

**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>  NT10BIX5570076	<b>3. DUNS Number</b>  829946784
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<b>4. Recipient Organization</b>  Vermont Telecommunications Authority One National Life Drive, Montpelier, VT 05602-3377
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<b>5. Current Reporting Period End Date (MM/DD/YYYY)</b>  12-31-2011	<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>  Jennine Poulin	<b>7c. Telephone (area code, number and extension)</b>  802 828 17
	<b>7d. Email Address</b>  jpoulin@telecomvt.org

<b>7b. Signature of Certifying Official</b>  Submitted Electronically	<b>7e. Date Report Submitted (MM/DD/YYYY):</b>  02-22-2012
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**Project Indicators (This Quarter)**

**1. Please describe significant project accomplishments completed during this quarter (600 words or less).**  
 1) Outside plant construction began this quarter; 22 miles of strand were placed by 12/31/11. 2) Contracts with aggregate value of approximately \$5.1 million for purchase of fiber-optic cable were executed and initial purchase orders were submitted. 3) Detailed route design covering over 200 additional route miles began and were substantially completed. 4) Make-ready surveys were applied for an additional 3,500 poles, and conducted for 4,600 poles. 5) Master license agreements for rail crossings were not completed, but permission was obtained to proceed with work after permits were granted under the condition that MLA's would be executed later. Applications for rail crossings for an additional 200 route miles were submitted. 6) RFP's for packet optical network equipment and routers were issued. 7) SFC applied during the quarter for collocation permits for 2 additional collocation sites owned by third parties, bringing the total to date to 13. 8) A lease was executed on a secure material storage yard. 9) Design was completed and construction is pending easement execution on fiber service entry to a building utilized by an anchor institution as a main network hub. 10) An outside plant construction contract for 62 miles of route was awarded with a value of \$1.21M. 11) A dedicated Engineering Manager was assigned to the project during the quarter to coordinate and oversee all construction activities and personnel. 12) SFC reached agreements with several third party pole attachees allowing SFC fiber installation crews to perform the necessary make-ready work on behalf of these third parties. This has effectively accelerated the schedule by allowing one contractor to perform all work required on the vast majority of poles. 13) Participated in bi-weekly calls with NTIA. 14) Preparation and submission of reports.

**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	13	Overall spending through end of the quarter trails the original baseline target of 35% primarily due to initial delay in resolving Special Award Condition 10 and issuance of the FONSI. However, the rate of spending increased markedly during the quarter as SFC purchased fiber-optic cable and started outside plant construction. Overall spending slightly exceeds the 13% goal set for the quarter in the previous PPR. Make-ready surveys and make-ready work continued, with 70% of utility poles surveyed and make-ready work authorized by SFC for 59% of poles by end of the quarter. A contract for construction of 90 miles of plant was awarded during the quarter, and construction started in mid-December. A contractor was selected during the quarter for an additional 62 miles of outside plant construction, and a bid package was prepared for another 58 miles. Permitting (primarily railroad crossing agreements, highway work permits and right-of-way notifications) continued. Service commitments have been secured for 96 anchor locations, and a wholesale service agreement signed with a service provider that specializes in serving K-12 schools.
2b.	Environmental Assessment	49	Environmental Assessment activities for the project are complete, except to the extent necessary for review and approval of route revisions, and for archeological site assessments required under the Programmatic Agreement. Archaeological staff have been contracted and the process was implemented for review of proposed construction activities in non-exempt areas.
2c.	Network Design	34	As measured by expenditures, network design increased by 15% during the quarter as engineering firms continued to assist SFC with network design, route surveys and overall project management. Cumulative spending on Network Design through end of quarter exceeded the 30% projected in the previous PPR.
2d.	Rights of Way	0	Expenditures for rights of way are budgeted under Network Design, consistent with NTIA project accounting guidance. However, SFC's right of way contractor added 4 staff members during the quarter to continue to identify parcels for which rights-of-way must be obtained, and where necessary contact property owners to obtain easements or other consents.

