

**QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS**

General Information		
<b>1. Federal Agency and Organizational Element to Which Report is Submitted</b>  Department of Commerce, National Telecommunications and Information Administration	<b>2. Award Identification Number</b>  NT10BIX5570017	<b>3. DUNS Number</b>  188655898
<b>4. Recipient Organization</b>  Executive Office of the Commonwealth of Pennsylvania (Office of Administration) 225 Capitol Building, Harrisburg, PA 17120-0001		
<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  06-30-2011	<b>6. Is this the last Report of the Award Period?</b>  <input type="radio"/> Yes <input checked="" type="radio"/> No	
<b>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.</b>		
<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Holly Caudill	<b>7c. Telephone (area code, number and extension)</b>  7174257650	
	<b>7d. Email Address</b>  hcaudill@state.pa.us	
<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  08-16-2011	

**Project Indicators (This Quarter)**

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

During the second quarter of 2011, we completed the construction of the first of five new self supporting radio towers as well as the first five of a total ten shelters. We have completed additional microwave radio connection upgrades as well giving us a total of 21 completed by the close of the second quarter. Additionally, during the second quarter of 2011 we received the final Federal Aviation Administration approval allowing us to move forward with construction at one of our Lycoming County sites. We have adjusted our schedule to move this tower forward in the schedule due to its location in the network and the need to install both a shelter and a tower at this location and anticipate its construction to be completed within the third quarter.

**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	8	Based upon project expenditures, our overall project progress is at 8%. Expenditures only occur after the goods or services are received/ provided and installed/quality control checked. As a result, our project does not appear to be progressing as quickly as it would with other methods of gauging progress. As the structures begin to be delivered and installed, or constructed on the site, mostly during the second and third quarters of 2011, our progress should begin to catch up to the baseline due to the realization of those expenditures.
2b.	Environmental Assessment	100	This milestone is complete.
2c.	Network Design	50	We have completed the engineering, site audit services and documentation of all of the changes that we are making to the northern tier sites included in the broadband project and expect to receive the final invoices for the services recently completed, early in the third quarter. While we continue to progress in this category, we will likely not catch up to our baseline until early in 2012 due to the fact that our baseline report was not figured upon expenditures as a method of gauging progress. Prior to the receipt of an invoice, our vendors are required to deliver the goods and services as well as install any equipment and have it quality control checked.
2d.	Rights of Way	0	N/A The rights of way milestone has no cost associated with it as part of our project therefore it's progress will not be tracked within the quarterly PPR.
2e.	Construction Permits and Other Approvals	0	N/A The construction permits and other approvals milestone has no cost associated with it as part of our project therefore it will not be tracked within the quarterly PPR.
2f.	Site Preparation	0	We have completed the construction of one of our new towers as well as five of the new shelters by the close of the second quarter of 2011. Our progress for this milestone is shown as zero percent completed due to a lack of expenditures in this category. We will begin to show expenditures in the third quarter of 2011 with the payment of invoices for the completed tower and shelters. We expect to catch up to the baseline for this milestone during the fourth quarter of 2011 when we have received all of the expected invoices.
2g.	Equipment Procurement	3	As of the close of the second quarter, we have only recognized expenditures for 3% of the total expense for equipment. As our project continues to complete equipment installations and have those installations quality control checked, we will start to realize increased expenditure based progress. Taking into consideration that our baseline report was not based upon expenditures, we may not catch the baseline's projected progress in this milestone until the second quarter of 2012.

	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)	0	The network build milestone includes expenditures for the construction of our five new towers and our ten new shelters included within the project. Prior to the close of the second quarter, we had completed one tower and five shelters; however, we had not received or paid any invoices for that work. We expect that we should be able to catch our baseline report's progress for this milestone by the close of the calendar year.
2i.	Equipment Deployment	5	The equipment deployment milestone includes the installation of the microwave radio upgrades that have continued to progress through the second quarter of 2011. Unfortunately, we only received our first invoices for this work after the close of the second quarter. This milestone also includes installation of the wireless portions of the network that will be determined by our first customers and the installation of the switching equipment that has not been completed to date. With the project schedule in mind, we expect to catch up to our baseline report for this milestone in the early quarters of 2012.
2j.	Network Testing	23	We have tested all of the completed microwave connections. The progress on this milestone is in agreement with our baseline.
2k.	Customer Acquisition, Support and Billing	0	Based upon expenditures for this milestone, we are at zero percent of completion. We recently completed the asset management portion of this milestone and expect to receive an invoice for that equipment and services within the first month of the third quarter which will allow us to show some progress. The other main components to this milestone include the provisioning and billing tools which trail behind the asset management portion. We expect to complete the remaining portions of this milestone by the close of 2011 but may not have received all of the appropriate invoices until early 2012. While we continue to progress in this category, we will likely not catch up to our baseline until early in 2012 due to the fact that our baseline report was not figured upon expenditures as a method of gauging progress. Prior to the receipt of an invoice, our vendors are required to deliver the goods and services as well as install any equipment and have it quality control checked.

