

QUARTERLY PERFORMANCE PROGRESS REPORT FOR BROADBAND INFRASTRUCTURE PROJECTS

General Information		
1. Federal Agency and Organizational Element to Which Report is Submitted Department of Commerce, National Telecommunications and Information Administration	2. Award Identification Number NT10BIX5570017	3. DUNS Number 188655898
4. Recipient Organization Executive Office of the Commonwealth of Pennsylvania (Office of Administration) 225 Capitol Building, Harrisburg, PA 17120-0001		
5. Current Reporting Period End Date (MM/DD/YYYY) 12-31-2012	6. Is this the last Report of the Award Period? <div style="text-align: center;"> <input type="radio"/> Yes <input checked="" type="radio"/> No </div>	
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): 02-14-2013	

Project Indicators (This Quarter)

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

During the fourth quarter of 2012, we were able to complete the upgrades to four additional microwave radio links for a total of 69 of 71 complete and 1,035 miles of upgraded network. The final two links are affected by a route change that we intend to submit to the NTIA upon completion of the environmental and historic preservation assessments. We anticipate receiving the results of the reviews within the first week of the first quarter of 2013. These last two links will allow us to connect to portions of Sullivan County.

During the quarter, we were able to complete the acceptance testing on the switching equipment portion of the network. This accomplishment will allow for a substantial increase in our progress upon receipt and payment of the associated invoices, likely within the first quarter of 2013.

We continue to work with three last mile service providers and anticipate finalizing agreements with them now that the switching equipment upgrades are complete.

During the quarter, we began a pilot project to test TV White Space equipment and its ability to navigate the terrain in Northern Pennsylvania.

We continue to reach out to interested community anchor institutions and are working toward connection with at least six of these institutions currently.

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	60	Our project was able to make substantial progress within the fourth quarter of 2012 as will be shown upon receipt and payment of the resulting invoices. We completed acceptance testing on the switching equipment portion of the project which will allow our vendor to submit invoices for not only this equipment but also for the services to install the switches and microwave radios included within the project. Due to our structured payment process, we will likely be able to report these expenditures within the first quarter of 2013.
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.
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	67	Our equipment procurement milestone continues to trail the progress predicted in our baseline report; however, we believe that we will be in agreement within the first quarter of 2013. The completion of acceptance testing on the switching equipment portion of the project in mid December will allow our equipment vendor to begin to invoice us for this equipment as well as for the services to install the equipment.
2h.	Network Build (all components - owned, leased, IRU, etc)	100	This milestone is complete.
2i.	Equipment Deployment	16	Our equipment deployment milestone continues to trail the progress predicted in the baseline report. Due to acceptance testing of the switching equipment that occurred in mid December, we anticipate receipt and payment for this equipment and its installation to occur within the first quarter of 2013. We believe that we will catch the progress predicted in the baseline report within the first quarter.
2j.	Network Testing	69	Acceptance testing for our switching equipment was completed in mid December. With the completion of this testing, we anticipate receipt of invoices for this work early in the first quarter of 2013. The payment of these invoices will allow us to catch up to the baseline within the first 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	Our customer acquisition, support and billing milestone trails the progress that was predicted on our baseline. As of the close of the fourth quarter, the acceptance testing of the entire network remains to be completed. Once complete, this milestone will also be complete.

3. To the extent not covered above, please describe any challenges or issues faced during this past quarter in achieving planned progress against the project milestones listed above. In particular, please identify any areas or issues where technical assistance from the BTOP program may be useful (600 words or less).

The acceptance testing of our switching equipment upgrades took longer than anticipated; however, we were able to wrap it up by the middle of December. During this testing we found instances where the network did not behave as originally expected and as a result have determined that a lab must be built to test any software upgrade prior to installation on the live network.

4. Please report the following information regarding network build progress. Write "0" in the Total column and "N/A" in the Narrative column if your project does not include this activity. Unless otherwise indicated in the instructions, figures should be reported cumulatively from award inception to the end of the most recent reporting quarter. Please provide a narrative description if the total is different from the target provided in your baseline plan (600 words or less).

