QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information

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

4. Recipient Organization

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

5. Current Reporting Period End Date (MM/DD/YYYY)	6. Is this the last Report of the Award Period?
12-31-2010	◯ Yes ◉ 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	7c. Telephone (area code, number and extension)
Justin Robinson	8028857708
VP Engineering	**7d. Email Address** jmrobins@vermontel.com
7b. Signature of Certifying Official Submitted Electronically	**7e. Date Report Submitted (MM/DD/YYYY):** 02-25-2011

Project Indicators (This Quarter)

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

We have completed a draft environmental assessment and are now responding to questions from the various entities involved. The overlap issue has essentially been resolved and we are now working with NTIA on how best to reallocate the capital displaced by the overlap resolution. Two of the vehicles proposed in our application have been purchased using recipient funds and are available for the project

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

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
2a.	Overall Project	1	No Variance
2b.	Environmental Assessment	70	We have completed an environmental assessment draft.
2c.	Network Design	0	No Variance
2d.	Rights of Way	0	No Variance
2e.	Construction Permits and Other Approvals	0	No Variance
2f.	Site Preparation	0	No Variance
2g.	Equipment Procurement	2	We have completed purchase of a Netapp Data Storage system.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	No Variance
2i.	Equipment Deployment	2	We have deployed a Netapp Data Storage system.
2j.	Network Testing	2	No Variance
2k.	Other (please specify): Vehicles	5	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).

We are currently working with our program officer to finalize the reallocation of funds displaced by the resolution of overlap with another award recipient. This process has been the biggest challenge to planned progress as it has, among other things, introduced uncertainty in the routes being constructed and the final design for the electronics, which have a direct impact on many pieces of our project milestones. Once this issue has been resolved we can move forward with implementation.

With the funding of both VTBell and the State of Vermont's VTA/Sovernet application, an unexpected number of Vermont's several hundred school boards, schools, and other CAI institutions concluded that the VTBell and VTA/Sovernet were competitors. This caused both confusion and frustration for CAI's. Some interpreted these series of events to indicate there was no single integrated statewide network and therefore many have decided to "go their own way" signing long-term contracts with other fiber providers who have been connecting customers since the NTIA awards. These developments have caused CAI's to be reluctant to proceed with signing contracts while the uncertainties of overlap exists between the two funded projects.

A quick resolution to the process of removing overlap and coming to a resolution on the redeployment of grant funds, displaced by overlap, will help VTBell regain the momentum needed to complete the overall project and meet the milestones listed above.

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

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Existing network miles leased	38	No Variance
Number of miles of new fiber (aerial or underground)	0	Environmental clearance to proceed with contruction has not been granted to date.
Number of new wireless links	0	No Variance
Number of new towers	0	No Variance
Number of new and/or upgraded interconnection points	0	No Variance

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:
No agreements have been signed with any wholesale or last mile providers to date.

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 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 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	N/A
	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 1Megabit/second to 10Gigabit/second. Higher speeds may also be available; however are provided on an individual case basis, where available. It is estimated that 80 percent of the Broadband Wholesalers and Last Mile Providers

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
			will take under 100Megabit/second of capacity. The remaining 20 percent are expected to use significantly higher rates, including 2.5Gigabit/second and 10Gigabit/second service.
Community Anchor Institutions (including Government institutions)	Total subscribers served	47	VTBell has 47 existing customer that were listed under the proposed CAI's. Service is currently provided to these institutions and is not dependent on construction of new facilities.
	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 offsite data storage. The second is 100Megabit/second of Internet capacity, burstable to 1000Megabit/second, including offsite data storage. Both of these packages also include savings on GigE "spoke" connections to nearby facilities, allowing a highspeed local area network.
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
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

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).
We plan to have completed our environmental assessment .

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 Report 2%
2b.	Environmental Assessment	90	Baseline Report 90%
2c.	Network Design	50	Baseline Report 50%
2d.	Rights of Way	10	Baseline Report 10%
2e.	Construction Permits and Other Approvals	10	Baseline Report 10%
2f.	Site Preparation	5	Baseline Report 5%
2g.	Equipment Procurement	12	Baseline Report 12%
2h.	Network Build (all components - owned, leased, IRU, etc.)	10	Baseline Report 10%
2i.	Equipment Deployment	5	Baseline Report 5%
2j.	Network Testing	5	Baseline Report 5%
2k.	Other (please specify): 0	0	N/A

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).
Two of the biggest challenges we anticipate, during the next quarter, that will have an impact on our planned progress are:
1. Coming to a resolution on the overlap and reallocation of funds displaced by the remove of routes.
2. Getting our environmental assessment updated to reflect the changes made in the overlap resolution process.

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.

Cost Classification	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		
	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	$49,522	$14,476	$35,046
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	$76,198	$22,043	$54,155	$104,198	$30,443	$73,755
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	$75,799	$22,694	$53,105
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	$34,000	$10,200	$23,800
l. SUBTOTAL (add a through k)	$17,509,274	$5,252,782	$12,256,492	$242,349	$70,108	$172,241	$343,509	$100,953	$242,556
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	$242,349	$70,108	$172,241	$343,509	$100,953	$242,556

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