

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) 03-31-2013	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 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): 05-16-2013
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Project Indicators (This Quarter)

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

During the first quarter of 2013, we completed the environmental assessment and historic preservation review for the sites that will take our network into Sullivan County.
 Our project remains at 69 of 71 microwave radio connections completed to date. The remaining two links are located in Lycoming and Sullivan counties which received significant snowfall during the first quarter preventing tower crews from accessing the sites. These two remaining links are now scheduled to be completed in May of 2013 once the snow has melted and the winds have calmed. With the completion of the switching equipment acceptance testing late in the fourth quarter, we received and paid over \$9M in invoices for equipment and services within the first quarter.
 We continue to work with two last mile providers to connect community anchor institutions to our network and have finalized an agreement for our working relationship. Formal contracts remain to be signed with these entities that define the term and pricing of services provided.
 The pilot project to test TV White Space equipment in the northern tier of Pennsylvania has ended without the success that we had hoped for. The vendor that we were working with was not able to resolve software issues leaving us unable to move forward. We successfully connected directly to 4 community anchor institutions during the first quarter and aggressively surveyed, planned and designed the remaining last-mile solutions.

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	86	Our project made significant progress during the first quarter with the receipt and payment of invoices for the switching equipment as well as the services to install a majority of the equipment purchased as part of the project. The payment of these invoices allowed us to get to 86% complete for the overall project.
2b.	Environmental Assessment	100	This milestone is complete.
2c.	Network Design	90	This milestone is on schedule. The network design that remains to be completed is in regard to the connections to our last mile service providers and Community Anchor Institutions. The design for those connections has been determined; however, until they are complete and the invoices paid, we are unable to show an increase in progress.
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	92	During the first quarter of 2013, we made significant progress on the Equipment Procurement milestone. With the completion of our switching equipment upgrades, we were able to receive and pay a significant number of invoices. The items remaining in this category are for connections to the last mile service providers and community anchor institutions. This milestone is on schedule.
2h.	Network Build (all components - owned, leased, IRU, etc)	100	This milestone is complete.
2i.	Equipment Deployment	84	With the completion of our switching equipment upgrades, a majority of the invoices for services were received and then paid allowing us to show 84% completion of this milestone. The remaining expenditures in this category are for the installation of switching hub equipment as well as the installation of equipment to support our connections to last mile service providers and community anchor institutions.
2j.	Network Testing	86	With the receipt and payment of invoices for the acceptance testing of our switching equipment, we were able to make progress on this milestone. The remaining items within this milestone are expected to be completed within the second quarter. The expenditures that follow will likely fall near the end of the second quarter or early third quarter.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2k.	Other (please specify): Customer Acquisition, Support and Billing	81	The remaining task within this milestone is dependent upon our final end to end test of the system which is scheduled for May of 2013. With successful completion of the test, the final invoice for the customer support and billing system will be received and paid.

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).

Due to the significant snowfall in the northern tier of Pennsylvania during the winter months, our crews were unable to get into many of our remote tower sites including the sites in Lycoming and Sullivan counties to complete the last two microwave radio connections. As the warmer temperatures of Spring move into Pennsylvania, we anticipate the snow will melt quickly and access will be restored. Our crews will complete these installations as quickly as the site and wind conditions allow for a tower climber to safely scale the structures.

The steep and tree-covered terrain of rural Pennsylvania continues to prove difficult for clear line-of-sight last-mile wireless solutions. GIS analysis might predict "close" line of sight, but only through manual investigation can actual radio frequency propagation be determined. In several instances, we will utilize 900MHz for fixed wireless last mile because it can penetrate up to ¼-mile of foliage obstruction. However, more potential CAIs have not materialized due to impenetrable foliage or actual ground obstruction."