Indicator	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
New network miles deployed	0	N/A for this project. There are no NEW network miles included in this project.
New network miles leased	0	N/A for this project.
Existing network miles upgraded	1,035	We have completed 69 of the 71 microwave radio connection upgrades on the network by the close of the fourth quarter. The project remains on schedule.
Existing network miles leased	0	N/A for this project.
Number of miles of new fiber (aerial or underground)	0	N/A for this project.
Number of new wireless links	69	The project is on schedule with the deployment of upgraded microwave radio links. We have completed 69 of the 71 links and will be submitting an award action request for the final two early in the first quarter of 2013.
Number of new towers	5	This key program indicator is complete.
Number of new and/or upgraded interconnection points	2	We have added two interconnection points to the network during the fourth quarter of 2012 through two different last mile service providers. The agreements with these providers are nearing completion and are expected to be completed within the first quarter of 2013. Our baseline stated that we would have significantly more connections at this point in the project; however, there are only 17 fixed wireless last mile providers in the state and only a portion of these fall within project's footprint.

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	3
Average term of signed agreements (in quarters)	0

5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:
While we have not finalized agreements with the last mile providers that we have been in negotiations with, we have physically

connected to two providers and eagerly await the signed agreements that will allow traffic to begin flowing through the links. We continue to negotiate with an additional provider and hope to finalize an agreement with this provider within the first quarter of 2013 as well.

5c. What wholesale services are being provided by this project? Please describe below. As an attachment to this report, please provide pricing plans (in \$ per month) associated with each wholesale service provided by your product (100 words or less). Wholesale services description:

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

5d. If you have designated a third party to operate all or a portion of your network, please provide the name and contact information for this third party, indicate if this entity is a sub recipient, contractor, and/or subcontractor, and describe with specificity the portion of your network this third party operates (600 words or less).

At this point, the Commonwealth has not designated a third party to manage all or a portion of the network.

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

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
Broadband Wholesalers or Last Mile Providers	Providers with signed agreements receiving new access	0	Network infrastructure continues to be built. Only services to test the connections to last mile service providers have been provided to date. We anticipate agreements to be signed upon completion of the switching equipment deployment.
	Providers with signed agreements receiving improved access	0	Network infrastructure continues to be built. Only services to test the connections to last mile service providers have been provided to date. We anticipate agreements to be signed upon completion of the switching equipment deployment.
	Providers with signed agreements receiving access to dark fiber	0	N/A. Dark fiber is not a part of the Commonwealth of Pennsylvania project.
	Please identify the speed tiers that are available and the number of subscribers for each	0	The actual speed tiers available as well as the number of subscribers will be determined at the time of the first connections to the network; however, our baseline identified that we would offer our customers Ethernet virtual circuits at 10, 20, and 50 Mbps. We anticipate the first connections to be made once the MPLS switching upgrades have been completed and agreements are finalized.
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Network infrastructure continues to be built. Only services to test the connections to last mile service providers have been provided to date. It is anticipated that most, if not all, community anchor institutions that connect will be reached through a last mile service provider. We anticipate that the first community anchor institutions will be connected as soon as our switching equipment upgrades are completed and agreements are finalized.
	Subscribers receiving new access	0	Network infrastructure continues to be built. Only services to test the connections to last mile service providers have been provided to date. It is anticipated that most, if not all, community anchor institutions that connect will be reached through a last mile service provider. We anticipate that the first community anchor institutions will be connected as soon as our switching equipment upgrades are completed and agreements are finalized.

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

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

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
To be determined	To be determined	To be determined	To be determined	To be determined

Project Indicators (Next Quarter)

1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).
 During the first quarter of 2013, we anticipate the completion of our last two links of microwave giving us a total of 71 of 71 complete and 1,064 miles of upgraded network. The completion of the last two links is dependent upon approval of the route change submitted to the NTIA in early January and will allow us to reach multiple Community Anchor Institutions in need of affordable service in Sullivan County. Additionally, we intend to complete the connections to six state police stations giving us our first Community Anchor Institutions on the network. We anticipate finalizing agreements with three last mile service providers and physically connecting with all three by the quarter's end. Significant outreach will occur within the first quarter to facilitate negotiations with interested Community Anchors and determine where our next connections will happen.