**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).**

One challenge that we have faced is in regard to the motors that run the generators that are contained within our new shelters. There are a limited number of manufacturers for these motors and many of them are located in Japan where they were affected by the earthquake and tsunami that occurred in March of 2011. We do not expect this to delay the project and are working through the issues by adjusting our installation schedule where necessary.

**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	No new network miles have been deployed
New network miles leased	0	Our project does not include the leasing of network miles.

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Existing network miles upgraded	311	Our project has upgraded the microwave radios on a portion of the project network providing an additional 150 Mbps but have not upgraded the switching equipment on these miles to date. We will continue to progress on the roll out of microwave radio upgrades and expect to begin installation of the switching equipment by the close of the fourth quarter of 2011. While we trail the number of upgraded miles reported on our baseline report, we expect to begin closing that gap within the next quarter.
Existing network miles leased	0	Our project does not include leased network.
Number of miles of new fiber (aerial or underground)	0	Our project does not include fiber.
Number of new wireless links	21	At this point in our project we have added 21 new microwave links capable of handling an additional 150 Mbps of traffic.
Number of new towers	1	Our project includes five new self supporting towers. The construction of one new tower was completed within the second quarter of 2011. Construction of the second of these towers is currently in progress and expected to be completed within the third quarter. Construction on the remaining three towers is scheduled to take place within the third quarter of 2011 as well.
Number of new and/or upgraded interconnection points	0	Interconnection points will be added to the network as the new customers and their needs are determined. We expect to begin offering broadband services as the initial segments of switching enabled bandwidth are completed to interested last mile providers or anchor institutions.

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: While we have not signed any agreements to date with wholesale or last mile providers, we have had discussions with various middle mile and last mile providers and are working toward determining exactly how the relationship will be structured between the Commonwealth of Pennsylvania and the last mile provider as well as logical points of interconnection between networks.

We anticipate signing the first contract(s) within the third quarter of 2011.

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 connections between ports. Standard features will include Layer 2 MPLS Ethernet ports, best effort routing with route protection in backbone connections, and base price includes basic capability of up to 25% of contracted bandwidth at no cost if excess 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).

At this point in the project, the Commonwealth has not designated a third party to manage the available broadband services offered by 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 are still negotiating with our first wholesale/last mile provider and hope to have a signed agreement by the close of the third quarter.
	Providers with signed agreements receiving improved access	0	No subscribers served with improved access at this point in the project.
	Providers with signed agreements receiving access to dark fiber	0	Dark fiber is not included in this project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	At this point we are not serving subscribers but expect to begin doing so in the third quarter of 2011.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	No subscribers served at this point in the project although we expect to sign our first subscribers onto the network by the end of the calendar year.
	Subscribers receiving new access	0	No subscribers served at this point in the project although we expect to sign our first subscribers onto the network by the end of the calendar year.
	Subscribers receiving improved access	0	No subscribers served with improved access at this point in the project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	The actual speed tiers available and the number of subscribers for each will be determined at the time of our first subscriber's connection to the network.
Residential / Households	Entities passed	0	Not addressed in this middle mile project.
	Total subscribers served	0	Not addressed in this middle mile project.
	Subscribers receiving new access	0	Not addressed in this middle mile project.
	Subscribers receiving improved access	0	Not addressed in this middle mile project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Not addressed in this middle mile project.
Businesses	Entities passed	0	Not addressed in this middle mile project.
	Total subscribers served	0	Not addressed in this middle mile project.
	Subscribers receiving new access	0	Not addressed in this middle mile project.
	Subscribers receiving improved access	0	Not addressed in this middle mile project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	Not addressed in this middle mile project.

**7. Please describe any special offerings you may provide (600 words or less).**

Due to the fact that our project is implemented by a Public Safety communications agency, we are considering offering discounted services to local public safety entities 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).**

Our network management practices have not changed.

**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
to be determined	to be determined	to be determined	to be determined	n/a, at this point in the project

**Project Indicators (Next Quarter)**

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).  
 During the third quarter of 2011, we will finish construction on the second of five new self supporting radio towers included within this project as well as initializing construction of the remaining three towers. Our project crew will continue to install microwave radio upgrades to the existing microwave connections and plan to begin the installation of the switching equipment as well.

Additionally, during the third quarter, our project plans to bring on two additional people to manage the project. One will be an expert on the switching portion of the network while the other will be responsible for selling the bandwidth capacity created by our project to last mile providers and community anchor institutions. With these additional personnel, we hope to expand our work reaching out to the Community Anchor Institutions as well as last mile providers.