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 the project.
New network miles leased	0	N/A for this project.
Existing network miles upgraded	1,035	We have completed 69 of the 71 microwave radio connection upgrades on the network by the close of the first quarter. This is no change from the previous quarter. The remaining two links will be completed during the spring season, once the snow and ice melt and the winds die down. 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	69	The project is on schedule with the deployment of upgraded microwave radio links. We have completed 69 of the 71 links to date with the final two scheduled for early in the second quarter of 2013.
Number of new towers	5	This key program indicator is complete.
Number of new and/or upgraded interconnection points	69	We have added two internet gateways to the network through two different last mile service providers– one in the middle of the network's footprint (KCnet), and the other at the western end (North Central). The actual nodes of the network are, literally, points of interconnection and this quarter the 69th node became 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	2
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	0

Indicators			
Average term of signed agreements (in quarters)		0	
<p>5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers: Currently we have signed agreements with two last mile providers within the norther tier of Pennsylvania: KCNet of Lockhaven, Pennsylvania and North Central Regional Planning and Development Commission of Ridgway, Pennsylvania.</p>			
<p>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: We are offering Layer 2 MPLS Ethernet back haul that is not distance dependent, does not incur a per-hop charge, and is straightforward in price and application. The pricing plan contractually agreed-to with our two last mile providers is a revenue share, with the larger proportion of the share going to the last mile provider. Our two last mile providers will be allocated whatever bandwidth they require. Today's optimistic estimates are <50Mbps for each. Should a retail customer need only data backhaul (no Internet), we will sell to them directly and anticipate \$45 per month per physical port plus backhaul averaging \$50/Mbps. This generic MPLS Ethernet back haul will be offered in data rate increments; 1.5/3/10/20Mbps. These speed tiers are burstable with monthly charges adjusting based upon the percentage burst. For example, a 5Mbps service at \$250/month wanting a 50% burst (to 7.5Mbps) would incur a 10% fee increase; a 100% burst increase (to 10Mbps) would incur a 25% fee increase. We will enact non-recurring charges such as 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 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.</p>			
<p>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). At this point, the Commonwealth has not designated a third party to manage all or a portion of the network.</p>			
<p>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).</p>			
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 signed agreements with wholesalers or last mile providers who are receiving new access.
	Providers with signed agreements receiving improved access	2	We have connected to two last mile service providers. Each provider will be expanding their area of service through the use of our network.
	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	2	We have connected to two last mile internet service providers. We have allowed them to tell us what speeds they need instead of making them choose from what we chose to make available. At this point, we have provisioned 2 Mbps and 5 Mbps services.
Community Anchor Institutions (including Government institutions)	Total subscribers served	4	We have connected four Pennsylvania State Police (PSP) stations to our broadband network within the first quarter of 2013.
	Subscribers receiving new access	0	The CAIs that we connected to the network are not receiving new access.
	Subscribers receiving improved access	4	The CAIs that we have connected directly to the network are receiving improved access through our project that also serves as a redundant path to the connection that was in place.

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 or subscribers for each	4	The four PSP stations that we connected to our network within the first quarter are each capable of receiving 40 Mbps.
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 intended to offer customers a 10% discount off of the total price when committing to a 2-year term and 25% off of the total price for a 3-year term. As we connected last mile service providers to the network, the actual agreements to date have turned out to be for significantly longer periods of time. The contracts, currently in the signature process with our two last mile providers, are actually for twenty years with an ten year renewal option. 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.

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? (Yes / No)	Narrative description of how anchor institutions are using BTOP-funded infrastructure
Pennsylvania State Police	Kane	Public Safety	to be determined	This CAI has connected to the network in order to use the capacity as a redundant broadband source. The applications that the link will be used for in the future are still being determined.
Pennsylvania State Police	Dubois	Public Safety	to be determined	This CAI has connected to the network in order to use the capacity as a redundant broadband source. The applications that the link will be used for in the future are still being determined.
Pennsylvania State Police	Coudersport	Public Safety	to be determined	This CAI has connected to the network in order to use the capacity as a redundant broadband source. The applications that the link will be used for in the future are still being determined.

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
Pennsylvania State Police	Ridgway	Public Safety	to be determined	This CAI has connected to the network in order to use the capacity as a redundant broadband source. The applications that the link will be used for in the future are still being determined.