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	92	Our overall project will make significant progress in the first quarter with the anticipated arrival and payment of invoices for work completed in the fourth quarter. The vendor that is supplying our switching and microwave equipment had quoted the services to install both pieces of equipment together on a site by site basis, making them unable to invoice until the switching equipment had been installed and tested. We completed the assurance testing on those upgrades in mid December allowing the invoicing to begin. We also anticipate the receipt of invoices for equipment and the installation of our customer access platforms. Our percent complete will jump significantly to 92% and come close to agreement with the baseline predictions.
2b.	Environmental Assessment	100	This milestone is complete.
2c.	Network Design	92	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. Due to the Commonwealth's requirement for the vendor to complete all work prior to invoicing, this milestone is expected to be complete just beyond the close of the first quarter of 2013.
2d.	Rights of Way	0	N/A This milestone does not apply to our project.
2e.	Construction Permits and Other Approvals	0	N/A This milestone does not apply to our project.
2f.	Site Preparation	100	This milestone is complete.
2g.	Equipment Procurement	97	The equipment procurement milestone will jump to 97% of completion in the first quarter of 2013 with the receipt of invoices for switching equipment as well as a few links of microwave radios. This progress will bring our project into agreement with the baseline report.
2h.	Network Build (all components - owned, leased, IRU, etc.)	100	This milestone is complete.
2i.	Equipment Deployment	98	The equipment deployment milestone will soar to 98% of completion in the first quarter of 2013 with the receipt of invoices for the installation of microwave and switching equipment. This progress will bring our project into agreement with the baseline report.
2j.	Network Testing	87	The network testing milestone will increase to 87% of completion in the first quarter of 2013 as invoices are paid for much of the testing involved with the upgrades to the switching equipment. This progress trails that of the baseline report; however, we anticipate closing this gap just beyond the close of the first quarter.
2k.	Other (please specify): Customer Acquisition, Billing and Support	100	This milestone is expected to be in agreement with our baseline report and complete by the close of the first quarter. Completion of this milestone is reliant upon final end to end acceptance of the improved network to include billing and asset management. We are scheduled to complete testing of the network backbone in late January 2013.

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 Commonwealth of Pennsylvania, as stated in previous reports, requires vendors to provide goods and/or services prior to the payment of invoices. With the percent of progress complete being based upon expenditures alone, our payment process causes our percent of progress to trail the actual physical completion of work. As a result, much of the work completed by the close of January, may not be invoiced and paid until March or April of 2013.

Infrastructure Budget Execution Details

Activity Based Expenditures (Infrastructure)

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

Budget for Entire Project				Actuals from Project Inception through End of Current Reporting Period			Anticipated Actuals from Project Inception through End of Next Reporting Period		
Cost Classification	Total Cost (plan)	Matching Funds (plan)	Federal Funds (plan)	Total Cost	Matching Funds	Federal Funds	Total Costs	Matching Funds	Federal Funds
a. Administrative and legal expenses	\$2,881,250	\$0	\$2,881,250	\$2,346,182	\$0	\$2,346,182	\$2,780,400	\$0	\$2,780,400
b. Land, structures, right-of-ways, appraisals, etc.	\$5,497,900	\$5,303,410	\$194,490	\$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	\$1,816,150	\$0	\$1,816,150	\$2,891,650	\$0	\$2,891,650
e. Other architectural and engineering fees	\$495,125	\$0	\$495,125	\$402,620	\$0	\$402,620	\$425,620	\$0	\$425,620
f. Project inspection fees	\$1,763,200	\$0	\$1,763,200	\$1,110,712	\$0	\$1,110,712	\$1,398,997	\$0	\$1,398,997
g. Site work	\$7,603,022	\$0	\$7,603,022	\$347,282	\$0	\$347,282	\$6,715,126	\$0	\$6,715,126
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$2,414,984	\$560,077	\$1,854,907	\$1,754,888	\$498,463	\$1,256,425	\$1,991,789	\$498,463	\$1,493,326
j. Equipment	\$12,327,062	\$1,332,516	\$10,994,546	\$7,906,342	\$1,042,947	\$6,863,395	\$11,150,913	\$1,568,718	\$9,582,195
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	\$21,557,576	\$6,667,300	\$14,890,276	\$33,227,895	\$7,193,071	\$26,034,824
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
n. TOTALS (sum of l and m)	\$35,980,017	\$7,196,003	\$28,784,014	\$21,557,576	\$6,667,300	\$14,890,276	\$33,227,895	\$7,193,071	\$26,034,824

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
---	--------------------------------