that we would offer our customers Ethernet virtual circuits at 10, 20 and 50 Mbps. We anticipate the first connections to coincide with the completion of our switching equipment upgrades.
Residential / Households	Entities passed	0	N/A. This middle mile infrastructure project does not and will not connect to any residence or households directly.
	Total subscribers served	0	N/A. This middle mile infrastructure project does not and will not connect to any residence or households directly.
	Subscribers receiving new access	0	N/A. This middle mile infrastructure project does not and will not connect to any residence or households directly.
	Subscribers receiving improved access	0	N/A. This middle mile infrastructure project does not and will not connect to any residence or households directly.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A. This middle mile infrastructure project does not and will not connect to any residence or households directly.
Businesses	Entities passed	0	N/A. This middle mile infrastructure project does not and will not connect to any businesses directly.
	Total subscribers served	0	N/A. This middle mile infrastructure project does not and will not connect to any businesses directly.
	Subscribers receiving new access	0	N/A. This middle mile infrastructure project does not and will not connect to any businesses directly.
	Subscribers receiving improved access	0	N/A. This middle mile infrastructure project does not and will not connect to any businesses directly.
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A. This middle mile infrastructure project does not and will not connect to any businesses directly.

7. Please describe any special offerings you may provide (600 words or less).
We noted on our application that we may offer discounts to Government and Public Safety organizations.

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

8b. If so, please describe the changes (300 words or less).
Our network management practices have not changed. Additional information is publicly available on our website.

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

			(Yes / No)	
To be determined	to be determined	to be determined	to be determined	to be determined
Project Indicators (Next Quarter)				
<p>1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).</p> <p>During the fourth quarter of 2012, our team intends to complete the switching equipment upgrades. With the completion of this portion of our project, we will then be able to finalize the agreements we have been negotiating with last mile providers and begin to provide service to Community Anchor Institutions within the northern tier of Pennsylvania. We anticipate connection to as many as seven Community Anchor Institutions within the fourth quarter and additional connections to follow in January. With the NTIA's approval of our recent route change, we plan to complete these four links of microwave radio upgrades giving us a total of 69 of the 71 connections complete and a total of 1035 miles of upgraded network. The remaining two links are affected by an additional route change which will allow us to reach Sullivan County. This route change will be submitted within the fourth quarter, upon completion of the environmental and historic preservation assessment for the sites involved in the change. Installation of the equipment would be planned for January of 2013.</p>				
<p>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).</p>				
	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)	
2a.	Overall Project	87	A large portion of the remaining expenditures on this project remain tied to the completion of our switching equipment upgrades. Those upgrades are expected to wrap up within the fourth quarter of 2012. Once complete, the vendor responsible for installing this equipment as well as the microwave equipment will be able to submit invoices for these deployments since they have quoted the work together on a site by site basis. We believe, by the close of the fourth quarter of 2012, that we will have completed a total of 69 of the 71 microwave radio links.	
2b.	Environmental Assessment	100	This milestone is complete.	
2c.	Network Design	100	This milestone is complete.	
2d.	Rights of Way	0	N/A This milestone does not apply to our project.	
2e.	Construction Permits and Other Approvals	0	N/A This milestone does not apply to our project.	
2f.	Site Preparation	100	This milestone is complete.	
2g.	Equipment Procurement	99	This milestone is expected to be in agreement with our baseline and nearly complete by the close of the fourth quarter.	
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	This milestone is complete.	
2i.	Equipment Deployment	80	With the anticipated completion of our switching equipment upgrades during the fourth quarter, it is expected that a large portion of the invoices for equipment installations will be submitted and paid. With the approval of our most recent award action request (AAR), we anticipate the completion of another four microwave radio links and the invoices that would accompany this accomplishment as well. Knowing that the process to review and accept the vendor's work, document the changes to the site and submit an invoice takes time, it is believed that this category will not be completed until January of 2013 or possibly into our close out period.	
2j.	Network Testing	90	This milestone is expected to be in agreement with our baseline by the close of the fourth quarter.	
2k.	Other (please specify): Customer Acquisition, Support and Billing	99	This milestone is expected to be in agreement with our baseline and nearly complete by the close of the fourth quarter.	
<p>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).</p> <p>Our successful completion of this project currently relies upon a few more months of cooperative weather as well as a quick turn around on the final award action request for a route modification. The northern tier of Pennsylvania typically begins to experience</p>				

RECIPIENT NAME:Executive Office of the Commonwealth of Pennsylvania (Office of Administration)

AWARD NUMBER: NT10BIX5570017

DATE: 11/09/2012

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

snowy conditions as early as November which may hamper our efforts to complete the final installations of equipment at the last remaining tower sites. We will also need the BTOP management to move through the review of our route modification request as quickly as possible so that we will still have enough time to reach the intended community anchor institutions within Sullivan County.

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	\$2,200,268	\$0	\$2,200,268	\$2,752,335	\$0	\$2,752,335
b. Land, structures, right-of-ways, appraisals, etc.	\$5,497,900	\$5,303,410	\$194,490	\$5,270,367	\$5,125,890	\$144,477	\$5,320,380	\$5,125,890	\$194,490
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	\$1,422,729	\$0	\$1,422,729	\$2,639,783	\$0	\$2,639,783
e. Other architectural and engineering fees	\$495,125	\$0	\$495,125	\$374,670	\$0	\$374,670	\$414,345	\$0	\$414,345
f. Project inspection fees	\$1,763,200	\$0	\$1,763,200	\$1,033,908	\$0	\$1,033,908	\$1,393,544	\$0	\$1,393,544
g. Site work	\$7,603,022	\$0	\$7,603,022	\$131,010	\$0	\$131,010	\$4,845,208	\$0	\$4,845,208
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,414,984	\$560,077	\$1,854,907	\$1,688,138	\$498,463	\$1,189,675	\$1,985,790	\$498,463	\$1,487,327
j. Equipment	\$12,327,062	\$1,332,516	\$10,994,546	\$6,912,563	\$1,042,947	\$5,869,616	\$11,783,296	\$1,332,516	\$10,450,780
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	\$19,033,653	\$6,667,300	\$12,366,353	\$31,134,681	\$6,956,869	\$24,177,812
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	\$19,033,653	\$6,667,300	\$12,366,353	\$31,134,681	\$6,956,869	\$24,177,812

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