	Milestone	Percent Complete	Narrative (describe reasons for any variance from baseline plan or subsequent written updates provided to your program officer)
	<b>2e. Construction Permits and Other Approvals</b>	75	Expenses in this category are principally make-ready survey application fees. During the quarter, surveys were requested for 3,500 poles. Through the quarter, surveys have been requested for approximately 70% of utility poles involved in the project. In addition, numerous applications were submitted during the quarter for railroad crossings, interstate highway crossings, and municipal and state roadways.
	<b>2f. Site Preparation</b>	24	Expenses in this category are principally for make-ready work by pole owners and third party attachees. Cumulative expenditures in this category increased from 15% to 24% of budget during the quarter, exceeding the forecast by 2%. SFC has authorized make-ready work for approximately 59% of utility poles involved in the project. Delayed make-ready billing by third parties and lower-than-budgeted unit costs for make ready are the primary reason for the variance between spending variance and activity completion indicators.
	<b>2g. Equipment Procurement</b>	2	Expenditures on equipment procurement trail the baseline projection of 40% for end of the quarter, as SFC has not yet started to purchase the principal electronic equipment -- packet optical and routers -- needed for the project. Vendor proposals for packet optical equipment were obtained and, as of the end of quarter, under technical review. An RFQ for IP Routers has been drafted and is near release as of end of quarter. Although execution of the electronics contracts trails the original milestone, additional time taken to finalize equipment specifications and select a vendor will not delay completion of the project.
	<b>2h. Network Build (all components - owned, leased, IRU, etc)</b>	9	Outside plant construction expenditures are behind the original baseline projection (of 50% complete by end of this quarter) due to initial project delays associated with Special Award Condition 10 were resolved and the FONSI obtained. The gap between actual and original projected expenditures will narrow as outside plant construction jobs are released to contractors. A contract for construction of 90 miles of plant was awarded during the quarter, and construction started in mid-December. 22 miles of strand were attached to poles by close of the quarter. A contractor was selected during the quarter for an additional 62 miles of outside plant construction, and bid package prepared for another 58 miles. By the end of the quarter, SFC had received 1.2 million feet of fiber-optic cable in preparation for construction in 2012.
	<b>2i. Equipment Deployment</b>	5	SFC applied during the quarter for collocation permits for 2 additional collocation sites owned by third parties, bringing the total to date to 13. Preparation of the spaces -- primarily power system augments and rack installation -- by location owners are in varying stages of completion.
	<b>2j. Network Testing</b>	5	Although no budgeted expenses fall within this reporting category, a baseline projection for Network Testing was made to reflect anticipated fiber testing and network verification. Fiber delivered by vendors has been tested before deployed to the field. Network testing will follow completion of network segments.
	<b>2k. Other (please specify): Admin &amp; Legal</b>	49	Expenses are roughly in-line with budget.

**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).**

Concerns previously expressed regarding delays in fiber-optic cable deliveries were largely resolved by execution of a contract for 1.2 million feet of cable on a schedule that will enable on-time completion. Railroad owners have in general been willing to accommodate SFC's requests for entry of master license agreements. However, the pace of make-ready by pole owners slowed during the quarter as a result of the diversion of work crews and pole inventory to repairs in Vermont necessitated by Tropical Storm Irene (which occurred August 28th) as well as a subsequent nor'easter that extensively damaged utility infrastructure in southern New England. Make-ready work slowed or stopped for several weeks while the utility crews were diverted to the affected areas to undertake emergency service restoration, repairs and reconstruction. Utilities are gradually returning to a pre-storm level of work on make-ready requested by SFC. In addition, SFC obtained consent of the primary cable companies, which comprise the majority of third party pole attachments in the project area, to undertake make-ready on CATV plant using approved contractors.

**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	Baseline plan was to have 400 route miles deployed by end of the quarter. Tasks antecedent to construction were delayed until Special Award Condition 10 was lifted and FONSI issued. In addition, redeployment of utility crews to areas of Vermont and southern New England to repair tropical storm damage extended through the quarter.
New network miles leased	0	Cable on the route along which SFC intends to utilize is under construction.
Existing network miles upgraded	0	N/A
Existing network miles leased	0	N/A
Number of miles of new fiber (aerial or underground)	0	Baseline plan was to have 417 route miles deployed by end of the quarter. Tasks antecedent to construction were delayed until Special Award Condition 10 was lifted and FONSI issued. In addition, redeployment of utility crews to areas of Vermont and southern New England to repair tropical storm damage extended through the quarter.
Number of new wireless links	0	N/A
Number of new towers	0	N/A
Number of new and/or upgraded interconnection points	0	Tasks antecedent to construction were delayed until Special Award Condition 10 was lifted and FONSI issued. Interconnection points will be activated as construction is completed along related network segments.

