

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration	2. Award Identification Number NT10BIX5570085	3. DUNS Number 878195239
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4. Recipient Organization

 Vermont Telephone Company, Inc. 354 River Street, Springfield, VT 05156-2242

5. Current Reporting Period End Date (MM/DD/YYYY) 03-31-2011	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 Justin Robinson President	7c. Telephone (area code, number and extension) 8028857708
	7d. Email Address jmrobins@vermontel.com

7b. Signature of Certifying Official Submitted Electronically	7e. Date Report Submitted (MM/DD/YYYY): 05-26-2011
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Project Indicators (This Quarter)

1. Please describe significant project accomplishments completed during this quarter (600 words or less).
 During this quarter we continued efforts to resolve and eliminate overlap between our project and two other NTIA-funded projects. These efforts were ongoing through the entire quarter; however at the time of submitting this report (quarter 2) we have completed this process and received approval on our Overlap Special Award Condition and our Reprogram/Rebudget request that was required as a result of the overlap resolution.

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	1	The process of identifying overlap, removing it, and reprogram/rebudget of the project has put our project behind the original baseline; however due to the reduction in project scope, which removed approximately 50% of the new miles to be constructed we do not see a significant risk to the completion of the project within the allotted time line. In the next quarter we intend to create and submit an updated baseline that more accurately reflects the new project scope and funding level. The project scope change was not finalized until next quarter, which happened prior to submission of this quarter's report.
2b.	Environmental Assessment	70	Please see narrative regarding overall project completion. The change to our project scope has required us to seek new consultations with the related agencies, including the Vermont State Historic Preservation Office, US Fish & Wildlife Services, and several others. Their responses are expected in the next quarter, along with completion of our FONSI.
2c.	Network Design	0	Please see narrative regarding overall project completion. The change to our project scope required us to revisit the original network work design as it has deleted some portions of the network and has added others. Within the next quarter we expect of finalize the network design and begin to implementation of the network.
2d.	Rights of Way	0	Please see narrative regarding overall project completion. Given the significant potential for routes to be changed, or removed, during the resolution we did not feel it was a responsible use of funds to pursue rights of way until we had a more clear understanding of the project scope, as we do now.
2e.	Construction Permits and Other Approvals	0	Please see narrative regarding overall project completion. Similar to the acquisition of rights of way, we did not feel it was responsible use of funds to pursue construction permits or other approvals until we had a clear understanding of the project scope.
2f.	Site Preparation	0	Please see narrative regarding overall project completion. The change to the project has changed and reduced the scope of the site preparation. Within the next quarter we expect to have a finalized network design and a FONSI allowing us to begin site preparation.
2g.	Equipment Procurement	7	Please see narrative regarding overall project completion. The change in the network design has cause a change in the configuration of the equipment needed. During the next quarter we expect to have completed the updated network design and issued RFP's to accelerate the procurement of the necessary equipment.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Please see narrative regarding overall project completion. The change in the project school has significantly reduced the amount of network build required. With updated environmental assessment and the expected issuance of the FONSI in the next quarter we can start the network build.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	2i. Equipment Deployment	2	Please see narrative regarding overall project completion. The change in the network design has caused the update of the equipment procurement. During the next quarter we expect to have issued and begun the procurement of the equipment. The equipment procurement and the issuance of the FONSI in the next quarter will also allow us to continue the deployment of the equipment.
	2j. Network Testing	2	Please see narrative regarding overall project completion. With the change in the network design, equipment procurement and deployment, there is also a change in the scope of the network testing.
	2k. Other (please specify): Vehicles	100	VTel purchased two broadband vehicles.

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 this quarter we worked with our Federal Program Officer to finalize the resolution of overlap and reallocation of funds. This process has continued to be the biggest challenge to the planned progress as it has introduced uncertainty in the routes being constructed, the final design of the network, and our progress towards satisfying our Special Award Conditions. At the time of submitting this report (during the next quarter) we have resolved the overlap and reallocation of funds issues and are now able to work to implement the project. The original baseline report indicates we are behind in several key milestones; however the reduction in size and scope of the project reduces the required time to completion significantly. We are currently working on a revised baseline and key milestones to more accurately measure our progress past this point.

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 Variance
New network miles leased	0	No Variance
Existing network miles upgraded	0	No Variance
Existing network miles leased	38	No Variance
Number of miles of new fiber (aerial or underground)	0	No Variance
Number of new wireless links	0	No Variance
Number of new towers	0	No Variance
Number of new and/or upgraded interconnection points	2	We have established an interconnection point with two service providers.

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:
 We have 7 existing agreements with broadband wholesale and last mile providers who's connection will be upgraded as a result of this project. These customers are shown in the quarterly indicators of the baseline. With the change in the scope of the project no new wholesale and last mile providers have signed agreements as the construction of the project has not begun.

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:

No new wholesale services have yet been provided by this project.

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).

We have not designated a third party to operate all or a portion of our network.

6. Please provide the data according to the type of subscriber. Write "0" in the Total column and "N/A" in the Narrative column if your project does not pass or serve a particular subscriber type. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (300 words or less).

