

**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>  NT10BIX5570026	<b>3. DUNS Number</b>  831415570
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**4. Recipient Organization**

Keystone Initiative For Network Based Education and Research 624 North Front St, Wormleysburg, PA 17043-1022

<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  09-30-2011	<b>6. Is this the last Report of the Award Period?</b>  <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.**

<b>7a. Typed or Printed Name and Title of Certifying Official</b>  Patricia Campbell  Compliance Officer	<b>7c. Telephone (area code, number and extension)</b>  5704227954
	<b>7d. Email Address</b>  pcampbell@kinber.org

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  11-15-2011
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Empty space for additional comments or notes.

**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**  
 As of Q3 2011 KINBER has hung 325 miles of fiber, mostly in the Philadelphia and Pittsburgh regions. 98% of all network backbone engineering is complete and 90% of all make-ready application have been submitted. 60 of the 62 node site building surveys have been completed and of these, construction has been completed on 28. Ten (10) node locations of the 62 have had network equipment cabinets installed. KINBER received approval (FONSI) on their revised environmental assessment. The revision was necessary due to slight route changes.  
 KINBER awarded a contract to a vendor for the procurement of network hardware, software, and related professional services after successfully completing a competitive request for proposal (RFP) process. It is anticipated that the hardware will be ordered and some will be received within Q4, 2011. Currently, KINBER has an open Network Operations Center (NOC) RFP which they expect to award in Q4, 2011.  
 KINBER hired a full-time lead network engineer and expects to start the employment process of recruiting two additional engineers in Q4 2011.  
 KINBER had a face to face meeting with their new federal program officer and reviewed project progress. KINBER expects to complete their annual financial audit in Q4, 2011.  
 KINBER continues to develop its outreach activities and anticipates launching a branding campaign in Q3 2011 while capitalizing on opportunities to promote the PENNREN network publicly. KINBER continues to receive frequent requests from non-member organizations/institutions that want to avail themselves of KINBER/PENNREN'S service offerings.

**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	27	Project is slightly behind due to changing construction vendors in Q4,2010 as well as weather related delays in Q3, 2011.
2b.	Environmental Assessment	100	Project is on Schedule
2c.	Network Design	100	Project is on schedule
2d.	Rights of Way	36	102 of the 284 identified right of way permits have been submitted but KINBER is experiencing delays in the approval process which has delayed successful completion as projected on this milestone.
2e.	Construction Permits and Other Approvals	45	90% of the pole and conduit applications have been submitted
2f.	Site Preparation	45	28 of the 62 building entrances have been completed
2g.	Equipment Procurement	10	Selection of a vendor for equipment was made in Q3,2011. All equipment has been ordered with an expectation that it will be delivered in Q4, 2011.
2h.	Network Build (all components - owned, leased, IRU, etc)	0	Project is on schedule
2i.	Equipment Deployment	0	Project is on schedule
2j.	Network Testing	0	Project is on schedule
2k.	Other (please specify):Fiber procurement	100	KINBER has received 1,030 miles of NZD fiber and has secured dedicated factory time for the production of the remaining fiber necessary to construct the PennREN project.

**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).**  
 Overall project construction has been delayed due to a number of events. First, KINBER changed construction vendors approximately 6 months into the project which pushed the entire schedule back. KINBER is currently awaiting a decision to move forward with a solution to potential overlap of fiber routes with the Zito Media project in Northwestern Pennsylvania. Finally,Hurricane Irene not only stopped aerial fiber construction but it slowed the ability of utility companies being able to review rights of way and issue permits since their linemen were fixing storm related damage in Northeastern Pennsylvania. The approval time for rights of way and permits continues to delay the project as well.  
 Fortunately, the project schedule was developed with enough of a time cushion built in that none of these delays should impact an on-time project completion. KINBER is proactively working with its construction partner to ensure the timely completion of the project.

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	325	KINBER has exceeded its milestone in this category
New network miles leased	0	n/a for this project
Existing network miles upgraded	0	n/a for this project
Existing network miles leased	0	n/a for this project
Number of miles of new fiber (aerial or underground)	325	325 aerial miles have been hung
Number of new wireless links	0	n/a for this project
Number of new towers	0	n/a for this project
Number of new and/or upgraded interconnection points	0	None at this time, project is on schedule

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: None at this time.

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:

Services and pricing models are still under development. KINBER has hired an outside firm to complete a current market analysis of price and service offerings to advise the Board and staff.

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).

N/A. KINBER will operate the PennREN 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 construction is on-going. there are no services being offered or subscribers at this time.