**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	1
Number of agreements currently being negotiated with broadband wholesalers or last mile providers	4
Average term of signed agreements (in quarters)	12

**5b. Please list the names of the wholesale and last mile providers with whom you have signed agreements (100 words or less). Providers:**  
Educational Networks of America, Inc.

**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:**  
The project is not yet providing services.

**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).**  
Sovernet Fiber Corp. (SFC), 5 Canal Street, Bellows Falls, VT 05101  
Subrecipient

SFC will own and operate the network when completed.

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	Project is not presently providing service.
	Providers with signed agreements receiving improved access	0	Project is not presently providing service.
	Providers with signed agreements receiving access to dark fiber	0	N/A
Community Anchor Institutions (including Government institutions)	Please identify the speed tiers that are available and the number of subscribers for each	0	Project is not presently providing service.
	Total subscribers served	0	Project is not presently providing service.
	Subscribers receiving new access	0	Project is not presently providing service.
	Subscribers receiving improved access	0	Project is not presently providing service.
Residential / Households	Please identify the speed tiers that are available and the number of subscribers for each	0	Project is not presently providing service.
	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
Businesses	Please identify the speed tiers that are available and the number of subscribers for each	0	N/A
	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

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

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
None at this time	N/A	N/A	N/A	N/A

**Project Indicators (Next Quarter)**

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

1) The majority of route engineering is scheduled to be complete this quarter, which will allow for issuance of six separate outside plant construction bid packages covering the majority of the remaining core backbone routes, as well as a large portion of lateral routes. Bids on four of the six packages will be due during the quarter. 2) Four additional project staff members will be dedicated to the project to facilitate engineering and construction goals as well as design of service entrances to CAI's. 3) Make-ready surveys will be requested for an additional 2,300 utility poles during the quarter, bringing the total surveyed to roughly 81% of those required for completion of the project. 4) Assuming AAR's for route revisions are timely approved, construction will be completed by end of quarter on 92 route miles, with strand attached on another 20 to 50 route miles. 5) Primary vendors for packet optical equipment and routers will be selected during the quarter. 6) Design and fit-up of collocation facilities will continue. 7) SFC anticipates obtaining additional CAI service commitments, including from libraries and K-12 schools that will close their e-rate solicitation windows during the quarter.

**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	24	Overall spending should reach 24% of the award by the end of the quarter as fiber-optic cable purchases continue and outside plant construction accelerates. Construction should be complete on roughly 92 miles of outside plant. Contracts will be released and construction in progress for approximately 300 miles of outside plant. Bids requests covering as much as 486 miles of plant will be released. Primary vendors for packet optical equipment and routers will be selected during the quarter. Design and fit-up of collocation facilities will continue. SFC anticipates obtaining additional CAI service commitments, including for libraries and K-12 schools that will close their e-rate open solicitations during the quarter.
2b.	Environmental Assessment	74	Additional expenses may be incurred as necessary if required for NTIA review of possible route modifications, or for archeological site assessments. The extent of such work that may be required is not known at present.
2c.	Network Design	49	Engineering firms will continue to assist SFC with network design, route surveys and overall project management.
2d.	Rights of Way	0	Expenditures for rights of way are budgeted under Network Design, consistent with NTIA project accounting guidance. SFC will continue to identify parcels for which rights-of-way must be obtained, and where necessary will contact property owners to obtain easements or other consents.
2e.	Construction Permits and Other Approvals	82	Make-ready surveys will be requested for an additional 2,300 utility poles during the quarter, bringing the total surveyed to roughly 81% of those required for completion of the project.
2f.	Site Preparation	32	Winter weather conditions and shorter work days will reduce make-ready productivity. Accordingly, the pace of make-ready work and expenditures may be slower than in the previous quarter. SFC anticipates authorizing, during the quarter, make-ready work on roughly 3,600 utility poles -- slightly over 15% of those required for the project -- in the next quarter. By end of quarter, make-