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 During the second quarter of 2013, we are scheduled to complete the last two microwave radio connections which will take our services into Sullivan County. This accomplishment will also take our number of upgraded miles to 1,064 and the number of links complete at 71 of 71.
 Our outreach into the northern tier will continue to investigate and facilitate connections to community anchor institutions and un-served/under-served residential areas.
 Specifically for CAIs, we project the following new connections: +3 Sullivan County government; +2 Cameron County government; +1 state park in Potter County; +1 public television station in Clearfield County; +1 critical care facility in McKean County. These projected 8 new CAI connections raise the total projected Q2 cumulative CAI total to 12.

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	97	We plan to have this milestone nearly complete within the second quarter of 2013. The only expenditures that we anticipate remaining would be associated with the end to end testing of the network and connections to last mile service providers and community anchor institutions.
2b.	Environmental Assessment	100	This milestone is complete.
2c.	Network Design	100	We plan to complete this milestone within the second quarter of 2013 with the payment of all remaining invoices.
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	We plan to complete this milestone within the second quarter of 2013 with the payment of all remaining invoices.
2g.	Equipment Procurement	99	We plan to have this milestone nearly complete within the second quarter of 2013. The only expenditures that we anticipate remaining would be associated with the connections to last mile service providers or community anchor institutions.
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	This milestone is complete.
2i.	Equipment Deployment	98	We plan to have this milestone nearly complete within the second quarter of 2013. The only expenditures that we anticipate remaining would be associated with the connections to last mile service providers or community anchor institutions.
2j.	Network Testing	92	We plan to have this milestone nearly complete within the second quarter of 2013. The only expenditures that we anticipate remaining would be associated with the end to end testing of the network.
2k.	Other (please specify): Customer Acquisition, Support and Billing	100	We plan to complete this milestone within the second quarter of 2013 with the payment of all remaining invoices.

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).
 During the second quarter of 2013, we will be evaluating the upgraded broadband network with an "end to end" test. This testing is

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

AWARD NUMBER: NT10BIX5570017

DATE: 05/16/2013

OMB CONTROL NUMBER: 0660-0037

EXPIRATION DATE: 12/31/2013

designed to ensure that the network and its components operate reliably and in a manner that is to be expected. Should any components of this test not produce the results that are expected, it will delay final payment.

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	\$2,993,093	\$0	\$2,993,093	\$2,410,731	\$0	\$2,410,731	\$2,850,400	\$0	\$2,850,400
b. Land, structures, right-of-ways, appraisals, etc.	\$5,873,400	\$5,125,890	\$747,510	\$5,873,400	\$5,125,890	\$747,510	\$5,873,400	\$5,125,890	\$747,510
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	\$1,959,750	\$0	\$1,959,750	\$2,807,461	\$0	\$2,807,461
e. Other architectural and engineering fees	\$495,125	\$0	\$495,125	\$415,595	\$0	\$415,595	\$432,645	\$0	\$432,645
f. Project inspection fees	\$1,600,436	\$0	\$1,600,436	\$1,378,854	\$0	\$1,378,854	\$1,477,364	\$0	\$1,477,364
g. Site work	\$7,291,363	\$0	\$7,291,363	\$6,051,885	\$0	\$6,051,885	\$7,060,248	\$0	\$7,060,248
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,040,021	\$498,464	\$1,541,557	\$1,958,470	\$498,463	\$1,460,007	\$2,036,990	\$498,463	\$1,538,527
j. Equipment	\$12,689,105	\$1,571,649	\$11,117,456	\$11,031,931	\$1,042,947	\$9,988,984	\$12,237,998	\$1,568,718	\$10,669,280
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	\$31,080,616	\$6,667,300	\$24,413,316	\$34,776,506	\$7,193,071	\$27,583,435
m. Contingencies									
n. TOTALS (sum of l and m)	\$35,980,017	\$7,196,003	\$28,784,014	\$31,080,616	\$6,667,300	\$24,413,316	\$34,776,506	\$7,193,071	\$27,583,435

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