Subscriber Type	Access Type	Total	Narrative (describe your reasons for any variance from the baseline plan or any other relevant information)
	Providers with signed agreements receiving improved access	0	Network construction is on-going. there are no services being offered or subscribers at this time.
	Providers with signed agreements receiving access to dark fiber	0	Network construction is on-going. there are no services being offered or subscribers at this time.
	Please identify the speed tiers that are available and the number of subscribers for each	0	100M to 1G
Community Anchor Institutions (including Government institutions)	Total subscribers served	0	Network construction is on-going. there are no services being offered or subscribers at this time.
	Subscribers receiving new access	0	Network construction is on-going. there are no services being offered or subscribers at this time.
	Subscribers receiving improved access	0	Network construction is on-going. there are no services being offered or subscribers at this time.
	Please identify the speed tiers that are available and the number or subscribers for each	0	Network construction is on-going. there are no services being offered or subscribers at this time.
Residential / Households	Entities passed	0	n/a KINBER is not providing last mile or residential services
	Total subscribers served	0	n/a KINBER is not providing last mile or residential services
	Subscribers receiving new access	0	n/a KINBER is not providing last mile or residential services
	Subscribers receiving improved access	0	n/a KINBER is not providing last mile or residential services
	Please identify the speed tiers that are available and the number of subscribers for each	0	n/a KINBER is not providing last mile or residential services
Businesses	Entities passed	0	n/a KINBER is not providing services to businesses
	Total subscribers served	0	n/a KINBER is not providing services to businesses
	Subscribers receiving new access	0	n/a KINBER is not providing services to businesses
	Subscribers receiving improved access	0	n/a KINBER is not providing services to businesses
	Please identify the speed tiers that are available and the number of subscribers for each	0	n/a KINBER is not providing services to businesses

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

None

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	Type of Anchor	Are you also the	Narrative description of how anchor institutions are using BTOP-
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	Area (town or county)	Institution (as defined in your baseline)	broadband service provider for this institution? (Yes / No)	funded infrastructure
n/a	n/a	n/a	n/a	Nothing to report. The network is currently under construction.

**Project Indicators (Next Quarter)**

**1. Please describe significant project accomplishments planned for completion during the next quarter (600 words or less).**

It is projected that KINBER will have over 600 miles of fiber hung by the end of Q4, 2011. All network equipment will be ordered and some will be delivered for testing. We will award the NOC services contract; advertise to hire two additional network engineers; and resolve the Zito overlap situation. KINBER will begin a marketing/branding campaign, develop a draft services and pricing model for Board review, complete the annual audit, and start planning for network member days in Spring 2012. Additionally, KINBER staff will be making presentations to various heads of PA state Government. We will continue to build relationships, revise our webpage and increase communication throughout out entire service region. Although no CAls will be connected Q4, 2011 we will be poised to have up to 4 connected in Q1, 2012. We also plan on being in early negotiations with 3-4 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	57	Percent complete rate, as reported is estimated to be low because there is a lag in the time that work is done and the time KINBER is billed for the work.. This is due to the nature of the construction contract where the vendor is only paid based on completed milestones instead of work as it is done. KINBER expects to catch up in Q1 2012.
2b.	Environmental Assessment	100	Project is on schedule
2c.	Network Design	95	Network design was complete as of Q2, 2011 but KINBER was advsies of a potential overlap with another BTOP funded project (Zito Media). KINBER is currently waiting for resolution of the overlap with Zito Media in Northwestern, PA. If approved, this change to the route could impact portions of the network design.
2d.	Rights of Way	45	90% of the ROW requests will be submitted.
2e.	Construction Permits and Other Approvals	45	The Verizon strike and weather have impacted the time it takes to get approvals from utility companies.
2f.	Site Preparation	65	40 of the 62 building entrances will be completed; project is on schedule.
2g.	Equipment Procurement	80	Project is on schedule.
2h.	Network Build (all components - owned, leased, IRU, etc.)	0	Weather and construction related delays have impacted the network completion at this time.
2i.	Equipment Deployment	0	THE RFP evaluation for equipment took longer than anticipated. KINBER expects to have the equipment ordered and some received for testing in Q4, 2011.
2j.	Network Testing	0	Network is not yet built to be able to test anything.
2k.	Other (please specify): Fiber procurement	100	KINBER has received 1,030 miles of NZD fiber and has secured dedicated factory time for the production of the remaining fiber necessary to construct the PennREN project.

**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).**

As we enter the winter season, weather may impact the construction schedule. Additionally, time to get permits and right of way approvals may also delay the project.

**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	\$3,513,083	\$3,513,083	\$0	\$777,186	\$777,186	\$0	\$927,186	\$927,186	\$0
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	\$512,500	\$292,500	\$220,000	\$444,497	\$292,500	\$151,997	\$469,497	\$292,500	\$176,997
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
g. Site work	\$190,000	\$190,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$118,892,448	\$23,691,770	\$95,200,678	\$32,785,119	\$6,553,174	\$26,231,945	\$69,385,119	\$13,153,174	\$56,231,945
j. Equipment	\$5,850,000	\$1,610,000	\$4,240,000	\$715,196	\$0	\$715,196	\$3,258,235	\$543,039	\$2,715,196
k. Miscellaneous	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>l. SUBTOTAL (add a through k)</b>	\$128,958,031	\$29,297,353	\$99,660,678	\$34,721,998	\$7,622,860	\$27,099,138	\$74,040,037	\$14,915,899	\$59,124,138
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	\$128,958,031	\$29,297,353	\$99,660,678	\$34,721,998	\$7,622,860	\$27,099,138	\$74,040,037	\$14,915,899	\$59,124,138

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