	Milestone	Planned Percent Complete	Narrative (describe reasons for any variance from baseline plan or any other relevant information)
			ready work will have been authorized for approximately 75% of those required for the project.
2g.	Equipment Procurement	16	Equipment Procurement expenditures are presently expected to increase substantially in 2Q2012 and 3Q2012, as contracts with electronics vendors are executed and equipment ordered. An RFP for IP router equipment will be issued. Vendors will be selected and engaged during the quarter for packet optical equipment and IP routers. A portion of the packet optical network equipment will be purchased.
2h.	Network Build (all components - owned, leased, IRU, etc.)	19	Assuming AAR's pending for route revisions are timely approved, the bulk of construction of the first 90 miles awarded will be completed by the end of the quarter. A contract will be entered, and construction started on the second bid package (62 miles). Overall, we estimate construction will be completed by end of quarter on 92 route miles, with strand attached on another 20 to 50 route miles. Six separate outside plant construction bid packages covering all remaining core/backbone routes as well as a large portion of lateral routes, covering over 550 route miles overall, should be released during the quarter. Bids on four of the six packages will be due during the quarter.
2i.	Equipment Deployment	6	SFC will apply for collocations at the 6 remaining third-party sites during the quarter. We anticipate the 6 collo sites will be turned over to SFC during the quarter.
2j.	Network Testing	0	Network testing will follow completion of OSP construction. Slower-than-expected completion of make-ready has delayed completion of OSP construction.
2k.	Other (please specify): Admin & Legal	58	

**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 a result of detailed route surveys conducted after obtaining the NTIA grant, SFC has identified a number of minor route revisions that are necessitated by field conditions. SFC has requested NTIA approval for related Award Action Requests, and will need timely decisions from the NTIA in order to proceed with construction on schedule. SFC's right of way contractor has been contacting property owners after routes are finalized and before construction begins, and where necessary is requesting easements. While SFC expects most easements to be obtained uneventfully, there exists some risk that construction will be delayed on short network segments while easements are obtained or alternate routes are designed, permitted and constructed.

**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	\$1,956,141	\$590,272	\$1,365,869	\$846,722	\$257,177	\$589,545	\$1,024,941	\$310,642	\$714,299
b. Land, structures, right-of-ways, appraisals, etc.	\$1,151,500	\$345,450	\$806,050	\$65,425	\$19,627	\$45,797	\$91,924	\$27,577	\$64,347
c. Relocation expenses and payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
d. Architectural and engineering fees	\$3,017,040	\$905,112	\$2,111,928	\$189,887	\$56,966	\$132,921	\$389,887	\$116,966	\$272,921
e. Other architectural and engineering fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
f. Project inspection fees	\$3,400,000	\$1,020,000	\$2,380,000	\$1,160,954	\$348,286	\$812,668	\$1,658,254	\$497,476	\$1,160,778
g. Site work	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
h. Demolition and removal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
i. Construction	\$30,720,083	\$9,216,025	\$21,504,058	\$4,025,559	\$1,277,668	\$2,747,891	\$7,116,309	\$2,204,893	\$4,911,416
j. Equipment	\$7,522,996	\$2,584,499	\$4,938,497	\$122,723	\$36,817	\$85,906	\$1,122,723	\$336,817	\$785,906
k. Miscellaneous	\$410,000	\$123,000	\$287,000	\$173,775	\$52,133	\$121,643	\$189,776	\$56,933	\$132,843
<b>l. SUBTOTAL (add a through k)</b>	<b>\$48,177,760</b>	<b>\$14,784,358</b>	<b>\$33,393,402</b>	<b>\$6,585,045</b>	<b>\$2,048,674</b>	<b>\$4,536,371</b>	<b>\$11,593,814</b>	<b>\$3,551,304</b>	<b>\$8,042,510</b>
m. Contingencies	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>n. TOTALS (sum of l and m)</b>	<b>\$48,177,760</b>	<b>\$14,784,358</b>	<b>\$33,393,402</b>	<b>\$6,585,045</b>	<b>\$2,048,674</b>	<b>\$4,536,371</b>	<b>\$11,593,814</b>	<b>\$3,551,304</b>	<b>\$8,042,510</b>

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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