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	No Variance
	Providers with signed agreements receiving improved access	0	No Variance
	Providers with signed agreements receiving access to dark fiber	0	No Variance
	Please identify the speed tiers that are available and the number of subscribers for each	0	For Broadband Wholesalers and Last Mile Providers, transport and Internet bandwidth are sold on a per-Megabit basis. Capacity is available from 1Mbps/Second to 10Gbps/Second. Higher speeds may also be available; however are provided on a individual case basis, where available.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	VTBell has 47 existing customers that were listed under the proposed CAI's. These customers connections will be upgraded with the network funded by NTIA which is in process.
	Subscribers receiving new access	0	No Variance
	Subscribers receiving improved access	0	No Variance
	Please identify the speed tiers that are available and the number or subscribers for each	0	Community Anchor institutions may also buy capacity on a per-Megabit/second basis; however we expect most of them will take advantage of one of our two tier pricing models. The first is 25Megabit/second of Internet capacity, burstable to 1000Megabit/second, including off site data storage. The second is 100Megabit/second of Internet capacity, burstable to 1000Megabit/second. Both packages include offsite data storage and savings on GigE "spoke" connections to nearby facilities.
Residential / Households	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Businesses	Entities passed	0	N/A
	Total subscribers served	0	N/A
	Subscribers receiving new access	0	N/A
	Subscribers receiving improved access	0	N/A
	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A

7. Please describe any special offerings you may provide (600 words or less).
 With all \$1,400 and \$2,500 packages we include off site data storage, access to Internet2 and access to a state wide WAN connection.

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
0	0	0	0	0

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 During the next quarter we anticipate the completion of the revised environmental assessment with the issuance of a FONSI by the NTIA. We also will have issued and completed our request for proposal for engineering services and equipment procurement. During the next quarter we will also have received approval of our updated budget. We anticipate the overlap special award condition to be lifted. We also plan to have our 6 month budget approved.

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	2	Baseline 18%. Our original baseline was derived from our awarded project of \$17,509,274. The recently-approved overlap resolution and project rescope has changed our project to be \$12,861,126. While our percent complete is behind where our original baseline had estimated it is due to the significant project scope change. A new baseline is being developed to be submitted during the next quarter that will more accurately reflect the project schedule going forward.
2b.	Environmental Assessment	100	Baseline 100%
2c.	Network Design	60	Baseline 100% Please see narrative above regarding overall project completion and milestones.

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
2d.	Rights of Way	2	Baseline 30%. Please see narrative above regarding overall project completion and milestones.
2e.	Construction Permits and Other Approvals	2	Baseline 30%. Please see narrative above regarding overall project completion and milestones.
2f.	Site Preparation	1	Baseline 15%. Please see narrative above regarding overall project completion and milestones.
2g.	Equipment Procurement	2	Baseline 47%. Please see narrative above regarding overall project completion and milestones.
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	Baseline 30%. Please see narrative above regarding overall project completion and milestones.
2i.	Equipment Deployment	0	Baseline 23%. Please see narrative above regarding overall project completion and milestones.
2j.	Network Testing	0	Baseline 23%. Please see narrative above regarding overall project completion and milestones.
2k.	Other (please specify): Vehicles	100	VTel purchased two broadband vehicles.

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 biggest challenges during the next quarter are getting final approval for our updated Environmental Assessment. With regard to the environmental assessment, any assistance the BTOP program can give to issuance of a timely FONSI would be of great benefit to the progress of the project. While the milestones in the original baseline would indicate that our project is behind the original baseline; however due to the reduction in project scope, which removed approximately 50% of the new miles to be constructed we do not see a significant risk to the completion of the project within the allotted time line

Infrastructure Budget Execution Details

Activity Based Expenditures (Infrastructure)

1. Please provide details below on your total budget, cumulative actual expenditures (for the period ending the current quarter), and cumulative anticipated expenditures (for the period ending next quarter) for each line item, including detailed disbursements of both matching funds and federal funds from project inception through end of this quarter (actual) or next quarter (anticipated). Actual and anticipated figures should be reported cumulatively from award inception to the end of the applicable reporting quarter.

Budget for Entire Project				Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
Cost Classification	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	\$100,000	\$28,928	\$71,072	\$35,522	\$10,276	\$25,246	\$35,522	\$10,276	\$25,246
b. Land, structures, right-of-ways, appraisals, etc.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$105,370	\$30,482	\$74,888	\$121,752	\$35,221	\$86,531	\$298,366	\$89,510	\$208,856
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$80,000	\$23,143	\$56,857	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$5,544,518	\$1,603,940	\$3,940,578	\$4,206	\$1,217	\$2,989	\$4,206	\$1,217	\$2,989
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$7,824,210	\$2,451,048	\$5,373,162	\$0	\$0	\$0	\$0	\$0	\$0
j. Equipment	\$3,763,176	\$1,088,627	\$2,674,549	\$79,990	\$23,140	\$56,850	\$79,990	\$23,140	\$56,850
k. Miscellaneous	\$92,000	\$26,614	\$65,386	\$46,433	\$13,432	\$33,001	\$46,433	\$13,432	\$33,001
l. SUBTOTAL (add a through k)	\$17,509,274	\$5,252,782	\$12,256,492	\$287,903	\$83,286	\$204,617	\$464,517	\$137,575	\$326,942
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$17,509,274	\$5,252,782	\$12,256,492	\$287,903	\$83,286	\$204,617	\$464,517	\$137,575	\$326,942

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: \$0	b. Program Income to Date: \$0
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