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	18	We expect to see expenditures for the tower and shelters that were completed near the close of the second quarter of 2011. We also expect to be able to show expenditures for the first pieces of microwave equipment as well. This figure varies from the baseline due to our change in method of gauging progress. Prior to the reporting of Q1, 2011, we used a method other than expenditures to determine our percent of progress completed.
2b. Environmental Assessment	100	This milestone is complete.
2c. Network Design	72	We expect to see expenditures for the network design milestone early in the third quarter which should bring our percentage up to 72 percent complete based upon expenditures. One of the remaining items under this milestone is the design of the wireless links which may depend upon the requirements of the first customers which may delay our ability to catch up to the baseline until early in 2012.
2d. Rights of Way	0	N/A The rights of way milestone has no cost associated with it as part of our project therefore it's progress will not be tracked within the quarterly PPR.
2e. Construction Permits and Other Approvals	0	N/A The construction permits and other approvals milestone has no cost associated with it as part of our project therefore it will not be tracked within the quarterly PPR.
2f. Site Preparation	21	We expect to have completed the construction of a total of five new towers and ten new shelters by the close of the third quarter of 2011 and are on track with our own internal schedule of progress. Our percent of progress; however, is based upon expenditures (as requested by the NTIA) which trail the completion of project activities. All goods and/or services procured by the Commonwealth of Pennsylvania are required to be completed or installed and quality assurance tested prior to the submission of an invoice by the vendor. We expect to catch the baseline report by the close of the fourth quarter of 2011.
2g. Equipment Procurement	12	As of the close of the third quarter of 2011, we expect to be able to show 12% of progress in the Equipment Procurement milestone as we pay for the first few microwave radio upgrades. We expect to continue to receive invoices for the additional equipment upgrades that have been completed to date and expect to catch our baseline report during the second quarter of 2012.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2h.	<b>Network Build (all components - owned, leased, IRU, etc.)</b>	27	The network build milestone includes the expenditures for the construction of our new towers and shelters as part of this project. As of the close of the third quarter, we expect to have expenditures for one tower and five shelters. With the planned construction for the third quarter, we expect to be able to catch our baseline in the fourth quarter of this year.
2i.	<b>Equipment Deployment</b>	6	We expect that the milestone of Equipment Deployment will be able to show expenditures to move the progress to 6% of completion by the close of the third quarter of 2011. The progress in this milestone is slow due to a lack of invoices to pay at this point. We will continue to encourage our vendors to submit invoices as soon as the work is completed. We expect to catch our baseline report in the early quarters of 2012.
2j.	<b>Network Testing</b>	33	We will continue to test all equipment installations as they happen. By the close of the third quarter of 2011, we expect to have paid all invoices related to the quality control inspections that occurred prior to the third quarter but are being conservative in our estimated expenditures. While this percent of progress slightly trails that of the baseline report, we expect to catch up in the first quarters of 2012.
2k.	<b>Other (please specify):</b> Customer Acquisition, Support and Billing	16	By the close of the third quarter of 2011, we expect to be near completion on the work required for the billing and provision portions of this milestone with final completion expected early in the fourth quarter. As we have stated previously, all goods and services must be delivered and quality control inspected prior to submission of an invoice by the vendor. With that in mind, in reporting expenditures, it is likely that we will not catch up to our baseline report until early in 2012.

**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 only challenge we anticipated is in regard to acquiring customers for the network. Being a middle mile network, we are working to find the right partners to bring services to Pennsylvania's northern tier communities as well as community anchor institutions. This is a new business model for us and are working to find the right connections.

**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	\$199,506	\$0	\$199,506	\$566,429	\$0	\$566,429
b. Land, structures, right-of-ways, appraisals, etc.	\$5,497,900	\$5,303,410	\$194,490	\$821,088	\$821,088	\$0	\$2,165,148	\$2,165,148	\$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	\$814,600	\$0	\$814,600	\$980,164	\$0	\$980,164
e. Other architectural and engineering fees	\$495,125	\$0	\$495,125	\$168,720	\$0	\$168,720	\$347,710	\$0	\$347,710
f. Project inspection fees	\$1,763,200	\$0	\$1,763,200	\$348,478	\$0	\$348,478	\$492,102	\$0	\$492,102
g. Site work	\$7,603,022	\$0	\$7,603,022	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,414,984	\$560,077	\$1,854,907	\$0	\$0	\$0	\$475,768	\$34,961	\$440,807
j. Equipment	\$12,327,062	\$1,332,516	\$10,994,546	\$383,758	\$0	\$383,758	\$1,451,508	\$393,741	\$1,057,767
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>l. SUBTOTAL (add a through k)</b>	\$35,980,017	\$7,196,003	\$28,784,014	\$2,736,150	\$821,088	\$1,915,062	\$6,478,829	\$2,593,850	\$3,884,979
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$35,980,017	\$7,196,003	\$28,784,014	\$2,736,150	\$821,088	\$1,915,062	\$6,478,829	\$2,593,850	\$3,884,979

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